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UPDATE OF EXPLORATION ACTIVITY

Anchor Resources Limited provides the following update on its exploration projects in New South Wales and Queensland.

Blicks Project, NSW, Liberty Copper-Molybdenum Prospect

The Liberty copper-molybdenum (Cu-Mo) prospect is centred on an elongate magnetic 'low' that transgresses a magnetic ridge underlain by a felsic (tonalite) intrusion containing up to 2% disseminated fine-grained pyrrhotite and sparsely disseminated chalcopyrite with molybdenite generally found on fractures. The magnetic 'low' correlates with a younger intrusion of similar composition.

Reconnaissance grass roots exploration undertaken at the Liberty copper-molybdenum prospect incorporated concurrent grid based -80 mesh B-C horizon soil sampling and detailed geological mapping. During the Quarter ending 31 March 2016 five rock samples were collected for petrographic investigation to assist in the identification of rock types in the area.

Soil samples were collected during the June 2016 Quarter from the base of the B-horizon soil profile just above weathered C-horizon bedrock at 40m centres along east-west grid lines spaced 160m apart. Samples were also collected along road reserves. Samples were analysed using the Company's handheld Niton™ XRF analyser as a first pass analytical method to determine approximate copper and molybdenum concentrations in the soil. Samples with Niton™ copper values above 200ppm clustered over a significant area were then sent to ALS in Brisbane for analysis using techniques (ALS Code ME-MS61) considered near total extraction methods. ALS copper assay results consistently reported approximately 30% lower than the portable Niton™ XRF analytical values.

ALS Mo assay values also consistently reported approximately 30% lower. The soil sampling survey defined a copper anomaly 700m long and 430m wide using a 200ppm Cu contour (Figure 1) based on ALS assay results.

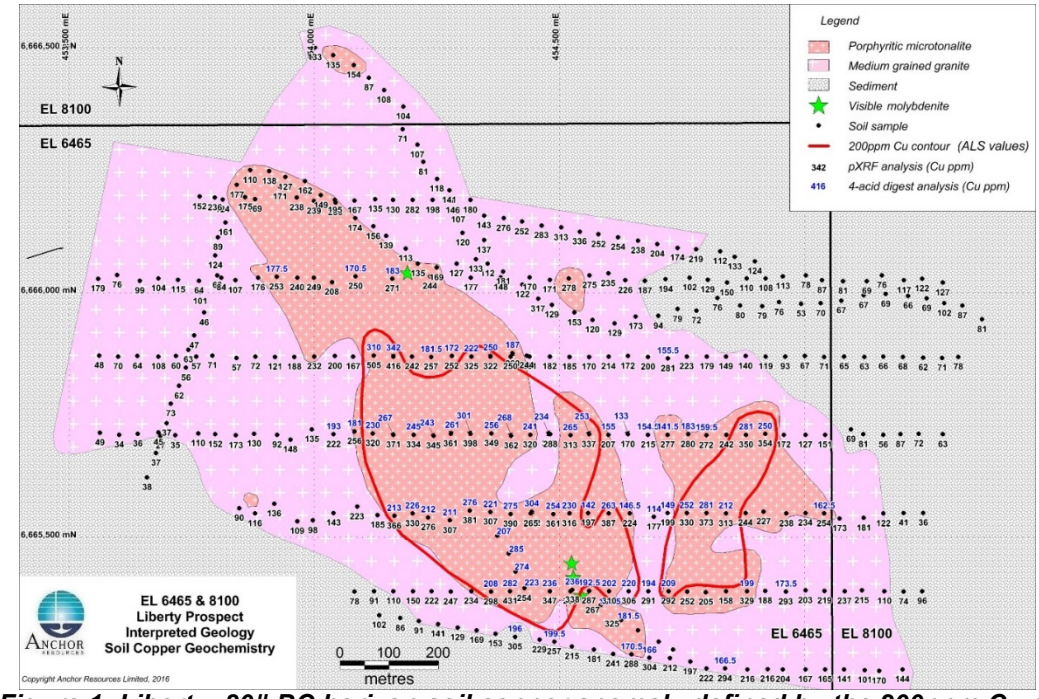

Figure 1: Liberty -80# BC horizon soil copper anomaly defined by the 200ppm Cu contour

A coincident soil Mo geochemical anomaly is also defined using a 40ppm Mo contour (Figure 2) based on ALS results. The 200ppm Cu contour correlates closely with an underlying poorly outcropping porphyritic biotite microtonalite containing minor interstitial pyrrhotite, pyrite and sparse chalcopyrite and molybdenite. Sulphide textures suggest the formation of scattered pyrrhotite aggregates and a little chalcopyrite is contemporaneous with the host rock. Molybdenite is mostly found as rare coatings on insipient fracture planes. Fracturing and quartz stockwork veining are poorly developed. The 200ppm Cu contour correlates closely with a strong elongate magnetic 'low' (Figure 3).

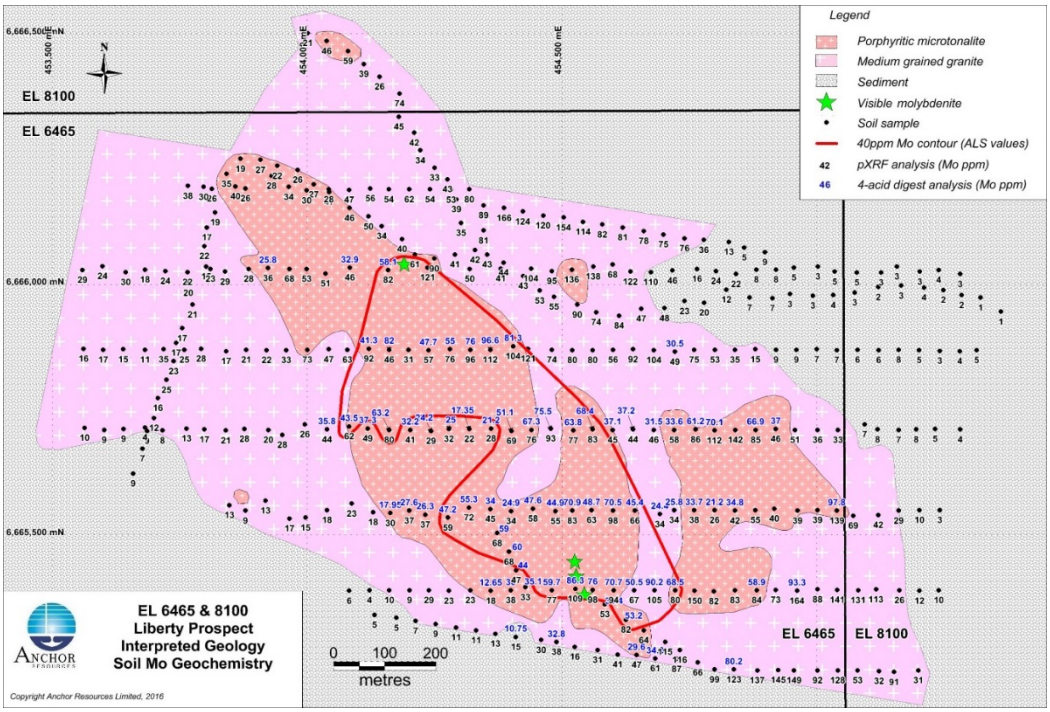

Figure 2: Liberty -80# BC horizon soil molybdenum anomaly defined by the 40ppm Mo contour

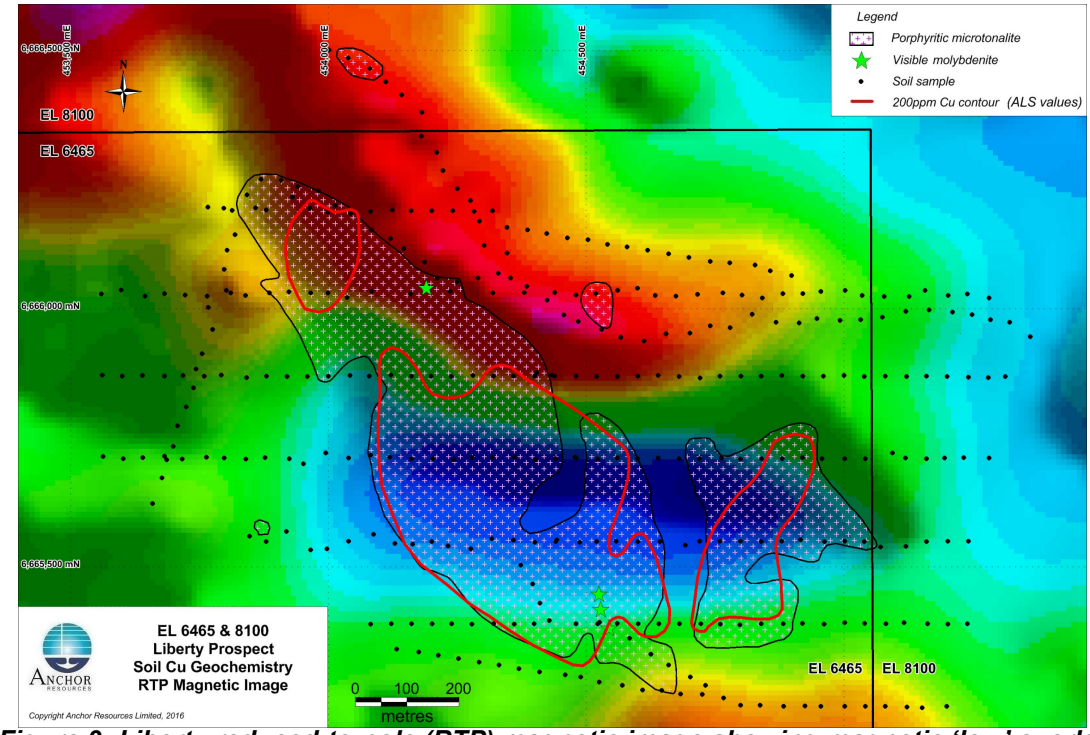

Figure 3: Liberty reduced-to-pole (RTP) magnetic image showing magnetic 'low' overlain by a soil copper anomaly contoured at 200ppm Cu based on ALS assay values

Follow up work on the Blicks Project will investigate and assess the geological setting of the Liberty copper-molybdenum prospect in respect of the previously defined Tuting molybdenum-tungsten prospect, Navin arsenic-tin prospect and Tyringham gold ±tungsten prospects which are all located along the Tyringham Corridor (Figure 4). Anchor has identified the Tyringham Corridor as a major northeast trending transverse structural zone.

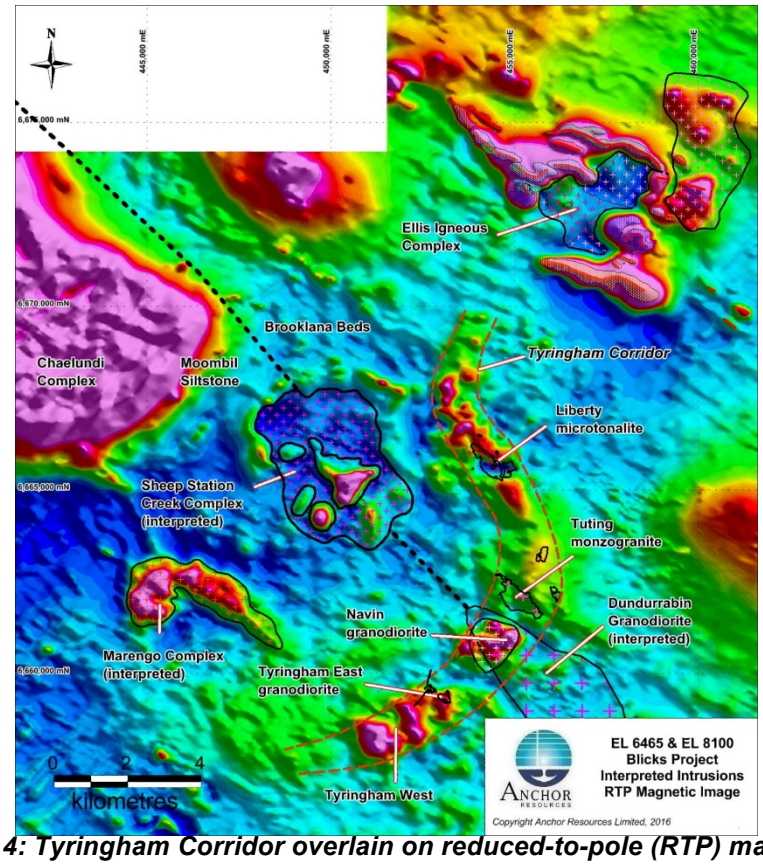

Figure 4: Tyringham Corridor overlain on reduced-to-pole (RTP) magnetic image

Birdwood Extended Project, NSW

Birdwood Extended exploration licence (EL 8295) was relinquished following a detailed assessment of open file data that indicated the area has low prospectivity for intrusive-related-gold systems and porphyry copper deposits. These conceptual exploration models were originally applied to areas of reported historic mineral occurrences which were considered to be the principal targets. Other small historic mineral occurrences appear to have limited potential to host large scale deposits and were not considered to warrant further exploration.

Bielsdown Project, NSW

The exploration licence for the Bielsdown project (EL 6388) was renewed in August 2016 for a further three-year term.

Aspiring and Walsh River Projects, QLD

At the Aspiring project (EPM 19447) a statutory reduction has been made after the first three years of the five year term of the tenement for 39 blocks that have been assessed as having low prospectivity, with 58 blocks retained for ongoing exploration (Figure 5). A field program of reconnaissance and mapping at Walsh River (EPM 25958) and Aspiring tenements is to be undertaken in the coming months.

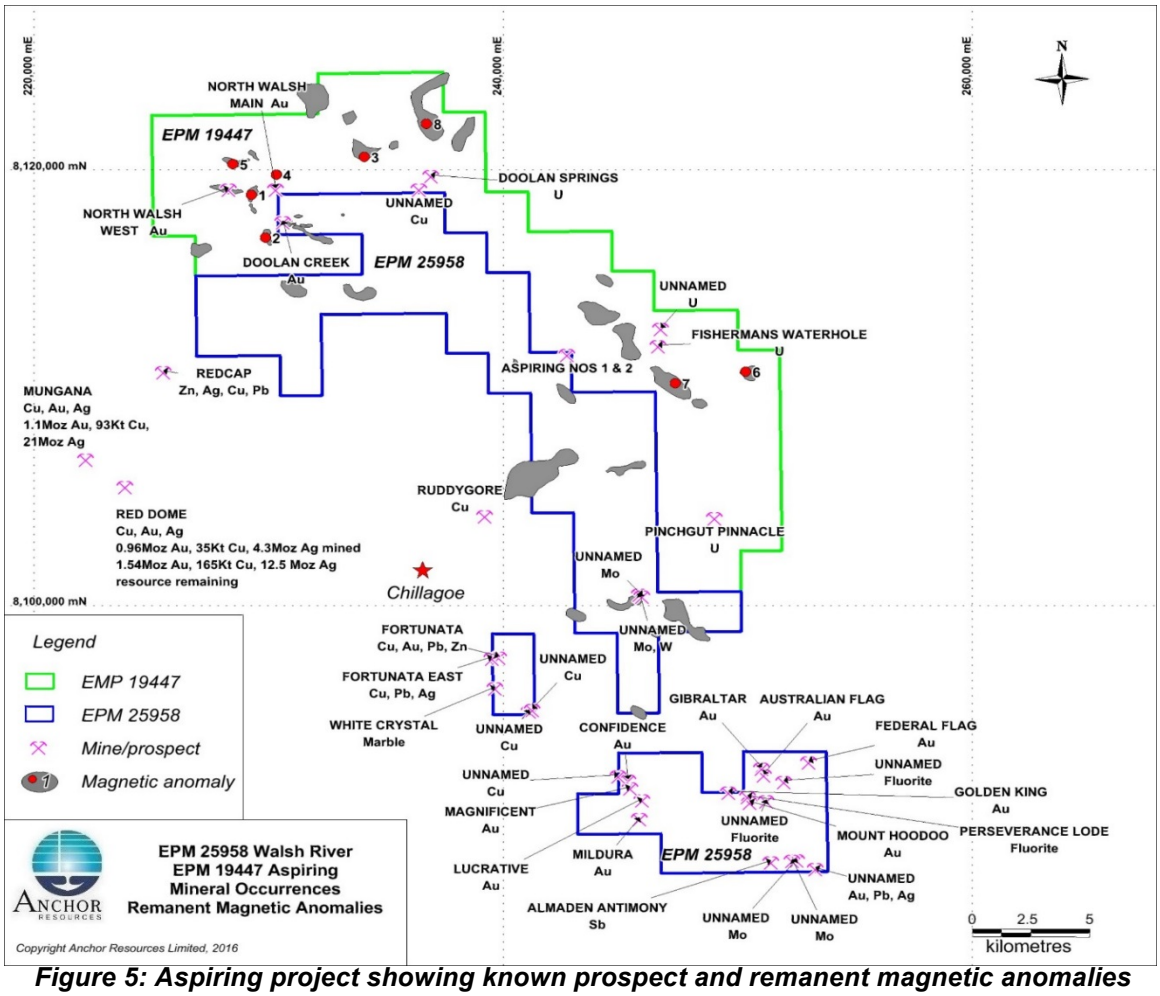

Figure 5: Aspiring project showing known prospect and remanent magnetic anomalies

Ian Price
Director

Competent Person Statement

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

JORC Code, 2012 Edition – Table 1 EL 6465 (Blicks) Liberty Cu-Mo Prospect

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• Soil samples were collected at 40m intervals along east-west grid lines spaced 160m apart. Sample information was recorded in pre-numbered sample books with locations established with a handheld Garmin GPS instrument. Sampling was not undertaken over areas of surface disturbance along public roads or gully filled alluvium. Soil samples were obtained using a handheld "post hole pincher" (125mm diameter) usually at a depth ranging from 25cm to 75cm to collect between 0.2 to 0.5kg of sample from the base of the B horizon soil profile just above weathered bedrock. No field duplicates were collected. Samples were analysed in-house using the Company's portable Niton™ XRF analyser. The analytical work was undertaken by a staff Field Technician who had completed a certified training course on the operation of the portable XRF analyser and duly held a current NSW licence to operate the instrument.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Samples were collected on a rectangular grid with sample spacing considered appropriate for defining geochemical anomalies attributed to bulk tonnage intrusion-related type mineralization. Samples were collected in a consistent manner at each location by experienced field technicians under supervision by a qualified exploration geologist.
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Chalcopyrite and molybdenite, together with pyrite and pyrrhotite, are visible to the naked eye within outcropping tonalite. Orientation -80# B-C horizon soil sampling was completed across areas of known copper-molybdenum mineralization to confirm sample methodology. These samples were submitted to ALS Brisbane laboratory and assayed for 48 elements plus gold (ALS codes ME-MS61 and Au-ICP22). ALS assay results reported about 30% lower than the Niton™ results.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• N/A. Drilling was not undertaken.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• N/A. Drilling was not undertaken.
	• *Measures taken to maximise sample recovery and ensure*	• N/A. Drilling was not undertaken.

Criteria	JORC Code explanation	Commentary
	representative nature of the samples. • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• N/A. Drilling was not undertaken.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• N/A. Drilling was not undertaken. • N/A. Drilling was not undertaken. • N/A. Drilling was not undertaken.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• N/A. Drilling was not undertaken. • N/A. Drilling was not undertaken. • All soil samples were prepared for analysis at Anchor's Bostobrick field office and operating facility near Dorrigo. Bulk soil samples were air dried prior to sieving through a plastic sieve to produce a "Tyler Standard Screen" -80# size fraction (-180µm) for analysis. Sub-samples of the -80# size fraction were collected from the sieve pan via a funnel into the analytical "cup" and then compacted prior to analysis. Sample size and preparation techniques employed are considered to be appropriate for the generation of early stage exploration results. • Sub-samples are funneled directly from the sieve pan via a funnel to a 'cup' for analysis to avoid re-handling and potential contamination. Rotary hand sieving homogenized the -80# size fraction which is considered an ideal size fraction for handheld XRF analysis. • Sampling is considered representative of *in situ* material collected. No field duplicate soil samples were prepared however 5 sample sites were re-sampled and re-analysed confirming previous results. • Sample size and type is appropriate. Orientation soil sampling completed over known mineralization and ALS analytical results confirmed -80# B-C horizon soil samples are reliable to detect underlying target mineralization.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Samples (17) from an orientation soil survey across known mineralization were assayed at ALS Laboratories (Brisbane) using ME-MS61 method for base metals and ICP22 method for gold. These techniques are considered near total extraction methods. ALS assay results reported about 30% lower for Cu and Mo than the handheld Niton™ XRF analyzer results. Notwithstanding these results the reconnaissance soil survey was completed using the Company's portable XRF analyser to identify areas of interest. The instrument

Criteria	JORC Code explanation	Commentary
		was routinely calibrated at the start of each working day using OREAS certified reference materials and a quartz blank. Samples with Niton™ copper values above 200ppm clustered over a significant area were then sent to ALS in Brisbane for analysis. Prospect assessment is subsequently based on ALS results.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• A handheld XRF analyser (Thermofisher Scientific Niton™ XL3t-950 GOLDD+ instrument) stand mounted on a bench was used. Two readings per sample on one location in "Soils" mode were recorded with a reading time of 135 seconds (2 minutes 15 seconds) per reading. The two readings were averaged. Handheld XRF analysis does not provide whole rock analysis but rather a single point beam over <1mm² of sample and should not be considered as a whole rock representative analysis.
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• QAQC samples are monitored closely on a batch-by-batch basis. Quality control procedures incorporated 2 OREAS certified reference material and a quartz blank. Certified reference material and a blank were routinely analysed at the beginning of the day's program then every 20-30 samples throughout the day and finally at the end of each day. CRM and blank analytical results were checked and found to be within acceptable levels of accuracy and precision.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Significant results were reviewed by the project exploration geologist and exploration manager. Samples are retained by the Company for future reference and are stored in secure premises.
	• *The use of twinned holes.*	• N/A. Drilling was not undertaken.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Niton™ analytical data are supplied as an Excel readout. The Niton™ XRF analyser was mounted on a stand and directly connected to a personal computer via a USB cable. Niton™ XRF analytical data and sample location coordinates were then collated into a single Excel spreadsheet. Data are backed up on a NAS box and also stored on an external server. Samples were analysed for a suite of 34 major and minor elements (plus gold) including Ag, As, Ba, Bi, Ca, Cd, Co, Cr, Cs, Cu, Fe, Hg, K, Mn, Mo, Nb, Ni, Pb, Pd, Rb, S, Sb, Sc, Se, Sn, Sr, Te, Th, Ti, U, V, W, Zn, Zr, (34 elements) and Au. Niton™ analytical results are deemed fit for purpose to identify bedrock copper-molybdenum mineralization in soils.
	• *Discuss any adjustment to assay data.*	• No adjustments are made to any analytical data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Location data for soil sampling points was recorded by handheld Garmin GPSmap 62s (±5m accuracy). Location data is downloaded from handheld GPS using appropriate software.
	• *Specification of the grid system used.*	• Coordinate system is UTM Zone 56J (MGA) and datum is GDA94.

Criteria	JORC Code explanation	Commentary
	• *Quality and adequacy of topographic control.*	• No topographic control was applied.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• Data spacing on a regular 40m × 160m grid is appropriate for a first pass reconnaissance soil sampling program.
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• Data spacing are sufficient to define a geochemical anomaly attributed to bulk tonnage granite related mineralization. Soil sampling results will not be used in a mineral resource estimation.
	• *Whether sample compositing has been applied.*	• No sample compositing has been applied to the soil samples.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• The grid controlled sample spacing achieves unbiased sample points. Known mineralization at the Liberty prospect consists of sparsely disseminated chalcopyrite and molybdenite mineralisation within tonalite. Minor fractured controlled molybdenite has been observed.
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• N/A. No drilling undertaken.
Sample security	• *The measures taken to ensure sample security.*	• Chain of custody is managed by Anchor staff. Samples are stored in secure storage facilities in Bostobrick and Dorrigo and locked at night. The facility is surrounded by a perimeter fence with the entrance gates locked at night. Unauthorised personnel are excluded from the facilities. Samples for ALS are dispatched in small batches and removed on a regular basis to a TNT freight depot in Coffs Harbour as soon as possible after collection. Samples are then delivered by TNT road freight to ALS Laboratories (Brisbane). Samples are submitted to the laboratory using a standard “ALS Sample Submittal Form”.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• To date no external audit or review of sampling techniques and data management system has been carried out.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• Exploration Licence 6465 (Blicks) is held 100.0% by Scorpio Resources Pty Ltd, a wholly owned subsidiary of Anchor Resources Limited. The tenement is located 430km north of Sydney and 26km northwest of Dorrigo, the nearest service centre to the project area. The small village of Dundurrabin lies adjacent to the tenement. Dundurrabin is located approximately 56km west-northwest of Coffs

Criteria	JORC Code explanation	Commentary
		Harbour, 92km northeast of Armidale and 68km south-southwest of Grafton in north-eastern NSW. • The EL is held for Group 1 Metals. The main areas of interest are located on freehold land. The Company has signed land access arrangements with the relevant landowners. • Native Title is extinguished in all work areas and there are no sites of cultural heritage significance officially recorded. • Tenement is current and in "good standing".
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	
	• *Acknowledgment and appraisal of exploration by other parties.*	• Modern exploration is limited in the Liberty area. No evidence of prospecting or old workings have been found. Historic work completed by Endurance Mining Corporation (1969-72), International Mining Corporation (1980-81), NSW Geological Survey (1982-1992), and Caledonian Pacific Minerals and related parties (1993-2004). No resources were identified. Current tenure explored by Anchor with no other parties involved. Programs by previous explorers within EL 6465 included geological mapping, stream sediment geochemistry and an airborne magnetics/radiometric survey.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Liberty is considered to be a low grade granite-related copper-molybdenum mineralization system of 232Ma age (Mid-Late Triassic). The mineralization extends for at least 4km in northwest direction and is hosted by an I-type tonalite. The molybdenite occurs in quartz veins and as coatings along fractures in tonalite, whereas the more widespread chalcopyrite mineralization occurs as disseminations in tonalite. Additional sulphide minerals include pyrite and pyrrhotite.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.*	• N/A. No drilling has been completed. Initial reconnaissance soil sampling only. Five samples selected for petrographic investigation.
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• There is no exclusion of information. Recent exploration is "grass roots" reconnaissance type work.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	• N/A. No drilling has been completed. No cut-off values have been applied in reporting the soil sampling results.
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• N/A. No drilling has been completed.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• N/A. No drilling has been completed. No metal equivalent values used.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.*	• N/A. No drilling has been completed.
	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• N/A. No drilling has been completed.
	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• N/A. No drilling has been completed.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Sample location plans, sample points and assay results for all soil samples are shown on the attached maps.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Reporting of exploration results is balanced and comprehensive, and reflects the mineral system being explored.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Soil sampling used to identify areas of interest in stage 1 exploration. Soil sampling has proved to be a successful technique in locating gold and base metals elsewhere in bedrock in the exploration licence. Geological mapping, structural analysis and geophysical survey results are used in conjunction with soil geochemical results to identify potential targets. • No metallurgy or bulk sample tests were completed at the project.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• Further work is dependent on management review of the existing data and Board approval.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Insufficient work completed to determine possible mineralisation extensions.