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

25 March 2019

ASX Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Lodgement of Anchor Resources Limited Target's Statement

Anchor Resources Limited ACN 122 751 419 (ASX: AHR) has today lodged its Target's Statement in relation to the off-market takeover offer by Phoenix Bridge International Holdings Group Investment Co., Limited (**Phoenix Bridge**), a company incorporated under the laws of Hong Kong with company number 2102499, with the Australian Securities & Investments Commission.

As required by item 14 of section 633(1) of the *Corporations Act 2001* (Cth), **attached** is a copy of the Target's Statement.

A copy of the Target's Statement has been served on the bidder Phoenix Bridge and AHR will initiate dispatch of the Target's Statement to AHR shareholders tomorrow, Tuesday 26 March 2019.

THE DIRECTORS OF ANCHOR (OTHER THAN JIANGUANG WANG WHO ABSTAINS FROM MAKING A RECOMMENDATION) RECOMMEND THAT AHR SHAREHOLDERS ACCEPT THE TAKEOVER OFFER, IN THE ABSENCE OF A SUPERIOR PROPOSAL.

Ian Price
Managing Director
Anchor Resources Limited
+ 61 2 9078 7668

ANCHOR RESOURCES LIMITED
TARGET'S STATEMENT

in relation to the offer by Phoenix Bridge International Holdings Group Investment Co., Limited (a company incorporated in Hong Kong) to purchase all of your fully paid ordinary shares in Anchor Resources Limited for A$0.02 cash per share by way of an off-market takeover.

THE DIRECTORS OF ANCHOR RESOURCES LIMITED (OTHER THAN JIANGUANG WANG WHO ABSTAINS FROM MAKING A RECOMMENDATION) RECOMMEND THAT YOU ACCEPT THE OFFER, IN THE ABSENCE OF A SUPERIOR PROPOSAL.

This is an important document and requires your immediate attention. If you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser immediately.

Legal Advisors

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Non-Executive Director’s Letter

25 March 2019

Dear Anchor Resources Limited Shareholder,

On 8 March 2019, Phoenix Bridge International Holdings Group Investment Co., Limited (a company incorporated in Hong Kong with company number 2102499) made an off-market takeover offer for all the Shares of Anchor at A$0.02 per Share (**Offer**) and lodged a Bidder’s Statement with ASIC relating to the offer on 8 March 2019.

As at the date of this Target’s Statement, the Offer is the only takeover offer capable of acceptance by Anchor’s Shareholders and no superior proposal has been made or announced.

DIRECTORS’ RECOMMENDATIONS

With the exception of Mr Jianguang Wang who abstains from making a recommendation in respect of the Offer for reasons set out in section 4.4 of the Target’s Statement, the Directors recommend that Anchor Shareholders accept the Offer in the absence of a superior proposal.

The Offer of A$0.02 for each Anchor Share represents:

- a 53.8% premium to the last recorded sale price of Anchor Share on the ASX prior to the date of this Bidder’s Statement, being A$0.013 per Share on 24 August 2018;
- a 53.8% premium to Anchor’s volume weighted average share price for the 30 day period ended 24 August of A$0.013;
- a 53.8% premium to Anchor’s volume weighted average share price for the six months ended 24 August 2018 of A$0.013; and
- a premium of 54% to the closing price of Anchor Shares on 22 March 2019, being the last practicable trading day prior to the date of this Target’s Statement.

In forming the decision to recommend that Anchor Shareholders accept the Offer, the Directors have carefully considered the following matters:

- the Independent Expert, Invicta Corporate Finance Pty Ltd ACN 631 600 845, has concluded that the Offer is fair and reasonable to Non-Associated Shareholders;
- the Offer represents an attractive premium to the net tangible asset backing of Anchor Shares and their trading price undisturbed by announced potential takeover activity;
- the Offer is all cash and, subject to the conditions being satisfied or waived, provides certainty of value for Anchor Shares;
- as at the date of this Target’s Statement, the Offer is the only takeover offer capable of acceptance by Shareholders and no superior proposal has been made or announced;
- if the Offer is not successful, and if no superior proposal emerges, there is a risk that the price of Shares may fall below the Offer Price of A$0.02;

- if the Offer is not successful, and if no superior proposal emerges, there is a risk that Anchor may not be able to repay the Loan Facility when it is due on 30 September 2021;

- there are other potential risks in not accepting the Offer, as described further in section 9 of this Target's Statement; and

- the Offer remains subject to a number of conditions, and while the Offer remains conditional, there is no certainty that Shareholders who accept the Offer will receive the consideration offered by Phoenix Bridge International Holdings Group Investment Co., Limited.

This Target's Statement contains the formal response of the Directors to the Offer. We strongly encourage you to read all the information contained in this Target's Statement carefully and to seek independent advice. You are also strongly encouraged to read Bidder's Statement of Phoenix Bridge International Holdings Group Investment Co., Limited dated 8 March 2019 lodged with ASIC on the same date and available on Anchor's ASX announcement platform.

The Offer is currently scheduled to close at 7:00pm AEDT on 11 April 2019, unless extended.

The Directors will continue to keep you informed of material developments.

Yours sincerely

Vaughan Webber
Non-Executive Director
Anchor Resources Limited

Important Notices

Nature of this document

This document is a Target's Statement dated 25 March 2019 and is given under section 633 of the *Corporations Act 2001* (Cth) (**Corporations Act**) by Anchor Resources Limited ABN 49 122 751 419 (**Anchor**) in response to the Bidder's Statement lodged by Phoenix Bridge Investment Co., Ltd Management Pty Ltd, a company incorporated under the laws of Hong Kong with company number 2102499 (**Phoenix Bridge**) with ASIC and served on Anchor on 8 March 2019.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and given to ASX on 25 March 2019. Neither ASIC nor ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

Defined terms

Capitalised terms used in this Target's Statement (other than the Independent Expert's Report contained in Attachment 1) are either defined in brackets when first used or are defined in the Glossary in Section 13.

The Glossary also sets out some rules of interpretation which apply to this Target's Statement. The Independent Expert's Report contains its own defined terms which are sometimes different from those set out in the Glossary in Section 13.

No account of personal circumstances

This Target's Statement does not constitute financial product advice and has been prepared without reference to individual investment objectives, financial situation, taxation position or particular needs of any Anchor Shareholder or any other person. It is important that you read this Target's Statement before making any decision, including a decision on whether or not to accept the Offer. If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser.

A summary of the Australian taxation considerations is detailed in Section 6 of the Bidder's Statement and Section 10 of this Target's Statement. Anchor Shareholders should consult their taxation adviser as to the applicable tax consequences of the Offer.

Forward looking statements

Certain statements appearing in this Target's Statement (including in the Independent Expert's Report) may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Anchor operates as well as general economic conditions and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Anchor, Anchor's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law or the ASX Listing Rules. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement (including in the Independent Expert's Report) reflect views held only as at the date of this Target's Statement.

Disclaimer as to information

The information on Phoenix Bridge and the Phoenix Bridge Group contained in this Target's Statement has been prepared by Anchor using publicly available information. The information in the Target's Statement concerning Phoenix Bridge and the Phoenix Bridge Group and their assets and liabilities, financial position and performance, profits and losses and prospects, has not been independently verified by Anchor. Accordingly, Anchor does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Independent Expert's Report

The Independent Expert's Report has been prepared by the Independent Expert for the purposes of this Target's Statement and the Independent Expert takes full responsibility for the Independent Expert's Report. Neither Anchor nor any of its officers or advisers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report, except in relation to the information which it has provided to the Independent Expert.

Risk factors

Shareholders should note that there are a number of risk factors attached to their investment in Anchor. Please refer to Section 9 of this Target's Statement sets out further information on those risks.

Charts and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding (unless otherwise stated). Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement, and any discrepancies in any table between totals and sums of amounts listed in that table or to previously published figures are due to rounding.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Privacy

Anchor has collected your information from the Anchor register of shareholders for the purpose of providing you with this Target's Statement. The type of information Anchor has collected about you includes your name, contact details and information on your holding of Anchor Shares. Without this information, Anchor would be hindered in its ability to issue this Target's Statement.

The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Anchor's related bodies corporate and external service providers (such as the Share registry of Anchor and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Anchor, please contact Boardroom Pty Limited ACN 003 209 836 at the address shown in the Corporate Directory. Anchor's privacy policy is available at www.anchorresources.com.

Key dates

Date of Offer and Bidder's Statement	8 March 2019
Date of this Target's Statement	25 March 2019
Close of Offer Period (unless extended or withdrawn)	11 April 2019

Evaluation of Offer

The Directors recommend that Anchor Shareholders accept the Offer.

The reasons for this recommendation are:

1	**Reason 1** As at the date of this Target's Statement, there is no alternative offer or superior proposal.
2	**Reason 2** The Offer Price of A$0.02 per Share is a 54% premium to the last traded price on the ASX.
3	**Reason 3** The Offer Price is 841% above the net asset value per Anchor Share.
4	**Reason 4** The Independent Expert has expressed an opinion that the Offer is fair and reasonable.
5	**Reason 5** The Majority Shareholder who controls 88.313% of the Shares has advised the Board of Anchor that it intends to accept the Offer.
6	**Reason 6** In the event that the Majority Shareholder and Mr Jianguang Wang accept the offer, Phoenix Bridge will control more than 90% of the Shares and has the ability under the Corporations Act to compulsorily acquire the remaining Shares on issue.
7	**Reason 7** It is proposed by Phoenix Bridge that after the close of the Offer, Phoenix Bridge will pay RMB¥17,600,000 in cash to JSD in repayment of the Loan Facility.

The decision as to whether or not to accept the Offer depends on the circumstances of each individual Anchor Shareholder, including risk profile, portfolio strategy, tax position, financial circumstances and investment time horizon. If you are in any doubt about your decision as to whether or not to accept the Offer, you should contact your broker, financial adviser or legal adviser immediately.

Alternative option: Sell on-market

During the period between the announcement of the Offer on 8 March 2019 and the date of this Target's Statement, Anchor Shares have not traded at prices higher than Offer Price of A$0.02 per Share.

As an alternative to accepting the Offer, you have the option to sell your Shares on-market in which case you will be paid within 2 days of the sale but may have to pay brokerage. See section 3.1 of this Target's Statement for more information about this option.

1. Frequently asked questions

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Anchor's Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer	Relevant Section
What is the Offer for my Anchor Shares?	Phoenix Bridge is offering A$0.02 cash for each Anchor Share held by you pursuant to the Offer.	Section 7.1 of this Target's Statement
What are the conditions to the Offer?	The Offer is subject to the following conditions (**Offer Conditions**): • minimum acceptance of the Offer by Anchor Shareholders holding 90% (by number) of all Shares on issue as at the Register Date (**Minimum Acceptance Condition**); • no regulatory action having been taken in consequence of, or in connection with the Offer; • no material adverse change having occurred in relation to any member of the Anchor Group; • no Prescribed Occurrences having happened; • no persons exercising or becoming entitled to exercise rights under certain agreements or instruments that a member of the Anchor Group is party to, that may be material in the context of the Anchor Group taken as a whole; • no material acquisition, disposal, liability or change in the conduct of business of the Anchor Group being undertaken, assumed or announced (as applicable); • no dividends or other distributions being paid, declared or announced; and • no litigation with respect of any member of the Anchor Group being on foot, pending, commenced or threatened.	Section 7.3 of this Target's Statement and Appendix 2 (Conditions of the Offer) of the Bidder's Statement
What happens if the conditions of the Offer are not satisfied or waived?	You will not get paid for your Anchor Shares while the Offer is subject to the Offer Conditions. If the Offer Conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You	Sections 7.4 and 7.10 of this Target's

Question	Answer	Relevant Section
	would then be free to deal with Anchor Shares even if you had accepted the Offer.	Statement and Appendix 1 (Formal Terms of the Offer) of the Bidder's Statement
What choices do I have as an Anchor Shareholder?	As an Anchor Shareholder, you have the following choices in respect of your Shares: • accept the Offer for all of your Shares; • sell your Shares on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or • do nothing and reject the Offer. There are several implications in relation to each of the above choices. A summary of these implications is set out in section 5 of this Target's Statement.	Section 5 of this Target's Statement
Who are the substantial Shareholders of Anchor?	The substantial Shareholders of Anchor are; • Sunstar Capital Pty Ltd, having an 88.313% shareholding in Anchor (Sunstar Capital Pty Ltd is a subsidiary of China Shandong Jinshunda Group Co. Ltd. (a company incorporated in the People's Republic of China) (**JSD**)); and • Mr Jianguang Wang, having a 8.214% shareholding in Anchor (Mr Wang is the sole director of Sunstar Capital Pty Ltd and Mr Wang's father is a shareholder of JSD).	Section 11.2 of this Target's Statement
Who is JSD?	JSD is the indirect controlling Shareholder of Anchor by way of JSD having a Relevant Interest in 96.5% (by number) of total Anchor Shares on issue through Sunstar Capital Pty Ltd and Mr Jianguang Wang. Mr Wang's father is a shareholder of JSD.	Section 11.8 of this Target's Statement
Does Anchor have any material contracts?	Anchor has entered into a loan agreement with JSD whereby JSD has provided Anchor with an unsecured loan in the amount of A$15,500,000 (**Loan Facility**). On 8 March 2019, Phoenix Bridge entered into a binding agreement with JSD to acquire the Anchor Debt under the Loan Agreement, for a total	Section 11.8 of this Target's Statement and section 4.5 of the

Question	Answer	Relevant Section
	consideration of RMB¥17,600,000 (being the equivalent of approximately A$3,721,009[1]). In section 4.5 of the Bidder's Statement, Phoenix Bridge has stated that if the Minimum Acceptance Condition is satisfied and the Offer is declared (or becomes) otherwise unconditional, it is proposed that immediately after the close of the Offer Period, • JSD will assign all of its rights under the Loan Facility to Phoenix Bridge, and Phoenix Bridge will assume all of the obligations of JSD to Anchor under the Loan Facility; and • Phoenix Bridge will pay RMB¥17,600,000 in cash to JSD. Other than the Loan Agreement, there are no material contracts of Anchor.	Bidder's Statement
What do the Directors of Anchor recommend in relation to the Offer?	Each Director, with the exception of Mr Jianguang Wang, recommends that you accept the Offer. Mr Wang has abstained from making a recommendation in respect of the Offer for the reasons set out in section 4.4 of this Target's Statement. The reasons for your Directors' recommendation are set out in section 4 of this Target's Statement.	Section 4 of this Target's Statement
What do the Directors intend to do with their Anchor Shares?	Mr Jianguang Wang is the only Director of Anchor which holds Anchor Shares. Mr Wang is also the director of Sunstar Capital Pty Ltd being the major shareholder of the Company. Mr Wang intends to accept the Offer. The Directors' interests in Anchor Shares are set out in section 11.3 of this Target's Statement.	Sections 4.5 and 11.3 of this Target's Statement
What is the Independent Expert's opinion?	The Independent Expert has concluded that the Offer is fair and reasonable to Non-Associated Shareholders. You are encouraged to read the Independent Expert's Report, in Attachment 1 of this Target's Statement in full.	Attachment 1 of this Target's Statement
Are there any reasons why I might not accept the Offer?	Possible reasons for not accepting the Offer are set out in section 3 of this Target's Statement.	Section 3 of this Target's Statement

[1] Based on the exchange rate prevailing on the date before the Bidder's Statement of RMB¥4.7299: A$1.00.

Question	Answer	Relevant Section
What are the consequences of accepting the Offer now?	If you accept the Offer, unless withdrawal rights are available (see section 7.7 of this Target's Statement), you will give up your right to sell your Shares on the ASX or otherwise deal with your Shares while the Offer remains conditional.	Section 7.8 of this Target's Statement
If I accept the Offer, can I withdraw my acceptance?	You only have limited rights to withdraw your acceptance of the Offer. See Section 1, Question 15 of the Bidder's Statement for more information.	Section 1, Question 15 Bidder's Statement
When does the Offer close?	The Offer is presently scheduled to close at 7:00pm AEDT on 11 April 2019, but the Offer Period can be extended in certain circumstances. See section 7.6 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.	Section 7.6 of this Target's Statement
If I accept the Offer, will I receive any other distributions?	Anchor Shareholders do not have any distribution entitlements or other rights in terms of the Anchor Shares.	Section 5.3 of this Target's Statement
How do I accept the Offer?	Instructions on how to accept the Offer are set out on page 39 of the Bidder's Statement.	Appendix 1 (Formal Terms of the Offer) of the Bidder's Statement
How do I reject the Offer?	To reject the Offer, simply do nothing.	Section 5.1(c) of this Target's Statement
Can I accept the Offer for only some of my Anchor Shares?	No. You cannot accept the Offer for only some of your Anchor Shares. You may only accept the Offer for all of your Shares.	Appendix 1, Section 1 of the Bidder's Statement
Can I sell my Anchor Shares on market?	You can only sell all or some of your Anchor Shares on market if you have not accepted the Offer in respect of those Shares. However, you will likely incur brokerage charges and, if you sell on market, you will not be able to participate in any superior proposal for Shares if such a proposal is made or any increase in the Offer Price that may be made by Phoenix Bridge.	Section 5.1(b) of this Target's Statement

Question	Answer	Relevant Section
What happens to the Anchor Options as a result of the Offer?	The Anchor Options do not form part of the Offer. Phoenix Bridge intends to negotiate the acquisition of all of the Anchor Options from the Optionholders on mutually agreeable terms.	Sections 4.6(a) and 5.2(b) of the Bidder's Statement
When will I be paid my consideration if I accept Offer?	If you accept the Offer: • if the Offer becomes unconditional, Phoenix Bridge will pay you the Offer Price for your Shares within seven days after that date; or • Phoenix Bridge will pay you the Offer Price for your Shares seven days after you validly accept the Offer, whichever is the later. The ultimate timing for payment of the consideration for your Anchor Shares will depend on the date on which the Offer becomes unconditional. See section 7.9 of this Target's Statement for further details on when you will be sent your consideration.	Section 7.9 of this Target's Statement
What are the tax implications of accepting Offer?	A general outline of the tax implications of accepting the Offer is set out in section 10 of this Target's Statement. This is a general outline only. Shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.	Section 10 of this Target's Statement
Can Phoenix Bridge vary the Offer?	Yes. Phoenix Bridge can vary the Offer by extending the Offer Period or increasing the Offer Price in accordance with the Corporations Act. Phoenix Bridge can also waive the conditions to the Offer. However, Phoenix Bridge has no obligation to do so.	Section 7.5 of this Target's Statement
Can Phoenix Bridge withdraw the Offer?	Phoenix Bridge can only withdraw the Offer with ASIC's consent.	Section 7.7 of this Target's Statement
What happens if there is a superior proposal from a third party?	If there is a superior proposal from a third party, the Directors will reconsider their recommendation in relation to the Offer and advise Anchor Shareholders accordingly. If you have already accepted the Offer at that time,	Sections 3.2 and 7.8 of this Target's Statement

Question	Answer	Relevant Section
	you may not be able to withdraw your acceptance in which case you will be unable to accept the superior proposal if one arises. See section 7.8 of this Target's Statement for further details as to when you may withdraw your acceptance.	
Can I be forced to sell my Anchor Shares?	You cannot be forced to sell your Anchor Shares unless Phoenix Bridge acquires a Relevant Interest in at least 90% of all Anchor Shares, in which case Phoenix Bridge will be entitled, and intends, to compulsorily acquire any Anchor Shares it does not already own. If your Anchor Shares are compulsorily acquired, you will receive the same consideration for your Anchor Shares that you would have received under the Offer. See section 7.11 of this Target's Statement for further information.	Section 7.11 of this Target's Statement
How can I get updates on the Anchor Share price?	The market trading price of Anchor Shares is likely to vary during the Offer Period. You can check the market price for all ASX listed Shares by visiting www.asx.com.au. The ticker code for Anchor Shares on the ASX is **AHR**.	

2. Reasons to accept the Offer

2.1 The Independent Expert has concluded that the Offer is fair and reasonable to Non-Associated Shareholders.

The Directors commissioned Invicta Corporate Finance Pty Ltd ACN 631 600 845 as Independent Expert to undertake an independent assessment of the Offer. The Independent Expert has concluded that the Offer is fair and reasonable to Non-Associated Shareholders.

The Independent Expert assessed that the value of Anchor on a 100% controlling interest basis ranges from A$0.00 (NIL) to A$0.0503 per Anchor Share.

As Offer Price does fall within the Independent Expert's assessed range, the Independent Expert considers the Offer to be fair and reasonable to Non-Associated Shareholders.

The Independent Expert's Report is attached in Attachment 1 to this Target's Statement.

2.2 The Loan Facility will be assigned and proposed to be repaid

Phoenix Bridge has stated that if the Minimum Acceptance Condition is satisfied and the Offer is declared (or becomes) otherwise unconditional, it is proposed that immediately after the close of the Offer Period,

(a) JSD will assign all of its rights under the Loan Facility to Phoenix Bridge, and Phoenix Bridge will assume all of the obligations of JSD to Anchor under the Loan Facility; and

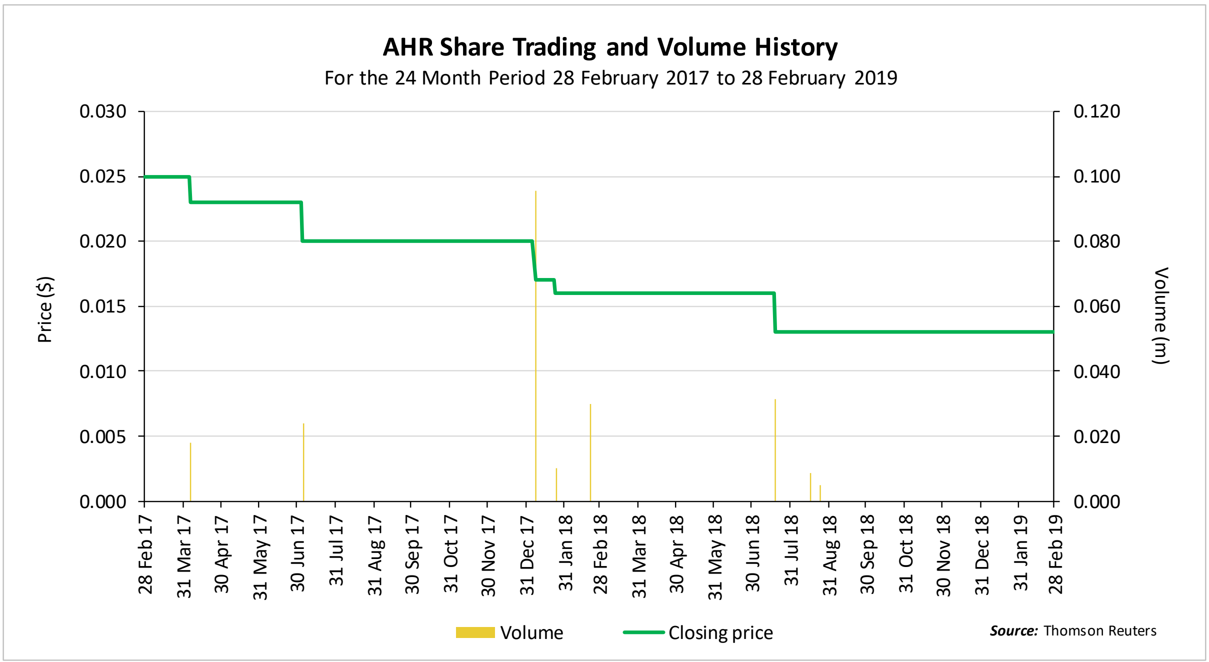
(b) Phoenix Bridge will pay RMB¥17,600,000 in cash to JSD.

2.3 The Offer does represent an attractive premium to historic trading prices and net tangible assets

The Offer of A$0.02 per Share represents a premium to the prices that Anchor Shares were trading at before the announcement of Phoenix Bridge's initial proposal.

As at 22 March 2019, Anchor Shares closed at A$0.013.

2.4 Anchor trading price (ASX: AHR) for 24 months to 28 February 2019



Although, as at the close of trade on 22 March 2019 (being the trading day before the date of this Target's Statement), Anchor Shares were trading at A$0.013, the Offer of A$0.02 per Anchor Share represents an attractive premium to VWAPs across various periods to 7 March 2019, which was the last trading day prior to announcement of takeover activity relating to Phoenix Bridge.

2.5 The all-cash offer provides certainty of value for your Anchor Shares

The Offer provides Anchor Shareholders with the certainty of receiving A$0.02 per Share in cash, which must be weighed against the risks associated with remaining an Anchor Shareholder. There are inherent risks in delivering on the development of Phoenix Bridge's asset portfolio, as set out in Section 9 of this Target's Statement.

2.6 No superior proposal has emerged as at the date of this Target's Statement

As at the date of this Target's Statement, there has been no proposal that is superior to the Offer.

2.7 The trading price of Anchor Shares may fall if the Offer is unsuccessful

If the Offer is not successful and no alternative proposal emerges at the same price as the Offer Price or with a superior price, the trading price of Anchor Shares may fall to a level lower than the Offer Price.

2.8 If Phoenix Bridge acquires a controlling interest, there may be potentially adverse consequences for remaining Anchor Shareholders

The Offer has a 90% minimum acceptance condition.

If Phoenix Bridge acquires 90% of Anchor Shares under the Offer and does not proceed to compulsory acquisition, Anchor Shareholders will become minority Shareholders in an Anchor controlled by Phoenix Bridge.

3. Reasons for not accepting Offer

You may wish to not accept the Offer as it currently stands for a number of reasons, including the following.

3.1 You may want to sell your Anchor Shares on market

You may wish to realise your investment in Anchor through sale on the ASX if you expect proceeds may be higher.

During the period between the date Phoenix Bridge's proposal was initially announced on 8 March 2019 to the date of this Target's Statement, Anchor Shares have not traded at prices higher than the Offer Price of A$0.02.

If you elect to sell your Anchor Shares on market, you:

(a) will be paid within 2 days of the sale;

(b) may incur brokerage;

(c) will lose the ability to accept the Offer or any other offer which may eventuate;

(d) will not be entitled to receive any increased consideration if Phoenix Bridge subsequently increases the Offer Price; and

(e) may not obtain sufficient buyers to complete a trade above the Offer Price of A$0.02 per Anchor Share (including because Anchor Shares may be affected by reduced liquidity).

3.2 You may consider there is potential for a superior proposal to emerge in the foreseeable future

If you accept the Offer early, subject to certain limited withdrawal rights (as described in section 7.8 of this Target's Statement), or subject to the Offer lapsing without the conditions to the Offer being satisfied or waived, you will not be able to accept any superior offer from a third party, should one emerge.

As at the date of this Target's Statement, Anchor has not received any competing proposal by another bidder. There is no certainty that any proposal will be forthcoming.

A superior proposal for Phoenix Bridge could emerge in the future, although, as at the date of this Target's Statement, no alternative proposal which is capable of acceptance by Anchor Shareholders has been received. Nevertheless, there remains the possibility that a third party may make a superior proposal before the end of the Offer Period.

The Directors will consider any alternative proposal in order to maximise value for Anchor Shareholders. As at the date of this Target's Statement, Phoenix Bridge has not entered into any arrangements that would prevent your Directors from considering or proceeding with alternative proposals.

3.3 You may wish to remain an Anchor Shareholder

If you accept the Offer, you will no longer be entitled to participate in the future financial performance of Anchor (including distributions) or exercise the rights of an Anchor Shareholder.

3.4 You may believe that Offer Price is inadequate

You may hold a different view to the Directors and the Independent Expert and believe that the Offer Price of A$0.02 is inadequate.

4. Directors' recommendation

4.1 Directors of Anchor

As at the date of this Target's Statement, the directors of Anchor and their interests in Anchor are:

Anchor Resources Limited

Name	Position	Anchor Shares Held	Anchor Options Held	Intention
Ian Leslie Price	Managing Director, CEO	Nil	750,000	Accept
Jianguang Wang*	Chairman, Director	4,315,446	Nil	Abstain
Ronald Norman (Sam) Lees	Non-Executive Director	Nil	100,000	Accept
Vaughan Webber	Non-Executive Director	Nil	100,000	Accept

* Mr Jianguang Wang is the sole director of Sunstar Capital Pty Ltd (the Majority Shareholder of Anchor).

4.2 Independent Expert's Report

In order to assist with assessment of the Offer, the Directors engaged Invicta Corporate Finance Pty Ltd ACN 631 600 845 (as Independent Expert) to undertake an independent assessment of the Offer who in turn engaged Continental Resource Management Pty Ltd ACN 009 366 929 to prepare a valuation of the exploration assets held by Anchor.

A copy of the Independent Expert's Report is attached in Attachment 1 to this Target's Statement and a copy of Continental Resource Management Pty Ltd's report is contained in Appendix 5 of the Independent Expert's Report. The Directors recommend that you read the report in full.

The Independent Expert has concluded that the Offer is fair and reasonable to the Non-Associated Shareholders.

4.3 Alternatives to the Offer

As at the date of this Target's Statement, no proposal has emerged that your Directors consider to be superior to the Offer. There remains the possibility that a third party may make a superior proposal before the close of the Offer Period.

4.4 Directors' recommendation

Other than Mr Jianguang Wang who abstains from making a recommendation, the Directors recommend that Anchor Shareholders accept the Offer. Mr Jianguang Wang is the sole director of Sunstar Capital Pty Ltd ACN 147 934 852 and Sunstar Capital Pty Ltd is the Majority Shareholder of Anchor, holding 88.313% of the share capital. Mr Jianguang Wang also holds 8.214% of Anchor Shares. Given Mr Jianguang Wang's interest, Mr Jianguang Wang has decided to abstain from making a recommendation in relation to the Offer.

Other than Mr Jianguang Wang, the Directors have reached the conclusion to recommend that Anchor Shareholders accept Offer on balance after weighing up the reasons why Shareholders should accept the Offer set out in section 2 of this Target's Statement and the reasons for not accepting the Offer set out in section 3 of this Target's Statement.

The decision as to whether or not to accept the Offer depends on the circumstances for each individual Anchor Shareholder, including risk profile, portfolio strategy, tax position, financial circumstances and investment time horizon.

In considering whether or not to accept the Offer, your Directors encourage you to:

(a) read the whole of this Target's Statement (including the Independent Expert's Report);

(b) read the Bidder's Statement;

(c) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;

(d) consider whether to delay accepting until the conditionality of the Offer is reduced as outlined in section 7.4 of this Target's Statement;

(e) consider the alternative of selling on the ASX as outlined in section 3.1 of this Target's Statement; and

(f) obtain financial advice from your broker or financial adviser upon the Offer and obtain taxation advice on the effect of accepting the Offer.

4.5 Directors' intentions in relation to Offer

Other than Mr Jianguang Wang, no Director owns, controls, or has any interest in Anchor Shares.

Mr Wang intends to accept the Offer in relation to the Anchor Shares he owns.

5. Your choices as an Anchor Shareholder

5.1 Your choices

As an Anchor Shareholder you have three choices currently available to you:

(a) Accept the Offer

Anchor Shareholders may elect to accept the Offer. Details of the consideration that will be received by Shareholders who accept the Offer are set out in section 7.1 of this Target's Statement and in the Bidder's Statement.

The Offer is open for acceptance until 7:00pm AEDT on 11 April 2019, unless it is extended or withdrawn (sections 7.6 and 7.7 of this Target's Statement describe the circumstances in which Phoenix Bridge can extend or withdraw the Offer).

Shareholders who accept the Offer may be liable for CGT on the disposal of their Shares (see section 10.2(a) of this Target's Statement). However, you will not incur any brokerage.

The Bidder's Statement contains details of how to accept Offer on page 39.

(b) Sell your Anchor Shares on market

Anchor Shareholders who have not already accepted Offer can still sell their Anchor Shares on market for cash.

On 22 March 2019 Anchor's Share price closed at A$0.013. The latest price for Anchor Shares may be obtained from the ASX website www.asx.com.au.

Shareholders who sell their Shares on market may be liable for CGT on the sale (see section 10.2(a) of this Target's Statement) and may incur brokerage. Anchor Shareholders who wish to sell their Shares on market should contact their broker for information on how to effect that sale.

(c) Do not accept Offer

Anchor Shareholders who do not wish to accept the Offer or sell their Anchor Shares on market should do nothing.

If Phoenix Bridge and its associates have a Relevant Interest in at least 90% of Phoenix Bridge's Shares during or at the end of the Offer Period, Phoenix Bridge will be entitled to compulsorily acquire the Shares that it does not already own (see section 7.11 of this Target's Statement).

5.2 Taxation consequences

The taxation consequences of accepting the Offer or selling Shares on market depend on a number of factors and will vary depending on your particular circumstances. Outlines of the Australian taxation considerations of accepting Offer are set out in section 10 of this Target's Statement and section 6 of the Bidder's Statement.

You should carefully read and consider the taxation consequences of accepting Offer or selling Shares on market. The outlines provided in this Target's Statement and the Bidder's Statement are of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

5.3 Distribution entitlements and other rights

Anchor Shareholders do not have any distribution entitlements or other rights in terms of the Anchor Shares.

6. Information about Anchor

6.1 Anchor Resources Limited

Anchor Resources is a mineral explorer with a diversified portfolio of highly prospective projects located throughout New South Wales and Queensland. Anchor's portfolio provides exposure to a broad range of commodities including gold, antimony, copper, molybdenum, uranium, tungsten as well as other base metals. Exploration has been in progress since 2005. Anchor's strategy is to identify mineral properties of high potential in which specific prospects can be advanced in a cost effective manner.

6.2 Key Projects

Key current projects of Anchor include:

(a) Cobar Basin Project

The Cobar Basin Project is located in Lachlan Orogen, central west New South Wales. Anchor is seeking Cobar-style base metals and gold targets in the central and southern portion of the Cobar Basin. Anchor has significantly increased its exploration tenement holdings in the area with the granting of four new exploration licences in 2017/2018 and an application for a sixth exploration licence.

(b) Blicks Project

The Blicks Project is located in New England Orogen, New South Wales and hosts a wide variety of styles of gold and strategic metal mineralisation, much of it granite related. Tyringham is the most advanced prospect and is an intrusion-related gold system. Deep drilling to attempt to locate the source of a younger intrusion is Anchor's next step.

(c) Bielsdown Project

The Bielsdown Project is located in in New England Orogen, New South Wales. The deposit is hosted by a regional sub-vertical fault within a sequence of fine grained metasediment.

(d) Walsh River Project

Located in the Hodgkinson Province far north Queensland, Anchor has discovered low sulphidation epithermal gold-silver mineralisation at the Walsh River Project. A scout RC drilling program to test the epithermal system is being planned.

6.3 Group Structure

Anchor has four subsidiaries in Australia:

(a) Scorpio Resources Pty Ltd ACN 109 158 769;

(b) Sandy Resources Pty Ltd ACN 119 286 261;

(c) Andromeda Ventures Pty Ltd ACN 101 667 672; and

(d) Cobar Minerals Pty Ltd ACN 623 510 430,

together the **Anchor Group**.

6.4 Anchor's Strategy

The continuing principal activity of the Anchor Group is the exploration for economic deposits of minerals. For the period of the last Anchor Annual Report, the emphasis was on gold, antimony, copper, molybdenum, uranium and tungsten, as well as other base metals.

6.5 Anchor's Financial Information

On 27 September 2018, Anchor released its annual financial results for the period ending 30 June 2018 to the ASX. This can be obtained on the ASX website https://www.asx.com.au/ by using ticker code 'AHR'.

On 14 March 2019, Anchor released its half year report and accounts for the period ending 31 December 2018 to the ASX which can be obtained on the ASX website https://www.asx.com.au/ by using ticker code 'AHR'.

7. Phoenix Bridge and the Offer

7.1 Background to Offer

The Offer is being made by Phoenix Bridge International Holdings Group Investment Co., Limited, a company registered in Hong Kong with company number 2102499.

The Offer relates to Phoenix Bridge who is offering to buy all of the Anchor Shares in Anchor for A$0.02 cash per Anchor Share, pursuant to an off-market takeover offer.

7.2 Offer Period

The Offer relates to Anchor Shares **only** as at 7:00pm (AEDT) on the Register Date, being 8 March 2019.

The Offer is currently open and closes at 7:00pm (AEDT) on 11 April 2019, unless extended or withdrawn in accordance with the Corporations Act.

7.3 Conditions to Offer

The Offer is subject to a number of conditions and these conditions are set out in full in Appendix 2 (Conditions of the Offer) of the Bidder's Statement.

By way of broad overview, the outstanding conditions to the Offer as at the date of this Target's Statement are:

(a) minimum acceptance of the Offer by Anchor Shareholders holding at least 90% (by number) of all Anchor Shares on issue as at the end of the Offer Period (**Minimum Acceptance Condition**);

(b) no regulatory action having been taken in consequence of, or in connection with, the Offer;

(c) no material adverse change having occurred in relation to any member of the Anchor Group;

(d) no Prescribed Occurrences having happened;

(e) no persons exercising or becoming entitled to exercise rights under certain agreements or instruments that a member of the Anchor Group is party to, that may be material in the context of the Anchor Group taken as a whole;

(f) no material acquisition, disposal, liability or change in the conduct of the business of the Anchor Group being undertaken, assumed or announced (as applicable);

(g) no dividends or other distributions being paid, declared or announced; and

(h) no litigation with respect of any member of the Anchor Group being on foot, pending, commenced or threatened,

the **Offer Conditions**.

If any of the Offer Conditions are not satisfied or have not been waived, Phoenix Bridge will have an option as to whether to proceed with the Offer or allow the Offer to lapse. If the Offer lapses, all acceptances of the Offer will be void and of no effect. Please refer to section 8.3 of Appendix 1 of the Bidder's Statement for more information.

7.4 Notice of status of conditions

Section 8.4 of the Bidder's Statement states that Phoenix Bridge will give the notice on the status of the Offer Conditions on 4 April 2019 (subject to extension in accordance with the Corporations Act if the Offer Period is extended). Phoenix Bridge is required to set out in this notice:

(a) whether the Offer is free of the Offer Conditions;

(b) whether, so far has Phoenix Bridge knows, the Offer Conditions have been fulfilled; and

(c) Phoenix Bridge's voting power in Anchor at that time.

7.5 Variation of the Offer

Phoenix Bridge may vary the Offer in any of the ways permitted by the Corporations Act.

7.6 Offer Period and extending the Offer Period

Unless withdrawn, the Offer will remain open for acceptance from 11 March 2019 to the end of the Offer Period, which will close at 7:00pm (AEDT) on 11 April 2019 or such later date to which the Offer Period is extended in accordance with the Corporations Act.

If, within the last 7 days of the Offer Period, either of the following events occur:

(a) the Offer is varied to improve the consideration offered; or

(b) Phoenix Bridge's voting power in Anchor increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

7.7 Withdrawal of Offer

The Offer may be withdrawn by Phoenix Bridge, but only:

(a) with the consent in writing of ASIC and subject to the conditions (if any) specified in such consent; or

(b) otherwise in accordance with the Corporations Act.

(c) Please refer to section 9 of Appendix 1 of the Bidder's Statement for more information.

7.8 Effect of acceptance

Once you have accepted the Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Offer or otherwise dispose of your Anchor Shares, except as follows:

(a) if, at the end of the Offer Period, an Offer Condition has not been satisfied or waived, the Offer will automatically terminate and Anchor Shares will be returned to you; or

(b) the Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when Phoenix Bridge has to meet its obligations under the Offer, and, at the time, the Offer is subject to one or more Offer Conditions, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act. If Phoenix Bridge improves the Offer Price, all Anchor Shareholders who accept the Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved price.

The effect of acceptance of the Offer is further detailed in section 6 of Appendix 1 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Anchor Shares and the representations and warranties that you are deemed to give to Phoenix Bridge by accepting the Offer.

7.9 When you will receive the Offer Price

In summary, if you accept the Offer:

(a) if the Offer becomes unconditional, Phoenix Bridge will pay you the Offer Price for your Shares within seven days after that date; or

(b) Phoenix Bridge will pay you the Offer Price for your Shares seven days after you have validly accepted the Offer,

whichever is the later.

The ultimate timing for payment of the consideration for your Anchor Shares will depend on the date on which the Offer becomes unconditional.

Please refer to section 2.1(c) and section 7 of Appendix 1 of the Bidder's Statement for further details about when you will be paid the Offer Price by Phoenix Bridge.

7.10 Lapse of Offer

If the Offer Conditions are not waived or fulfilled by the end of the Offer Period, the Offer will lapse.

In this situation, you will be free to deal with your Anchor Shares even if you had accepted the Offer.

7.11 Compulsory acquisition

Phoenix Bridge has indicated in section 5.2(c) of the Bidder’s Statement that if it satisfies the required thresholds, it intends to compulsorily acquire any outstanding Anchor Shares and Anchor Options. Phoenix Bridge will be entitled to compulsorily acquire any outstanding Anchor Shares for which it has not received acceptances on the same terms as the Offer if, during or at the end of the Offer Period, Phoenix Bridge (taken together with its associates) has a Relevant Interest in at least 90% (by number) of Anchor Shares. At the date of this

Target's Statement, Sunstar Capital Pty Ltd controls 88.313% of the Anchor Shares. Sunstar Capital Pty Ltd is therefore capable of blocking compulsory acquisition if it chooses not to accept the Offer and does not otherwise dispose of its Anchor Shares.

If the compulsory acquisition thresholds are met, Phoenix Bridge will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Anchor Shareholders who have not accepted the Offer, but it may choose to commence compulsory acquisition as soon as the relevant thresholders are satisfied. An Anchor Shareholder has statutory rights to challenge compulsory acquisition, however this will require the relevant Anchor Shareholder to establish that the terms of the Offer do not represent fair value for the Anchor Shares. Anchor Shareholders should be aware that, if their Anchor Shares are acquired compulsorily, they are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

8. Information about Phoenix Bridge

8.1 Disclaimer

The information in this Section and all information concerning Phoenix Bridge contained in other sections of this Target's Statement has been prepared by Anchor using the information contained in the Bidder's Statement and publicly available information, and has not been independently verified by Anchor. Accordingly, subject to the Corporations Act, Anchor does not make any representation (express or implied) as to the accuracy or completeness of such information.

8.2 Corporate information

Phoenix Bridge is a company registered in Hong Kong having the company number 2102499 which is part of the broader Phoenix Bridge Group founded and owned by Mr Dade Wang.

As at date of this Target's Statement, Phoenix Bridge has no voting power in Anchor and no relevant interest in any Anchor Shares or Anchor Options.

8.3 Phoenix Bridge's portfolio

The Phoenix Bridge Group's diversified investment portfolio encompasses a wide range of industries and sectors, including mining resources, urban infrastructure, real estate development, laser technology, nanotechnology, medicine, chip technology and cloud computing.

8.4 Funding of the Offer Price

The Offer is a 100% cash offer. The maximum amount of cash that will be payable by Phoenix Bridge if acceptances are received for all Anchor Shares on issue at the date of the Bidder's Statement is A$1,050,705.92 (**Maximum Cash Consideration**).

As per section 3.3 of the Bidder's Statement, Phoenix Bridge will fund the Maximum Cash Consideration from existing cash on hand deposited, in Australian dollars, in the solicitors' trust account of its Australian legal advisers, Addisons, with Westpac Banking Corporation.

Please see section 3.3 of the Bidder's Statement for more information.

8.5 Further information about Phoenix Bridge

Sections 3.1 and 3.2 of the Bidder's Statement provide further information relating to Phoenix Bridge.

9. Risks

In considering the Offer, Anchor Shareholders should be aware of the risks related to Anchor and its assets. There are risks which are specific to Anchor and other risks which apply to investments generally, which may materially and adversely affect the future operating and financial performance of Anchor and the value of Anchor Shares. Those risks (and other risks) will continue to be relevant to Anchor Shareholders who do not accept the Offer and retain their current investment in Anchor. These risks will also continue to be relevant to all Anchor Shareholders if the Offer does not proceed. While some of these risks can be mitigated, some are outside the control of Anchor and cannot be mitigated.

The risk factors presented in this Section 9 are not an exhaustive list of all risks and risk factors related to Anchor or the Offer. Additional risks and uncertainties not currently known to Anchor may also have an adverse impact on Anchor.

9.1 General Risks

(a) Share Market Conditions

Share market conditions may affect listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

(i) general economic outlook;

(ii) movements in, or outlook on, interest rates and inflation rates;

(iii) currency fluctuations;

(iv) commodity prices;

(v) changes in investor sentiment towards particular market sectors; and

(vi) the demand for, and supply of, capital.

There can be no guarantee that there will continue to be an active market for Anchor Shares or that the price of Anchor Shares will increase. There may be relatively few buyers or sellers of Anchor Shares on the ASX at any given time. This may affect the volatility of the trading price of Anchor Shares on the ASX and may also affect the prevailing trading price at which Anchor Shareholders are able to sell their Anchor Shares on ASX.

(b) General Economic Factors

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption may have an impact on operating costs, commodity prices and stock market processes. Anchor’s future possible revenues and Anchor Share price can be affected by these factors which are beyond the control of Anchor and its Directors.

(c) Changes in Law and Government Policy

Changes in government, monetary policies, laws, taxation and other laws can have a significant influence on the outlook for companies and the returns to investors. In particular government policies and regulations vary in different States and with different governing parties in relation to uranium exploration, mining and marketing.

Anchor’s activities will require compliance with various laws, both State and Commonwealth, relating to the protection of the environment, Aboriginal culture and heritage and native title, the protection of workers and the public against the dangers of radiation and the export of uranium. Changes in government, government policies and legislation could have a material adverse effect on Anchor.

9.2 Specific Risks

(a) Loan Facility

If the Offer is not successful, and if no superior proposal emerges, there is a risk that Anchor may not be able to repay the Loan Facility when it is due on 30 September 2021.

(b) Commodity Prices

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which Anchor has an interest. Specifically, changes in the price of gold, antimony, copper, molybdenum, uranium, tungsten, as well as other base metals may have an effect on Anchor.

(c) Exploration and Development

A significant risk for the Anchor is that the exploration programs will not result in exploration success. Mineral exploration by its nature is a high risk endeavour and consequently there can be no assurance that explorations of the project areas, or any other projects that may be acquired in the future, will result in discovery of an economic mineral deposit. Should a discovery be made, there is no guarantee that it will be commercially liable. While the Directors will make every effort to reduce these risks through their experience in the exploration and mining industry, the fact remain that a commercially viable mineral discovery is very much the exception rather than the rule, and success can never be guaranteed.

The future viability and profitability of Anchor, as an exploration and mining company, will be dependent on a number of factors including, but not limited to, the following:

(i) commodity prices and exchange rates and, in particular, the price of gold, antimony, copper, molybdenum, uranium, tungsten, as well as other base metals;

(ii) risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations (including risks relating to continuity of ore deposit, fluctuations in grades and values of the project being mined, and unforeseen operational and technical problems) and competent management;

(iii) risks associated with negative exploration results, including relinquishment (in whole or in part) of tenements and Anchor possibly withdrawing from a joint venture or not exercising an option to acquire equity, even though a viable mineral deposit may be present, but undiscovered;

(iv) risks associated with obtaining a grant of any exploration or mining tenements which are applications or renewal of tenements upon expiry of their current term;

(v) risks arising because of native title and aboriginal land rights which may affect Anchor's ability to gain access to prospective exploration areas to obtain production titles; compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by

Anchor; the level of impact of these matters will depend, in part, on the location and status of the tenements acquired by Anchor;

(vi) risks that exploration and mining may be adversely affected or hampered by industrial disputes;

(vii) environmental management issues with which Anchor may be required to comply from time to time;

(viii) the risk of material adverse changes in the government policies or legislation of Australia affecting the level of mining and exploration activities;

(ix) poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues;

(x) unforeseen major failures, breakdowns or repairs required to key items of exploration and mining plant and equipment or mine infrastructure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep;

(xi) risks associated with the cost of maintaining exploration and mining properties, which depends on Anchor having access to sufficient development capital; and

(xii) risks associated with the financial failure or default by a participant in any of the joint ventures or other contractual relationships to which Anchor is, or may become, a party.

(d) Development and Acquisition Opportunities

The success of Anchor partially depends upon Anchor's ability to identify, secure and develop a portfolio of high quality project interests and strategic industry partnerships.

(e) Development Capital

Exploration and development costs will reduce the cash reserves of Anchor, which may not be replaced through the successful development of mining operations, or should these mining operations prove unsuccessful or perform below the required levels. Anchor would then be dependent on seeking development capital elsewhere, through equity, debt or joint venture financing, to support long term exploration and evaluation of its projects.

(f) Capital and Cash Flow Risks

Anchor is currently not in a position to fund development opportunities that exist within the Anchor portfolio without sourcing additional capital or entering into a partnership. There is no guarantee that Anchor will be able to complete fundraising, or as to the terms of such fundraising.

There is a risk that any additional funding required for its activities may not be obtained or, if obtained, on terms detrimental to existing Shareholders through dilution. If the Company is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations, scale back its exploration programmes and/or dispose or relinquish some of its tenements, as the case may be.

(g) Exploration Licences

The renewal of tenements upon expiry of their current term and the granting of applications for exploration licences is subject to Ministerial approval, non-approval or a delay in the approval process could have a negative impact on exploration conducted by Anchor as well as the Anchor Share price.

(h) Dependence on Key Personnel

Anchor's success depends to a significant extent upon key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of certain personnel could have an adverse effect upon Anchor and its activities.

(i) Native Title and Land Access

Anchor's activities in Australia are subject to the Native Title Act and associated legislation relating to native title. Uncertainty associated with native title issues may impact on Anchor's future plans.

(j) Aboriginal Sites of Significance

Commonwealth and State legislation obliges Anchor to identify and protect sites of significance to Aboriginal custom and tradition. Some sites of significance may be identified within the tenements. It is therefore possible that one or more sites of significance will exist in an area which Anchor considers to be prospective. Anchor's policy is to carry out clearance surveys prior to conducting exploration which would cause a disturbance to the land surface.

(k) Environmental Risks

The minerals and mining industries have become subject to increasing environmental responsibility and liability. The potential for liability is an ever-present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation.

Exploration work will be carried out in a way that causes minimum impact on the environment. Consistent with this, it may be necessary in some cases to undertake baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored, and as far as possible, minimised. While Anchor is not aware of any endangered species of fauna and flora within any of its project areas, no baseline environmental studies have been undertaken to date, and discovery of such could prevent further work in certain areas.

(l) Safety Risks

Safety is a fundamental risk for any exploration and development company in regard to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against Anchor and substantial losses to Anchor due to injury or loss of life, damage to or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against Anchor. Anchor has developed a comprehensive Safety Management System to mitigate such risk.

(m) Community Relations

A failure to adequately manage community and social expectations within the communities in which Anchor operates may lead to local dissatisfaction which, in turn, could lead to interruptions to production and exploration operations. Anchor has developed a Community and Stakeholder Management Plan as a guide to the management of Anchor's community relations efforts.

(n) Other Risks Specific to Anchor

The current and future operations of Anchor, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- alterations to programs and budgets;
- unanticipated operational and technical difficulties encountered in geophysical survey, drilling and production activities;
- mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and force majeure;
- unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programs pursuant to access agreements entered into with native title claimants); and
- un-insured losses and liabilities.

9.3 Other risks

The future viability and profitability of Anchor is also dependent on a number of other factors affecting performance of all industries and not just the exploration and mining industries, including, but not limited to, the following;

- currency exchange rate fluctuations;
- the strength of the equity and share markets in Australia and throughout the world;
- general economic conditions in Australia and its major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions;
- financial failure or default by a participant in any of the joint ventures or other contractual relationship to which Anchor is, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by Anchor in its activities; and
- industrial disputation in Australia and overseas.

9.4 List not exhaustive

The above list of risk factors in sections 9.1 to 9.3 ought not to be taken as exhaustive of the risks faced by Anchor or by investors in Anchor. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Anchor and the value of Anchor Shares.

10. Taxation consequences

10.1 Overview

The taxation information below provides a broad summary of the Australian income tax and GST consequences relating to the Offer.

The taxation information contained in this section is of a general nature only. It does not constitute tax advice and should not be relied upon as such.

The taxation information below only deals with the tax implications for resident and non-resident Anchor Shareholders who hold their Anchor Shares on capital account. It does not address the tax treatment for Shareholders who:

(a) hold their investments on revenue account such as banks and other trading entities;

(b) are non-resident and hold their investments through a permanent establishment in Australia;

(c) acquired Anchor Shares under employee Shares plans; or

(d) hold their investments subject to the taxation of financial arrangement provisions in Division 230 of the Income Tax Assessment Act 1997 (Cth).

All Anchor Shareholders should seek independent professional advice on the taxation consequences of their participation in the Offer, based on their particular circumstances. Shareholders who are not resident in Australia should obtain advice on the taxation implications arising in their local jurisdiction of the proposed transaction.

The information contained in this section is based on the provisions of the income tax and GST law, regulations and ATO rulings and determinations applicable as at the date of this Target's Statement.

10.2 Australian resident Shareholders

(a) CGT consequences

Each Anchor Share consists of a share in Anchor Resources Limited, ACN 122 751 419.

The disposal of Anchor Shares pursuant to the Offer will have CGT consequences for Anchor Shareholders. Each Shareholder will be treated as making a disposal for CGT purposes and a CGT calculation will be required. In undertaking these calculations, Shareholders will be required to calculate the cost base (or reduced cost base) and capital proceeds attributable to their share.

Broadly, Anchor Shareholders will, in respect of their share make:

(i) a capital gain if the capital proceeds received for their share Anchor Resources Limited are greater than the cost base of their share in Anchor Resources Limited; and

(ii) a capital loss if the reduced cost base of their share in Anchor Resources Limited is greater than the capital proceeds received for their share in Anchor Resources Limited.

Australian resident Shareholders who are not companies should be entitled to a CGT discount provided that they have held their Anchor Shares for 12 months or more.

Australian resident individuals and trusts are entitled to a 50% discount, resident complying superannuation entities are entitled to a 33.3% discount while companies are not entitled to any discount.

(i) Cost base and reduced cost base

Broadly, the cost base and reduced cost base of an Anchor Share will equal the amount paid by the Anchor Shareholder to acquire their Shares, together with certain incidental costs of acquisition and disposal, less any non-assessable amounts received by Anchor Shareholders from Anchor, if any.

(ii) Capital proceeds

The capital proceeds received by Anchor Shareholders for their Anchor Shares should be the consideration of A$0.02 cash received per Anchor Share.

(b) Status of defeating conditions

The Offer is subject to a number of conditions set out in Appendix 2 of the Bidder's Statement. Phoenix Bridge will provide updates on any material developments relating to the status of these conditions during the Offer Period. If those conditions are not fulfilled or waived and the Offer does not proceed, then no CGT event will happen for Shareholders under the Offer.

(c) Future distributions

If the Offer becomes unconditional but Phoenix Bridge does not achieve a relevant interest sufficient to proceed to compulsory acquisition, Australian resident Shareholders who continue to hold Anchor Shares should have future distributions taxed.

10.3 Non-resident Shareholders

(a) CGT consequences

The taxation consequences discussed in section 10.1 and 10.2 above will generally apply to Anchor Shareholders that are non-residents, if either the shares are "taxable Australian property".

Specifically, taxable Australian property includes:

(i) a direct interest in real property situated in Australia;

(ii) a mining, quarrying or prospecting right to minerals, petroleum or quarry materials situated in Australia;

(iii) a capital gains tax (CGT) asset that you have used at any time in carrying on a business through a permanent establishment in Australia; and

(iv) an indirect interest in Australian real property if you and your associates hold 10% or more of an entity, including a foreign entity, and the value of your interest is principally attributable to Australian real property.

Taxable Australian property also includes an option or right over one of the above.

A CGT asset is 'taxable Australian real property' if it is:

(i) real property situated in Australia; or

(ii) a mining, quarrying or prospecting right (to the extent that the right is not real property), if the minerals, petroleum or quarry materials are situated in Australia.

It is expected that the shares in Anchor will constitute taxable Australian property provided that the non-resident Shareholder, together with their associates, hold 10% or more of the Anchor Shares. Where a non-resident Shareholder, together with their associates, hold less than 10% of Anchor Shares, no Australian taxation will be applicable on the sale of their Anchor Shares.

Where Anchor Shares do constitute taxable Australian property, non-resident shareholders are subject to Australian capital gains tax where the capital proceeds for the sale of their Anchor shares exceed their cost base. Unlike Australian resident shareholders who are individuals or trustees of Australian resident trusts, non-resident shareholders who are individuals or trustees of non-resident trusts are not entitled to reduce their capital gain by the 50% CGT discount. A pro-rata apportionment of the 50% CGT discount may apply where a non-resident individual held their shares in Anchor prior to 8 May 2012.

10.4 GST

No GST will be charged to Anchor Shareholders nor will any GST liability arise for Shareholders (whether resident or non-resident) if they accept the Offer. Information relating to Anchor's Directors

11. Additional information

11.1 Issued capital

As at the date of this Target's Statement, the issued capital of Anchor consists of:

(a) 52,535,296 Anchor Shares; and

(b) 2,500,000 Anchor Options.

Details of the Anchor Options are set out below:

Name	Position	Engagement Basis	Number of Anchor Options	Expiry date	Exercise Price
Ian Price	Managing Director	Employee	750,000	31/10/2020	2.5c
Vaughan Webber	Non-Executive Director	N/A	100,000	31/10/2020	2.5c
Ronald Norman (Sam) Lees	Non-Executive Director	N/A	100,000	31/10/2020	2.5c
Ai Li	Chief Operating Officer	Employee	175,000	31/10/2020	2.5c
Guy Robertson	Company Secretary	Contractor	100,000	31/10/2020	2.5c
Graeme Rabone	Exploration Manager	Contractor	750,000	31/10/2020	2.5c
Kerry Mears	Field Supervisor	Employee	175,000	31/10/2020	2.5c

Name	Position	Engagement Basis	Number of Anchor Options	Expiry date	Exercise Price
Jason Williams	Field Technician	Employee	175,000	31/10/2020	2.5c
Jesse Stewart-Noble	Geologist	Employee	175,000	31/10/2020	2.5c
		TOTAL:	**2,500,000**		

11.2 Substantial Holders

At 22 March 2019, being the last practicable date prior to the date of this Target's Statement, the following persons had notified Anchor that they had Voting Power in 5% or more of Anchor Shares:

Substantial Holder as at 22 March 2019	Number of Anchor Shares as at 22 March 2019	% of Anchor Shares as at 22 March 2019
Sunstar Capital Pty Ltd	46,395,719	88.313%
Mr Jianguang Wang*	4,315,446	8.214%

* Mr Jianguang Wang is the Non-Executive Chairman of Anchor and the sole director of Sunstar Capital Pty Ltd.

11.3 Interests and dealings in Anchor Shares

(a) Interests in Anchor Shares

As at the date of this Target's Statement, the Directors had the following relevant interests in Anchor Shares and Anchor Options:

Director	Number of Anchor Shares	Number of Anchor Options	Interests
Ian Leslie Price	Nil	750,000	Nil
Jianguang Wang*	4,315,446	Nil	Nil
Ronald Norman (Sam) Lees	Nil	100,000	Nil
Vaughan Webber	Nil	100,000	Nil
Total	**4,315,446**	**950,000**	

* Mr Jianguang Wang is the Non-Executive Chairman of Anchor and the sole director of Sunstar Capital Pty Ltd.

(b) Dealings in Anchor Shares

No Director has acquired or disposed of a relevant interest in any Anchor Shares or Anchor Options in the 4 month period ending on the date immediately before the date of this Target's Statement.

However, Directors may indirectly, and without their knowledge, hold Anchor Shares through memberships of professional superannuation or investment funds where such funds hold Anchor Shares for investment purposes.

11.4 Phoenix Bridge marketable securities

There are no marketable securities of Phoenix Bridge controlled or held by, or on behalf of, any Directors as at the date of this Target's Statement.

No Director acquired or disposed of a Relevant Interest in any Phoenix Bridge's securities in the four month period ending on the date immediately before the date of this Target's Statement.

11.5 Benefits and agreements

(a) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Anchor or related body corporate of Anchor.

(b) Agreements connected with or conditional on the Offer

There are no agreements made between any director of Anchor and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Shares.

(c) Benefits from Phoenix Bridge

None of the directors of Anchor has agreed to receive, or is entitled to receive, any benefit from Phoenix Bridge which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Shares.

(d) Interests of Directors in contracts with Phoenix Bridge

None of the directors of Anchor has any interest in any contract entered into by Phoenix Bridge.

11.6 Arrangements or agreements with Directors and executive officers

Anchor has entered into deeds of indemnity, insurance and access with its Directors and various executive officers, on customary terms. Anchor pays premiums in respect of a directors and officers insurance policy for the benefit of the Directors and executive officers.

11.7 Other termination benefits

Except as set out in this Section 11.7 (including the termination notice and redundancy entitlements in the table below) or elsewhere in this Target's Statement, there are no payments or other benefits that are proposed to:

(a) be made or given to any director, secretary or executive officer of Anchor as compensation for loss of, or as consideration for or in connection with his or her retirement from, office in Anchor or in a Related Body Corporate of Anchor; or

(b) be made or given to any director, secretary or executive officer of any Related Body Corporate of Anchor as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in that body corporate or in Anchor.

	Ian Leslie Price	Jianguang Wang	Ronald Norman (Sam) Lees	Vaughan Webber
Total fixed remuneration per annum (inclusive of superannuation)	$192,720	$39,420	$36,000	$36,000
Termination notice without cause (which can be paid out in lieu of notice)	3 months	Nil	Nil	Nil
Redundancy entitlement	Nil	Nil	Nil	Nil

11.8 Material Contracts

(a) Loan Agreement

Under a loan agreement entered into between Anchor and China Shandong Jinshunda Group Co. Ltd. (a company incorporated in the People's Republic of China) (**JSD**) on 9 April 2017 (**Loan Agreement**), pursuant to the Loan Agreement, JSD provided an unsecured loan to Anchor in the amount of A$15,500,000 (**Loan Facility**).

JSD is the indirect controlling Shareholder of Anchor by way of JSD having a Relevant Interest in 96.5% (by number) of total Anchor Shares on issue through the following Shareholders:

(i) Sunstar Capital Pty Ltd, having an 88.313% shareholding of Anchor (Sunstar Capital Pty Ltd is a subsidiary of JSD); and

(ii) Mr Jianguang Wang, having a 8.214% shareholding of Anchor (Mr Wang is the sole director of Sunstar Capital Pty Ltd and Mr Wang's father is a shareholder of JSD).

The purpose of the Loan Facility is to provide Anchor with funding to carry out exploration and ancillary activities. Interest accrues daily on each loan drawn down under the Loan Facility and the interest rate is the variable rate equal to the Commonwealth Government Bond Yield (GSBW21 maturing 21 December 2021) plus 250 basis points per annum. On 30 September 2021, Anchor must pay to JSD the whole of any remaining loan facility amount outstanding together with accrued interest and fees. The law of New South Wales governs the Loan Agreement.

As at the date of this Target's Statement, the Loan Agreement has been fully drawn by Anchor and is accruing interest (**Anchor Debt**).

On 8 March 2019, Phoenix Bridge entered into a binding agreement with JSD to acquire the Anchor Debt under the Loan Agreement, for a total consideration of RMB¥17,600,000 (being the equivalent of approximately A$3,721,009[2]).

It is a condition precedent of the completion of the assignment of the Anchor Debt that Phoenix Bridge makes an off-market takeover bid for all of the Shares in Anchor and fulfils the Minimum Acceptance Condition by the end of the Offer Period.

[2] Based on the exchange rate prevailing on the date before the Bidder's Statement of RMB¥4.7299: A$1.00.

In section 4.5 of the Bidder's Statement, Phoenix Bridge has stated that if the Minimum Acceptance Condition is satisfied and the Offer is declared (or becomes) otherwise unconditional, it is proposed that immediately after the close of the Offer Period,

(i) JSD will assign all of its rights under the Loan Facility to Phoenix Bridge, and Phoenix Bridge will assume all of the obligations of JSD to Anchor under the Loan Facility; and

(ii) Phoenix Bridge will pay RMB¥17,600,000 in cash to JSD.

If the Minimum Acceptance Condition is not satisfied by the end of the Offer Period, neither the Offer nor the acquisition of the Anchor Debt will proceed to completion and Phoenix Bridge will not acquire any Anchor Shares under the Offer.

Please see section 4.5 of the Bidder's Statement for more information regarding the Loan Agreement and assignment to Phoenix Bridge.

(b) Other Material Contracts

Other than the Loan Agreement, there are no other material contracts of Anchor.

11.9 Anchor Resources Limited Employee Share Option Plan

Anchor has an Employee Share Option Plan, for the issue of 2.5 million Anchor Options to employees and Directors with an exercise price of A$0.25 and expiry date of 31 October 2020. The Employee Share Option Plan was approved by the Board in October 2017 and subsequently, the Shareholders approved the issue of Anchor Options to Directors at the annual general meeting on 21 November 2017. Details of the Anchor Options are set out a section 11.1 of this Target's Statement.

No Anchor Options have been exercised pursuant to the Employee Share Option Plan and accordingly, no Anchor Shares have been issued under the Employee Share Option Plan.

Phoenix Bridge has indicated that it intends to negotiate the acquisition of all of the Anchor Options on issue from the Optionholders on mutually agreeable terms and failing which, Phoenix Bridge intends to, if it becomes so entitled under section 664A of the Corporations Act, compulsorily acquire all outstanding Anchor Options as at the relevant time. Please refer to section 4.6 of the Bidder's Statement for more details.

11.10 ASX Announcements

The following announcements have been lodged on Anchor's ASX platform since 1 July 2018:

Date of Announcement	Name/ Headline	Description
14 March 2019	Half Year Report and Accounts	Interim financial report of Anchor Resources Limited for the half year ended 31 December 2018.
11 March 2019	Becoming a substantial holder	Substantial holder being Phoenix Bridge International Holdings Group Investment Co., Limited, Mr Dade Wang and each of the entities listed in Schedule 1. The holder became a substantial holder on 8 March 2019.
8 March 2019	Bidders Statement	Offer by Phoenix Bridge International Holdings Group Investment Co., Limited to acquire all of the shares in Anchor. Offer dated 11 March closing 11 April 2019.

Date of Announcement	Name/ Headline	Description
8 March 2019	Receipt of Bidder's Statement	Anchor Resources Limited received bidder's statement from Phoenix Bridge International Holdings Group Investment Co., Limited for A$0.02.
26 February 2019	New Base Metals Targets Identified at Cobar Basin Project	Highlights: • Mirrabooka Cu-Zu prospect identified as a new high priority base metal target; • Blue Mountain prospect confirmed as high priority base metal target; • Jaguar prospect – IP anomaly identified for follow up work; • Cypress prospect – IP anomaly requires further work; and • Zeus, Ceres, Bowman and O5 prospects identified for follow up work.
29 January 2019	Quarterly Activities Report	Quarterly report on activities – December 2018 • Highlights Cobar Basin Project NSW.
29 January 2019	Quarterly Cash flow Report	Appendix 5B – Mining exploration entity and oil and gas exploration entity quarterly report ending 31 December 2018.
20 November 2018	Results of Meeting	Results of annual general meeting held 20 November 2018: • Remuneration report; and • Re-election of Mr Ronald Norman Lees as Director.
29 October 2018	Quarterly Activities Report	Quarterly report of activities – September 2018. Highlights: • Cobar Basic Project NSW • Walsh River Project, Queensland.
29 October 2018	Quarterly Cash flow Report	Appendix 5B – mining exploration entity and oil and gas exploration entity quarterly report – quarter ended 30 September 2018.
19 October 2018	Notice of Annual General Meeting/ Proxy Form	Notice of annual general meeting to be held at 12 noon on 20 November 2018, at Level 21, tower 2, 201 Sussex Street Sydney NSW 2000. Ordinary business: • Annual accounts (receiving and considering the reports of the directors and auditors); • Resolution 1 – adoption of remuneration report; • Resolution 2 – re-election of directors – Ronald Norman Lees;

Date of Announcement	Name/ Headline	Description
		• Voting exclusion Statement; and • Determination of membership and voting entitlement.
27 September 2018	Annual Report to shareholders	Annual Report – 30 June 2018. Highlights the Operations, Directors' Report and shareholder information.
27 September 2018	Appendix 4G and Corporate Governance Statement	Corporate Governance Statement for the financial year ending 30 June 2018. This Corporate Governance Statement has been approved by the board. Principles and Recommendations.
27 July 2018	Quarterly Activities Report	Quarterly report on activities – June 2018. Highlights: • Cobar Basin Project, New South Wales; and • Walsh River Project, Queensland.
27 July 2018	Quarterly Cash flow Report	Appendix 5B Mining exploration entity and oil and gas exploration entity quarterly report – quarter ended June 2018.

11.11 Consents

The following parties have given and have not withdrawn, before the date of issue of this Target's Statement, their written consent to be named in this Target's Statement in the form and context in which they are named:

(a) Invicta Corporate Finance Pty Ltd as Independent Expert;

(b) Continental Resource Management Pty Ltd as Technical Expert;

(c) Hetherington Exploration & Mining Title Services (Qld) Pty Ltd and Hetherington Exploration & Mining Title Services Pty Ltd ABN 51 610 909 290 as Anchor's tenement manager;

(d) Hall Chadwick (NSW) Pty Ltd as Taxation Advisor;

(e) Dentons Australia Limited as legal advisers to Anchor; and

(f) Boardroom Pty Limited as Anchor's share registry.

Invicta Corporate Finance Pty Ltd ACN 631 600 845 has also given and has not withdrawn, before the date of issue of this Target's Statement, its written consent to the inclusion of its Independent Expert's Report in this Target's Statement in the form and context in which it is included and to all references in this Target's Statement to that Independent Expert's Report in the form and context in which they appear.

Continental Resource Management Pty Ltd ACN 009 366 929 has also given and not withdrawn, before the date of issue of this Target's Statement, its written consent to inclusion of its Independent Technical Specialist's Report in the Independent Expert's Report (Appendix 5) that forms part of this Target's Statement in the form and context in which it is included and to all references in this Target's Statement to that Report in the form and context in which they appear.

Hetherington Exploration & Mining Title Services (Qld) Pty Ltd ACN 153 626 110 and Hetherington Exploration & Mining Title Services Pty Ltd ABN 51 610 909 290 has also given and not withdrawn, before the date of issue of this Target's Statement, its written consent to inclusion of statements in its tenement report in the Independent Technical Specialist's Report, which forms part of the Independent Expert's Report at Appendix 1 of this Target's Statement in the form and context in which it is included and to all references in this Target's Statement to that Tenement Report in the form and context in which they appear.

Hall Chadwick (NSW) Pty Ltd ACN 103 221 352 has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Anchor's tax adviser in relation to taxation in the form and context it is so named.

Dentons Australia Limited ABN 69 100 963 308 has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Anchor's legal adviser in relation to taxation in the form and context it is so named.

Boardroom Pty Limited ACN 003 209 836 has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Anchor's share registry in the form and context it is so named.

11.12 Disclaimer

Each person referred to in section 11.11:

(a) has not authorised or caused the issue of this Target's Statement;

(b) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than as specified in section 11.11; and

(c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Target's Statement other than a reference to its name and any statement or report which has been included in this Target's Statement with the consent of that person referred to in section 11.11.

As permitted by *ASIC Class Order 13/521* (**Class Order**), this Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or ASX (in compliance with the Listing Rules). Pursuant to this Class Order, the consent of persons such statements are attributed is not required for the inclusion of those statements in this Target's Statement.

In accordance with the Class Order, any Anchor Shareholder who would like to receive a copy of those documents (or relevant extracts from those documents) may obtain a copy free of change by contacting Anchor.

Additionally, as permitted by *ASIC Corporations (Consents to Statements) Instrument 2016/72* (**Instrument**), this Target's Statement may include or be accompanied by certain statements:

(a) fairly representing a statement by an official person; or

(b) a public official document or published book, journal or comparable publication.

Pursuant to this Class Order, the consent of persons such statements are attributed to is not required for inclusion of those statements in this Target's Statement.

As permitted by the Instrument, this Target's Statement also contains trading data obtained from Bloomberg without its consent.

11.13 Competent Persons' Statement

The information relating to the exploration results and geological interpretation for inclusion in section 6.2 Key Projects of this Target's Statement is based on information compiled by Mr Graeme Rabone, MAppSc, and FAIG. Mr Graeme Rabone is Exploration Manager for Anchor Resources Limited and provides consulting services to Anchor Resources Limited through Graeme Rabone & Associates Pty. Ltd. (ACN 068 538 803). Mr Graeme 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 Graeme Rabone consents to the inclusion of the information in section 6.2 Key Projects of this Target's Statement in the form and context in which it appears.

11.14 Material litigation

Anchor is not involved in any litigation or disputes which are material in the context of Anchor and its Subsidiaries taken as a whole.

11.15 Other material information

This Target's Statement is required to include all the information that Anchor Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

(a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and

(b) only if the information is known to any director of Anchor.

The Directors of Anchor are of the opinion that the information that Anchor Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

(a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);

(b) the information contained in Phoenix Bridge's releases to the ASX, and in the documents lodged by Phoenix Bridge with ASIC before the date of this Target's Statement; and

(c) the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Directors of Anchor have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors of Anchor do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors of Anchor have had regard to:

(a) the nature of the Shares;

(b) the matters that Shareholders may reasonably be expected to know;

(c) the fact that certain matters may reasonably be expected to be known to Shareholder's professional advisers; and

(d) the time available to Anchor to prepare this Target's Statement.

12. Authorisation

This Target's Statement has been approved by resolutions passed by the Directors of Anchor. All Anchor directors voted in favour of that the resolution.

Date: 25 March 2019

Signed for and on behalf of Anchor:

by

Managing Director
Ian Leslie Price
Anchor Resources Limited ACN 122 751 419

13. Glossary and interpretation

13.1 Glossary

The meanings of the terms used in this Target's Statement are set out below.

Term	Meaning
$**, **A$ or **AUD**	means Australian dollar.
Anchor or **Company**	means Anchor Resources Limited ACN 122 751 419.
Anchor Debt	means the debt of Anchor to JSD under the Loan Agreement, including the Loan Facility amount plus interest.
Anchor Group	means Anchor Resources Limited ACN 122 751 419 and each of its Subsidiaries.
Anchor Options	means the unlisted options held in Anchor, details of which are set out in section 11.1 of this Target's Statement.
Anchor Share or **Share**	means one fully paid ordinary share held in Anchor Resources Limited, and for the avoidance of doubt does not include any Anchor Options.
Anchor Shareholder or **Shareholder**	means a person who holds an Anchor Share.
ASIC	means the Australian Securities & Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) or, as applicable, the financial market operated by it.
ASX Listing Rules	means the official listing rules of the ASX, as amended from time to time.
ATO	means Australian Taxation Office.
Bidder's Statement	means the Bidder's Statement of Phoenix Bridge dated 8 March 2019, served on Anchor and lodged with ASIC on 8 March 2019.
CGT	means capital gains tax.
Corporations Act	means the *Corporations Act 2001* (Cth).
Director	means a director of Anchor.
Employee Share Option Plan	means the employee share option plan of Anchor Resources Limited dated on or about October 2017.
GST	means goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.
GST Act	means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
GST Law	has the same meaning as in the GST Act.
Independent Expert	means Invicta Corporate Finance Pty Ltd ACN 631 600 845.
Independent Expert's Report	means the independent expert's report prepared by the

Term	Meaning
	Independent Expert dated 25 March 2019 which is contained in Attachment 1 to this Target's Statement.
JSD	means China Shandong Jinshunda Group Co. Ltd. (a company incorporated in the People's Republic of China).
Loan Agreement	means the loan agreement between JSD and Anchor dated 9 April 2017.
Loan Facility	means unsecured loan made by JSD to Anchor in the amount of A$15,500,000 pursuant to the Loan Agreement.
Majority Shareholder	means Sunstar Capital Pty Ltd ACN 147 934 852 of Anchor, holding 88.313% of the issued share capital of Anchor.
Minimum Acceptance Condition	means the condition set out in Appendix 2, section 1 of the Bidder's Statement.
Non-Associated Shareholders	means the Anchor Shareholders other than the Majority Shareholder and Mr Jianguang Wang.
Offer	means the offer by Phoenix Bridge for the Anchor Shares, which offer is contained in Appendix 1, section 1 of the Bidder's Statement.
Offer Conditions or **Conditions**	means the conditions set out in Appendix 2 of the Bidder's Statement, being: 1. minimum acceptance of the Offer by Anchor Shareholders holding 90% (by number) of all Shares on issue as at the Register Date; 2. no regulatory action having been taken in consequence of, or in connection with the Offer; 3. no material adverse change having occurred in relation to any member of the Anchor Group; 4. no Prescribed Occurrences having happened; 5. no persons exercising or becoming entitled to exercise rights under certain agreements or instruments that a member of the Anchor Group is party to, that may be material in the context of the Anchor Group taken as a whole; 6. no material acquisition, disposal, liability or change in the conduct of business of the Anchor Group being undertaken, assumed or announced (as applicable); 7. no dividends or other distributions being paid, declared or announced; and 8. no litigation with respect of any member of the Anchor Group being on foot, pending, commenced or threatened.

Term	Meaning
Offer Period	means the period during which the Offer will remain open for acceptance in accordance with Appendix 1, section 4 of the Bidder's Statement.
Offer Price	means the price of A$0.02 cash per Anchor Share offered by Phoenix Bridge under the Offer.
Optionholders	means the holder of the Anchor Options specified in section 11.1 of this Target's Statement.
Phoenix Bridge	means Phoenix Bridge International Holdings Group Investment Co., Limited (a company incorporated in Hong Kong with the number 2102499), which is the bidder under the Offer and further described in Part 3 of the Bidder's Statement.
Phoenix Bridge Group	means the group of companies controlled by Mr Dade Wang, as sole shareholder and sole director, as particularised in further detail in sections 3.1 and 3.2 of the Bidder's Statement.
Prescribed Occurrence	means the occurrence of any of the following events: 1. Anchor converts all or any of its Shares into a larger or smaller number of Shares; 2. Anchor or a Subsidiary of Anchor resolves to reduce its share capital in any way; 3. Anchor or a Subsidiary of Anchor: (a) enters into a buy-back agreement; or (b) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act; 4. Anchor or a Subsidiary of Anchor issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option; 5. Anchor or a Subsidiary of Anchor issues, or agrees to issue, convertible notes; 6. Anchor or a Subsidiary of Anchor disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; 7. Anchor or a Subsidiary of Anchor grants, or agrees to grant, a Share interest in the whole, or a substantial part, of its business or property; 8. Anchor or a Subsidiary of Anchor resolves to be wound up; 9. A liquidator or provisional liquidator of Anchor or a Subsidiary of Anchor is appointed; 10. a court makes an order for the winding up of Anchor

Term	Meaning
	or a Subsidiary of Anchor; 11. an administrator of Anchor, or a Subsidiary of Anchor, is appointed under section 436A, 436B or 436C of the Corporations Act; 12. Anchor or a Subsidiary of Anchor executes a deed of company arrangement; or 13. a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Anchor or a Subsidiary of Anchor.
Relevant Interest	has the meaning given in the Corporations Act as if sections 609(6) and 609(7) were omitted.
Register Date	means the date set by Phoenix Bridge for the purposes of section 633(2) of the Corporations Act, being 8 March 2019.
Related Body Corporate	has the meaning given in section 9 of the Corporations Act.
Subsidiary	has the meaning given in section 9 of the Corporations Act and includes, 1. Scorpio Resources Pty Ltd, ACN 109 158 769; 2. Sandy Resources Pty Ltd, ACN 119 286 261; 3. Andromeda Ventures Pty Ltd, ACN 101 667 672; and 4. Cobar Minerals Pty Ltd, ACN 623 510 430.
Target's Statement	means this document (including the attachments), being the statement of Anchor under Part 6.5 Division 3 of the Corporations Act.
Taxation Advisor	means Hall Chadwick (NSW) Pty Ltd ACN 103 221 352.
Technical Expert	means Continental Resource Management Pty Ltd ACN 009 366 929.
VWAP	means volume weighted average price.

13.2 Interpretation

In this Target's Statement:

(a) other words and phrases have the same meaning (if any) given to them in the Corporations Act;

(b) words of any gender include all genders;

(c) words importing the singular include the plural and vice versa;

(d) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(e) unless otherwise specified, a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant;

(f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;

(g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement;

(h) unless otherwise specified, a reference to time is a reference to AEST;

(i) a reference to dollars, $, A$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia; and

(j) specifying anything in this deed after the words 'includes' or 'for example' or similar expressions does not limit what else is included.

Attachment 1. Independent Expert's Report

Anchor Resources Limited

Takeover Offer Received from Phoenix Bridge International Holdings Group Investment Co., Limited

Independent Expert's Report

25 March 2019

Invicta
CORPORATE FINANCE

25 March 2019

The Independent Directors
Anchor Resources Limited
Suite 506, Level 5,
50 Clarence Street
SYDNEY NSW 2000

Dear Independent Directors,

INDEPENDENT EXPERT'S REPORT IN RELATION TO THE TAKEOVER PROPOSAL RECEIVED FROM PHOENIX BRIDGE INTERNATIONAL HOLDINGS GROUP INVESTMENT CO., LIMITED

1. Introduction

On 8 March 2019, Phoenix Bridge International Holdings Group Investment Co., Limited ("**Phoenix Bridge**") lodged a Bidder's Statement ("**Bidder's Statement**") for 100% of the issued shares of Anchor Resources Limited ("**Anchor**" or the "**Company**") (the "**Offer**").

The Offer is a $0.02 cash payment ("**Consideration**") for every ordinary share of Anchor ("**Anchor Share(s)**"). Invicta Corporate Finance Pty Ltd ("**Invicta", "we"**) notes that Anchor has 52,535,296 Shares on issue and this implies a total value for Anchor of $1,050,706.

The Bidder's Statement notes that the Offer is conditional upon, amongst other things, the following:

- Phoenix Bridge obtaining acceptances from Anchor shareholders ("**Shareholders**") of at least 90% (by number of all Anchor Shares ("**Minimum Acceptance Condition**"); and
- no regulatory action having been taken in consequence of, or in connection with, the Offer.

Options

We note that Phoenix Bridge's Offer does not extend to the 2,500,000 options on issue by Anchor ("**Options**"). However, the Bidder's Statement notes Phoenix Bridge's intention to separately negotiate with the Option holders and failing the ability to achieve agreement, that if it becomes so entitled, it would subsequently enter into compulsory acquisition of the Options at the relevant time. We note that the Options have an exercise price of $0.025 and are exercisable on or before 31 October 2020. The scope of Invicta's report does not extend to the Options.

Invicta Corporate Finance Pty Ltd
ABN 78 631 600 845

Corporate Authorised Representative 1274408
Australian Financial Services Licence 460940

Suite 6, Level 5, 189 Kent Street, Sydney NSW 2000
GPO Box 2733, Sydney NSW 2001

P: +61 2 8023 6868
www.invicta.com.au

Acquisition of Debt

According to the Bidder's Statement, on 8 March 2019, Phoenix Bridge entered into a binding agreement with China Shandong Jinshunda Group Co. Limited ("**JSD**") to acquire all of the debt owing by Anchor to JSD ("**Anchor Debt**"). We note that JSD (via its associates Sunstar Capital Pty Ltd, Mr Jianguang Wang and Jianuang Wang) is the major shareholder of Anchor, holding 96.5% of the Shares of Anchor (refer to **Section 4.4.2** of our Report for further details).

The Bidder's Statement notes that the face value of the Anchor Debt is A$15.5 million plus accrued interest and the consideration to be paid by Phoenix Bridge to JSD to acquire the Anchor Debt is $3.721 million, representing a 77.91% discount to the face value of the Anchor Debt plus accrued interest.

For the purposes of our opinion in relation to the assessment of the fairness of the Offer, we have not taken into consideration the impact of the discounting of the loan. Rather, we have valued Anchor on a control basis, taking into account the full impact of the fair value of the debt for the following reasons:

- it is embedded in the financial position of Anchor, which is being acquired by Phoenix Bridge; and
- despite JSD's major shareholding in Anchor, any decision in relation to its receivable from Anchor is a matter for it and not Anchor and/or its board.

Notwithstanding the above, we have considered as part of the implications and reasonableness of the Offer the implications arising from JSD's willingness to accept a discounted value for the Anchor Debt.

2. Requirement for an Independent Expert's Report

This report ("**Report**") has been prepared by Invicta to assist the Independent Directors of Anchor ("**Directors**") in making their recommendation to the Shareholders in their consideration on whether to accept the Offer.

We note that there are no specific requirements for an Independent Expert's Report to be prepared in relation to the Offer. Nevertheless, the Directors have elected to commission an Independent Expert's Report in order to assist with satisfying their disclosure requirements.

3. Summary of Conclusions

In our opinion, the Offer is **fair** and **reasonable** to the Shareholders of Anchor.

Set out below is a summary of how we reached the conclusion above.

3.1 Fairness

In our opinion, the Offer is fair.

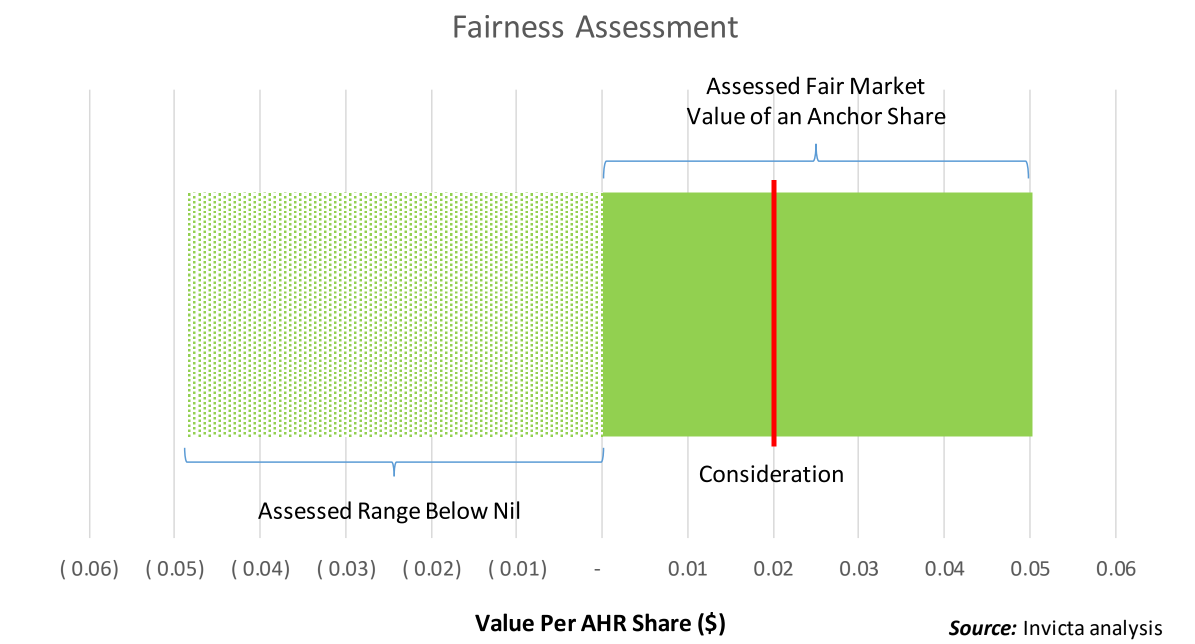
Our assessment as to whether the Offer is "fair" under RG111 has been undertaken by comparing:

- the fair market value of the Consideration; and
- the fair market value of an Anchor Share.

The Offer will be fair if the former is greater than the latter.

A summary of our assessment is set out in the following table:

Figure 1: Fairness Assessment



Source: Invicta analysis

Given that the Consideration falls within the assessed range, we have determined that the Offer is **fair** to the Shareholders of Anchor.

In forming our opinion on the fair market value of Anchor, we have:

- relied upon the valuation prepared by an independent geologist, Continental Resource Management Pty Ltd ("**CRM**") on various exploration assets located in NSW and Queensland ("**Mineral Assets**"). The valuation conclusion takes into account the uncertain risks and benefits of holding such assets and implicitly incorporates a premium for control;
- adopted the fair value of the Anchor Debt on the basis that Anchor is a going concern and will be able to at some point in time, refinance the debt and/or raise sufficient capital to continue as a going concern;
- taken into account the value of the tax losses held by Anchor, noting the time and risks associated with recouping the value of such benefits; and
- taken into account the value of all other assets and liabilities.

3.2 Reasonableness

Given that we have concluded that the Offer is "fair", under paragraph 12 of RG 111, the Offer will also be "reasonable". Nevertheless, we have also considered the advantages and disadvantages of the Offer, for consideration by Anchor Shareholders.

In assessing the reasonableness of the Offer, we have considered the advantages and disadvantages of the Offer to the Shareholders. An analysis of these advantages and disadvantages is set out below along with an analysis of the implications for Shareholders of not accepting the Offer.

Table 1: Advantages & Disadvantages of the Offer

Advantages	Disadvantages
• The Offer represents a 54% premium to the last traded Share price. • Provides certain liquidity to Shareholders' noting that less than 1% of the Shares have been traded over the 12 months to 28 February 2019. • Avoids uncertainty of refinancing JSD's loan which is due on 30 September 2021. • Uncertainty over future funding and associated risk dilution for progressing the development of Mineral Assets • Avoids risk of losing Mineral Assets as a result of not meeting the minimum commitment under the licences. • In the event that the Offer was to fail, Shareholders face the prospect of being members of an unlisted entity.	• Denies potential future upside future successful exploration activities undertaken by Anchor. • Lost opportunity to rely on relatively cheap debt funding. The Anchor Debt has been priced at a very attractive price, particularly having regard to the nature of Anchor's Mineral Assets and financial position. • Lost opportunity to take advantage of future tax losses.

Source: Invicta analysis.

3.2.1 Implications for Shareholders of Rejecting the Offer

General

Given that Anchor's major Shareholder (JSD and its associates) hold over 90% of the Shares, in the case that they collectively accept the Offer, the Minimum Acceptance Condition will be met and any other Shareholders who do not accept the Offer, will likely have their Shares acquired by Phoenix Bridge via compulsory acquisition.

Where JSD (and its associates) do not accept the Offer, in our opinion, Anchor Shareholders face material uncertainty regarding the future of Anchor and the value which they may hold in their Shares. Whilst Phoenix Bridge has made an offer to acquire the Anchor Debt at a substantial discount to its face value, where the Offer is not successful, the Anchor Debt will remain a liability of Anchor at its face value (i.e. circa $17.07 million as at 28 February 2019).

On the basis that the Offer is not completed, it is possible that JSD could withdraw its support for future funding of Anchor and where Anchor is unable to refinance the Anchor Debt with another lender, it is likely that Anchor's Shareholders will face a number of adverse consequences including either:

- substantial dilution; or
- the de-listing of Anchor's Shares; or
- the liquidation of the Company.

In the case of a liquidation of the Company, and assuming that there are no material positive developments in relation to Anchor's exploration activities, Anchor Shareholders are unlikely to realise any value from their Shares given the net liability position of the Company.

Potentially, it is open to the Board and management to seek out funds not only to finance the ongoing operations, but also, deal with the acquisition of the Anchor Debt, at the discounted price. Assuming that the Offer is unsuccessful, the success of such action is considered to be speculative and likely to be dilutive to existing Shareholders.

Delay in Receiving Consideration where the Minimum Acceptance Condition is Satisfied

Should a Shareholder(s) not accept the Offer, but Phoenix Bridge is nevertheless successful in acquiring at least 90% of the Shares, Phoenix Bridge will be entitled to compulsory acquire those Shares. In this case, whilst non-accepting Shareholders will still receive the Consideration, payment may be delayed as a consequence of Anchor and Phoenix Bridge having to administer the compulsory acquisition process.

4. General Advice & Financial Services Guide

The conclusions and opinions expressed in this Report have been provided with consideration of Shareholders as a whole and does not consider the financial situation, objectives and needs of individual Shareholders. It is neither practical nor possible to assess the implications of the Offer on individual Shareholders as their individual circumstances are not known.

Individual Shareholders may place different emphasis on various aspects of the Offer to that adopted in this Report. Accordingly, individual Shareholders may reach different conclusions on whether or not the Offer is "fair" and "reasonable" in the case of their individual circumstances. Shareholders should seek their own independent professional advice to assist them in making a decision on whether to accept the Offer.

A financial services guide ("**FSG**") is attached at **Appendix 1** of this Report.

5. Other Matters

5.1 Summary Only

This section sets out a summary of our Report, conclusions and opinions. You should read our full Report which sets out in full, the purpose, scope sources of information, basis of evaluation, limitations, analysis, conclusions and opinions

Yours faithfully,

Vince Fayad
Director

Nick Navarra
Director

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1. The Proposed Transaction

1.1 Background

On 8 March 2019, Phoenix Bridge International Holdings Group Investment Co., Limited ("**Phoenix Bridge**") lodged a Bidder's Statement ("**Bidder's Statement**") for 100% of the issued shares of Anchor Resources Limited ("**Anchor**" or the "**Company**") (the "**Offer**").

The Offer comprises a $0.02 cash payment ("**Consideration**") for every ordinary share of Anchor ("**Share(s)**"). We note that as of the date of this Report, Anchor has 52,535,296 Shares on issue. Accordingly, were the Offer to be fully accepted, the total Consideration would amount to $1,050,706.

The Bidder's Statement notes that the Offer is conditional upon, amongst other things, the following:

- Phoenix Bridge obtaining acceptances from Anchor shareholders ("**Shareholders**") of at least 90% (by number of all Anchor Shares ("**Minimum Acceptance Condition**"); and
- no regulatory action having been taken in consequence of, or in connection with, the Offer.

Options

As at the date of this report ("**Report**"), Anchor has 2,500,000 options on issue ("**Options**"). Further details regarding the Options can be found in **Section 4.4.5** of this Report.

We note that Phoenix Bridge has not made any offer to acquire the Options however, the Bidder's Statement notes Phoenix Bridge's intention to separately negotiate with the Option holders and failing the ability to achieve agreement, that if it becomes so entitled, it would subsequently enter into compulsory acquisition of the Options at the relevant time. The Options have an exercise price of $0.025 and are exercisable on or before 31 October 2020. As at the date of this Report, the Options remain outstanding.

The scope of Invicta's Report does not extend to the Options.

Acquisition of Debt

According to the Bidder's Statement, on 8 March 2019, Phoenix Bridge entered into a binding agreement with China Shandong Jinshunda Group Co. Limited ("**JSD**") to acquire all of the debt owing by Anchor to JSD ("**Anchor Debt**"). We note that JSD (via its associates Sunstar Capital Pty Ltd, Mr Jianguang Wang and Jianuang Wang) is the major shareholder of Anchor, holding 96.5% of the Shares of Anchor (refer to **Section 4.4.2** of our Report for further details).

The Bidder's Statement notes that the face value of the Anchor Debt is A$15.5 million plus accrued interest and the consideration to be paid by Phoenix Bridge to JSD to acquire the Anchor Debt is $3.721 million, representing a 77.91% discount to the face value of the Anchor Debt plus accrued interest.

It is important to note that the agreement to acquire the Anchor Debt by Phoenix Bridge is conditional upon Phoenix Bridge acquiring, under the Offer, at least 90% (by number) of all Shares on issue by Anchor. In its Bidder's Statement, Phoenix Bridge has communicated that it has no intention of waiving this condition precedent in relation to the acquisition of the Anchor Debt.

1.2 Regulatory Requirements

This Report has been prepared by Invicta Corporate Finance Pty Ltd ("**Invicta, "we"**") to assist the Independent Directors of Anchor ("**Directors**") in making their recommendation to the Shareholders in their consideration on whether to accept the Offer.

We note that there are not specific requirements for an Independent Expert's Report to be prepared in relation to the Offer. Nevertheless, the Directors have elected to commission an Independent Expert's Report in order to assist with satisfying their disclosure requirements.

Our analysis of the various regulatory requirements possibly applicable to the Offer is set out below. Anchor should confirm with its legal advisers that our analysis is correct.

1.2.1 Corporations Act Requirements

Chapter 6 of the Corporations Act:

Section 606 of the Corporations Act 2001 (Cth) ("**Corporations Act**") prohibits (subject to certain exceptions) a person acquiring a relevant interest in voting securities of a listed entity if the acquisition would increase a person's voting power in the entity:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%.

We have been advised that neither Phoenix Bridge nor any of it's relates associates hold any existing relationships with Anchor. Accordingly, there is no specific requirements for Anchor to obtain an Independent Expert's Report opining of whether or not the Offer is "fair" and "reasonable" to the Shareholders.

Nevertheless, Anchor has elected to voluntarily commission an Independent Expert Report to assist Shareholders in assessing whether or not to accept the Offer.

1.2.2 ASX Listing Rule Requirements

We are not aware of any specific ASX listing rule requirements to prepare an Independent Expert's Report in relation to the Offer.

2. Purpose, Scope & Information

2.1 Purpose

This Report has been prepared at the request of, and for the benefit of, the Independent Directors of Anchor to assist them in fulfilling their obligations to provide Shareholders with full and proper disclosure to enable them to assess the merits of the Offer and to assist in making their recommendation to Shareholders on whether or not to accept or reject the Offer.

This Report has also been prepared for the benefit of Shareholders and will accompany the Target's Statement to be provided by Anchor to Shareholders in relation to the Offer.

Invicta has provided its consent for this Report to accompany the Target's Statement. Invicta is not responsible for the content of the Target's Statement (except for this Report), or any other document or announcement associated with the Offer. Invicta acknowledges that this Report will be lodged with regulatory bodies including, but not limited to, the Australian Securities & Investments Commission ("**ASIC**") and the Australian Securities Exchange ("**ASX**").

Apart from that noted above, this Report has not been prepared for any other purpose of for use by any other person. Invicta does not accept any responsibility to any person other than the Independent Directors of Anchor and Shareholders or for the use of this Report outside of the stated purpose. No Extract, quote or copy of this Report, in whole or in part, should be reproduced.

Acceptance or non-acceptance of the Offer is a matter for individual Shareholders based on their expectations as to various factors including the value and future prospects of Anchor, the terms of the Offer, market conditions and their particular circumstances including, but not limited to, risk profile, liquidity preferences, portfolio strategy, tax position and any other factor(s) which may be material to them. Shareholders should carefully consider the information contained in the Bidder's Statement, the Target's Statement and this Report, as well as consulting with their professional advisors, in deciding what action they should take in relation to the Offer.

2.2 Scope

The scope of procedures we undertook in forming the opinions set out in this report were limited to those we believe were required in order to form our opinions.

2.2.1 Valuation

APES 225

This engagement has been undertaken in accordance with the requirements of Accounting Professional & Ethical Standards Board standard 225 Valuation Services ("**APES 225**").

This engagement is a "Valuation Engagement" as defined by APES 225 and is defined as follows:

> *"an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."*

Fair Market Value

In assessing whether the Offer is "fair" and/or "reasonable", it was necessary to determine the "fair market value" of the Consideration and the Shares.

For the purpose of this Report, "fair market value" is defined as:

> "*the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing, but not anxious vendor, acting at arm's length".*

Special or Strategic Value

Special or strategic value represents an amount that a particular purchaser is willing to pay in excess of "fair market value" and reflects factors such as economies of scale, a reduction in competition, the securing of a source of supply or outlet for products and/or other synergies that are unique to the particular purchaser.

We ***have not*** considered special or strategic value in forming our opinion as to whether the Offer is "fair" to Shareholders as it is not normally considered is the assessment of "fair market value" as it relates to the individual circumstances of a special purchaser.

Financial Position of AHR

In arriving at our conclusions and in accordance with paragraph 111.15 of RG 111, Shareholders should note that we have not adjusted our valuation for the financial distress that may be experienced by Anchor if the Offer does not proceed. In other words, we have considered the value of Anchor on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options.

In circumstances where the Offer does not proceed, there is a material risk that any value that may be realised in the short to medium term will be below the values adopted in this Report due to he level of debt held by the Company which, in our opinion, is not sustainable and may limit Anchor's ability to trade in the future.

2.2.2 Valuation Date

The valuation opinions set out in this Report are made as at 28 February 2019 ("**Valuation Date**").

2.2.3 Current Market Conditions

The opinions expressed in this Report are based on economic, market and other conditions prevailing as at the Valuation date.

2.3 Sources of Information

Our Report has been prepared based on the information referred to in **Appendix 3**.

2.4 Reliance on Information

The statements and opinions set out in this Report have been provided in good faith and are based on Invicta's consideration and assessment of the information set out in **Appendix 3**. Invicta has no reason to believe that the information set out in **Appendix 3** is misleading, not reliable or not complete, nor does Invicta have any reason to believe that any material facts have been withheld.

The information set out in **Appendix 3** has been evaluated by Invicta through analysis, inquiry and review including an analysis of financial information and accounting records. These procedures did not include verification work nor constitute an audit or review in accordance with Australian Auditing and Assurance Standards. Consequently, our procedures do not enable us to become aware of all significant matters that might be identified in an audit or review and as such, we do not express an audit or review opinion.

It was not Invicta's role to undertake, and Invicta has not undertaken, any commercial, technical, financial, legal, taxation or other due diligence, or other similar investigative activities in respect of the Offer. Invicta understands that Anchor have been advised by legal, accounting and other appropriate advisors in relation to such matters, as necessary. Invicta does not provide any warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by Anchor and/or their advisors.

An opinion as to whether a corporate transaction is "fair and reasonable", "not fair but reasonable" or "not fair and not reasonable" is in the nature of an overall opinion, rather than an audit or detailed investigation and it is in this context that Invicta advises that it is not in a position, nor is it practical for Invicta, to undertake a detailed investigation or extensive verification exercise.

It is understood that, except where noted, the accounting information provided to Invicta was prepared in accordance with generally accepted accounting principles (including adoption of Australian Equivalents to International Financial Reporting Standards) and prepared in a manner consistent with the method of accounting used by Anchor in previous accounting periods.

In accordance with normal practice, prior to finalising the Report, we confirmed facts with Anchor. This was undertaken by means of providing Anchor with a draft report. Invicta obtained a representation letter from Anchor confirming that, to the best knowledge of Anchor and its Directors, the information provided to, and relied upon by Invicta was complete and accurate, and that no significant information essential to the Report was withheld.

Anchor has agreed to indemnify Invicta and its directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided to Invicta by Anchor, which is false and misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

2.4.1 Historical Financial Information

Our Report adopts the financial information included in the unaudited consolidated management accounts of Anchor as at 28 February 2018 ("**Management Accounts**"). In order to satisfy ourselves on the use of the unaudited financial information, we have:

- reviewed and compared to the financial information subject to review as at 31 December 2018; and
- conducted our own review of key balance sheet information.

The above does not constitute an audit. However, based on the above limited review, nothing has come to our attention which would suggest that the financial information included in the Management Accounts should not be relied upon.

2.4.2 Prospective Financial Information

In preparing this Report, Invicta considered and has relied upon certain prospective financial information in relation to Anchor ("**Prospective Financial Information**").

Invicta understands and has assumed that the Prospective Financial Information:

- has been prepared fairly and honestly, on a reasonable basis and is based on the best information available to the management and Directors of Anchor and within the practical constraints and limitations of such information; and
- does not reflect any material bias either positive or negative.

We understand that the Prospective Financial Information has been based on assumptions concerning future events and market conditions and while prepared with due care and attention and the relevant directors consider the assumptions to be reasonable, future events and conditions are not accurately predictable and the assumptions and outcomes are subject to significant uncertainties. Actual results are likely to vary from the Prospective Financial Information and any variation may be materially positive or negative.

Accordingly, neither the Directors of Anchor nor Invicta guarantee that the Prospective Financial Information or any other prospective statement contained in the Report or otherwise relied upon will be achieved.

Invicta has not been engaged to undertake an independent review of the Prospective Financial Information in accordance with Australian Auditing or Assurance Standards and has not undertaken such a review. However, in order to disclose and to rely on the Prospective Financial Information in this Report, Invicta is required to satisfy itself that the Prospective Financial Information has been prepared on a reasonable basis.

2.5 Other Assumptions

In preparing this Report and forming our opinion, Invicta has made certain assumptions including, but not limited to, the following:

- the Offer and the acquisition of the Anchor Debt will be implemented in accordance with the Bidder's Statement issued by Phoenix Bridge and that the legal mechanisms proposed to implement the Offer and acquisition of the Anchor Debt are valid and effective;
- information relating to the Offer that is distributed to Shareholders (including, but not limited to, the Bidder's Statement and the Target's Statement), or any information issued by a statutory body is complete, accurate and fairly presented in all material respects;
- other than as publicly disclosed, all relevant parties have complied, and will continue to comply, with all applicable laws and regulations and existing contracts are in good standing, and will remain so and there is no alleged or actual material breach of the same or dispute in relation thereto (including, but not limited to, legal proceedings), and that there has been no formal or informal indication that any relevant party wishes to terminate or materially renegotiate any aspect of any existing contract, agreement or material understanding;
- that matters such as retention of key personnel and ownership of assets are in good standing, and will remain so; and
- any public information used in relation to Anchor and any other publicly available information relied on by us, is accurate and not misleading and up to date.

3. Basis of Assessment

3.1 Approach

In preparing this Report, we have considered guidance provided by ASIC in particular, ASIC Regulatory Guide 111 *Content of Expert Reports* ("**RG111**") and ASIC Regulatory Guide 112 *Independence of Experts* ("**RG112**").

In the context of a takeover bid, RG 111 indicates that an expert should analyse the Offer with reference to two distinct criteria:

- is the Offer "fair" and
- is the Offer "reasonable".

The following sections provide an overview of how each of these criteria are assessed.

3.1.1 Fair

The Offer will be "fair" if:

- the fair market value of the Consideration is greater than;
- the fair market value of a Share

3.1.2 Reasonable

As set out in paragraph 12 of RG111, the Offer will be "reasonable" if it is "fair". Where the Offer is "not fair" it may also be "reasonable" where the expert believes there are sufficient reasons for Shareholders to accept the Offer in the absence of any higher bid before the close of the Offer.

Paragraph 13 of RG111 goes on to list a number of factors that the expert may consider when assessing whether the Offer is "reasonable" including:

- the bidder's (i.e. Phoenix Bridge) pre-existing voting power in the target (i.e. Anchor);
- other significant security holding blocks in the target;
- the liquidity of the market in the target's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to the bidder. In the current circumstance, we have considered the potential for Anchor to raise capital to acquire the Anchor Debt;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.

3.2 Use of Technical Experts

3.2.1 Regulatory Guide 111

RG111 notes that for matters beyond an expert's expertise, they should retain the services of a specialist to advise them (e.g. to value real property or exploration mining tenements).

Anchor holds a number of explorations assets. In order to assist with our valuation of Anchor, we have engaged a specialist, Continental Resource Management Pty Ltd ("**CRM**" or "**Mining Specialist**"), to undertake a valuation of these assets for use and reliance by us in the preparation of this Report.

3.2.2 Mining Specialist

CRM has been engaged by Invicta to prepare a valuation of the exploration assets held by Anchor. We have relied upon the work undertaken by CRM in determining the fair market value of Anchor as a whole. CRM's report conforms to the requirements of the VALMIN and JORC Codes. We are satisfied that:

- CRM has the appropriate qualifications, experience and competence to conduct the engagement;
- the methodologies used in its assessments are consistent with generally accepted industry practice; and
- CRM's report contains sufficient information to support the conclusions drawn.

We have also considered whether CRM is independent of Anchor and Phoenix Bridge (and any of their associates). Nothing has come to our attention to suggest that CRM is not independent.

CRM's report is attached as **Appendix 5** of this Report and it should be read in conjunction with this Report.

4. Profile of Anchor Resources Limited

4.1 Background

Anchor is a publicly listed company involved in mineral exploration via a portfolio of projects located throughout New South Wales and Queensland, Australia. The Company and its management are based in Sydney.

An overview of each of Anchor's projects is set out in the table below. Further details regarding each of the projects can be found in the Mining Specialist's report set out in **Appendix 5** to this Report.

Table 2: Overview of Anchor's Projects

Project	Details
NEW SOUTH WALES PROJECTS	
Bielsdown Project EL 6388	The Bielsdown project is Anchor's most advanced project and is located in the southern segment of the New England Orogen in Northern New South Wales, 90km west of Armidale. The target mineral of this project is Antimony and has a JORC compliant mineral resource of 340,000 tonnes (indicated) and 270,000 tonnes (inferred). This tenement requires minimum expenditure and fees of approximately \$100,000 per annum. Anchor holds a 100% interest in this project.
Blicks Project EL 6465 & EL 8100	The Blicks project is Anchor's second most advanced project and is located in the Southern New England Orogen in Northern New South Wales. The projects main prospects are gold, copper, molybdenum and tungsten. These tenements require minimum expenditure and fees of approximately \$140,000 per annum. Anchor holds a 100% interest in this project.
Cobar Basin Project EL 8398, EL 8723, EL 8724, EL 8725, EL 8743, EL 8795, ELA 5754 and ELA 5755	Anchor has substantial tenement holdings in the Cobar Basin covering approximately 1,537 km². Cobar Basin is located in central west New South Wales. The Current exploration is focussed on EL 8398 where two significant targets have been identified. The projects main prospects are copper, lead, zinc, gold and silver. These tenements require minimum expenditure and fees of approximately \$460,000 per annum. Anchor holds a 100% interest in this project.
QUEENSLAND PROJECTS	
Walsh River Project EPM 25958	The Walsh River project is located in the Chillagoe mining district in Far North Queensland. The main prospects for this project include gold, silver, copper, lead and zinc. This tenement requires minimum expenditure and fees of approximately \$155,000 per annum. Anchor holds a 100% interest in these projects.

Source: Annual Report of Anchor for the year ended 30 June 2018; website of Anchor accessed 11 March 2019.

4.2 Directors

As at the date of this Report, Anchor had the following Directors:

Table 3: Directors of Anchor

Name & Position	Details
Jianguang Wang Non-Executive Chairman Appointed 10 June 2011	Mr Wang has extensive experience in the mining and iron-making industries in China. Benefiting from his extensive working experience and studying both in China and abroad, Mr Wang has gained a unique perspective into the economics and politics of both China and Australia. This expertise has become increasingly critical for advising on and facilitating business negotiations with international counterparties.
Ian Price Managing Director Appointed 10 June 2011	Mr Price is a mining engineer with over 35 years' experience in mining spanning public company management, mine management, project development and consulting. He has been involved in all aspects of mining operations from exploration, feasibility studies, permitting, government and external relations, project development and construction, operations, corporate management and project financing. He has experience in copper, lead, zinc, tungsten, tin, nickel, iron ore, gold, silver, antimony, molybdenum, phosphate and coal with international experience in open pit and underground mining.
Vaughan Webber Non-Executive Director Appointed 18 August 2011	Mr Webber has extensive business experience initially in accounting but more recently has spent most of the last 10 years in corporate finance at a leading Australian stockbroker focussing on creating, funding and executing strategies for mid to small cap ASX listed companies. He gained significant mining experience holding a senior executive position in a listed gold and iron ore focussed mining company.
Ronald Norman (Sam) Lees Non-Executive Director Appointed 17 January 2012	Mr Lees has over 40 years' experience in the minerals industry. A qualified geologist, he has worked in all states of Australia as well as Canada, Iran, Zambia, Tanzania, Fiji and Malaysia. While most of Mr Lees' experience has been in mineral exploration, he has also worked in both underground and open cut mines. He has explored for (or worked on mines producing) gold, copper, tin, uranium. Lead-zinc, silver, tantalum, molybdenum, magnetite and kaolin in a diverse range of geological environments. Mr Lees is an experienced company director. He founded Michelago Resources NL and was its inaugural Managing Director when it was listed on the ASX in 1996. More recently he was Executive-Director Technical and Zamia Gold Mines Limited (now Zamia Metals Limited) where he was responsible for the discovery of the Anthony porphyry molybdenum deposit in central Queensland. Mr Lees is a former councillor of the Australian Institute of Geoscientists (1999 – 2009) and was chairman of VALMIN from 2003 until 2008.

Source: Annual Report of Anchor for the year ended 30 June 2018; website of Anchor accessed 11 March 2019.

4.3 Historical Financial Information

4.3.1 Historical Income Statements

Set out below are the historical consolidated income statements of Anchor for the years ended 30 June 2016, 2017, and 2018, and the eight months to 28 February 2019:

Table 4: Historical Consolidated Income Statements

	Year Ended 30 June			Eight Months to 28 February 2019 (Unaudited)
	2016 (Audited)	2017 (Audited)	2018 (Audited)	
Revenue				
Interest Income	17,453	21,300	32,099	21,830
Total Revenue	**17,453**	**21,300**	**32,099**	**21,830**
Expenses				
Administration Expenses	(222,433)	(167,642)	(155,066)	(58,721)
Business Development Expenses	(33,121)	(12,336)	(26,109)	-
Corporate Expenses	(69,567)	(92,803)	(56,262)	(122,491)
Depreciation & Amortisation	(44,510)	(37,865)	(30,854)	(7,236)
Employee Benefits Expense	(307,264)	(289,676)	(285,021)	(158,886)
Exploration Expenditure Written Off	(627,225)	(796,812)	(939,835)	5,073
Finance Costs	(224,462)	(251,216)	(309,315)	(229,370)
Marketing Expenses	(14,058)	(17,275)	(7,228)	(7,933)
Other Expenses	(14,157)	(21,833)	-	(1,223)
Total Expenses	**(1,556,797)**	**(1,687,458)**	**(1,809,690)**	**(580,787)**
Net Loss for the Period	**(1,539,344)**	**(1,666,158)**	**(1,777,591)**	**(558,957)**

Source: Annual Reports of AHR for the years ended 30 June 2016, 2017 and 2018; Interim Financial Report of AHR for the six months ended 31 December 2018; Management Accounts of AHR for the eight months ended 28 February 2019; Invicta analysis.

In relation to the above, we note the following:

- Anchor's activities are limited to exploration activities and as such, the Company does not generate any operating revenues. Anchor's revenues are limited to interest income from cash holdings; and
- Anchor's expenses can be broken down into three (3) general categories:
    a. administration expenses;
    b. exploration expenditure write-offs; and
    c. interest expenses which relate entirely to the Anchor Debt.

In general, we note that expenditure has been fairly consistent.

We note that all exploration related expenditure is initially capitalised and then subsequently impaired in accordance with the Company's accounting policies.

4.3.2 Historical Balance Sheets

Set out below are the historical consolidated balance sheets of Anchor as at 30 June 2016, 2017, and 2018, and as at 28 February 2019:

Table 5: Historical Consolidated Balance Sheets

	As at 30 June			As at 28 February 2019 (Unaudited)
	2016 (Audited)	2017 (Audited)	2018 (Audited)	
Current Assets				
Cash & Cash Equivalents	811,098	1,503,803	1,860,991	963,058
Trade & Other Receivables	30,390	24,557	28,889	19,764
Other Current Assets	26,745	24,362	26,563	11,832
Total Current Assets	**868,233**	**1,552,722**	**1,916,443**	**994,654**
Non-Current Assets				
Tenement Security Deposits	130,000	120,000	150,000	150,500
Property, Plant & Equipment	123,029	87,605	56,751	51,933
Deferred Exploration & Evaluation Expenditure	9,281,517	9,274,038	9,380,828	10,395,908
Total Non-Current Assets	**9,534,546**	**9,481,643**	**9,587,579**	**10,598,341**
TOTAL ASSETS	**10,402,779**	**11,034,365**	**11,504,022**	**11,592,996**
Current Liabilities				
Trade & Other Payables	103,184	147,509	177,380	237,993
Total Current Liabilities	**103,184**	**147,509**	**177,380**	**237,993**
Non-Current Liabilities				
Loans	12,031,543	14,282,759	16,492,074	17,071,444
Provisions	14,101	16,304	21,766	28,113
Total Non-Current Liabilities	**12,045,644**	**14,299,063**	**16,513,840**	**17,099,557**
TOTAL LIABILITIES	**12,148,828**	**14,446,572**	**16,691,220**	**17,337,550**
NET ASSETS	**(1,746,049)**	**(3,412,207)**	**(5,187,198)**	**(5,744,554)**
Equity				
Issued Capital	7,915,883	7,915,883	7,915,883	7,915,883
Reserves	202,951	-	2,600	4,200
Accumulated Losses	(9,864,883)	(11,328,090)	(13,105,681)	(13,664,637)
TOTAL EQUITY	**(1,746,049)**	**(3,412,207)**	**(5,187,198)**	**(5,744,554)**

Source: Annual Reports of AHR for the years ended 30 June 2016, 2017 and 2018; Interim Financial Report of AHR for the six months ended 31 December 2018; Management Accounts of AHR for the eight months ended 28 February 2019; Invicta analysis.

In relation to the above, we note the following:

- Anchor's assets predominately comprise of cash and deferred exploration and evaluation expenditure;
- deferred exploration and evaluation expenditure is initially recognised at cost and then subsequently impaired where facts and circumstances suggest that the carrying amount exceeds the fair value or where there is an abandonment of a tenement, in which case an impairment loss is recorded. Accordingly, we note that the carrying value of deferred exploration and evaluation expenditure will unlikely reflect the fair market value of the exploration assets held by the Company; and

- loan liabilities amounting to $17.07 million as at 28 February 2019 relate entirely to the Anchor Debt. This balance comprises a principal component of $15.5 million and accumulated interest of $1.57. A summary of the key terms of the Anchor Debt are set out in the table below:

Table 6: Key Term of the Anchor Debt

Term	Details
Lender	China Shandong Jinshunda Group Co., Ltd (Incorporated in the Peoples Republic of China)
Borrower	Anchor Resources Limited
Agreement Date	9 April 2018 (replaces loan agreements dated 8 August 2011, 26 February 2013, 10 September 2013, 21 April 2014, 13 May 2016 and 31 May 2017)
Expiry Date	30 September 2021
Facility Amount	AUD $15,500,000
Interest Rate	Commonwealth Government Bond Yield (GSBW21 maturing 21 December 2021) + 250 bps per annum. Invicta notes that the yield applicable to GSBW21 is 2.00%. Accordingly, the interest rate applicable to the Anchor Debt is 4.5%.
Repayments	Payable in full (principal plus any accrued interest) at the Expiry Date.
Security	Unsecured

Source: Loan Agreement between Anchor Resources Limited and China Shandong Jinshunda Group Co., Ltd dated 9 April 2018; Invicta analysis.

We have been advised that as at the date of this Report, Anchor is not in default with the terms of the existing facility with JSD.

4.3.3 Historical Statements of Cash Flows

Set out below are the historical consolidated statements of cash flows of Anchor for the years ended 30 June 2016, 2017, and 2018, and the eight months to 28 February 2019:

Table 7: Historical Consolidated Statements of Cash Flows

	Year Ended 30 June			Eight Months to 28 February 2019 (Unaudited)
	2016 (Audited)	2017 (Audited)	2018 (Audited)	
Cash Flows from Operating Activities				
Payments to Suppliers & Employees	(705,112)	(550,126)	(494,373)	(262,065)
Interest Received	17,453	24,605	28,816	24,683
Net Cash Used in Operating Activities	**(687,659)**	**(525,521)**	**(466,157)**	**(237,382)**
Cash Flows from Investing Activities				
Payments for Property, Plant & Equipment	(4,554)	(2,441)	-	(2,419)
Payments for Exploration & Evaluation Expenditure	(734,038)	(789,333)	(1,046,625)	(1,007,631)
Payments for Tenement Security Deposits	(12,500)	-	(30,000)	(500)
Refunds of Tenement Security Deposits	2,500	10,000	-	-
Net Cash Used in Investing Activities	**(748,592)**	**(781,774)**	**(1,076,625)**	**(1,010,550)**
Cash Flows from Financing Activities				
Proceeds from Borrowings	1,800,000	2,000,000	1,900,000	350,000
Net Cash Provided by Financing Activities	**1,800,000**	**2,000,000**	**1,900,000**	**350,000**
Net Increase / (Decrease) in Cash Held	**363,749**	**692,705**	**357,188**	**(897,932)**
Cash & Cash Equivalents at the Beginning of the Period	447,349	811,098	1,503,803	1,860,991
Cash & Cash Equivalents at the End of the Period	**811,098**	**1,503,803**	**1,860,991**	**963,059**

Source: Annual Reports of AHR for the years ended 30 June 2016, 2017 and 2018; Interim Financial Report of AHR for the six months ended 31 December 2018; Management Accounts of AHR for the eight months ended 28 February 2019; Invicta analysis.

In relation to the above, we note the following:

- Anchor has consistently generated negative operating and investing cash flows relating to continued administrative and exploration costs. This is consistent with the nature of Anchor's activities; and
- Anchor has been funded through continued drawdowns on a loan facility with an entity associated with the Company's major shareholder (i.e. the Anchor Debt).

  The Company has not relied upon any other sources of funding (e.g. other sources of debt or new equity capital) to maintain its activities.

4.4 Capital Structure

4.4.1 Overview

As at the date of this Report, Anchor had the following securities on issue:

Table 8: Anchor Securities on Issue

Security Type / Class	Number on Issue
Ordinary Shares	52,535,296
Options	2,500,000

Source: Annual Report of Anchor for the year ended 30 June 2018; management of Anchor.

Further details regarding each of the above classes of securities can be found in the following sections.

4.4.2 Ordinary Shares

As at the date of this Report, Anchor had 52,535,296 Ordinary Shares on issue. Set out below are details of the top five (5) ordinary shareholders of Anchor as at 11 March 2019:

Table 9: Top Five (5) Ordinary Shareholders

	As at 11 March 2019	
	#	%
Sunstar Capital Pty Ltd	46,395,719	88.31%
Mr Jianguang Wang	4,315,446	8.21%
Total China Shandong Jinshunda Group Co. Limited	**50,711,165**	**96.53%**
Mr Jiayi Yu	490,101	0.93%
Octifil Pty Ltd	225,000	0.43%
A & M Brien Super Fund	152,528	0.29%
Rui Teng Trading Pty Ltd	100,000	0.19%
Total Top 5 Ordinary Shareholders	**51,678,794**	**98.37%**
Other Ordinary Shareholders	856,502	1.63%
Total Ordinary Shares	**52,535,296**	**100.00%**

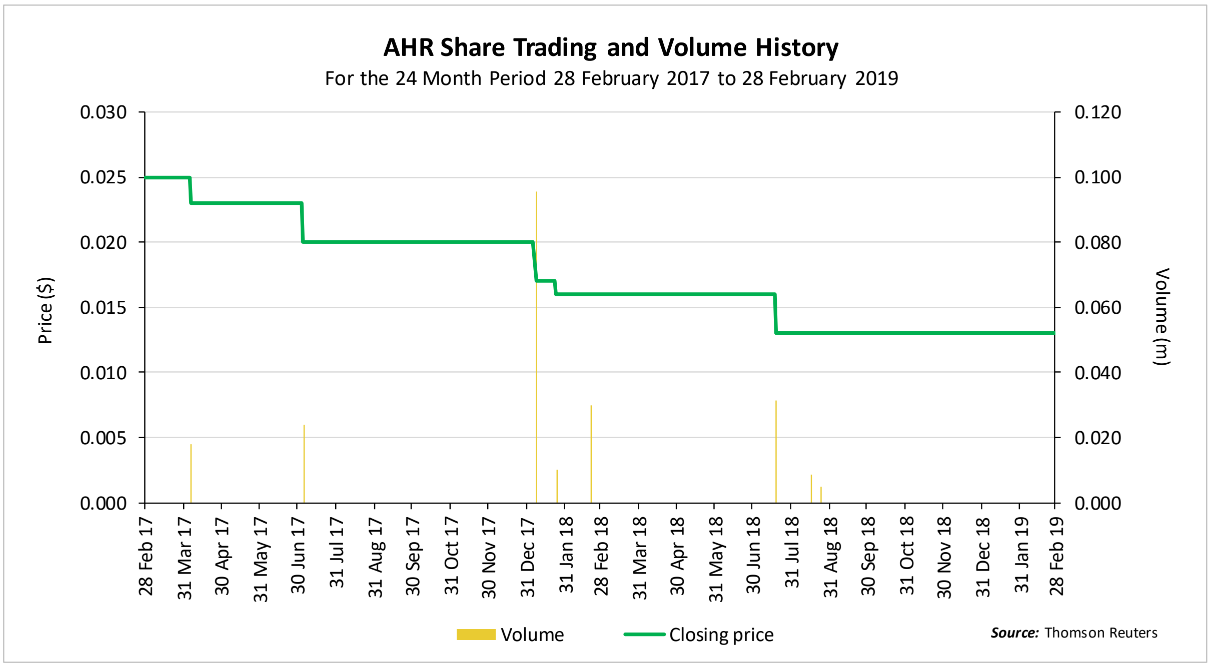
Source: Management of AHR; Invicta analysis.

As can be seen from the table above, entities related to JSD hold a combined 96.5% interest in all of the Shares in Anchor. There are no other substantial shareholders of Anchor.

4.4.3 Trading History

The following figure provides an overview of trading in Anchor's shares for the twenty-four (24) months to 28 February 2019 (i.e. the Valuation Date):

Figure 2: Anchor 24-Month Trading History



The following table provides an overview of the volume weighted average prices ("**VWAP**") of Anchor's Shares over various time periods leading up to 28 February 2019 (i.e. the Valuation Date):

Table 10: Anchor VWAP History

Period	Price (Low)	Price (High)	Price VWAP	Total Value	Total Volume	% of Issued Shares
1 day	$0.0130	$0.0130	$0.0000	$0	-	0.00%
1 week	$0.0130	$0.0130	$0.0000	$0	-	0.00%
1 month	$0.0130	$0.0130	$0.0000	$0	-	0.00%
3 months	$0.0130	$0.0130	$0.0000	$0	-	0.00%
6 months	$0.0130	$0.0130	$0.0000	$0	-	0.00%
12 months	$0.0130	$0.0160	$0.0130	$583	44,817	0.09%

Source: Thomson Reuters

As can be seen from the information above, Anchor's Shares are highly illiquid. We note the following:

- Anchor's Shares were last traded in August 2018;
- over the twelve (12) months to 28 February 2019, Anchor's Shares traded on only three (3) days;
- 44,817 Shares were traded over the twelve (12) months to 28 February 2019, representing only 0.09% of the total number of Shares on issue by Anchor; and
- the total value of Shares traded over the twelve (12) months to 28 February 2019 was $583, representing a VWAP of $0.013.

4.4.4 Other Share Transactions

Apart from that noted in **Section 4.4.3**, we are not aware of any other trading in Anchor's Shares, including any off-market trading, in recent times.

4.4.5 Options

As at the date of this Report, Anchor had 2,500,000 Options on issue, held by Directors and senior employees. The following table provides a summary of the key Option terms:

Table 11: Key Option Terms

Term	Details
Expiry Date	31 October 2020
Exercise Price	2.5 cents

Source: Annual Report of Anchor for the year ended 30 June 2018; management of Anchor.

As detailed in **Section 1.1** above, Phoenix Bridge has not made any offer to acquire these Options however, the Bidder's Statement notes Phoenix Bridge's intention to separately negotiate with the Option holders and failing the ability to achieve agreement, that if it becomes so entitled, it would subsequently enter into compulsory acquisition of the Options at the relevant time.

5. Industry Overview

5.1 Introduction

Anchor is a mineral explorer with projects located throughout New South Wales and Queensland. The Australian industry comprises firms that explore for minerals (including, but not limited to, coal, iron ore, gold, copper and other precious metals) either on their own account or on a contractual basis.

The role of the minerals exploration industry is to identify a pipeline of economically viable resource projects for future development and production however, according to the Minerals Council of Australia, only one in one thousand projects lead to a new mine.

In recent times, the industry has focused more on brownfield sites and away from greenfield sites. Brownfield sites near existing mines are less risky however the financial returns have typically been found to be lower.

5.2 Industry Drivers

The level of mining exploration activity in Australia is driven by several factors. Some of the more material factors are set out in the table below:

Table 12: Mining Exploration Industry Drivers

Driver	Details
Expenditure on Mining Activities	Increased capital expenditure on mining activities tends to lead to an increase in spending on exploration activities at or near existing mining sites.
US Dollar vs Australian Dollar	As most mineral commodities are traded in US Dollars, a stronger Australian Dollar will generally reduce the value of Australian commodities in US Dollar terms. This in turn will impact on the returns to Australian miners and explorers.
Commodity Prices	The world prices of commodities is a significant driver for the level of exploration activities. As the prices of commodities increase, there are greater financial incentives for mineral explorers. Base metals and silver exploration accounts for more than a third of total industry revenue. Gold exploration is expected to be the second largest industry segment in the year to June 2018. In recent times, the price of gold has increased driving increased activity in this segment. However, the price of gold is expected to decrease in the short term. Iron ore exploration has traditionally been the most in-demand service provided by industry operators however, in the last five (5) years, demand for iron ore exploration has decreased significantly. Iron ore prices are impacted by steel demand and the level of steel manufacturing. Iron ore prices are expected to decrease in the short term.

Source: IBISWorld Industry Report: Mining Exploration in Australia, September 2018; Invicta analysis

5.3 Industry Participants

Mineral explorers can generally be broken down into the following categories:

- **large miners** who typically undertake exploration activities on their own account. Companies in this category would include the likes of Rio Tinto, BHP Billiton and Newcrest Mining. These companies are typically able to fund exploration activities using debt or profits from their mining operations; and
- **Junior minors or explorers** who may undertake exploration activities on their own account or on contractual basis and often make use of third-party expertise. This category is typically defined by companies with a market capitalisation of less than $200 million (if listed) and whose shares are thinly traded. Funding for exploration activities is typically sourced through equity funding.

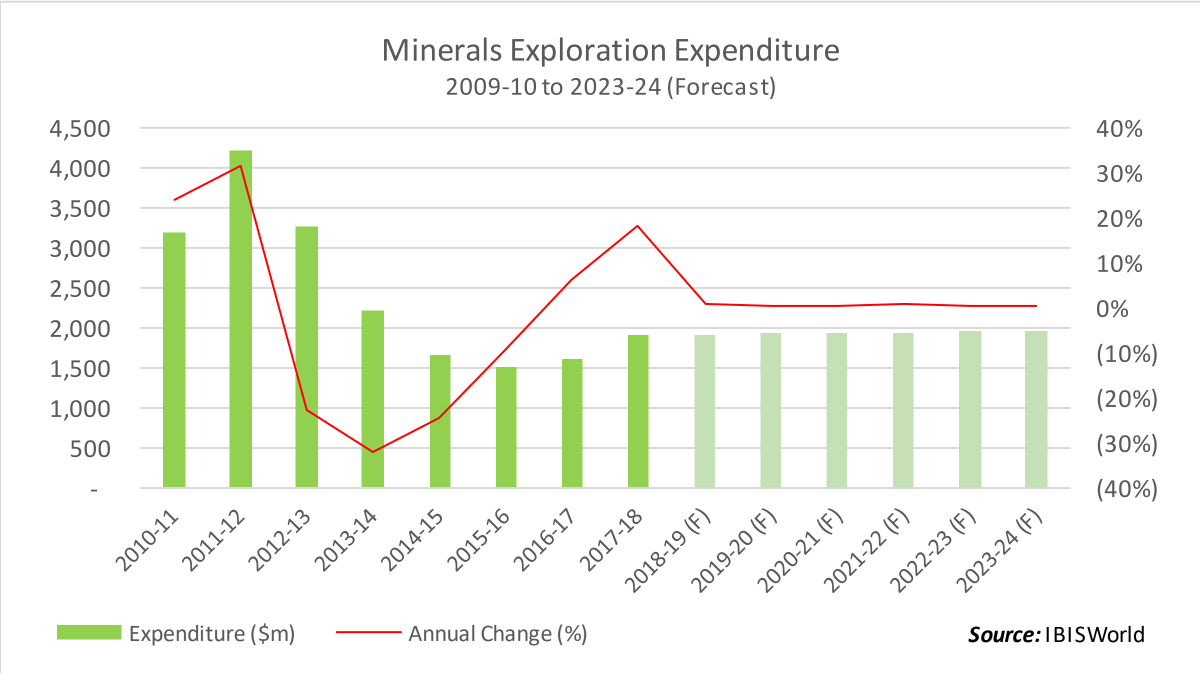
We note that Anchor would be classified as a junior explorer.

5.4 Current & Future Industry Performance

In the last five (5) years, overall exploration activity slowed as a result of falling commodity prices due to an oversupply of iron ore and black coal production. However, In the last two (2) years to June 2018, exploration activity has increased as existing deposits start to deplete. Over the next five years to June 2024, exploration expenditure is expected to increase at an annualised rate of 0.5%.

The following graph provides an overview of historical and forecast industry expenditure for the 2009-10 to 2023-24 years:

Figure 3: Historical & Forecast Industry Expenditure



6. Assessment of the Offer

6.1 Approach

6.1.1 Fair

The Offer will be "fair" if:

- the Consideration is greater than
- the fair market value of a Share

6.1.2 Reasonable

In order to opine on whether the Offer is "reasonable", we have considered if it "fair", and if it is not, we have considered whether there are sufficient reasons for Shareholders to accept the Offer.

This assessment has been undertaken by considering whether, in our opinion, the advantages of accepting the Offer sufficiently outweigh the disadvantages for Shareholders as a whole.

6.2 Valuation of the Consideration

Given that the Consideration is comprised 100% of cash, we have assessed the fair market value of the Consideration to be $0.02 per Share.

6.3 Valuation of Anchor Resources Limited

6.3.1 Selection of Valuation Methodology

In selecting an appropriate valuation methodology to apply in assessing the fair market value of Anchor, we have considered widely accepted valuation methodologies (as outlined in **Appendix 4**) and common market practice.

In our opinion, a net asset-based methodology is the most appropriate valuation methodology to apply in the case of Anchor. We have reached this view after considering the following factors:

- Anchor is a mineral explorer with no current income producing assets. Accordingly, any valuation based on a multiple or revenue, earnings or similar benchmark, is not appropriate;
- further to the above, the application of a discounted cash flow valuation methodology would also not be appropriate;
- Anchor's Shares have historically traded at a low level of liquidity. As set out in **Section 4.4.3**, during the twelve (12) months to 28 February 2019, only 0.09% of Anchor Shares have turned over. Where the liquidity of a company's shares is low, there is a high likelihood that the trading prices of its shares do not reflect their fair market value. In our opinion, the liquidity of Anchor's Shares is sufficiently low to conclude that a valuation based on its trading prices is not appropriate;
- there have been no recent corporate transactions involving Anchor's Shares (e.g. a rights issue or other form of capital raising) on which to base any valuation upon; and
- Anchor's net assets primarily comprise of cash, exploration licenses and debt, for which fair market values can be reliably estimated.

6.3.2 Fair Market Value of an Anchor Share

We have assessed the fair market value of a Share to fall within the range of **NIL** and **$0.0503** as at the Valuation Date.

Below is Invicta's assessment of the fair market value of the Shares. Given that the fair market value of a company's shares cannot be negative, where the assessed value is negative, we have attributed a NIL fair market value to the Shares

Table 13: Fair Market Value of an Anchor Share

	Note / Report Reference	As at 28 February 2019		
		Low	Preferred Value	High
Net Assets / (Liabilities) as at 28 February 2019	4.3.2	(5,744,554)	(5,744,554)	(5,744,554)
Less: Deferred Exploration & Evaluation Expenditure	Note 1	(10,395,908)	(10,395,908)	(10,395,908)
Add: Fair Market Value of Anchor's Mineral Assets	Note 1	12,000,000	14,250,000	16,500,000
Add: Fair Value Adjustment to the Anchor Debt	Note 2	3,012,301	3,012,301	3,012,301
Sub-Total		**(1,128,161)**	**1,121,839**	**3,371,839**
Less: Capitalised Corporate Costs	Note 3	(1,410,000)	(1,175,000)	(940,000)
Add: Fair Market Value of Tax Losses	Note 4	-	105,500	211,000
Fair Market Value of 100% of the Shares of AHR (Control Basis)		**(2,538,161)**	**52,339**	**2,642,839**
Ordinary Shares on Issue	4.4	52,535,296	52,535,296	52,535,296
Fair Market Value of the Shares of AHR (Per Share - Control Basis)		**(0.0483)**	**0.0010**	**0.0503**

Source: Invicta analysis

Note 1: Fair Market Value of Exploration Assets

We have replaced the book value of deferred exploration and evaluation expenditure with the fair market value of Anchor's Mineral Assets, as determined by the independent mining specialist, CRM.

CRM has assessed the fair market value of Anchor's Mineral Assets to fall within the range of $12.0 million to $16.5 million, with a mid-point of $14.25 million. We note the following in relation to CRM's report:

- CRM's report was prepared in accordance with the VALMIN and JORC Codes, and the rules and guidance issued by ASIC and the ASX pertaining to Independent Expert's Reports;
- In assessing the fair market value of the Mineral Assets, CRM has applied the "comparable transactions" and "cost-based" valuation methodologies; and
- has applied a range of approximately +/- 15% in order to determine an appropriate valuation range applicable to the Mineral Assets, taking into consideration the nature of the assets.

Please refer to **Appendix 5** for a full copy of CRM's report.

Note 2: Fair Value Adjustment to the Anchor Debt

Noting that the Anchor Debt has been provided by the major Shareholder of the Company, and considering the terms of the Anchor Debt as set out in **Section 4.3.2** of this Report, it is in our opinion that the Anchor Debt has been provided to Anchor on favourable terms in comparison to those which would be available from a third-party lender, namely in the form of a below market rate of interest. Accordingly, we have made an adjustment in the amount of **$3.01 million** to recognise the fair value of the Anchor Debt as at the Valuation Date. We note that in the event where the:

- fair market value of Anchor excluding the fair value of the Anchor Debt;
- is less than the fair market value of the Anchor,

the fair value of the Anchor Debt may be further impacted by the above difference.

In calculating the fair market value of the Anchor Debt, we have applied the following assumptions:

Table 14: Anchor Debt Valuation Assumptions

Assumption	Details
Interest Rate [1]	4.5%
Discount Rate [2]	12.0%
Remaining Term	31 Months

Source: Loan Agreement between Anchor Resources Limited and China Shandong Jinshunda Group Co., Ltd dated 9 April 2019; Invicta analysis.

[1] We have estimated the rate of interest using the Commonwealth Government Bond Yield (GSBW21 maturing 21 December 2021) + 250 bps per annum.

[2] We have formed the view that an interest rate for the Anchor Debt, recognising the risks and benefits of the loan and noting the uncertainty of the underlying assets, of 12% is more reflective of a market rate. Accordingly, we have discounted the future value the Anchor Debt (which includes interest at the rate of 4.5%) over the remaining term of the loan at a discount rate of 12%.

In determining an appropriate market interest rate to apply to the Anchor Debt, we have reviewed the terms of debt facilities of comparable ASX-listed companies, using the following criteria:

- current market capitalisations of less than $50 million;
- involved in the exploration of minerals (i.e. say, rather than those involved in the exploration of oil and gas prospects); and
- have debt of between $5 million and $50 million.

Based on this review, we have selected a rate of 12%. In our opinion, this rate reflects the uncertain nature of the Mineral Assets, noting that only EL 6388 has a JORC compliant resource.

The following table provides a summary of our observations in this regard:

Table 15: Comparable Debt Facility Analysis

Company	Market Cap^	Debt^^	Related Party Lender?	Secured?	Weighted Average Interest Rate
Accent Resources NL	$1.1m	$6.6m	Yes	No	8.2%
Stone Resources Australia Ltd	$1.6m	$34.2m	Yes	Not Specified	8.5%
Rolek Resources Ltd	$8.1m	$10.7m	69% of Debt	Yes	7.6%
Crater Gold Mining Ltd	$14.3m	$17.2m	95% of Debt	Partly	8.6%*
Dateline Resources Ltd	$15.2m	$8.2m	Yes	No	11.7%**
Avenira Ltd	$18.0m	$8.3m	36% of Debt	Yes	6.8%
Peak Resources Ltd	$22.4m	$6.9m	Yes	Not Specified	9.9%***
Austral Gold Ltd	$42.8m	US $18.5m	No	Yes	5.6%

^ As at 21 March 2019

^^ As at the latest reporting date.

* 22% of the total debt attracts an interest rate of 12%.

** 78% of the total debt attracts an interest rate of $15.06%.

*** 30% of the total debt (which is denominated in US dollars) attracts an interest rate of 15%.

Source: Thomson Reuters; financial reports of comparable companies; Invicta analysis

Note 3: Capitalised Corporate Costs

We have estimated the fair market value of Anchor on a net asset-based valuation methodology. This methodology, however, does not take into account any ongoing and recurring corporate costs that Anchor will incur going forward so as to support the business. Accordingly, we have made an appropriate allowance for ongoing and recurring corporate costs in order to assess the fair market value of Anchor on a going concern basis.

We have been advised by management of Anchor that ongoing and recurring corporate costs are expected to amount to approximately $470,000 per annum. These include costs for the following items:

- accounting, tax advisory and audit fees;
- ASX listing fees, ASIC fees, company secretarial and share registry costs;
- directors' fees;
- insurances; and
- general administration expense such as printing, postage and travel.

For clarity, these costs do not include any costs associated with the ongoing explorations activities undertaken by Anchor, nor interest costs associated with the Anchor Debt.

In assessing the appropriate capitalisation rate to apply to the annual corporate costs, we would usually have regard to market evidence with respect to the earnings multiples of comparable companies. However, we note that in the case of Anchor, comparable companies are also engaged in early stage mineral exploration activities with no earnings, and following, no observable earnings multiples. Accordingly, having regard to the industry in which Anchor operates, the stage of its activities, we are of the view that an appropriate capitalisation rate to apply to the estimated ongoing corporate costs of Anchor is between 2 to 3 times.

The following table summarises our calculation of capitalised corporate costs:

Table 16: Calculation of Capitalised Corporate Costs

	As at 28 February 2019		
	Low	**Mid-Point**	**High**
Estimated Ongoing Corporate Costs	470,000	470,000	470,000
Capitalisation Multiple	3.0	2.5	2.0
Capitalised Corporate Costs	**1,410,000**	**1,175,000**	**940,000**

Source: Management of Anchor; Invicta analysis

Note 4: Fair Market Value of Tax Losses

As at the Valuation Date, Anchor had approximately $21.1 million in accumulated income tax losses.

In certain circumstances, it may be appropriate to attribute value to such tax losses when assessing the fair market value of a company's shares. However, there is minimal guidance or available benchmarking data to calculate such value. Accordingly, it is up to the valuer to apply professional judgement taking into account the particular circumstances of the company being valued.

In the case of Anchor, we have attributed a value of between nil cents to 1 cent for each dollar of Anchor's accumulated income tax losses. The selected valuation range takes into account the following factors:

- Anchor is a minerals exploration company and is not expected to generate profits in the short term against which its accumulated tax losses could be used to offset any income tax liability;
- the ability of Anchor to generate profits is contingent on the successful outcome of its exploration activities for which there is a significant level of inherit uncertainty; and
- the ability to utilise such tax losses will be dependent upon Anchor satisfying certain tests at the time the Company seeks to utilise these tax losses.

As a cross check, we have calculated the implied discount rate resulting from the assessed value of these tax losses, with respect to the maximum tax savings that could be obtained by the Company (assuming a 30% income tax rate).

Using the high-end of our assessed value range (i.e. 1 cent for each dollar of Anchor's accumulated tax losses), assuming that these tax savings are realised at the end of 5 and 10 years, the implied discount rate equates to 97.4% and 40.5% respectively. In our opinion, these implied discount rates are reasonable having consideration to the points listed above.

6.3.3 Control Premium

We have not added any additional premium for control in determining the fair market value of Anchor on the basis that the net asset valuation methodology already takes into account any such premium. In particular, we note that the value of the Mineral Assets has been undertaken on a control basis, having regard to the risks and benefits of those assets.

6.3.4 Impact of the Options

As set out in **Section 4.4.5**, Anchor currently has 2,500,000 options on issue. The Options are exercisable any time before 31 October 2020 at a price of $0.025.

Noting recent trading prices of Anchor's Shares, and the value of the Consideration payable under the Offer, the Options are currently significantly "out of the money" and, in our opinion, are unlikely to be exercised by the option holders in the short term. In any case, we note that at most, the exercise of the Options would result in an increase in the fair market value of Anchor by $62,500 (or $0.0011 per Share on a fully diluted basis), representing the cash that Anchor would receive upon the exercise of all Options.

Whilst we have not factored the impact of the Options in our assessment of the fair market value of Anchor, we note that even where we had, they would not have a material impact on our assessment of Anchor nor our overall fairness conclusion below.

6.3.5 Comparison to Anchor's Trading Prices

We have determined the fair market value of Anchor's Shares to fall within the range of **NIL** to **$0.0503**. We note that this range extends below the latest trading prices of the Shares of $0.013 per Share (see **Section 4.4.3**).

In our opinion, the latest trading prices are not likely to be a reliable indicator of the fair market value of the Shares. We have reached this view after considering, in particular, the following:

- the negligible trading volumes of the Shares;
- the high dependency on JSD to extend its support for further funding of the Company's operation (see **Section 6.5** below); and
- the relatively high reliability of our primary valuation methodology (i.e. net asset based), giving consideration to the nature of Anchor's activities, assets and liabilities.

6.4 Fairness of the Offer

Based on the analysis set out above, the following table provides our assessment as to whether or not the Offer is "fair" to the Shareholders of Anchor:

Table 17: Fairness Assessment

	Note / Report Reference	As at 28 February 2019		
		Low	Mid-Point^	High
Consideration Per Share	6.2	0.0200	0.0200	0.0200
Fair Market Value of the Shares of AHR (Per Share - Control Basis)	6.3.2	-	0.0010	0.0503
Is the Offer Fair?		**Yes**	**Yes**	**No**

^ Based on full-assessed range. Refer to Section 6.3.2
Source: Invicta analysis

Based on the above, noting that the Consideration falls within the assessed range, we have determined that the Offer is **fair** to the Shareholders of Anchor.

6.5 Reasonableness of the Offer

As set out in **Section 6.4** above, we have concluded that the Offer is "fair". Accordingly, under paragraph 12 of RG 111, the Offer will also be "reasonable". Nevertheless, we have also considered the advantages and disadvantages of the Offer, for consideration by Anchor Shareholders.

In assessing the reasonableness of the Offer, we have considered the advantages and disadvantages of the Offer to the Shareholders of Anchor. An analysis of these advantages and disadvantages is set out below along with an analysis of the implications for Shareholders of not accepting the Offer.

6.5.1 Advantages of the Offer

The Offer Represents a Premium to the Company's Trading Prices

The Consideration of $0.02 per Share represents a premium of approximately 54% over the most recent trading prices for Shares (i.e. $0.013 per Share).

The Offer Provides a Certain Liquidity Event for Minority Shareholders

Currently, trading in Anchor's shares is extremely minimal with only 0.09% of the Company's shares trading in the twelve (12) months to 28 February 2019. Furthermore, we note that the major Shareholder of Anchor holds 96.53% of all Shares in the Company. Accordingly, the ability for current Anchor Shareholders to dispose of their shares at a fair market value, or even at all, is severely limited.

By accepting the Offer, Anchor Shareholders will receive cash for their Shares.

Noting the level of the Anchor Debt and the fact that the lender is also the major Shareholder of Anchor, it is in our opinion that there is a low likelihood of a similar liquidity event presenting itself to Shareholders in the near future.

Uncertainty of Refinancing

The Anchor Debt will need to be repaid by 30 September 2021.

Management of Anchor have advised that as at the date of this Report, JSD have not provided any indication as to whether or not they will extend or continue to support the Company subsequent to the repayment date.

Where JSD's withdraws its financial support, it is in Invicta's view, given the nature of the Mineral Assets and the Company's overall financial position, refinancing via debt and/or further equity raisings may be problematic. Acceptance of the Offer avoids such risk.

Avoids Need to Find Alternative Funding

JSD's existing facility (i.e. the Anchor Debt) has been fully utilised. As a result, where the Company required further funding and/or where JSD withdraws its financial support, Anchor would need to find alternative debt and/or capital. In either case, it is Invicta's view that any alternative debt or capital provide would require a substantial reduction in the level of debt within the Company and substantial equity stake. Accordingly, this would likely be highly dilutive to existing Shareholders.

Risks of Retaining Exploration Assets

As noted in **Section 4.1** above, Anchor has substantial minimum expenditure commitments in relation to the Mineral Assets. Should the Company fail to satisfy those commitments, it may result in the loss of these Mineral Assets.

Accordingly, with the uncertainty in funding, this has an added impact of potentially losing the key assets of the Company. Acceptance of the Offer avoids this risk.

Risks of Being a Minority Shareholder of an Unlisted Entity

Should the Offer not proceed, Shareholders face the risk of being members of a delisted entity as the corporate and compliance costs do not currently justify the current listing status of Anchor.

6.5.2 Disadvantages of the Offer

Anchor Shareholders will not be able to Participate in any Further Upside

In the case that the Offer is successful, current Anchor Shareholders will no longer have access to any value upside from future successful exploration activities undertaken by Anchor.

Lost Opportunity from the Anchor Debt

The cost of funds for the Anchor Debt is considered to be relatively low, that is, the Commonwealth Government Bond Yield (GSBW21 maturing 21 December 2021) + 250 bps per annum. This translates into a rate of 4.5% per annum, which we believe to be extremely cheap having regard to the nature of Anchor's activities and the fact that the loan is not secured. This facility does not expire until 30 September 2021, which means that Shareholders have access to this facility for some time to come. If the Offer is successful, Shareholders will no longer have access to such a favourable facility.

Lost Opportunity for the use of Tax Losses

Anchor has tax losses of approximately $21.1 million. Noting the limitations of such losses, Shareholders will nevertheless lose the opportunity to take advantage of such losses in the future.

6.5.3 Implications of Not Accepting the Offer

Uncertain Future for Anchor

Given that Anchor's major Shareholder (JSD and its associates) holds over 90% of the Shares, in the case that they collectively accept the Offer, the Minimum Acceptance Condition will be met and any other Shareholders who do not accept the Offer, will likely have their Shares acquired by Phoenix Bridge via compulsory acquisition.

Where JSD (and its associates) do not accept the Offer, in our opinion, Anchor Shareholders face material uncertainty regarding the future of Anchor and the value which they may hold in their Shares. Whilst Phoenix Bridge has made an offer to acquire the Anchor Debt at a substantial discount to its face value, where the Offer is not successful, the Anchor Debt will remain a liability of Anchor at its face value (i.e. circa $17.07 million as at 28 February 2019).

On the basis that the Offer is not completed, it is possible that JSD could withdraw its support for future funding of Anchor and where Anchor is unable to refinance the Anchor Debt with another lender, it is likely that Anchor's Shareholders will face a number adverse consequences including either:

- substantial dilution; or
- the de-listing of Anchor's Shares; or
- the liquidation of the Company.

In the case of a liquidation of the Company, and assuming that there are no material positive developments in relation to Anchor's exploration activities, Anchor Shareholders are unlikely to realise any value from their Shares given the net liability position of the Company.

Potentially, it is open to the Board and management to seek out funds not only to finance the ongoing operations, but also, deal with the acquisition of the Anchor Debt, at the discounted price. Assuming that the Offer is unsuccessful, the success of such action is considered to be speculative and in any case, likely to be highly dilutive to existing Shareholders.

Potentially, it is open to the Board and management to seek out funds not only to finance the ongoing operations, but also, deal with the refinancing of the Anchor Debt. However, it is most likely that any new capital raising would require the Anchor Debt to be either repaid and/or capitalised prior to being able to raise externally sourced capital. This process could be problematic.

Delay in Receiving Consideration where the Minimum Acceptance Condition is Satisfied

Should a Shareholder(s) not accept the Offer, but Phoenix Bridge is nevertheless successful in acquiring at least 90% of the Shares, Phoenix Bridge will be entitled to compulsory acquire those Shares. In this case, whilst non-accepting Shareholders will likely still receive the Consideration, payment may be delayed as a consequence of Anchor and Phoenix Bridge having to administer the compulsory acquisition process.

6.5.4 Overall Reasonableness Conclusion

Given that we have concluded the Offer to be "fair" (refer to **Section 6.4** above), in accordance with paragraph 12 of RG111, we also conclude the Offer to be "reasonable".

Nevertheless, we have assessed the overall factors set out in **Sections 6.5.1** to **6.5.3** above, and in our view, the advantages of the Offer outweigh its disadvantages.

7. Qualifications & Independence

7.1 Qualifications

Invicta is an authorised representative (Authorised Representative Number 1274408) of Kings Road Group Pty Ltd (AFSL 460940).

Mr Vince Fayad and Mr Nick Navarra are the Invicta staff responsible for the preparation of this Report.

Mr Vince Fayad B.Bus, CA, is a Director of Invicta. Mr Fayad has over 35 years' experience in a number of specialist corporate advisory activities including company valuations, due diligence investigations, preparation and review of business feasibility studies, public company floats, accounting, advising on mergers and acquisitions, the preparation of independent expert reports, the preparation of information memorandums and other corporate investigations. Mr Fayad is also a registered Business Valuation Specialist with Chartered Accountants Australia & New Zealand ("**CAANZ**").

Mr Nick Navarra B.Bus, CA, is a Director of Invicta. Mr Navarra has over 18 years' experience in accounting, audit and corporate advisory activities including business, company and intangible asset valuations, the preparation of independent expert reports, due diligence reviews, litigation support activities, capital raisings and the provision of advice in relation to merger, acquisition and divestment transactions. Mr Navarra is also a registered Business Valuation Specialist with CAANZ.

Mr Fayad and Mr Navarra have the appropriate experience and professional qualifications to provide the advice offered in this Report.

7.2 Independence

Invicta is not aware of any matter or circumstance that would preclude it from preparing this Report, on the grounds of independence, either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

Invicta (including its associates) does not have any shareholdings in, or any other relationships with Anchor, JSD or Phoenix Bridge. Accordingly, Invicta considers itself to be independent with respect to RG112 and APES 225.

Invicta is entitled to receive a fee for the preparation of this Report. This fee is based on the time spent to prepare the Report and is not contingent upon the conclusions or content of this Report, nor is it contingent on the outcome of the Offer. Except for this fee, Invicta will not receive any other benefit, either directly or indirectly, for or in connection with, this Report.

Drafts of this Report were provided to the Directors of Anchor for review of factual accuracy. These drafts were provided without any of our conclusions or opinions. Certain changes were made to the Report as a result of the circulation of the draft Reports however our approach, methodologies and overall conclusions and opinions were not affected.

Appendix 1 Financial Services Guide

25 March 2019

Why are we providing this FSG to you?

Invicta Corporate Finance Pty Ltd ("**Invicta**") has been engaged by Anchor Resources Limited ["**Anchor**"] to prepare an Independent Expert's Report ("**Report**") in connection with the offer by Phoenix Bridge International Holdings Group Investment Co., Limited ("**Phoenix Bridge**") to acquire 100% of the issued shares of Anchor ("**Offer**").

Our Report provides general financial product advice to you. This FSG provides you with information regarding, the financial services we provide, the use of general financial product advice, details of our remuneration and our dispute resolution process.

Financial services we are licensed to provide.

Invicta is a corporate authorised representative (AFS Representative Number 1274408) of Kings Road Group Pty Ltd (AFSL 460940). Invicta is authorised to provide financial product advice in relation to various financial products including securities, interests in managed investment schemes, stocks, bonds and basic deposit products, to wholesale and retail clients.

General financial product advice.

Our Report provides "general advice" as it does not take into account the personal objectives, financial situation or needs of individual readers of our Report. You should consider the appropriateness of the general advice provided in our Report having regard to your own personal objectives, financial situation or needs.

Where our advice is provided in connection with the acquisition or possible acquisition of a financial product, you should also obtain and consider carefully the relevant offer documentation provided by the issue of the financial product.

How are we remunerated?

We charge fees for the provision of reports which are usually determined on a time cost or fixed fee basis, plus reimbursements of any expense incurred in providing the reports. Our fees are agreed with and paid by, those who engage us. You are not responsible for the payment of our fees.

We will receive a fee of approximately $25,000 (plus GST and disbursements) in relation to the preparation of our Report. This fee is not contingent upon the conclusions or content of our Report, nor the outcome of the Offer.

Neither Invicta or any of its directors, employees or related entities, will receive any commissions or other benefit(s) arising directly from providing our Report.

All directors and employees of Invicta receive remuneration based on their contribution to the company, but not directly in connection with the provision of any report.

We do not pay commissions or provide any benefits to any person who refers us clients in connect with reports that we are authorised to provide.

What should you do if you have a complaint?

If you have any concerns or complaints regarding our Report, please contact us using the following details and we will attend to your concern or complaint in a prompt and equitable manner:

The Compliance Officer
Invicta Corporate Finance Pty Ltd
GPO Box 2733
Sydney NSW 2001
Phone: +61 2 8023 6868
Email: enquiries@invicta.com.au

If the issue is not resolved to your satisfaction, you can lodge a dispute with the with the Australian Financial Complaints Authority ("**AFCA**") using the following details:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Phone: 1800 931 678
Fax: +61 3 9613 6399
Email: info@afca.org.au
Web: www.afca.org.au

Compensation arrangements.

Invicta holds professional indemnity insurance that covers the financial services which we provide. This insurance satisfies the compensation requirements of the *Corporations Act 2001 (Cth)*.

Appendix 2 Glossary of Terms

Table 18: Glossary of Terms

Term	Definition
AFSL	Australian Financial Services Licence
AFCA	Australian Financial Complaints Authority
Anchor	Anchor Resources Limited
Anchor Debt	The loan provided by China Shandong Jinshunda Co Limited to Anchor Resources Limited under a loan agreement dated 9 April 2018
Anchor Share(s)	The ordinary shares on issue by Anchor Resources Limited
APES 225	Accounting Professional & Ethical Standards Board standard 225 *Valuation Services*
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Bidder's Statement	The Bidder's Statement lodged by Phoenix Bridge International Holdings Group Investments Co., Limited on 8 March 2019
CAANZ	Chartered Accountants Australia & New Zealand
CFME	Capitalisation of future maintainable earnings valuation methodology
Company	Anchor Resources Limited
Consideration	The cash payment of $0.02 per Anchor Share.
Corporations Act	The *Corporations Act 2001 (Cth)*
CRM	Continental Resource Management Pty Ltd
DCF	Discounted cash flow valuation methodology
Directors	Directors of Anchor Resources Limited
EBITDA	Earnings before interest, tax, depreciation and amortisation
FSG	Financial Services Guide
Invicta, we, us or our	Invicta Corporate Finance Pty Ltd ABN 78 631 600 845 Authorised Representative Number 1274408
JSD	China Shandong Jinshunda Group Co. Limited
Management Accounts	The unaudited management accounts of Anchor Resources Limited for the eight (8) months ended 28 February 2019
Mineral Assets	The exploration licenses and applications held by Anchor Resources Limited
Minimum Acceptance Condition	A condition precedent to the Offer, requiring acceptances of at least 90% (by number of all Anchor Shares
Mining Specialist	Continental Resource Management Pty Ltd
Offer	The offer by Phoenix Bridge International Holdings Group Investment Co., Limited to acquire all of the ordinary shares on issue by Anchor Resources Limited for a cash consideration of $0.02 per Anchor Share
Options	The 2,500,000 options on issue by Anchor Resources Limited
Phoenix Bridge	Phoenix Bridge International Holdings Group Investment Co., Limited

Term	Definition
Prospective Financial Information	Any prospective financial information provided to Invicta Corporate Finance Pty Ltd in relation to Anchor Resources Limited
Report	This report dated 25 March 2019
RG111	ASIC Regulatory Guide 111 *Content of Expert Reports*
RG112	ASIC Regulatory Guide 112 *Independence of Experts*
Shareholders	Ordinary shareholders of Anchor Resources Limited
Target's Statement	The Target's Statement issued by Anchor Resources Limited on or around 25 March 2019, to which this Report is attached
Valuation Date	28 February 2019
VWAP	Volume weighted average price

Appendix 3 Sources of Information

In preparing this Report, Invicta have had access to and have relied upon the following principal sources of information:

- Audited annual reports of Anchor for the years ended 30 June 2016, 2017 and 2018.
- Reviewed half-year report of Anchor for the six (6) months ended 31 December 2018.
- Management accounts of Anchor for the eight (8) months ended 28 February 2019.
- Loan Agreement between Anchor and JSD dated 9 April 2019.
- Information available on the website of Anchor.
- Valuation Report prepared by Continental Resources Management Pty Ltd dated 25 March 2019.
- Thomson Reuters.
- Discussions and correspondence with management of Anchor.
- Other publicly available information in relation to Anchor and industry.

Appendix 4 Valuation Methods

In assessing the fair market value of Anchor, Invicta has had regard to the following commonly used valuation methodologies:

Net Asset Based Methodology

This methodology involves determining the value of a business or entity based on the value of its net assets. It involves separately identifying the assets and liabilities of a business or entity and ascribing a value to each of those components.

There are a number of basis on which the net assets of a business or entity can be determined including:

- ***going concern basis*** where the value of net assets is determined on an "in-use" basis and does not take into account any realisation costs;
- ***orderly realisation basis*** where the value of net assets is determined after considering the reasonable costs of disposal of the assets including taxation implications. This method assumes that the assets can be disposed of in an "orderly" manner without any further discounts to take into account a distressed or fire-sale situation; and
- ***liquidation or fire sale basis*** where the value of net assets is determined having regard to the impacts that a liquidation situation or short sale period may have on the price that is obtained for the assets. This method would typically result in values that are lower than those determined using the going concern or orderly realisation methods.

The net asset based methodology is typically used for investment or property holding entities, where an entity is not trading, or where an operating business is incurring losses.

Capitalisation of Future Maintainable Earnings Methodology

The capitalisation of future maintainable earnings methodology ("**CFME**") involves the selection of a suitable maintainable earnings benchmark (e.g. revenue, net profit before tax, earnings before interest, tax, depreciation and amortisation ("**EBITDA**") and multiplying it by an appropriate multiple.

In determining an appropriate multiple, regard is often had to trading multiples of listed companies which have operations comparable to the business being valued.

In the case where the securities of an entity are being valued, the valuer will also have regard to the value of surplus assets and liabilities which form part of that entity (i.e. those assets and liabilities that an entity may hold but do not contribute to the earnings of the business). Surplus assets and liabilities must be valued separately as they are considered "surplus" to the business undertaking, but nevertheless represent value that should be reflected in the overall value of the entity.

The CFME methodology is typically used to value businesses or assets with relatively stable earnings or where consistent earnings trends can be identified, and where the business or asset has an indefinite life.

Discounted Cash Flow Methodology

The discounted cash flow methodology ("**DCF**") involves determining the value of a business or asset based on the present value of its expected future cash flows. The DCF method involves the determination of two key elements, namely:

a. a reasonably reliably forecast of a business' or asset's future cash flows, usually for a period extending five (5) to ten (10) years; and

b. a reasonable discount rate which reflects current market conditions and the specific risks inherit in the forecast cash flows.

In the case where the securities of an entity are being valued, the valuer will also have regard to the value of surplus assets and liabilities which form part of that entity (i.e. those assets and liabilities that an entity may hold but do not contribute to the earnings of the business). Surplus assets and liabilities must be valued separately as they are considered "surplus" to the business undertaking, but nevertheless represent value that should be reflected in the overall value of the entity.

The DCF methodology is typically used to value businesses or assets where:

- earnings or cash flows are expected to fluctuate significantly from year to year and may include negative earnings or cash flows;
- the business or asset has an indefinite or definite life;
- the business is in the early stages of its life;
- the assets being valued are infrastructure projects; and
- in all cases, where the business' or asset's future earnings and cash flows are capable of being reasonable estimated for a period of at least five (5) years.

Security Trading History

This methodology involves determining the value of an entity based on prices inherit in recent trading of the entity's securities. In this case of listed entities, this would include trading activity which has taken place through the exchange on which it is listed.

In using this methodology, the valuer is required to consider the reliability of recent trading prices taking into consideration the following:

- whether or not transactions have taken place between independent parties and on an arms-length basis; and
- the liquidity and depth of the market for the entity's securities.

Capitalisation of Future Maintainable Dividends

This methodology is similar to the CFME method in that the valuer is required to assess a suitable level of maintainable dividends and multiplying it by an appropriate multiple having regard to the quantum and likelihood of future dividends.

This methodology is typically applied to value minority interests in private and unlisted public companies, or where the subject securities have unique rights.

Appendix 5 Independent Geologists Report

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VALUATION REPORT

ANCHOR RESOURCES LIMITED'S

MINERAL ASSETS

NEW SOUTH WALES & QUEENSLAND

Prepared for

Invicta Corporate Finance Pty Ltd

Report Number WA19/03

AUTHOR: **J.J.G. Doepel**

BSc (Hons), GradDipForSci, DipTeach, MAusIMM, MAIG

Principal Geologist

Continental Resource Management Pty Ltd

Signature:

DATE: 25 March 2019

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EXECUTIVE SUMMARY

Invicta Corporate Finance Pty Ltd ("Invicta") has requested that Continental Resource Management Pty Ltd ("CRM") provide an Independent Valuation Report for the Mineral Assets of Anchor Resources Limited ("Anchor" or the "Company"), for inclusion in an Independent Expert's Report ("IER"), being prepared for Anchor by Invicta for the purpose of inclusion in the Target's Statement to be issued by Anchor in response to the Bidder's Statement issued by Phoenix Bridge International Holdings Group Investment Co, Limited on 8 March 2019.

The scope of the report is to describe and value Anchor's Mineral Assets in compliance with the relevant Practice Notes of the Australian Securities and Investment Commission, the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), and the AusIMM's Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (Valmin Code).

The Valuation Date is as at 28 February 2019 and this report is issued on 25 March 2019.

Projects
Anchor holds ten exploration tenements in four project areas in NSW and Queensland (Figure 1):

- The Cobar Basin Project: 1537 km^2 prospective for shear hosted Cu, Pb, Zn, and Au deposits;
- The Bielsdown Project: 35 km^2, which contains the Wild Cattle Creek Antimony Deposit;
- The Blicks Project: 228 km^2 prospective for intrusion related Au mineralisation; and
- The Walsh River Project: 114 km^2 prospective for epithermal gold mineralisation.

Statement of Valuation
CRM considers the value of the Mineral Assets to be within the range of $12 million to $16.5 million, with a preferred value of $14.25 million.

CRM further considers that both the range of values and the preferred value are fair and reasonable evaluations of the Mineral Assets.

INTRODUCTION

Invicta Corporate Finance Pty Ltd ("Invicta") has requested that Continental Resource Management Pty Ltd ("CRM") provide an Independent Valuation Report for the Mineral Assets of Anchor Resources Limited ("Anchor" or the "Company"), for inclusion in an Independent Expert's Report ("IER"), being prepared for Anchor by Invicta for the purpose of inclusion in the Target's Statement to be issued by Anchor in response to the Bidder's Statement issued by Phoenix Bridge International Holdings Group Investment Co, Limited on 8 March 2019.

The scope of the report is to describe and value Anchor's Mineral Assets in compliance with the relevant Practice Notes of the Australian Securities and Investment Commission, the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), and the AusIMM's Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (Valmin Code).

The value of the Mineral Assets is taken to be the Market Value of the assets, which means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Assets should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion.

The Valuation Date is as at 28 February 2019 and this report is issued on 25 March 2019.

Compliance with the VALMIN and JORC Codes

The Report has been prepared in accordance with the VALMIN Code, which is binding upon Members of the Australian Institute of Geoscientists ("AIG") and the Australasian Institute of Mining and Metallurgy ("AusIMM"), the JORC Code, and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission ("ASIC") and ASX that pertain to IERs.

The author has taken due note of the rules and guidelines issued by such bodies as ASIC and ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

The valuation and the preparation of the Valuation Report has been primarily carried out by John Doepel, Director and Principal Geologist of CRM, a practitioner with the requisite qualifications, standing, and experience, who is considered to be a Specialist under the requirements of Section 2.1 of the VALMIN Code (2015). He is also considered to be a Competent Person under the terminology of the JORC Code (2012).

Projects

Anchor holds ten exploration tenements in four project areas in NSW and Queensland (Figure 1):

- The Cobar Basin Project: 1537 km^2 prospective for shear hosted Cu, Pb, Zn, and Au deposits;
- The Bielsdown Project: 35m^2, which contains the Wild Cattle Creek Antimony Deposit;
- The Blicks Project: 228 km^2 prospective for intrusion related Au mineralisation; and
- The Walsh River Project: 114 km^2 prospective for epithermal gold mineralisation.

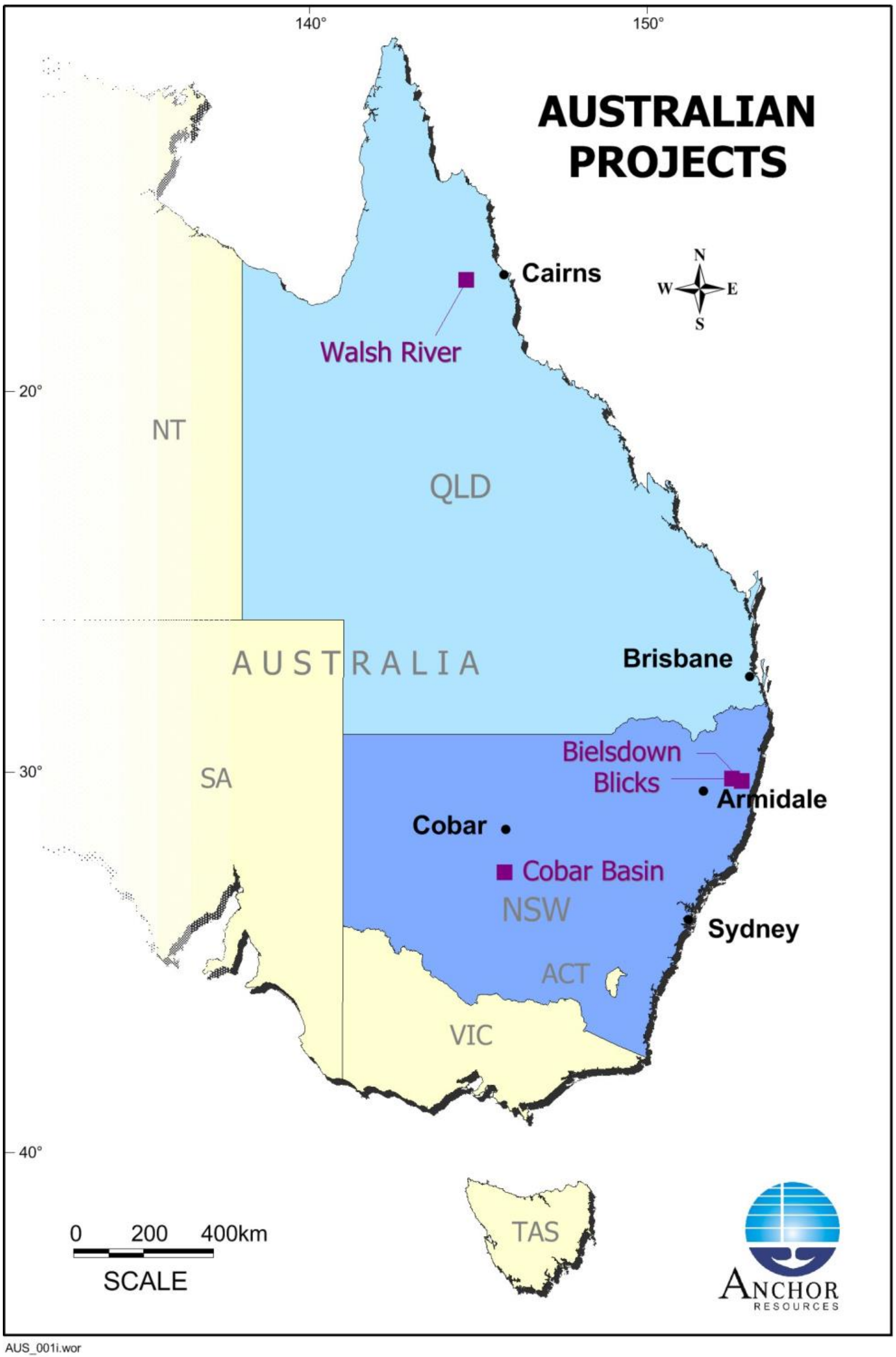

Figure 1 Anchor's Project Locations

Sources of Data

Anchor provided CRM with tenement details including licence documents for the granted tenements, reports on the tenure ownership, relevant technical reports, maps, GIS data, and expenditure details.

Site Inspections

CRM did not visit the Projects, as is CRM's experience that little additional information was to be gained from a site inspection that could not be obtained from the NSW and Queensland mines departments, available satellite imagery, and the information that had been supplied by Anchor. Further, in the case of the Walsh River Project, CRM has been given to understand that recent cyclonic rain has made access difficult.

Tenement Reports

CRM has received copies of the draft Tenement Reports on the tenements from Anchor's Tenement Managers, Hetherington Exploration and Mining Title Services Pty Ltd and Hetherington Exploration and Mining Title Services (QLD) Pty Ltd, documenting the status the tenements. The reports are dated 15 March 2019. The valuation has been prepared and issued on the assumption that this information is correct and that the tenements are lawfully allowable and are in good standing.

The fees and expenditure commitments for the various tenements are summarised in Table 1. The commitments are for the current year.

Table 1 Tenement Expenditure Requirements

Tenement	Annual Commitment	Annual Rental Fee	Annual Administrative Levy	Security Deposit
EL 6388	$100,000	$780	$500	$50,000
EL 6465	$57,000	$1620	$350	$35,000
EL 8100	$80,000	$3000	$100	$10,000
EL 8398	$200,000	$6000	$100	$10,000
EL 8723	$26,000	$720	$100	$10,000
EL 8724	$80,000	$13,260	$100	$10,000
EL 8725	$74,000	$6480	$100	$10,000
EL 8743	$25,000	$4320	$100	$10,000
EL 8795	$25,000	$1260	$100	$10,000
EPM 25958	$150,000	$5646		
Totals	**$817,000**	**$43,086**	**$1550**	**$155,000**

Previous Valuation

CRM has been informed by Anchor that no previous valuation of its Mineral Assets has been carried out.

COBAR BASIN PROJECT

Description

Anchor's Cobar Basin Project Mineral Asset comprises six granted Exploration Licences ("ELs") and two EL applications, situated between 25 km and 155 km to the south of Cobar in central NSW (Figure 2). The granted tenements cover a total of 1537 km^2.

Figure 2 Cobar Basin Project Tenements

Tenure and Status

Anchor's Cobar Basin Project Mineral Asset comprises six granted Exploration Licences ("ELs") and two EL applications. Details of these tenements are shown in Table 2. EL 8398 is held by Scorpio Resources Pty Ltd ("Scorpio"). The other tenements and the applications are in the name of Cobar Minerals Pty Ltd ("Cobar Minerals"). Both Scorpio and Cobar Minerals are wholly owned subsidiaries of Anchor.

Table 2 Cobar Basin Project Tenure

Tenement	Name	Holder or Applicant	Grant / Application	Expiry	Units	Area (km^2)	Anchor's Expenditure ($K)
EL 8398	Gemini	Scorpio	07/10/2015	07/10/2018[1]	100	289	1005
EL 8723	Libra	Cobar Minerals	29/03/2018	29/03/2021	12	35	99
EL 8724	Leo	Cobar Minerals	29/03/2018	29/03/2021	221	631	91
EL 8725	Taurus	Cobar Minerals	29/03/2018	29/03/2021	108	313	72
EL 8743	Aquarius	Cobar Minerals	04/05/2018	04/05/2021	72	208	49
EL 8795	Aries	Cobar Minerals	20/09/2018	20/09/2021	21	61	24
				Sub-totals	**534**	**1537**	**1340**
ELA 5754		Cobar Minerals	03/12/2018		24	70	
ELA 5755[2]		Cobar Minerals	03/12/2018		71	205	

Notes: [1] An application for renewal of EL 8398 is pending with the NSW Department of Planning and Environment, Division of Resources and Geoscience. CRM knows of no reason as to why the application for renewal should not be successful, as it has been given to understand that all requirements including expenditure, reporting, and rental payments have been met to date for the tenement.

[2] The area of ELA 5755 had been applied for on 28/11/2018 by Peel Mining Limited.

The Exploration Licences are for Group 1 Minerals (The Metallic Minerals antimony, arsenic, bismuth, cadmium, caesium, chromite, cobalt, columbium, copper, galena, germanium, gold, indium, iron minerals, lead, lithium, manganese, mercury, molybdenite, nickel, niobium, platinum group minerals, platinum, rare earth minerals, rubidium, scandium and its ores, selenium, silver, sulphur, tantalum, tin, tungsten and its ores, vanadium, zinc, and zirconia).

For Group 1 Minerals the NSW Government Royalty is 4% ex-mine value.

Geology

Anchor's tenements lie within the Cobar Super Basin. The Cobar Super Basin is a system of three deep-water troughs (the Cobar, the Mount Hope, and the Rast), surrounded by shallow-water flanking shelfs (Figure 3). Sedimentation in the basin occurred during the Late Silurian-Early Devonian, forming the Cobar Supergroup of sediments. This tectonic province is the richest polymetallic basin in the Lachlan

Orogen and is host to many world class gold and base metal deposits, three of which are currently in production.

Cobar-type deposits occur in areas of high strain along unstable margins of the eastern trough where there is a high rate of terrain subsidence and sedimentation (Rookery Fault Zone). Evidence in support of this high strain zone includes imbricate fans, overturned and tight folds, cleavage and stretching lineation. Proximity to major structures is key to mineralisation. These structures focus high temperature metal bearing fluids into favourable stratigraphic traps which host mineral deposits. High grade base metals and bonanza gold grades often found within shear zones and along lithological contacts. Mineralisation can be hosted in shear zones, quartz veins, breccias, stockwork systems and as massive lodes and disseminated sulphides. The main base metal ± gold mineralisation event is constrained to a 17 Ma period during the Late Silurian - Early Devonian.

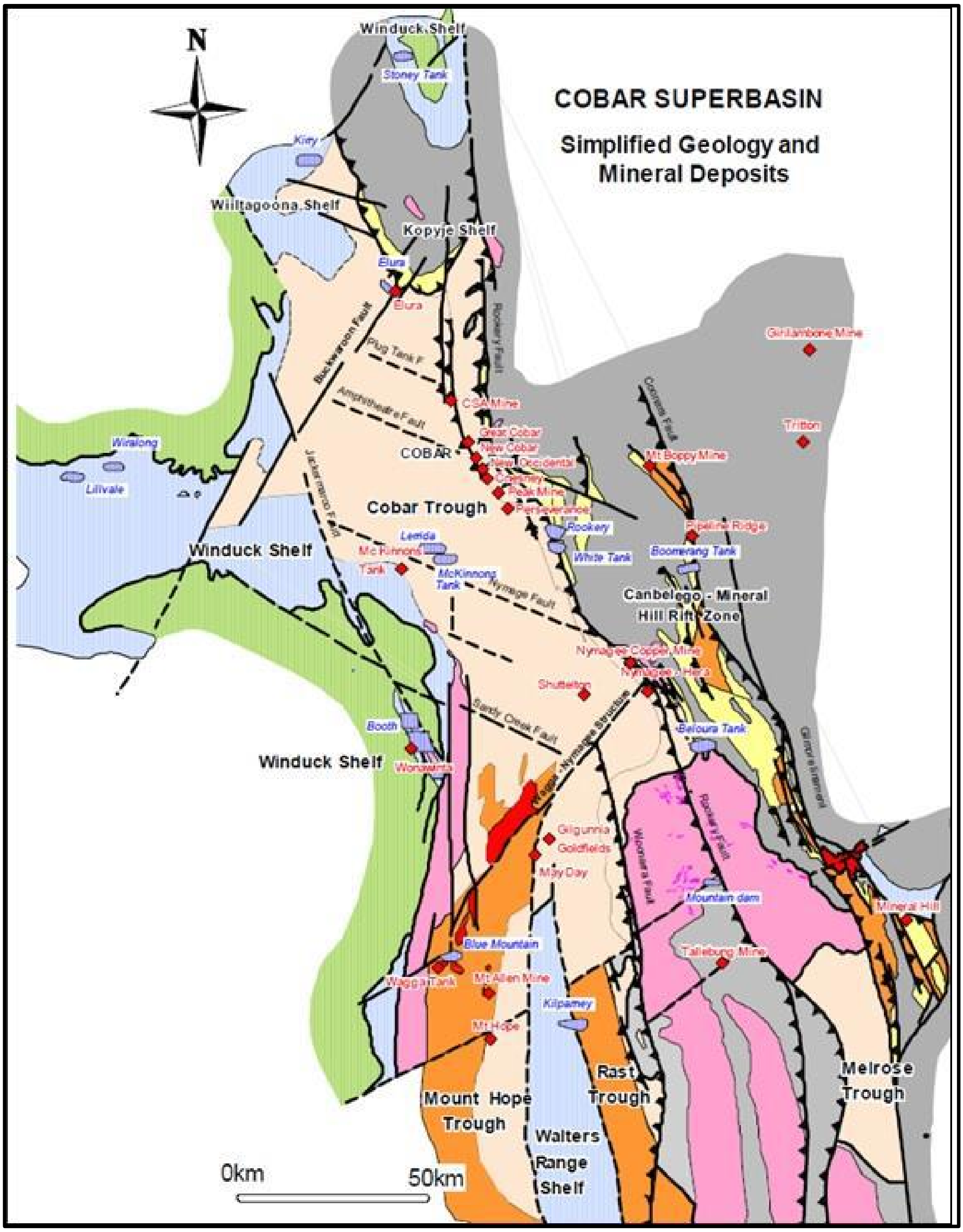

Figure 3 Geological Map of the Cobar Basin (after David, 2005)

Exploration by Previous Holders

Over 30 historic mineral occurrences are reported within EL 8398 alone, with approximately 42 historical licences overlapping the EL boundary, dating from 1964 through to 2015. Previous exploration has focused on base and precious metals. Exploration techniques utilised by previous exploration companies in the licence area include IP, EM, airborne magnetics and radiometric surveys, gravity surveys, ground magnetic surveys, rock chip sampling, soil sampling, geological mapping and various drilling programs.

Anchor's Blue Mountain Prospect within EL 6398 was drilled by four companies between 1991 and 2000 for a total of 24 holes, with RGC Exploration Pty Ltd ("RGC") obtaining a best intersection of 29m @ 1.15% Zn from 146m in a diamond drill hole ("DDH").

Exploration by Anchor

As the other tenements have only been held for up to a year, the majority of Anchor's work has been on EL 8398, which exploration is summarised below.

2016	Anchor carried out compilation and evaluation of previous exploration and field reconnaissance.
2017	Anchor carried out desk-top studies and Native Title negotiations.
2018	Anchor continued digitization of historical open file data and evaluation of available geophysical data. It carried out field checks of 29 prospects, HyLogger scanning of core from two historical DDH holes, and IP surveys over the Blue Mountain, Jaguar, and Cypress Prospects. Interpretation of the IP survey over Blue Mountain Prospect identified two strong en-echelon IP anomalies, with at least one IP anomaly associated with the pyrite and base metal sulphide mineralisation zone. The interpreted 3D model sections indicate that the sulphide mineralisation intersected in historical drill holes BMDD001 and BMDD002 is associated with the top of the modelled IP anomaly and that no historical drilling appears to have tested the second anomaly.

Anchor's work on the other tenements has included historical data compilation and the negotiation of land access. The examination of the historical data has led to the identification of targets for detailed exploration in EL 8795 and EL 8723.

Merit

It is the Competent Person's view that the tenements (both granted and in application) are prospective for economic base and precious metal mineralisation. Particularly encouraging for Anchor's Blue Mountain Prospect are the results from on-going resource drilling by Peel Mining Limited of its Wagga Tank and Southern Nights Prospects, situated along regional strike 2 km to the south of Anchor's EL 8398 (Figure 2), which are confirming and extending extensive high-grade Zn-Pb-Ag-Au-Cu mineralisation in both prospects (PEX ASX announcement 22/02/2019).

BIELSDOWN PROJECT

Description

Anchor's Bielsdown Project Mineral Asset comprises the granted EL 6388, situated about 40 km west of Coffs Harbour and 10 km north of Dorrigo, NSW. (Figure 4).

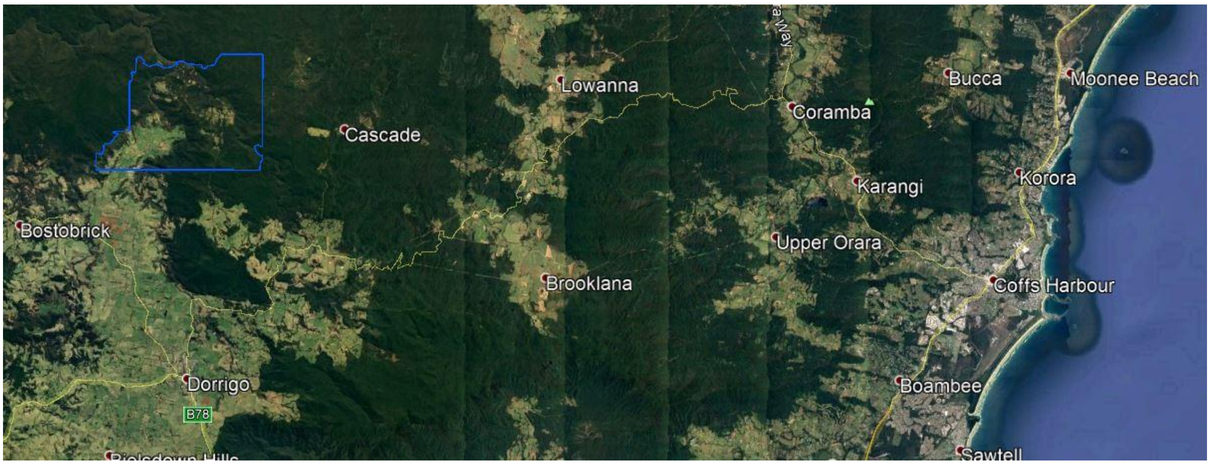

Figure 4 Bielsdown Project Location on Google Earth Image

Tenure and Status

Anchor's Bielsdown Project Mineral Asset comprises one granted Exploration Licence, EL 6388, details of which are shown in Table 3.

Table 3 Bielsdown Project Tenure

Tenement	Name	Holder	Grant	Expiry	Units	Area (km^2)	Anchor's Expenditure ($K)
EL 6388	Bielsdown	Anchor	04/03/2005	03/03/2019[1]	13	35	3054

. [1]Note: An application for renewal has been lodged.

The Exploration Licence is for Group 1 Minerals.

Geology

The Bielsdown Project is situated within the Coffs Harbour Block of the New England Orogen. The sediments of the Coffs Harbour Block comprise a thick turbidite sequence dominated by Late Carboniferous siltstones. The Brooklana Beds, a sequence of dominantly thin bedded siliceous mudstone and siltstone, and rare lithofeldspathic wacke, comprise the majority of the stratigraphy within the tenement. There is a small area of Moombil Siltstone in the southwest. A Tertiary basalt flow, which covers these older rocks, is also present in the southwest of the tenement (Figure 5).

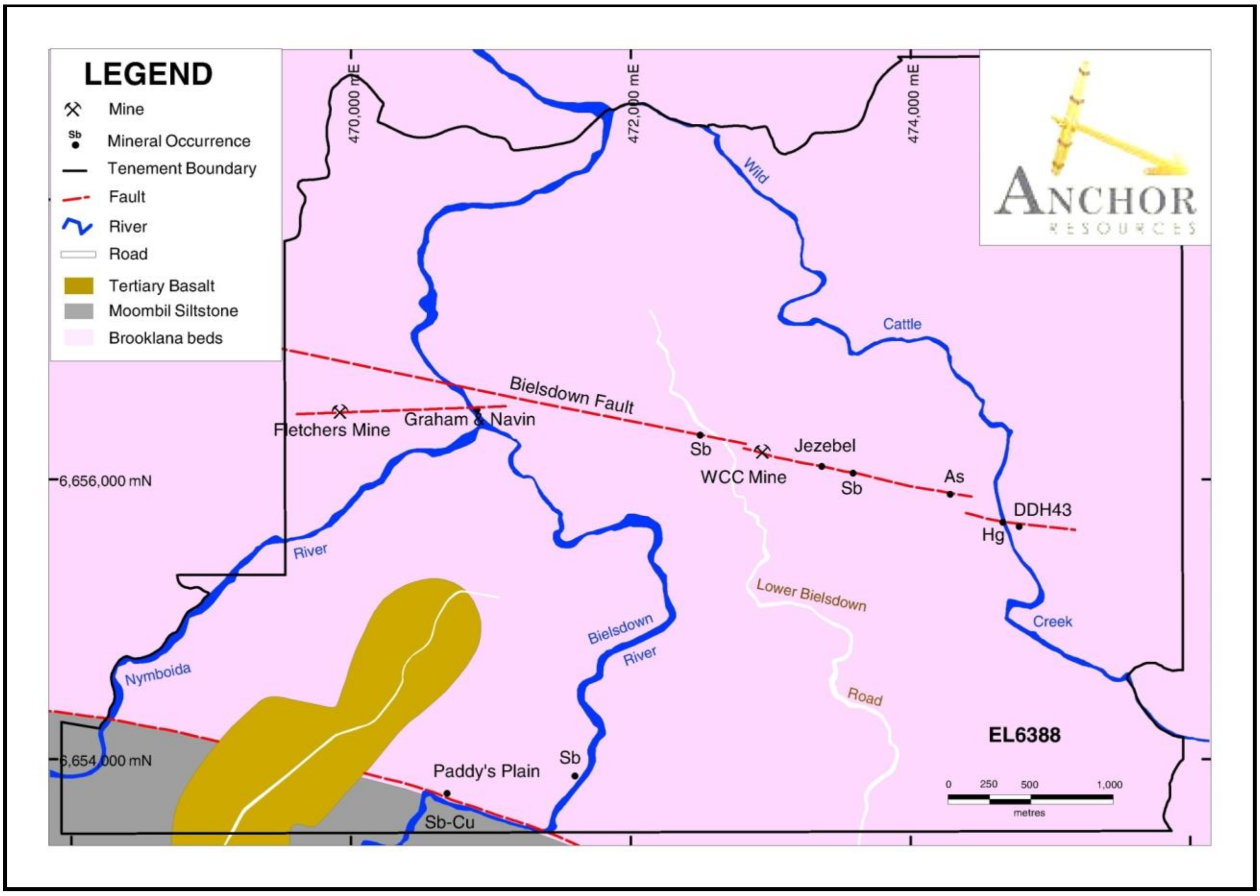

Figure 5 Bielsdown Project Geology

The regional strike of both bedding and cleavage in the Coffs Harbour Block is predominantly west-northwest and individual beds young consistently northward. These sediments have been multiply deformed, regionally metamorphosed up to biotite grade and intruded by several suites of granitoids and dykes of intermediate composition.

An east-west trending brittle-ductile fault, the Bielsdown Fault, traverses the tenement. It contains significant antimony mineralisation at the Wild Cattle Creek Mine. The antimony mineral stibnite has been identified in outcrop at six additional localities along this structure over a strike length of 4.4 km, along with occurrences of arsenic and mercury mineralisation. In addition to Wild Cattle Creek, antimony production is also recorded from Fletcher's Mine in the west of the tenement. The Wild Cattle Creek Deposit is enriched in antimony, tungsten, gold, arsenic, mercury, selenium and sulphur.

Exploration by Previous Holders

1890	First applications for a mining lease lodged.
1890-1892	Antimony ore mined from the Wild Cattle Creek Mine; 6 t of, presumably, hand-picked ore graded of 46% Sb.
1900	Shaft sunk to 60 ft (18.3 m).
1915	Shaft and underground development.
1926-1930	Adit and shaft development; discovery of gold and wolframite in 1927.

1928	Discovery of stibnite at Fletcher's Mine (Frypan Mine), 3 km west of Wild Cattle Creek. Production reported to be 1.5 t antimony.
1942	Shaft sunk to investigate wolframite mineralisation in quartz vein at Lone Pine Workings adjacent to Wild Cattle Creek Mine.
1964	Leases consolidated by Dundee Mines Limited.
1965	Dundee Mines drilled 35 diamond core drill-holes ("DDH") for 2488 m.
1965	Dundee Mines formed a joint venture with New Consolidated Goldfields. Goldfields completed 11 DDH for 2634 m, a resource estimation, and metallurgical testwork; but withdrew from the joint venture because the project did not meet the company's investment criteria.
1966	Dundee Mines commenced adit development with ore production totalling 6100 t averaging 4.4% Sb. 4 DDH holes drilled.
1965-1966	The current database contains 49 DDH for 5036 m.
1969	Australian Antimony Corporation NL ("AAC") listed on the Australian Stock Exchange and planned to develop a mine at the Wild Cattle Creek Antimony Deposit. Dundee Mines was the largest shareholder in AAC.
1970	AAC commenced extensive mine development, including a 4-compartment 3.66 m diameter shaft sunk to 165 m with 3 plats developed at 40 m levels and an adit driven west along the line of lode for 366 m. An adit was also driven 18.3m east from the gully. A crosscut was developed from the shaft to the west adit (1 Level) and crosscuts were reportedly developed to the lode on 2 and 3 Levels.
1971	Development suspended mid-year after $2M spent following public listing.
1973	Development resumed and 2110 t of ore produced from underground workings. AAC acquired Broken Hill Antimony NL and its processing plant at Urunga in October to treat ore from Wild Cattle Creek.
1974	Open cut mining commenced and Sb head grades dropped from >5% to about 2.4% Sb. The open cut was only developed to a depth of 7-10 m.
1975	AAC went into liquidation. Reported total ore production from underground and open cut workings was approximately 6500 t.
1986	Dundee Mines NL prepared a draft prospectus and attempted to form another public company without success.
1992	Allegiance Mining NL was granted EL 4221 and EL 4222 and acquired the Wild Cattle Creek Deposit.
1992-1998	Allegiance Mining acquired the Wild Cattle Creek Deposit with the intention of mining and processing 100,000 t of ore per annum averaging >3.5% Sb. It planned to use the ANTEC hydrometallurgical process developed by an Australian company, Hydromet Corporation, to produce antimony trioxide under licence, rather than selling a conventional flotation concentrate. Work included 25 pre-collared NQ DDHs for 1225 m, plus 35 shallow airtrac holes for 535 m, surface surveying, geotechnical studies,

mine planning, bulk sampling, metallurgical testwork, mill and mine tailings dam design work, and preparation of an environmental impact statement and a final feasibility study. Development was halted in 1996 when a commercial agreement between Allegiance Mining and Mineral Estates, the ANTEC process operators of the hydrometallurgical process, collapsed. No further work was undertaken on the property and the ground was relinquished.

Exploration by Anchor

2005	Anchor was granted EL 6388.
2007	Anchor completed a compilation of historical exploration data to provide a resource estimate for the Wild Cattle Creek Deposit reported in accordance with the 2004 JORC Code.
2009	Anchor conducted exploration on the project which included the initial drilling of 10 additional DDHs, some of which consisted of Reverse Circulation ("RC") pre-collars and diamond tails. Anchor also undertook limited re-sampling of Dundee core stored at the NSW DPI Core Library at Londonderry over sections not previously sampled by Dundee.
2009	SRK Consulting (Australasia) Pty Ltd ("SRK") reported a resource estimate for the Wild Cattle Creek Deposit in accordance with the 2004 JORC Code.
2010	Anchor drilled 13 drill-holes for 2223 m. The programme comprised 1214 m of HQ3 diamond core and 1009 m of RC.
2010	SRK reported a revised resource estimate for the Wild Cattle Creek Deposit in accordance with the 2004 JORC Code.
2011	SRK reported a Scoping Study into the mining of the Wild Cattle Creek Deposit.
2012	Exploration at EL 6388 was suspended pending the satisfaction of a Notice to Rehabilitate issued by the Regulator in January 2012 regarding drill sites it had created during the 2009 and 2010 drilling programs. To enable access for rehabilitation, a Land Access Arrangement was obtained by Anchor following an arbitration carried out as provided for under the Mines Act 1992. That Land Access Arrangement was obtained on 29th March 2016 and gave Anchor rights of entry to the property in two stages, firstly to carry out the rehabilitation and, once that is approved by the Regulator, access for exploration. Despite the Land Access Arrangement, Anchor has not been able to access the site and has not been able to carry out any additional rehabilitation. The current status is that the Regulator has carried out an inspection and determined that the Penalty Notice has been satisfied and the rehabilitation is satisfactory. Anchor applied for sign off by the Regulator and Anchor was advised on 13th March 2019 that "The review has determined that the rehabilitation works ……. are to the satisfaction of the Minister for Resources". Despite this determination, the current arbitrated Land Access Arrangement expires on 29th March 2019 and will then need to be renewed.

2013 SRK reported its 2011 revised resource estimate for the Wild Cattle Creek Deposit in accordance with the 2012 JORC Code.

Wild Cattle Creek Deposit

The Wild Cattle Creek Antimony Deposit lies within the central segment of the Bielsdown Fault, a strike-slip fault that strikes 103˚, dips southerly at ~85˚ in the deposit area, and is intermittently traceable for in excess of 4 – 5.5 km.

The fault can be broadly subdivided into two types of breccia; a generally incohesive monolithic breccia, which is marginal to a central cemented polymictic breccia. The monolithic breccia consists of fragments of meta-argillite wallrock and a wallrock matrix. It is not usually strongly mineralised. In contrast, the cemented breccia is generally cohesive and consists of clasts of vein quartz and meta-argillite wallrock with a quartz-sulphide cement and is host to the strongest stibnite mineralisation. In some areas a “crackle” or “mosaic” breccia is developed in wallrock along the bounding margin of the fault zone.

Stibnite and wolframite-scheelite mineralisation occur in a variety of styles in a generally symmetrical, concentric halo straddling the regional fault (Figure 6). Stibnite is concentrated within the core of the mineralisation system while wolframite and scheelite are peripheral to stibnite.

Higher-grade stibnite mineralisation is hosted by the cemented breccia, which varies in true width from 1.0 m to 2.5 m and averages approximately 2 m in width. It plunges at about 25° to the west (Figure 7).

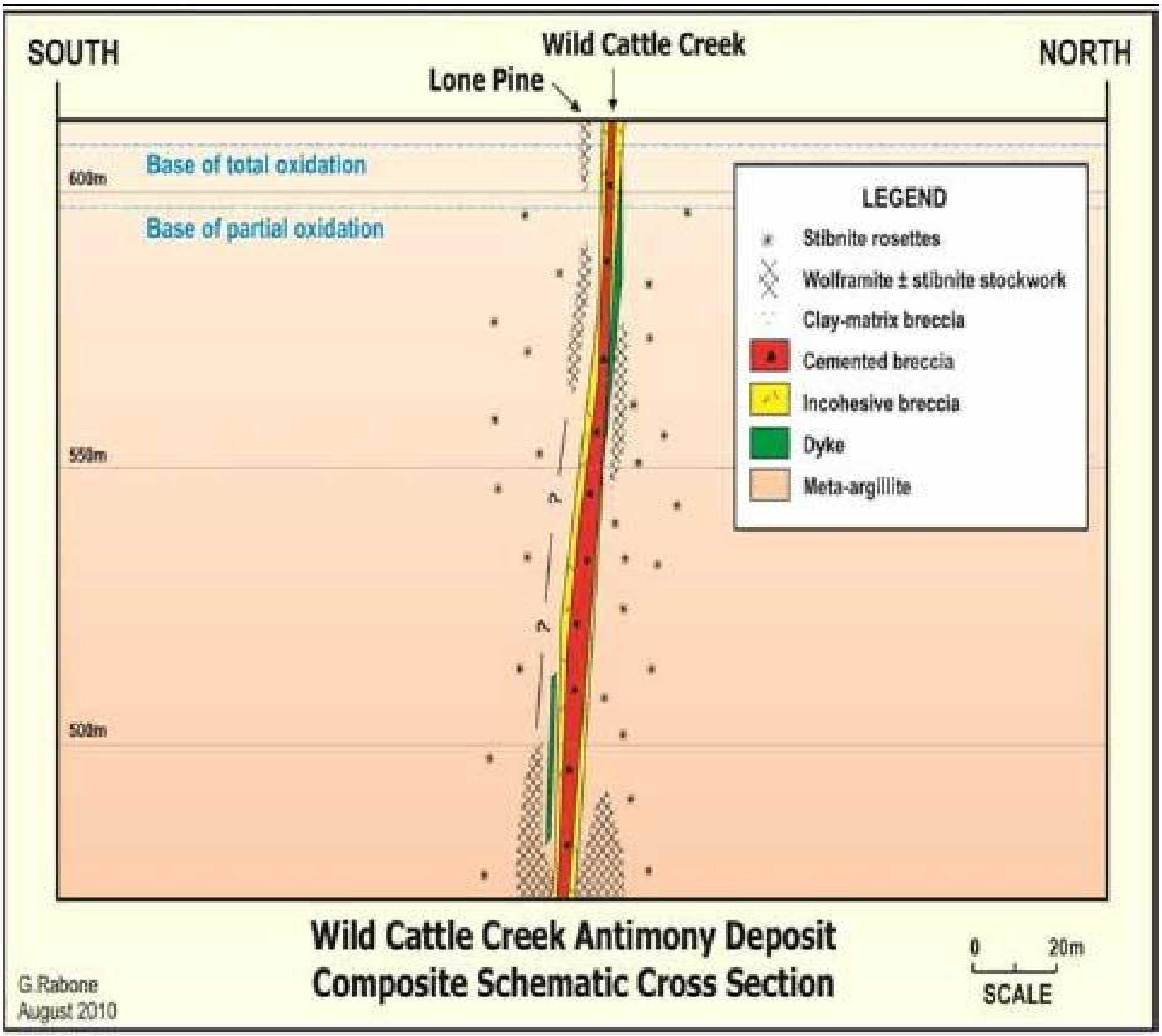

Figure 6 Wild Cattle Creek Deposit – Schematic Cross-section

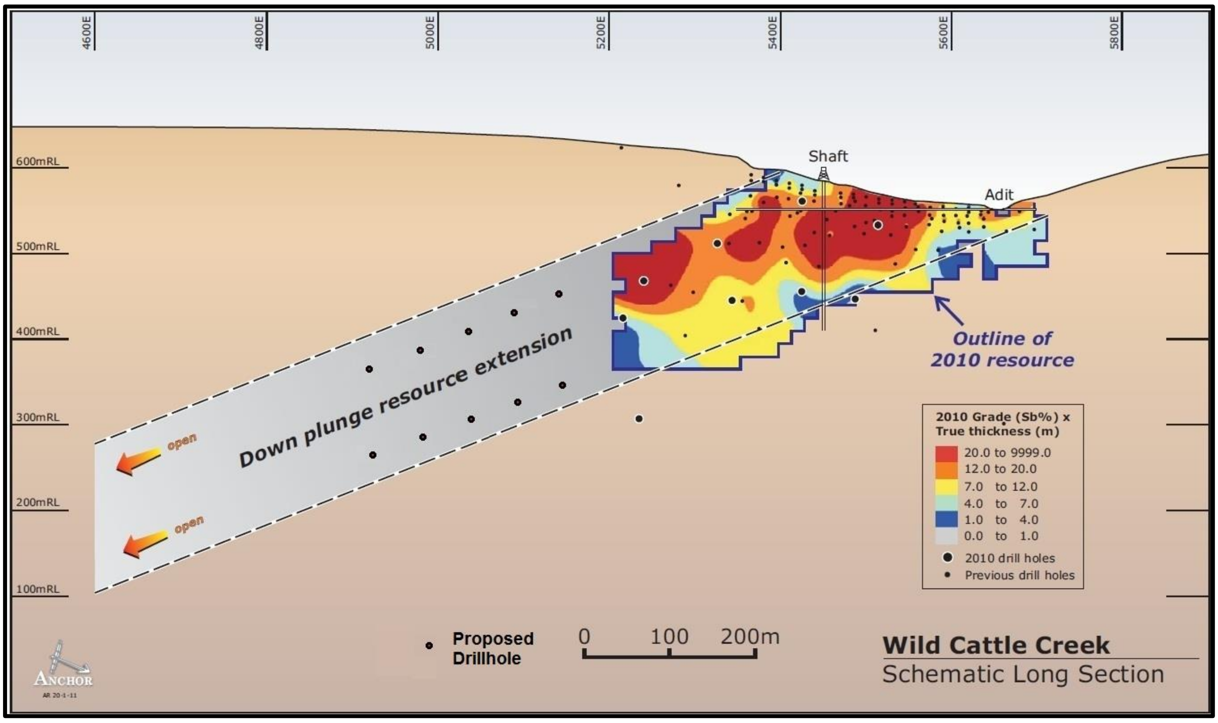

Figure 7 Wild Cattle Creek Long Section - colour coded by Sb% x width

Resource Estimates

Various resource estimates of the Wild Cattle Creek Deposit were undertaken between 1965 and 1997. Anchor commissioned estimates in 2007 and 2009 and, following Anchor's 2010 drilling, SRK carried out an estimate for Anchor that was based on 130 surface diamond and percussion drill holes and 43 underground drive face samples. The surface diamond and percussion drill holes totalled 10,710 m. This resource was originally publicly announced in December 2010 under the 2004 JORC code. In 2013 SRK reported the resources in a revised and expanded memo written in accordance with the 2012 JORC code (Sheerin, 2013). SRK's resource statement is presented in Table 4

Table 4 Mineral Resource Statement for Wild Cattle Creek Deposit – September 2013

Category	Tonnage (kt)	Sb Grade (%)	Au Grade (g/t)	W Grade (g/t)	Sb Metal (t)
Indicated	340	3.06	0.31	278	10,300
Inferred	270	1.94	0.33	259	5,300

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

Scoping Study

Anchor released SRK's Scoping Study results via 24 February 2011 announcement, the introductory page of which is reproduced below.

Anchor Resources (ASX code: AHR) is pleased to announce that it has successfully completed a scoping study evaluation of the Wild Cattle Creek antimony (Sb) deposit which forms part of its 100% owned Bielsdown project (EL 6388) in northeastern NSW. Positive financial returns are achievable from the project, and will be significantly enhanced if the forthcoming 2011 exploration program (as outlined in a release dated 28 January 2011) delineates additional high grade resources.

The company utilised independent international mining industry consultant, SRK Consulting, for the resource estimation, and high level mining and financial components of the scoping study. Core Process Engineering provided independent support for the metallurgical components used in the study. Results and conclusions from the resource estimation phase were released to the market on 9 December 2010 outlining an Indicated and Inferred resource containing over 600,000 tonnes at 2.56% antimony[1].

Scoping Study Outcomes

A broad range of mining and processing alternatives, and commodity price scenarios, were considered in the scoping evaluation – centred on a base case operating scale of 150,000tpa and antimony price of US$12,000/tonne (current spot price US$14,200/tonne). The scoping study indicates that:

- ✓ **Mining options** - The optimal mining schedule for existing resources comprises open cut extraction of shallow mineralisation, followed by underground extraction of deeper resources.
- ✓ **Product quality** - A marketable antimony product can be produced from Wild Cattle Creek mineralisation by conventional flotation technology, with processing recoveries of +90% and a concentrate grade of +60% Sb likely to be achievable.
- ✓ **Upside potential** - The potential financial returns from the project will be significantly enhanced by delineation of additional high grade mineralisation – with down plunge extensions and a parallel high grade antimony-tungsten zone to be tested in the 2011 exploration program (see related release dated 28 January 2011).
- ✓ **By-product credits** - Additional metallurgical evaluation is required to optimise by-product (tungsten and gold) recoveries and suppress deleterious minerals (mercury and arsenic), with treatment strategies to be refined once further exploration provides a better understanding of their geological distribution.

Project economics will benefit from existing on-site infrastructure such as grid power to the old mine site and sealed roads to the property gate.

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[1] *Classified according to JORC (2004) guidelines, using a cutoff grade of 1.0% antimony*

The antimony price has been relatively steady since late-2016 at around US$8000. Figure 8 displays Metal Prices Bulletin average monthly antimony metal price per metric ton CIF USA from Jan 2009 to February 2019.

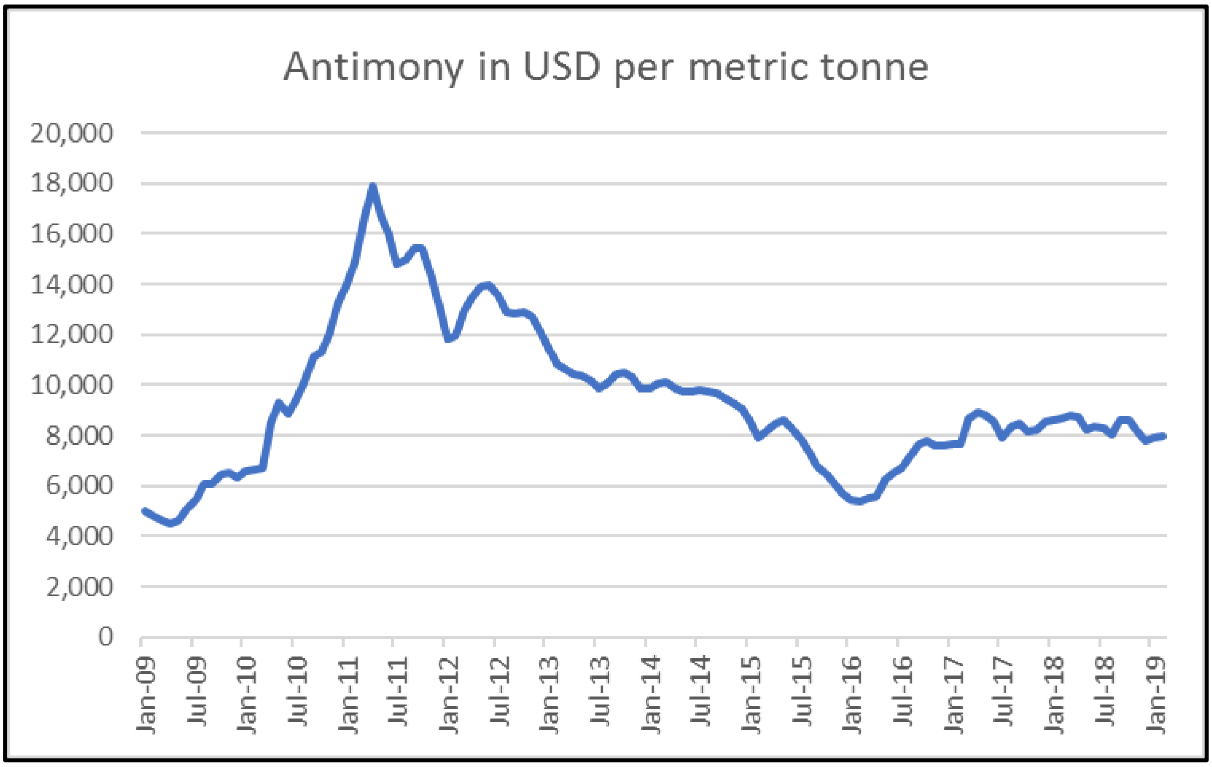

Figure 8 Antimony Price Graph

Merit

It is the Competent Person's view that the tenement contains a potentially economic deposit of antimony and associated metals, which is worthy of further exploration, both near surface and down plunge. Other targets within the tenement are also worthy of further exploration.

WALSH RIVER PROJECT

Description

Anchor's Walsh River Project Mineral Asset comprises the granted EPM 25958, situated near Chillagoe, which is about 200 km by road to the west of Cairns, North Queensland (Figure 9).

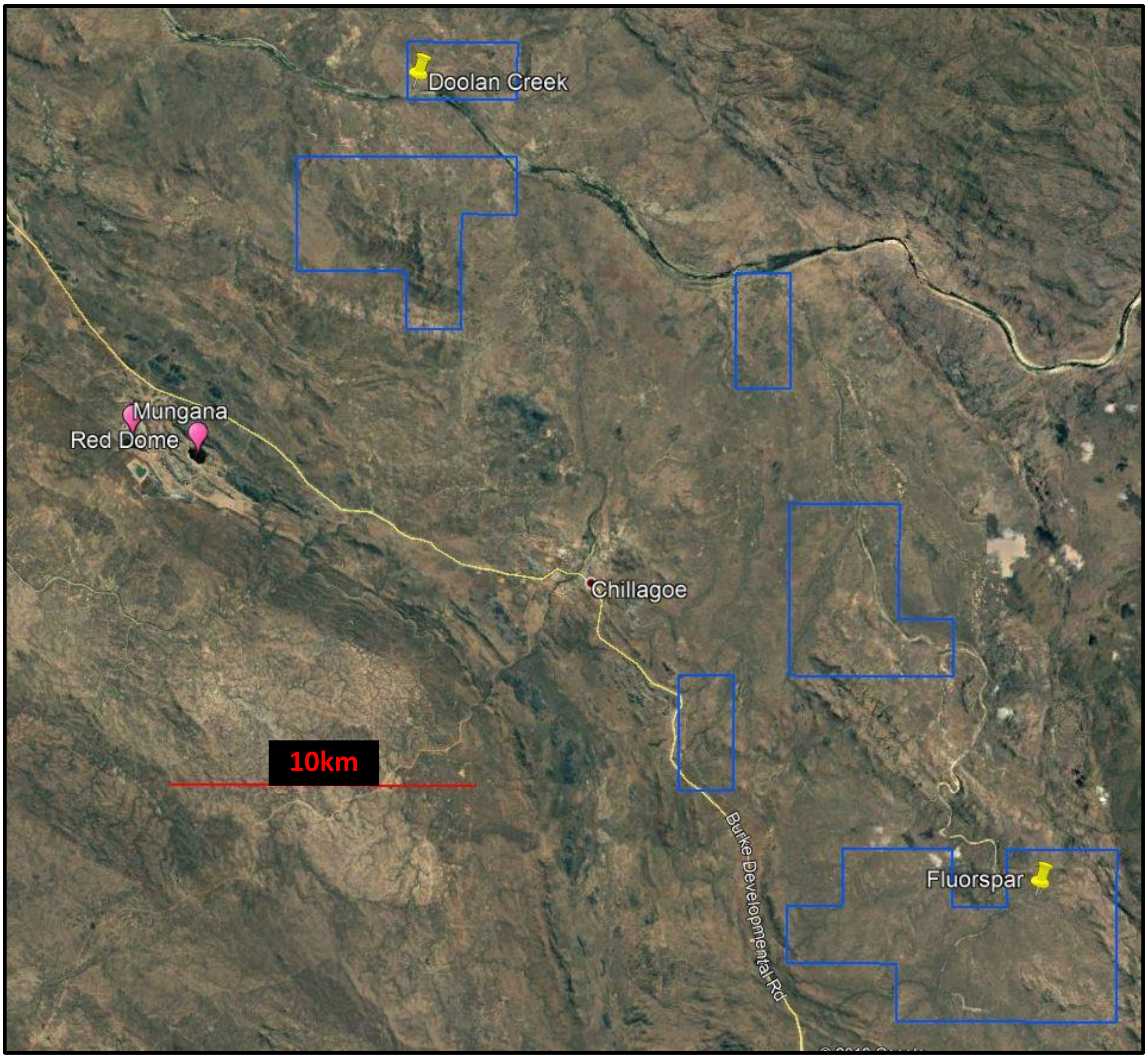

Figure 9 Walsh River Project tenement blocks on Google Earth Image

Tenure and Status

Anchor's Walsh River Project Mineral Asset comprises one granted Exploration Permit for Minerals other than Coal ("EPM"), EPM 25958, granted to Sandy Resources Pty Ltd ("Sandy Resources"), a wholly owned subsidiary of Anchor. Details of the tenure are shown in Table 5.

Table 5 Walsh River Project Tenure

Tenement	Name	Holder	Grant	Expiry	Subblocks	Area (km^2)	Sandy Resources Expenditure ($K)
EPM 25958	Walsh River	Sandy Resources	12/07/2015	12/06/2020	35	114	421

Geology and Mineralisation

EPM 25958 is located within the middle to late Palaeozoic Hodgkinson Province of the Tasman Orogen. The Hodgkinson Province consists of early to middle Palaeozoic turbiditic fine- to coarse- grained greywacke and siliciclastics with subordinate limestone, conglomerate, chert and mafic volcanics. Widespread Late Palaeozoic magmatism in the region resulted in a suite of dominantly felsic intrusive and eruptive co-magmatic continental silicic volcanic rocks in roughly equal proportions. They are part of the Kennedy Igneous Province (the North Queensland Volcanic and Plutonic Province) and are associated with a great variety of types and styles of mineralisation.

Figure 9 is a geological map of the general project area, with various mineral occurrences shown.

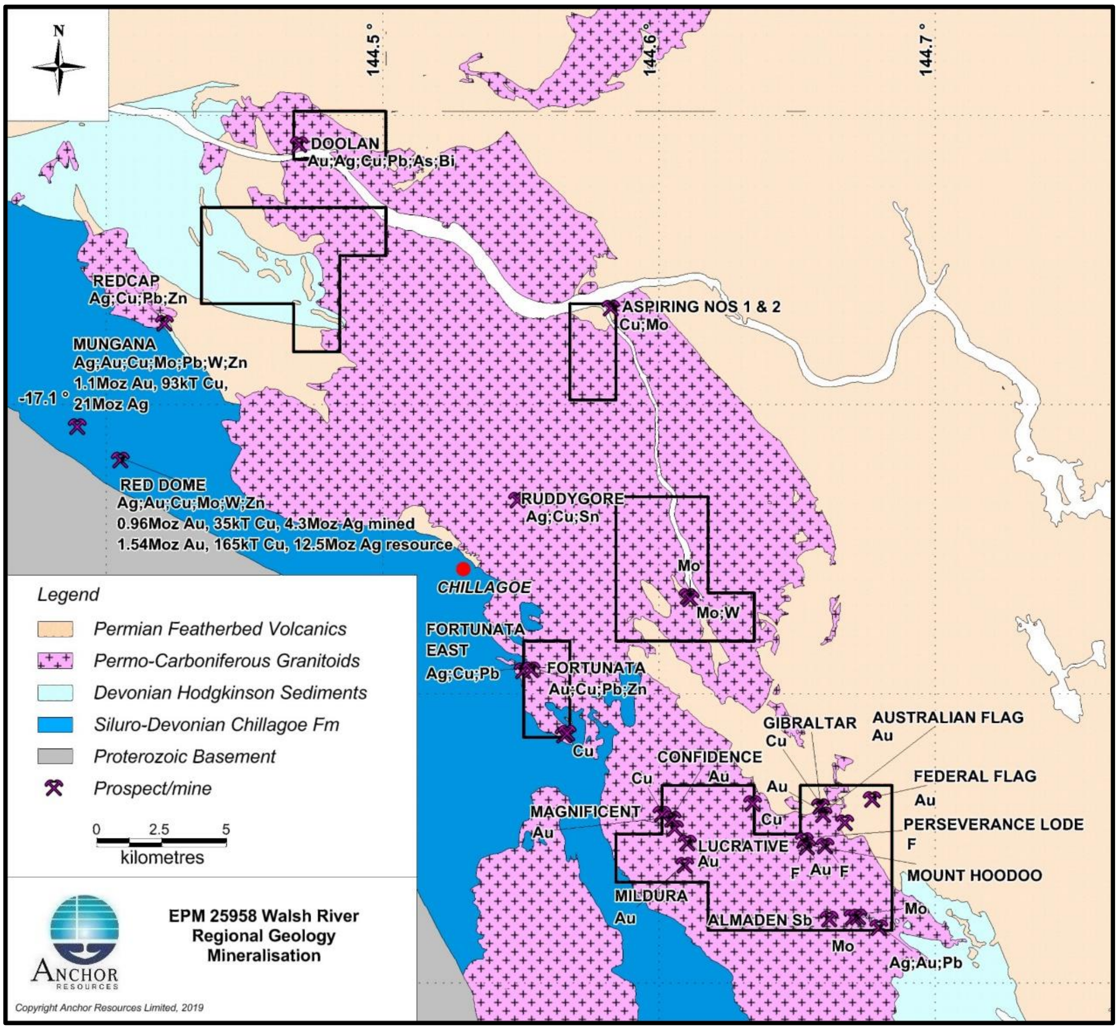

Figure 10 Walsh River Project - Geology and Mineralisation

The most significant mines in the region were the adjacent Red Dome and Mungana gold-copper mines. Red Dome operated as an open-cut from 1986 until 1997 (0.96 Moz gold, 35,000 t copper and 4.3 Moz silver produced; plus a remaining global resource of 1.54 Moz gold, 165,000 t copper and 12.5 Moz silver). Following the closure of the Red Dome operation in 1997, Kagara Ltd acquired the Red Dome leases in 2003 and commenced exploration beneath the pit; and along strike at Mungana. In 2006 Kagara commenced decline access at Mungana with ore production commencing in 2008. The mine closed in 2012. In 2010 Mungana Goldmines reported a global endowment of 1.1 Moz gold, 93,000 t copper and 21 Moz silver at Mungana.

The Red Dome mineralisation is hosted by porphyry, breccia, skarn and sandstone rock units. Mineral deposits in this province are frequently associated with strongly fractionated granitic rocks and structurally controlled high level breccia pipes which are commonly the focus of mineralisation.

Mineralisation is widespread and diverse throughout the tenement area, with 26 mineral occurrences recognized comprising gold, copper, lead, silver, molybdenum, tungsten, antimony, uranium and fluorite, mostly located in the southern portions of EPM 25958 (Figure 11). The prospecting operations consist of small pits and shafts. Little production is recorded, with the largest deposit being the Perseverance Lode near Fluorspar with production of 9271 t of fluorite between 1924 and 1928. This deposit is notable as the only substantial fluorite lode associated with gold mineralization in the district. Anchor geologists have interpreted the mineralisation in this area as being indicative of the presence of an epithermal system that may contain extensive relatively near surface gold mineralisation.

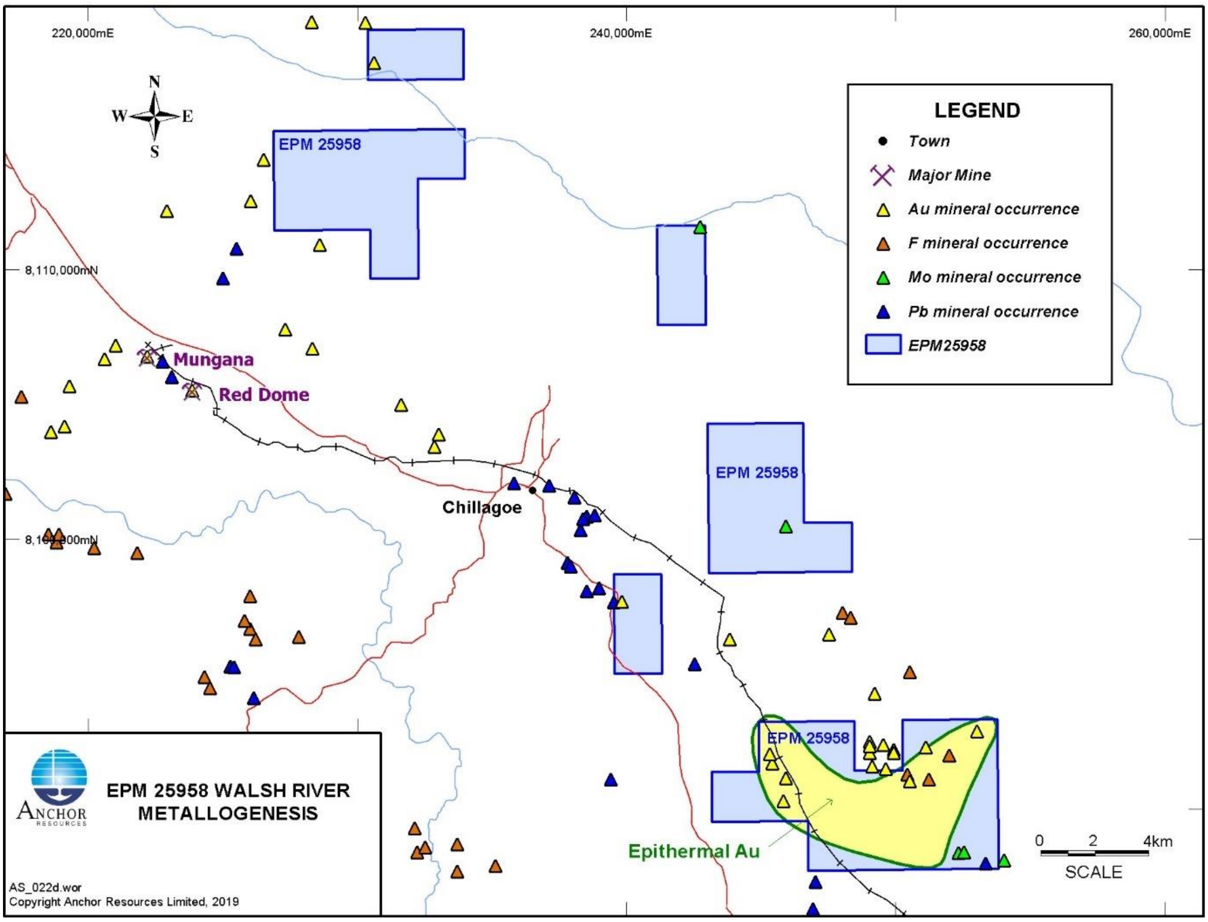

Figure 11 Walsh River Project - Regional Mineralisation

Exploration by Previous Holders

A number of companies have completed exploration for uranium, gold, and base metals within the area, including PNC Exploration (Australia) Pty Ltd, Afmeco Pty Ltd and CEGB Exploration (Australia) Pty Ltd. Other companies, including but not limited to, BHP Minerals, CRA Exploration Limited, Noranda Australia Pty Ltd and Samedan of Australia, have periodically investigated the copper, molybdenum, gold and tin potential of the area.

Most of the known mineralised prospects and anomalies were located by previous explorers. The mineralisation has not undergone any significant evaluation or testing since the initial early prospecting operations.

Limited stratigraphic drilling was conducted by the Geological Survey of Queensland within the southern portion of the EPM.

Exploration by Sandy Resources

2016	EPM 25958 was granted in July 2015 to Sandy Resources, which carried out desktop studies, field reconnaissance, collected and analysed 26 rock-chip samples, and analysed soil samples by portable XRF at 23 locations during the initial tenement year.
2017	Sandy Resources carried out desktop studies, field mapping, collected and analysed 208 rock-chip samples, and analysed soil samples by pXRF at 188 locations. It located significant greisen mineralisation in the vicinity of Doolan Creek in the northwest of

the tenement (Figures 12 and 13).

2018 Sandy Resources carried out desktop studies and planned a drilling programme in the Fluorspar area (Figure 14). The tenement was reduced from 58 to 35 sub-blocks by the relinquishment of the less prospective areas.

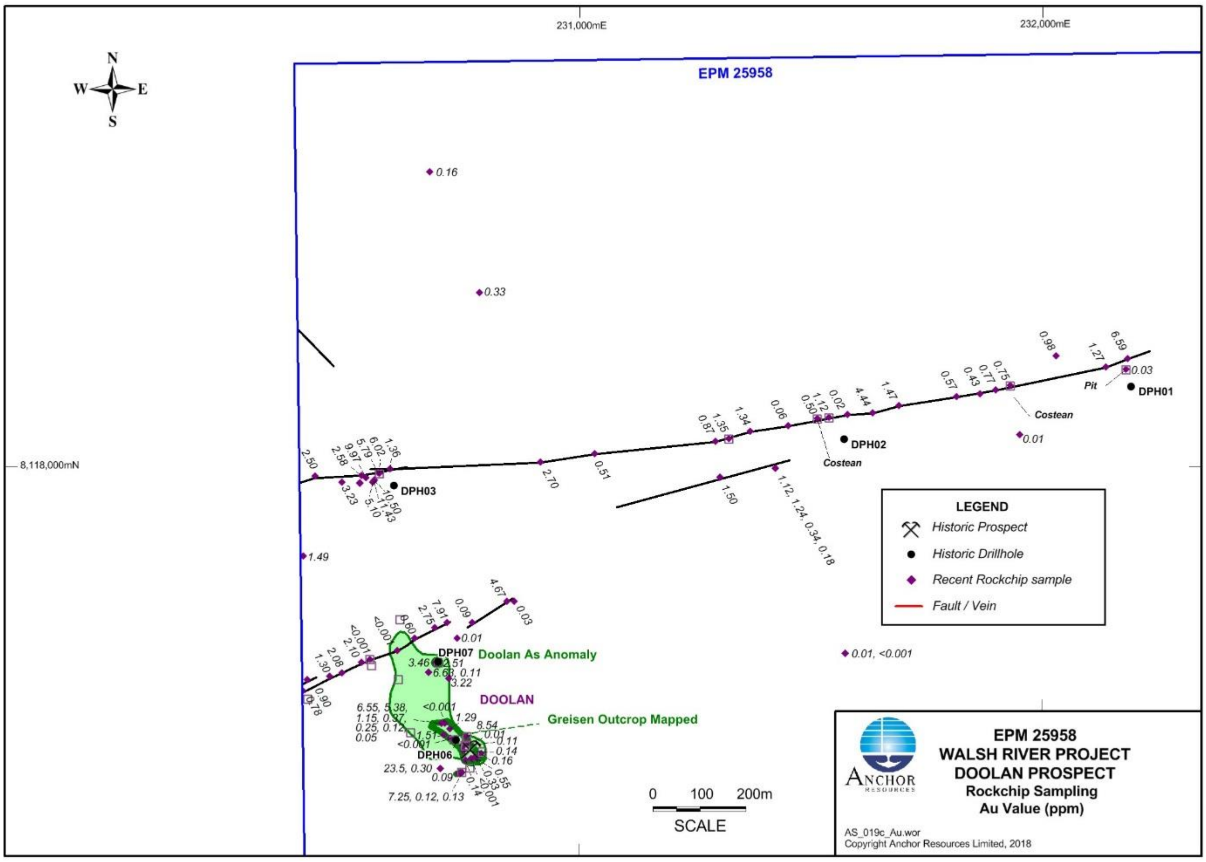

Figure 12 Doolan Prospect – Exploration Results (from Anchor 2018 Annual Report)

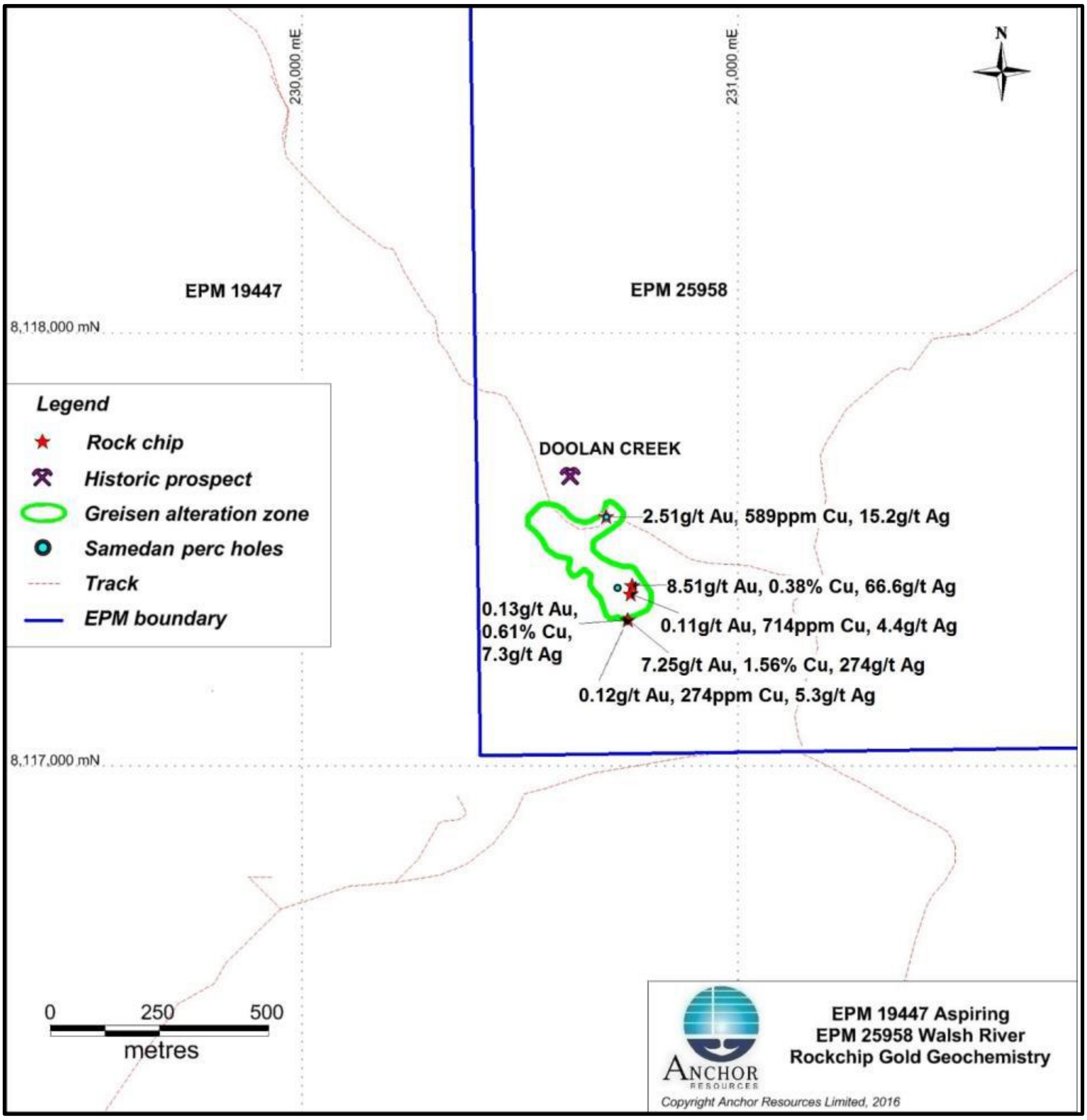

Figure 13 Doolan Prospect – Rock-chip gold assays (from EPM 25958 Annual Report for 2015-2016)

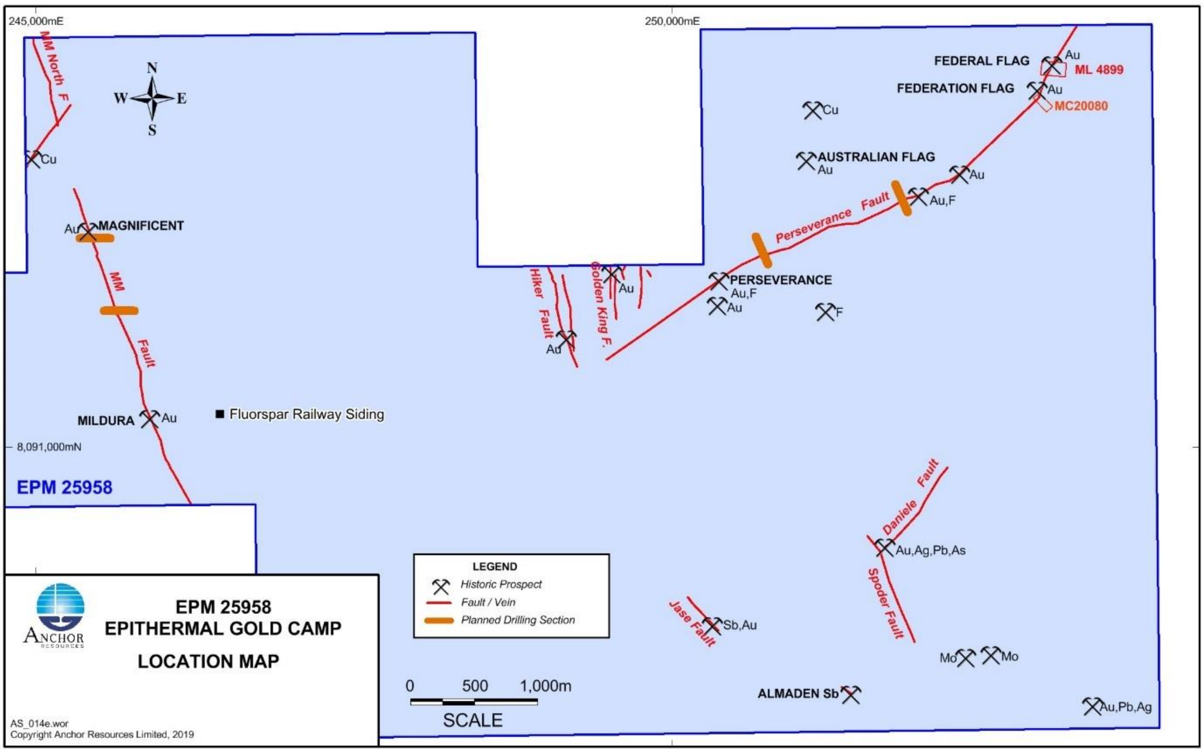

Figure 14 Fluorspar Prospect – Mineralisation and Structure (after Anchor 2018 Annual Report)

Merit

It is the Competent Person's view that the tenement is worthy of further exploration.

BLICKS PROJECT

Description

Anchor's Blicks Project Mineral Asset comprises two granted ELs, 6465 and 8100, centred about 25km northwest of Dorrigo, in northeastern NSW (Figure 14).

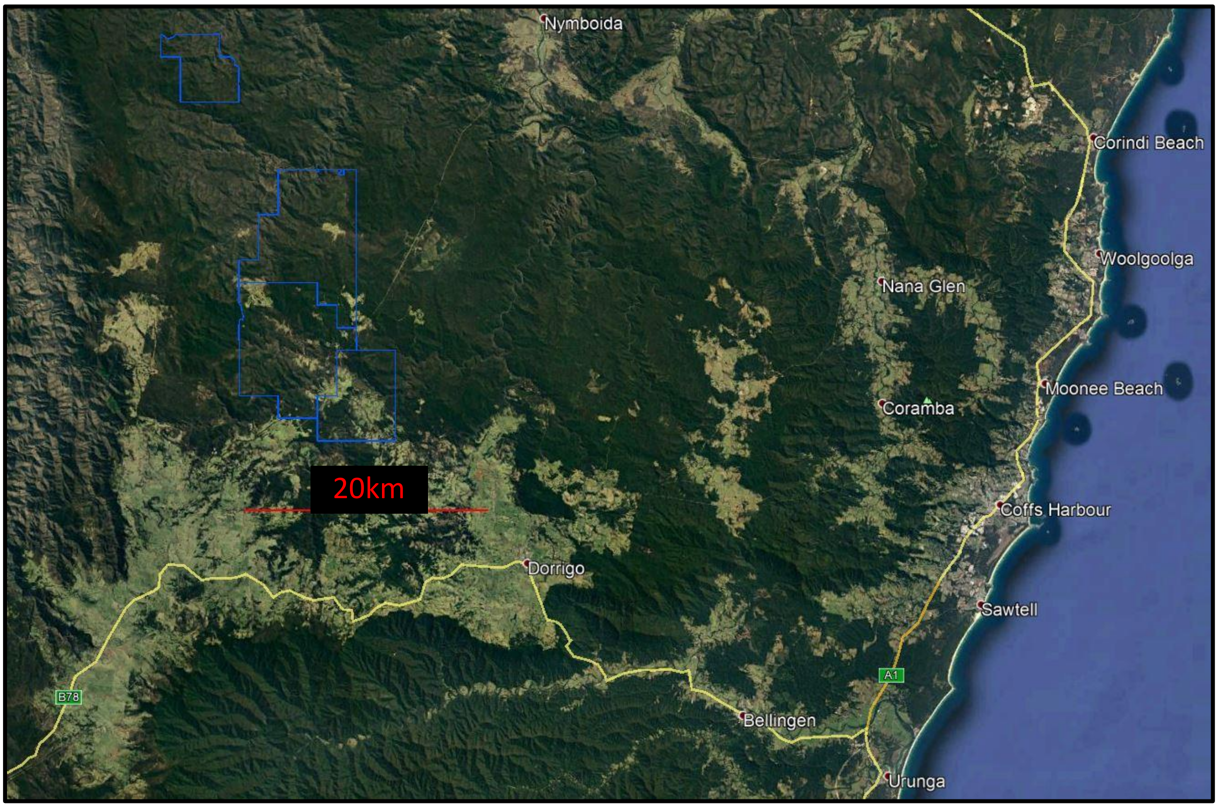

Figure 15 Blicks Project Location on Google Earth Image

Tenure and Status

Anchor's Blicks Project Mineral Asset comprises two granted ELs, 6465 and 8100, held by Scorpio. The licences are for Group 1 Minerals. Details of the tenure are shown in Table 6.

Table 6 Blicks Project Tenure

Tenement	Name	Holder	Grant	Expiry	Units	Area (km^2)	Scorpio Expenditure ($K)
EL 6465	Blicks	Scorpio	29/09/2005	29/09/2019	27	80	4788
EL 8100	Blicks Extended	Scorpio	11/06/2013	11/09/2019	50	148	595

Geology

The Blicks Project is located in the Southern New England Orogen. It covers a significant polymetallic mineral district and incorporates a variety of styles of mineralisation, including intrusion-related gold, granite-related chalcophile copper-molybdenum and molybdenum-tungsten, orogenic gold, and orogenic antimony (Figure 15). The project's main prospects are Tyringham (intrusion-related gold system), Tuting (granite-related molybdenum-tungsten), Liberty (granite-related copper-molybdenum) and Navin (granite-related polymetallic). These prospects are located within the "Tyringham Corridor", a northeast trending zone hosting five mineralised centres and a series of granitic intrusions.

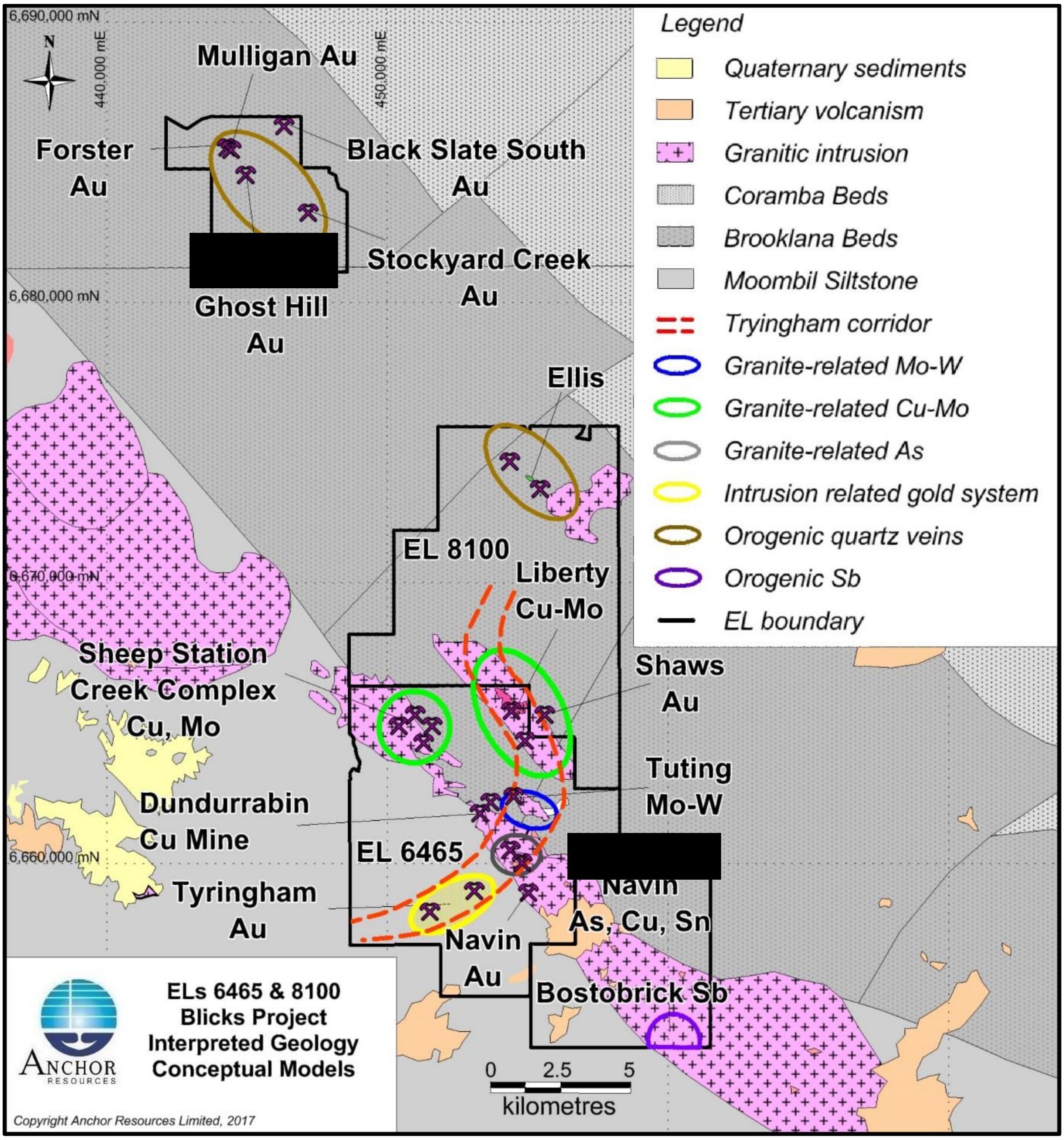

Figure 16 Blicks Project - Geology and Interpreted Metallogenesis (from Rabone, 2017)

The following description of the local geology is taken from Rabone (2017).

The "Tyringham Corridor" is underlain by sedimentary rocks intruded by numerous intrusion bodies of complex architecture. The area is divided into five domains, from north to south respectively:

1. Tuting biotite monzogranite (~250 Ma), intruding into turbiditic sedimentary rocks of the Brooklana Beds. This domain is terminated by the Neaves Fault to the south;
2. The Navin Intrusive Complex (285 Ma) comprising multiple intrusions including fine, medium and coarse-grained varieties of rocks resembling the Dundurrabin Granodiorite,

porphyritic Dundurrabin Granodiorite and the Junction Hill micromonzogranite. This Complex is bound to the west by the Charon Creek Diorite (295 Ma), to the north by the Neaves Fault, and to the south and west by the Chaelundi Fault. The Navin Intrusive Complex is anomalous in As, Cu, Sn, Bi, Pb, Ag and lies within the northwestern end of the Dundurrabin Granodiorite;

3. A package of deformed biotite rich quartzo-feldspathic sediments to the west of the Dundurrabin Granodiorite (possibly Girrakool Beds or Coramba Beds). These may be higher grade metamorphosed sediments and may represent a tectonically emplaced basement high. These rocks are separated from the Dundurrabin Granodiorite by the Chaelundi Fault to the east, and the Four Mile Creek Fault juxtaposes these rocks and the Moombil Siltstone to the south;
4. The Moombil Siltstone (330 Ma?), black argillite and shale, hosting the Mobile Hill granodiorite (237.5 Ma) and Tyringham East Intrusive Complex, including Tyringham East Granodiorite (235 Ma), Rhyodacite Porphyry and Breccia; and,
5. The Tyringham West area, which is a greywacke sequence within the Moombil Siltstone, with thick beds of siltstone, sandstone, greywacke, quartzite and conglomerate, probably underlain by a mineralised intrusion.

Exploration by Previous Holders

Pre 2006 EL 6465 was granted to Andromeda Ventures Ltd ("Andromeda") in September 2005. Andromeda's 2006 Annual Exploration Report stated that:

- … there have been several small mines in the past. These variously recovered trivial amounts of gold, copper, molybdenum, bismuth and arsenic. The most notable mine has been the Dundurrabin Copper Mine, worked mainly in the late thirties, but the production is unrecorded; and that
- The area has seen several exploration programs. The earlier ones concentrated on base metals, but the more recent targeted gold. The programs involved geological mapping, geochemistry and various geophysical techniques. They included considerable airborne geophysical coverage of radiometrics and magnetics. This is additional to modern Government airborne coverage. The most recent program previous to Andromeda, utilised geological, geochemical and geophysical techniques which to give (sic) drill targets that yielded significant, but sub-economic, intersections of gold mineralization.

2006 Andromeda carried out desktop reviews of the previous geological and geophysical work.

Exploration by Scorpio

2007 Scorpio acquired EL 6465 from Andromeda. Scorpio carried out desktop studies, geophysical interpretation, re-logging and re-sampling of drill core, field reconnaissance, landholder liaison and an environmental review.

2008	Scorpio completed the environmental review and a heritage survey. It carried out a ground magnetic survey and geological mapping. It collected 483 soil samples and drilled seven RC holes for 1175 m.
2009	Scorpio completed drill site and accessway rehabilitation.
2010	Scorpio carried out desktop studies and minor assaying.
2011	Scorpio carried out desktop studies and a water quality monitoring survey. It drilled one DDH for 465m.
2012	Scorpio carried out ongoing water quality monitoring, drilled a second DDH to a depth of 477 m, and collected 317 soil samples and three BLEG samples.
2013	Scorpio carried out various studies, including a heli-mag interpretation, and collected 819 soil samples.
2014	Within EL 6465, Scorpio carried out various studies, petrography and age-dating, collected 953 soil samples, and drilled five DDH for 1680 m.
	EL 8100 was granted to Scorpio in June 2013. In its first year Scorpio carried out a review and reprocessing of aeromagnetic data, a structural analysis, and regional geological mapping.
	Work by previous explorers over the tenement area included a stream sediment survey, ground magnetics, IP surveys, soil sampling, rock chip sampling, and 13 percussion holes.
2015	Within EL 6465, Scorpio collected 263 soil samples and carried out mapping and prospecting.
	Within EL 8100, Scorpio collected 117 soil samples, 11 BLEG samples, 17 rock samples, and carried out other studies including magnetic interpretation.
2016	Within EL 6465, Scorpio collected 211 soil samples and carried out aeromagnetic interpretation.
	Within EL 8100, Scorpio collected 46 soil samples and 71 rock samples, and carried out prospecting and a petrological study.
2017 and 2018	Scorpio carried out desktop studies.

Compilations of geological and geochemical work carried out over the Tyringham Corridor are shown in Figures 17, 18, and 19.

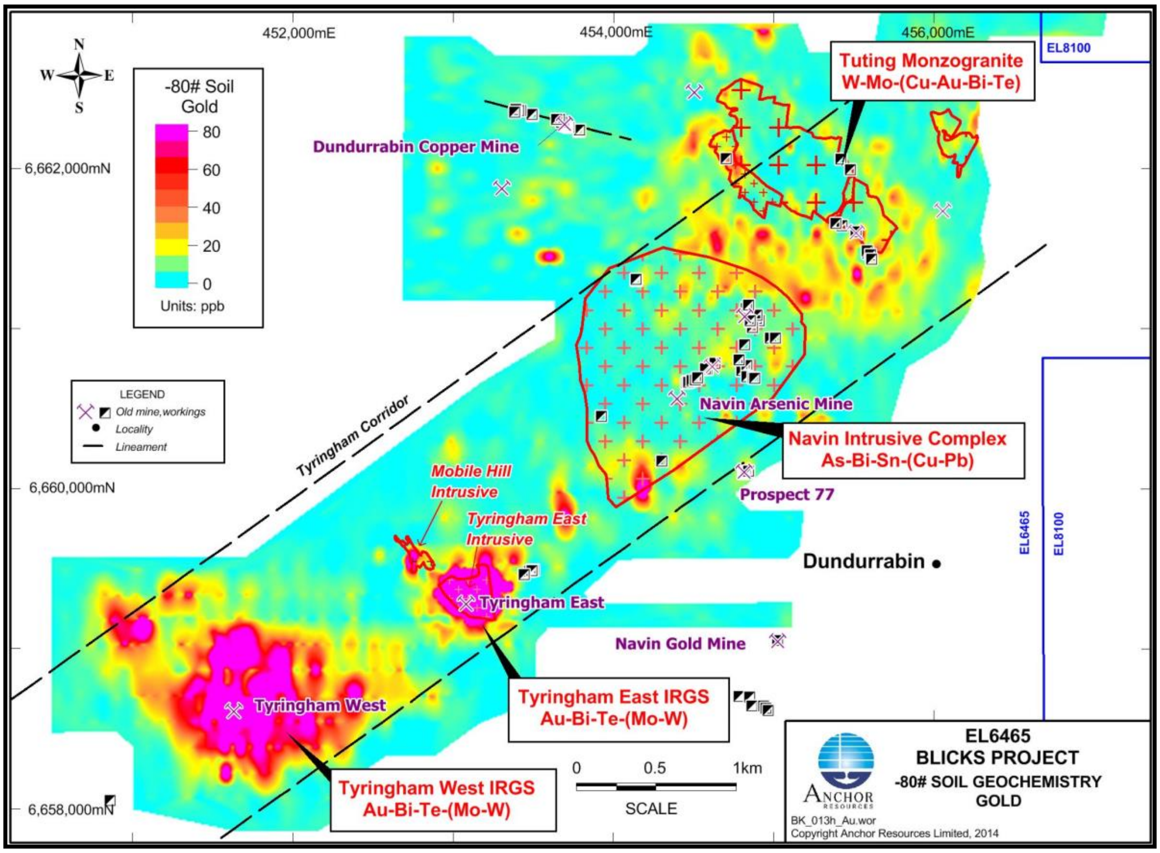

Figure 17 Tyringham Corridor – Gold in Soil (from Rabone, 2017)

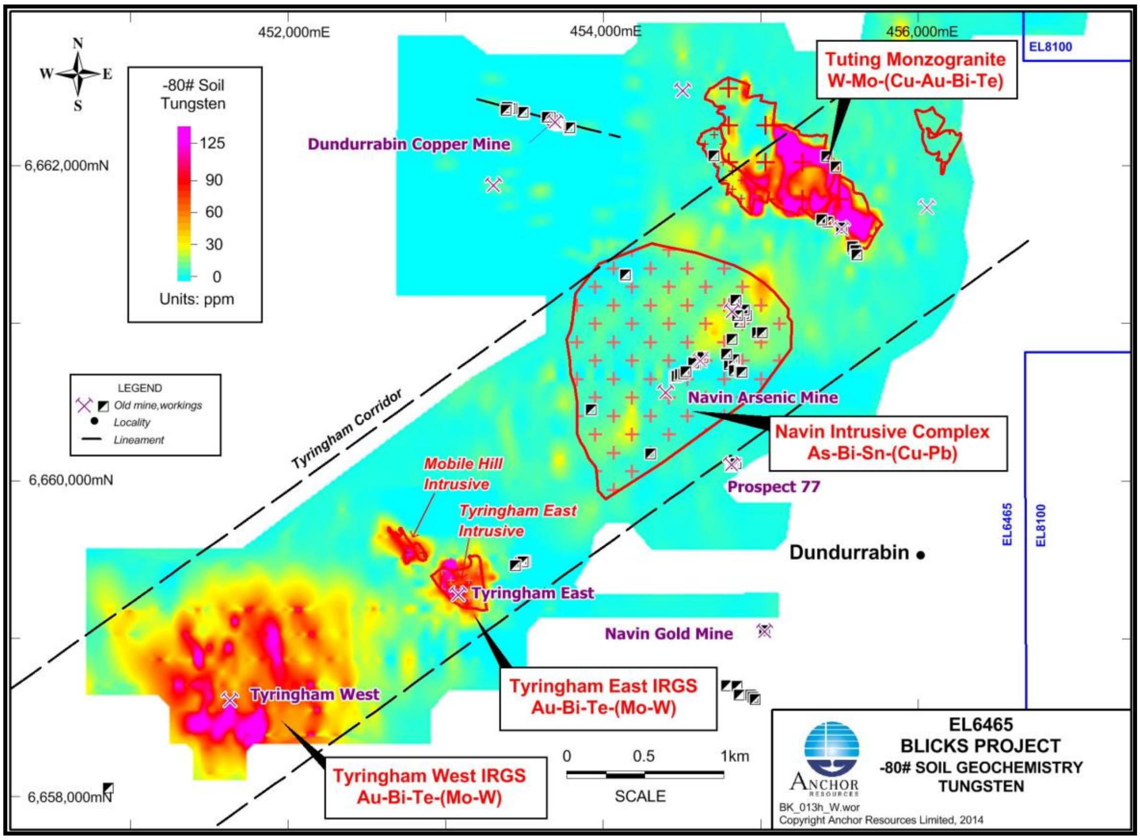

Figure 18 Tyringham Corridor – Tungsten in Soil (from Rabone, 2017)

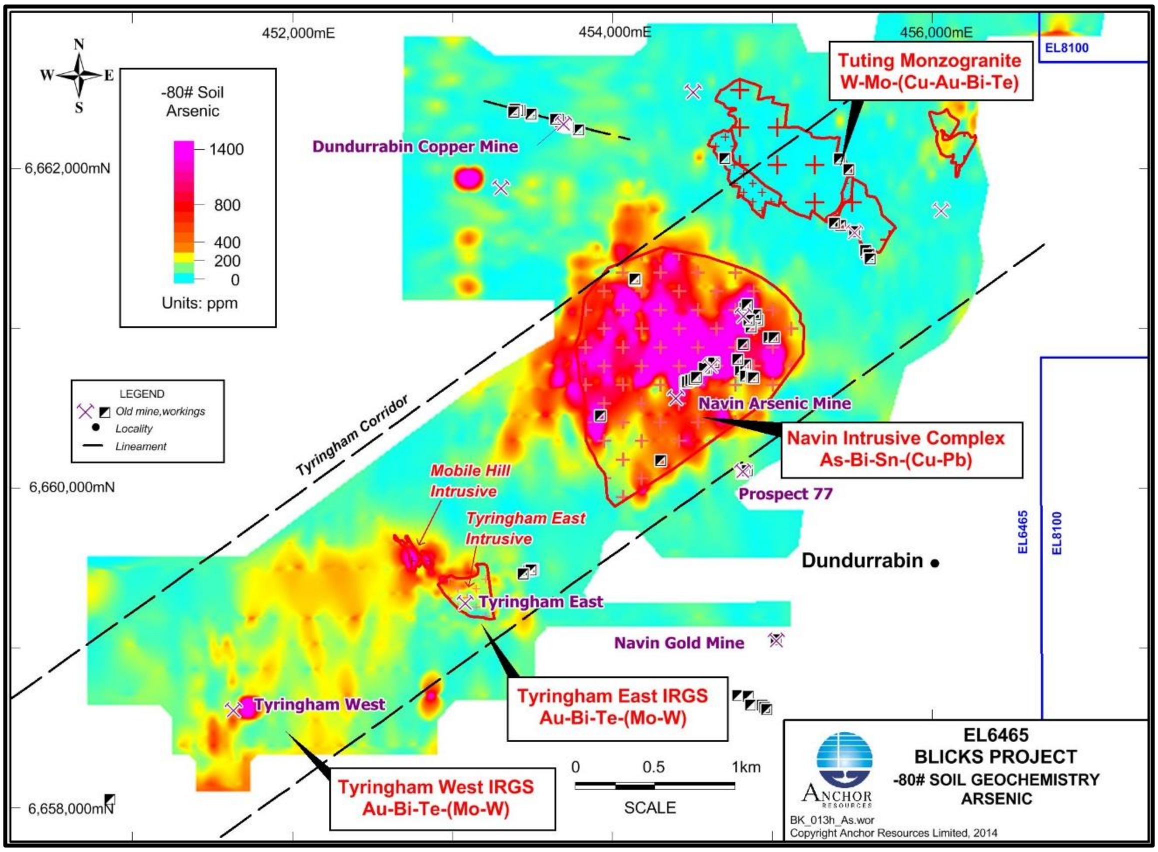

Figure 19 Tyringham Corridor – Arsenic in Soil (from Rabone, 2017)

Merit

It is the Competent Person’s view that the tenements are worthy of further exploration.

VALUATION

For this Mineral Asset Valuation, it is CRM's opinion that:

1. The Valuation should be based on only the granted tenements; and
2. EL 8398 should be included in the valuation, as, at the valuation date an application for renewal has been made.

The valuation is based upon Market Value of the Mineral Assets using two separate approaches:

1. A Market-based Approach that used an analysis of comparable transactions: with consideration given to the areas of the exploration tenements and to initial spend required to earn a percentage of the project;
2. A Cost-based Approach that examined the exploration expenditure to date for the tenements, and adjusted these expenditures for the positive or negative results of the exploration.

Comparable Transactions

CRM has examined thirteen transactions involving exploration tenements in the Lachlan Orogen. The transactions took place between 2006 and 2018.

The transactions are briefly described below and are summarised in Table 7.

1. Zinifex Limited may spend \$0.55 million to earn 51% in Golden Cross Resources' (ASX: GCR) Wagga Tank Project areas, which covered 165.3 km^2 in the Cobar Basin (GCR ASX Announcement 15/08/2006).

2. Minerals and Metals Group may spend \$1.5 million to earn an initial 80% in Golden Cross Resources' (ASX: GCR) Gilgunnia Range Project areas, which covered 384 km^2 in the Cobar Basin (GCR ASX Announcement 12/11/2009).

3. Thomson Resources Limited (ASX: TMZ) may spend \$1 million to earn 80% in Platsearch Australia Pty Ltd's (ASX: VAR) Ghostrider Project areas, which covered 580 km^2 in the Cobar Basin (VAR ASX Announcement 20/04/2012).

4. Thomson Resources Limited (ASX: TMZ) may spend \$1 million to earn 80% in Platsearch Australia Pty Ltd's (ASX: VAR) Achilles Project areas, which covered 263.9 km^2 in the Cobar Basin (VAR ASX Announcement 20/04/2012).
5. Thomson Resources Limited (ASX: TMZ) may spend \$0.5 million to earn 80% in Lassiter Resources Pty Ltd's Tooroonga Project areas, which covered 49.3 km^2 in the Cobar Basin (TMZ ASX Announcement 20/04/2012).
6. Kidman Resources Limited (ASX: KDR) may spend \$0.07 million to earn an initial 51% in Variscan Mines Limited's (in joint venture with Thomson Resources Limited) Browns Reef Project areas, which covered 397 km^2 in the Cobar Basin (KDR ASX Announcement 18/03/2014).
7. Kidman Resources Limited (ASX: KDR) may spend \$0.03 million to earn an initial 51% in Lassiter Resources Pty Ltd's (in joint venture with Thomson Resources Limited) Browns Reef Project areas, which covered 108 km^2 in the Cobar Basin (KDR ASX Announcement 18/03/2014).
8. Japan Oil, Gas and Metals National Corporation may spend \$4 million to earn an initial 40% in Peel Mining Limited's (ASX: PEX) Cobar Superbasin Project areas, which covered 2581 km^2 in the Cobar Basin (PEX ASX Announcement 30/09/2014).
9. Peel Mining Limited ("Peel")"(ASX: PEX) purchased the Wagga Tank tenements (ELs 7484 and 7581) from the Wagga Tank JV partners (GCR 20% & MMG 80%) for \$0.04 million plus a 2%

Net Smelter Return ("NSR"). The tenements covered 384 km^2 in the Cobar Basin (PEX ASX Announcement 12/05/2016). Peel bought the NSR back for $3 million (PEX ASX Announcement 16/10/2018).

10. Alchemy Resources Limited may spend $1 million to earn an initial 51% in Heron Resources Limited's (ASX: HRR) Overflow Project areas, which covered 674 km^2 in the Cobar Basin (HRR ASX Announcement 30/05/2016).
11. Talisman Mining Ltd (ASX: TLM) may spend $0.7 million to earn 75% in Peel Mining Limited's Mt Walter and Michelago Project areas, which covered 461 km^2 in the Cobar Basin (TLM ASX Announcement 23/11/2017).
12. Talisman Mining Ltd (ASX: TLM) may spend $1.3 million to earn an initial 51% in Bacchus Resources Pty Ltd's (privately owned) Central Lachlan Project areas, which covered 1067 km^2 in the Cobar Basin (TLM ASX Announcement 09/01/2018).
13. Talisman Mining Ltd (ASX: TLM) may spend $0.25 million to earn 100% in Kidman Resources Limited's (ASX: KDR) Crowl Creek Cu-Au Project areas, which covered 278 km^2 in the Cobar Basin (TLM ASX Announcement 09/01/2018).

Table 7 Summary of Comparable Transactions

Date	Project	Transaction	$M for 100%	Area (km^2)
15/08/2006	Wagga Tank	$0.55M to earn 51%	1.078	165.3
12/11/2009	Gilgunnia Range	$1.5M to earn 80%	1.875	384
20/04/2012	Ghostrider	$1M to earn 80%	1.25	580
20/04/2012	Achilles	$1M to earn 80%	1.25	263.9
20/04/2012	Tooroonga	$0.5M to earn 80%	0.625	49.3
18/03/2014	Browns Reef area	$0.07M to earn 51%	0.137	397
18/03/2014	Browns Reef area	$0.03M to earn 51%	0.059	108
30/09/2014	Cobar Superbasin	$4M to earn 40%	10	2581
12/05/2016	Wagga Tank	2% NSR[1] + $0.04M for 100%	3.04	384
30/05/2016	Overflow etc	$1M to earn 51%	1.96	674
23/11/2017	Mt Walter and Michelago	$0.7M to earn 75%	0.933	461
09/01/2018	Central Lachlan	$1.3M to earn 51%	2.549	1067
09/01/2018	Crowl Creek Cu-Au	$0.25M to earn 100%	0.25	278

Note: [1] NSR purchased 16/10/2018 for $3M

A plot of the notional value of 100% of each transacted asset against the area of the asset is shown in Figure 20. There is an apparent strong relationship between the area and the value of the transaction (R^2 = 0.88). This relationship is reasonable, as all of the projects are within the Lachlan Orogen and, at the time of the transactions, were in relatively early exploration stages and searching for similar mineralisation. The relationship derived from the regression line on the plot is Value ($M) = Area (km^2) x 0.0036. Use of the regression line formula to quantify the relationship is preferable to the use of an arithmetic mean, as the mean would be unduly weighted by outlier values.

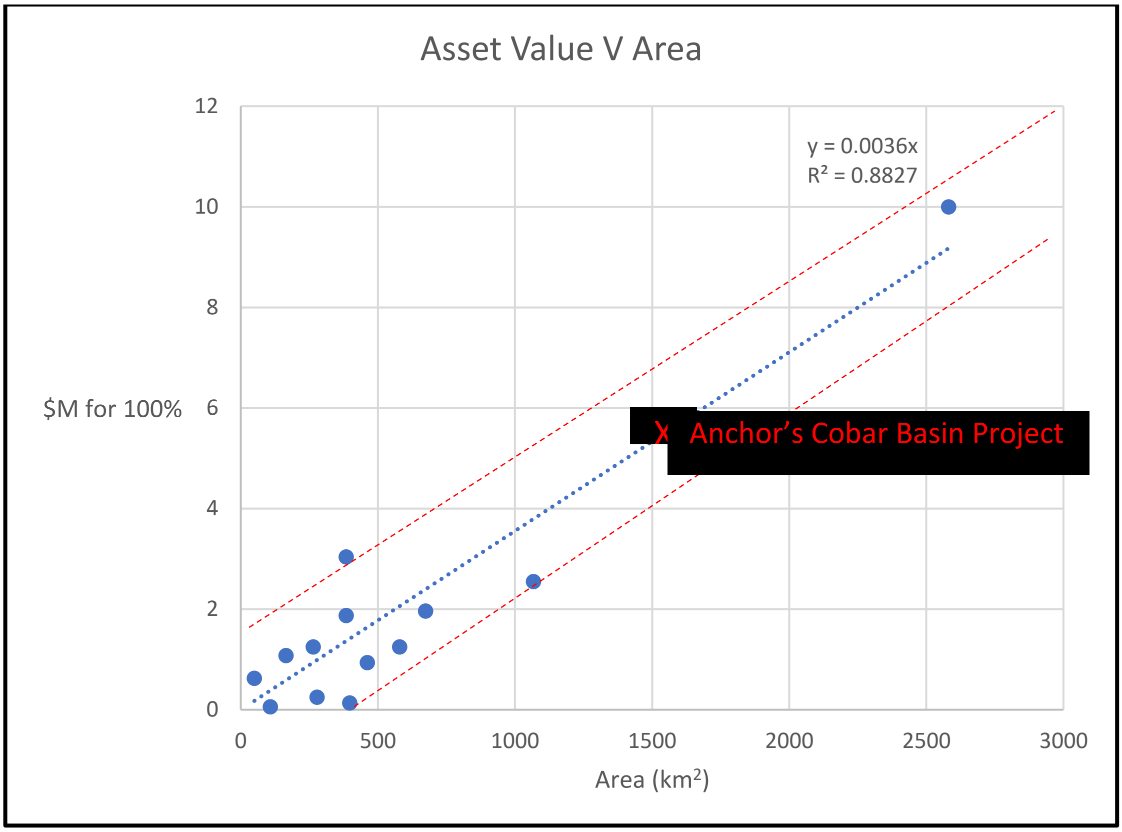

Figure 20 Notional Asset Value plotted against Asset Area for Lachlan Orogen transactions

Value of Anchor's Cobar Basin Project

Using the relationship shown in Figure 20 of Notional Value in $M = Area x 0.0036, the value of Anchor's Cobar tenement holdings can be estimated to be of the order of $5.5M (1537 x 0.0036 = 5.53). A +/-25% range would give a notational value range of $4.15M to $6.9M, values coincident with the lower and upper limits of the red dashed trend channel, which encompasses the majority of the points in Figure 20.

Value of Anchor's Bielsdown Project

The comparable transactions summarised above all relate to exploration tenements in which no resources have been defined. As such, the notional area to value relationship shown in Figure 20 is not applicable to Anchor's Bielsdown Project, as it contains significant Mineral Resources. Further, no transactions involving similar deposits were found by CRM. Thus CRM is unable to use the Comparable Transaction method for a valuation of the Bielsdown Project.

Value of Anchor's Walsh River and Blicks Projects

For both the Walsh River Project and the Blicks Project CRM was unable to discover comparative transactions in their respective regions. Both projects are situated in well mineralised areas and both are at similar stages of exploration, in that, although targets have been generated, no significant testing of these targets has been carried out. For these projects therefore, it appears reasonable to use the same notionally prospective area method as used above for the Cobar Basin. However, as neither the New England Orogen or the granitoids of the Hodgkinson Province are, in CRM's opinion, as well endowed in major base or precious metal deposits as the Cobar Super Basin, CRM assigns a

25% lower value per km^2 to these projects. Evidence that a discount is reasonable is the fact that fewer project transactions have occurred in these areas, which indicates a lack of interest in the formation of joint ventures or of project purchase in these areas.

It thus assigns a comparative transaction value of $0.31M to the Walsh River Project (114 x 0.0027 = 0.308) and a comparative transaction value of $0.62M to the Blicks Project (228 x 0.0027 = 0.616).

Exploration Expenditure

The VALMIN Code indicates that a cost-based method is appropriate for valuation of an exploration project. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the project. A prospectivity enhancement multiplier ("PEM") may be used to apply a factor that is related to the success of the exploration expenditure in terms of project to advancement. The PEM ranking criteria set out in Table 8 are commonly used.

Table 8 PEM Values

PEM Range	Criteria
0.2 – 0.5	Exploration has downgraded the potential
0.5 – 1.0	Exploration has maintained the potential
1.0 – 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential
1.5 – 2.0	Limited preliminary drilling intersected interesting mineralised intersections
2.0 – 2.5	Detailed drilling has defined targets with potential economic interest
2.5 – 3.0	An Inferred Mineral Resource has been estimated

Cobar Basin Project

EL 8398

Anchor has reported expenditure of $1,005,000 to the end of 2018 on EL 8398. The tenement was applied for by Anchor partly on the basis of previous exploration by RGC, which, after systematic exploration, made wide intersections of sub-economic base metal mineralisation in two diamond drill holes at the Blue Mountain Prospect. This previous work by RGC, which totalled about $933,000 (Mroczek, 1992 and 1994; Monroe,1994), added value to the tenement and CRM assigns a PEM of 2 to this expenditure (2 x $0.933M = $1.866M).

Anchor's recent exploration has also added to the value of the tenement, in particular with the IP survey at Blue Mountain identifying two strong untested anomalies. CRM assigns a PEM of 1.5 to Anchor's exploration expenditure (1.5 x $1.005M = $1.507M).

CRM thus assigns an exploration expenditure value to EL 8398 of $1.866M + $1.507M = $3.373M

Anchor's other Cobar Basin Tenements

Anchor has reported expenditure of $335,000 on its other granted Cobar Basin tenements. As this expenditure has been to date restricted to initial activities including obtaining access agreements and historical exploration data compilation, these necessary expenditures have neither upgraded nor downgraded the potential of the tenements. CRM thus assigns a PEM of 1 to this expenditure and values these tenements at $0.335M.

CRM thus assigns an **exploration expenditure value to the Cobar Basin Project of $3.7M** (3.373 + 0.335 = 3.708).

Bielsdown Project

Anchor has reported expenditure of $3,054,000 on the Bielsdown Project. This expenditure has enabled the estimation of significant Mineral Resources and CRM assigns a PEM of 2.5 to the expenditure with a subsequent **exploration expenditure value of the Bielsdown Project of $7.635M.**

Walsh River Project

Anchor has reported expenditure of $421,000 on the Walsh River Project. As this expenditure has to date been restricted to preliminary exploration it has neither upgraded nor downgraded the potential of the tenement. CRM thus assigns a PEM of 1 to this expenditure and assigns an **exploration expenditure value to the Walsh River Project of $0.42M.**

Blicks Project

Anchor has reported expenditure of $5,383,000 on the Blicks Project. Although the expenditure has enabled the identification of a number of targets worthy of drill-testing it is CRM's opinion that as these targets are more or less coincident with areas of historical mining the expenditure could be said to have maintained the potential of the tenements, with an applicable PEM of between 0.5 and 1. CRM assigns a PEM of 0.5 to the expenditure and assigns an **exploration expenditure value to the Blicks Project of $2.69M.**

The expenditure-based values derived above are summarised in Table 9.

Table 9 Summary of Expenditure -based Values

Tenure	Expenditure ($M)	PEM	Assigned Value ($M)	
EL 8398 - Anchor	1.005	1.5	1.507	
"EL 8398" - RGC	0.933	2.0	1.866	
Other Cobar Basin	0.335	1.0	0.335	
Bielsdown	3.054	2.5	7.635	
Walsh River	0.421	1.0	0.42	
Blicks	5.383	0.5	2.69	

Discussion

The assigned values for the projects are set out in Table 10.

Table 10 Mineral Asset Valuations

Project	Comparative Transactions ($M)	Exploration Expenditure ($M)	Mean Value ($M)
Cobar Basin	5.5	3.7	4.6
Bielsdown	N/A	7.635	7.635
Walsh River	0.31	0.42	0.365
Blicks	0.62	2.692	1.656
		Total	**14.256**

CRM's preferred values for Anchor's Mineral Assets are the mean of the values obtained by the Comparative Transaction method and the Exploration Expenditure method. These mean values total $14.256M. Due to the relatively large disparity between the values obtained by the two methods, CRM considers that an appropriate range for the total assigned value is +/- 15%, which gives a low value of approximately $12.1M and a high value of approximately $16.4M.

Statement of Valuation

CRM considers the value of the Mineral Assets to be within the range of $12 million to $16.5 million, with a preferred value of $14.25 million.

CRM further considers that both the range of values and the preferred value are fair and reasonable evaluations of the Mineral Assets. CRM is of the opinion that the inputs, assumptions, Valuation Approach, Valuation Methods, and the Valuation itself meet the Reasonable Grounds Requirement of the Valmin Code.

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DECLARATION

The information in this report that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by J. John G. Doepel, who is a Member of The Australasian Institute of Mining and Metallurgy and of the Australian Institute of Geoscientists. Mr Doepel, a Principal Geologist with Continental Resource Management Pty Ltd ("CRM"), has more than 35 years' experience as a geologist in the mineral industry and more than ten years' recent and relevant experience in relation to base metal and gold deposits. Further he has more than five years' recent and relevant experience in the valuation of Mineral Assets. Mr Doepel holds a Bachelor of Science with Honours and a Graduate Diploma in Forensic Science from the University of Western Australia; and a Diploma of Teaching from the Western Australian Institute of Technology.

Mr Doepel has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertook to qualify as a Specialist Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Mr Doepel consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

The report provides a fair representation of Technical Assessment and Valuation reported within it. The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of the 28 February 2019 and could alter over time depending on exploration and metallurgical testwork results, metal prices, and other relevant market factors.

Where Mineral Resources and Ore Reserves are referred to, the terminology is consistent, unless specifically stated to the contrary, with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as per the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Australian Mining Industry Council and dated December 2012. The report is written to conform to the AusIMM's Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (Valmin Code) as revised 2015.

No member or employee of CRM is, or is intended to be, a director, officer or other direct employee of the Company. No member or employee of CRM has, or has had, any share-holding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in the Company. There is no agreement or understanding between CRM and the Company as to CRM performing further work for the Company. Fees for the preparation of this report are being charged at a commercial rate, the payment of which are not contingent upon the conclusions of the report. They total about $16,000.

The report was peer reviewed by Dr J. M. Chisholm, Principal Geologist of CRM and a Fellow of the AusIMM.

Yours faithfully

J. Doepel

John Doepel
Continental Resource Management Pty Ltd

25th March 2019

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