ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES

A.C.N. 122 751 419

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

21st September 2016

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

On behalf of your Board of Directors, I am pleased to report on your Company's activities during the past year.

Our activities are exploration focussed in eastern Australia. Our work in the New England District continued at the Blicks project and a further geochemical anomaly (copper-molybdenum), Liberty, has been identified close to the Tuting porphyry molybdenum-tungsten geochemical anomaly and also in close proximity to the Tyringham prospect, a large intrusion-related gold system already identified by Anchor.

A new exploration licence was granted in late 2015 at the Gemini project which lies within the southern portion of the Cobar Basin in central New South Wales. This is a world class province that host numerous copper, lead, zinc and gold mines and field work has started in recent weeks.

My thanks go to all of our staff and consultants for their high degree of professionalism and in particular ensuring that our work remained free of safety and environmental incidents throughout the year.

Yours sincerely,

Jianguang Wang
Chairman

2015 – 2016 Operations Report

Summary

Anchor has exploration projects located in the Lachlan Orogen and Southern New England Orogen in New South Wales and the Hodgkinson Province in North Queensland where it is exploring for copper, lead, zinc, molybdenum, tungsten, gold and antimony (Figure 1).

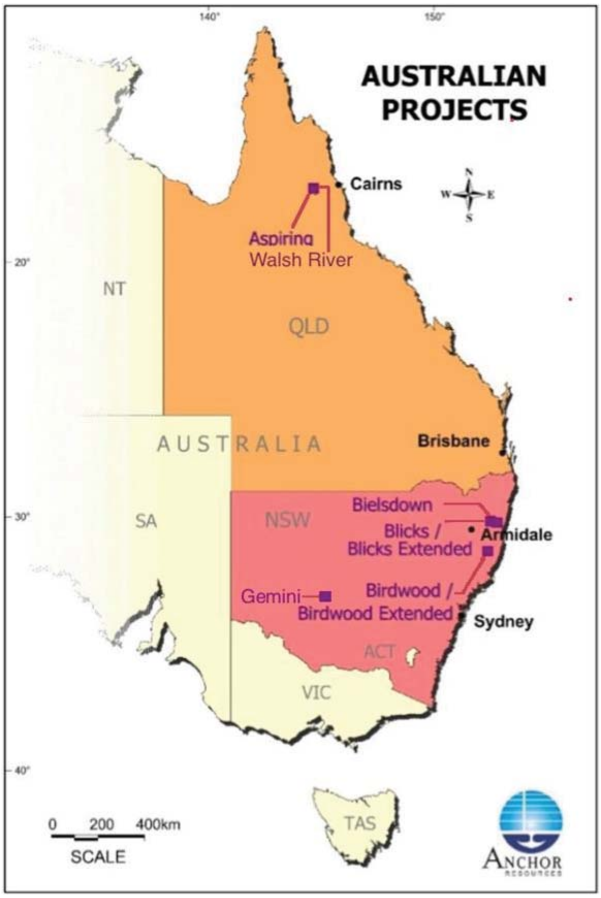

Figure 1: Anchor's Australian projects

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

Anchor's Blicks, Birdwood and Bielsdown projects are located in the Southern New England Orogen, a geologically significant area not subject to sustained modern and innovative exploration. In the Blicks project, exploration by Anchor has identified intrusion-related gold mineralisation at Tyringham, and discovered three new extensive areas of granite-related base metal mineralisation known as Tuting (molybdenum-tungsten), Liberty (copper-molybdenum) and Navin (arsenic ±tin). Several other intrusive complexes with reports of spatially associated copper, molybdenum and gold mineralisation, including Sheep Station Creek Complex and Ellis Intrusive Complex, remain to be evaluated. Anchor's exploration team continues to build a strong understanding of the area's geology and develop pragmatic exploration models for the discovery of large mineralised systems.

During the year Anchor expanded activities into the Cobar Basin in the Lachlan Orogen which resulted in the granting of an exploration licence for the Gemini project. The area is considered prospective for Cobar-type deposits.

In North Queensland at the Aspiring project a number of structurally controlled polymetallic and gold bearing vein systems have been identified and a new exploration tenement, Walsh River, contiguous with Aspiring, was granted.

Anchor continues to review opportunities to participate in other advanced Australian projects and during the year considered projects offering near term production potential. None were identified as suitable for Anchor.

Review of Projects

Blicks Project – gold, molybdenum, tungsten, copper (EL 6465 & EL 8100, NSW; Anchor 100%)
The Blicks project is located in the Southern New England Orogen in northeast NSW, approximately 90 km from the major regional centre of Armidale.

The Blicks project encompasses an area of hitherto largely under explored ground and work by Anchor to date continues to provide encouragement for a newly recognized mineralised province within the Southern New England Orogen with potential to host significant mineral deposits for a variety of commodities including copper, molybdenum, tungsten and gold.

Anchor has identified a major northeast trending transverse structural zone ('Tyringham Corridor') where five mineralised centres have been defined (Figure 2). The Tyringham Corridor is open to the south-west and north-east.

These mineralised centres are not yet comprehensively explored and include:

- Tyringham West gold (-tungsten) prospect;
- Tyringham East gold (-tungsten) prospect;
- Tuting molybdenum-tungsten±copper prospect;
- Liberty copper-molybdenum prospect; and
- Navin Intrusive Complex with anomalous arsenic-bismuth-tin±copper.

Work during the current year focussed on the Liberty prospect.

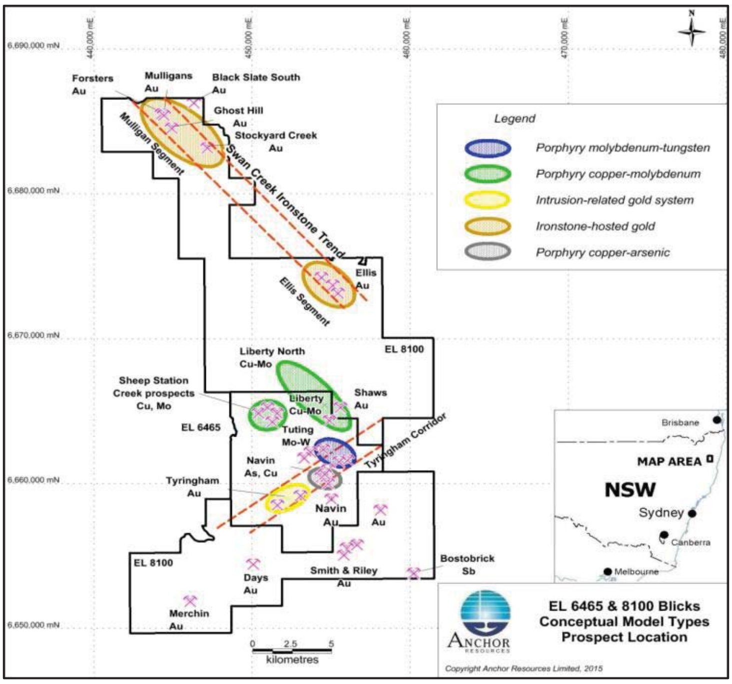

Figure 2: Tyringham Corridor illustrating key mineralised centres and four distinct multi-element associations attributed to three magmatic events of different ages

Tyringham East and West Gold Prospects

The Tyringham gold prospect consists of two spatially separate gold mineralisation areas known as Tyringham West and Tyringham East centred 1.7 km apart. The Tyringham West and Tyringham East mineralised centres are located in the southwestern segment of the north easterly trending 'Tyringham Corridor'.

Drilling by Anchor in 2008, 2011 and 2013/14 at the Tyringham gold prospects has intersected long intervals of >120 metres down hole length of low grade gold mineralisation averaging around 0.2g/t gold which includes shorter higher grade zones averaging up to 0.4g/t gold. The Tyringham gold prospects remain open in all directions and at depth.

Gold mineralisation at Tyringham occurs within a complex random stockwork of quartz veins both within a small granodiorite pluton at Tyringham East (and Mobile Hill) and within the hornfels carapace above an inferred concealed pluton at Tyringham West. The style of gold mineralisation, host rock association, together with the strong gold-bismuth-tellurium geochemical association, and low sulphide content is consistent with a reduced intrusion-related gold system, similar to the Fort Knox gold deposit in Alaska.

Tuting Molybdenum-Tungsten±Copper Prospect

The Tuting molybdenum-tungsten±copper prospect is a soil molybdenum-tungsten geochemical anomaly 850m long and 500m wide coincident with a small elongate partially outcropping biotite monzogranite located at the northeast end of the 'Tyringham Corridor'. There is widespread disseminated molybdenite and chalcopyrite within outcropping monzogranite. Recent detailed geological mapping has identified six intrusive phases, with the dominant rock type being a fine grained quartz porphyry with a fine groundmass and primary biotite. A distinct "*dents de cheval*" ("horse's teeth texture") granite is mappable as a separate phase, and appears to rim the molybdenum and tungsten soil geochemical anomaly within the central part of Tuting and is host to minor copper mineralisation in the western part of the prospect. Mineralisation at the Tuting prospect does not appear to be confined to a single rock type. Visible molybdenite and chalcopyrite appear in all rock types and is typically patchily disseminated in the various intrusive phases. Molybdenite and rare bismuth minerals also occur in quartz veins.

Liberty Copper-Molybdenum Prospect

The Liberty copper-molybdenum prospect is a discrete elongate RTP magnetic 'low' (Figure 3) transgressive to a clearly defined, linear magnetic anomaly more-or-less coincident with the underlying Billys Creek Tonalite as mapped by the NSW Geological Survey.

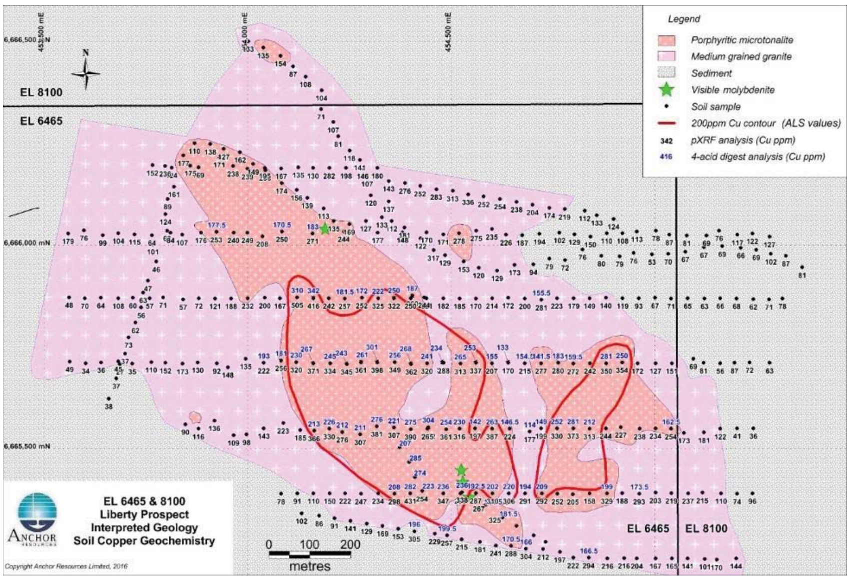

Figure 3: Liberty -80# B-C horizon soil copper anomaly defined by the 200ppm Cu contour

A soil sampling survey defined a copper anomaly 700m long and 430m wide (Figure 4). A coincident soil Mo geochemical anomaly is also defined using a 40ppm Mo contour. 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'.

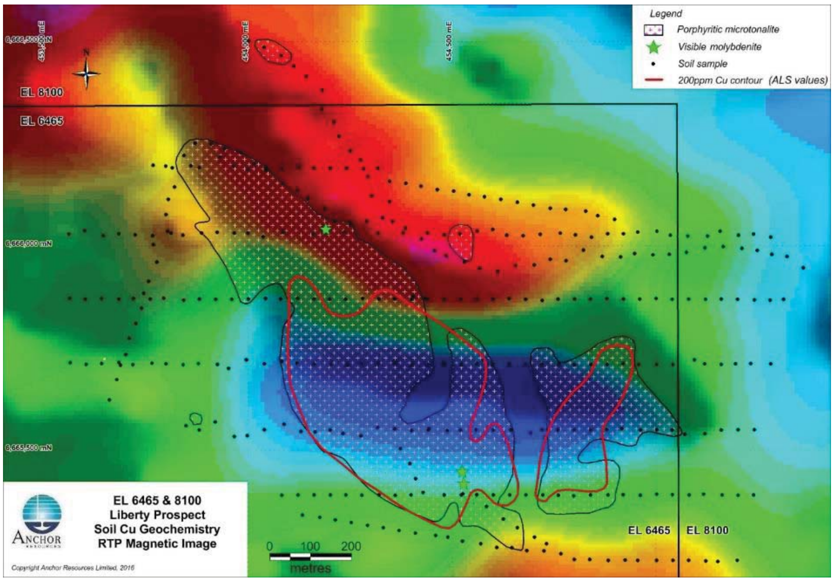

Figure 4: Liberty soil copper geochemistry overlain on reduced-to-pole (RTP) magnetic image

<u>Navin Intrusive Complex</u>

The Navin Intrusive Complex consists of a variety of intrusions ranging from fine, medium and coarse grained granodiorite to monzogranite in composition formerly mapped as Dundurrabin Granodiorite. These intrusive phases are cut by a number of dykes of similar composition to the intrusions. Mineralisation and K-feldspar alteration post-date all intrusions in the complex, and they contain significant chalcopyrite, pyrrhotite and arsenopyrite. Soil sampling defined a strong arsenic geochemical anomaly with coincident anomalous antimony, bismuth, copper, iron, lead, silver, tin, uranium, vanadium and zinc. There are numerous historic shallow prospecting pits developed on arsenic-bearing quartz veins throughout the complex. Minor gold and high silver values are associated with the arsenic-bearing quartz veins.

The Navin arsenic anomaly is the largest geochemical anomaly defined by Anchor. It covers an area of 2km² and is 5 times larger than the Tyringham West gold-tungsten anomaly, Tuting molybdenum-tungsten anomaly and Liberty copper-molybdenum anomaly.

<u>Forsters - Mulligans Gold Prospect</u>

The historic Mulligan and Forster gold workings are located in the north of the Blicks project area and south end of the Dalmorton Goldfield. Reported gold production from the Mulligan workings is 7.282 kg while the Forster workings treated 400 tonnes of ore to produce 1.328 kg at an average recovered grade of 3.65g/t Au. Mining concentrated on flat lying quartz veins up to 0.3 metres thick and 30 metres long at the Mulligan workings. A similar style of quartz vein was worked at the Forster gold workings. The conceptual exploration target is a system of stacked flat lying veins. Preliminary geological mapping and rock chip sampling has been completed with results confirming gold is associated with arsenic-bearing quartz veins. Additional mapping and sampling is required to complete the assessment of the area.

Birdwood Project – copper, silver and molybdenum (EL 6459 & EL 8295 NSW, Anchor 100%)
The Birdwood project is located in the Southern New England Orogen in northeast New South Wales, centred 50 km west of Port Macquarie and about 150 km due south of Anchor's Blicks project. It includes the Birdwood North copper-molybdenum-silver prospect and several other base metal mineral occurrences.

Anchor's Birdwood project tenements and key historic mineralised centres are shown in (Figure 5). EL 8295 was relinquished in August 2016 after an assessment of its prospectivity showed that it was unlikely to host intrusive-related-gold systems that were the principal target.

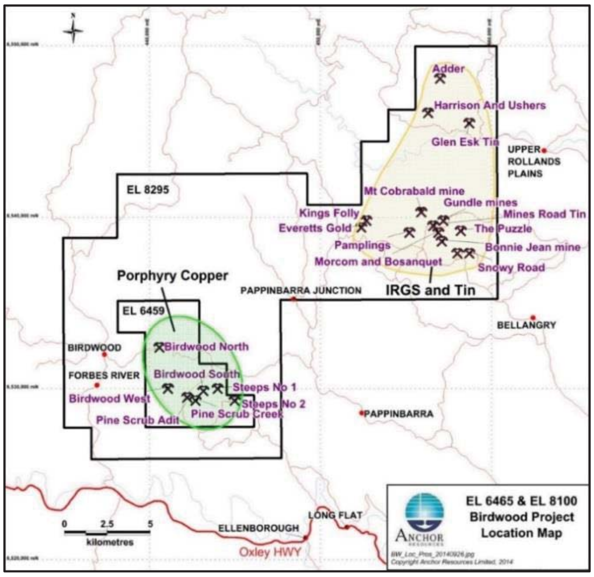

Figure 5: EL 6459 showing known historic mineral occurrences

Previous core drilling at the Birdwood North prospect intersected chalcopyrite-rich stringer veins and quartz-molybdenite veins interpreted as 'leakage' mineralisation derived from a concealed mineralised porphyry intrusion. A conceptual porphyry copper target has been defined at Birdwood North and this target is a concealed pipe-like porphyry copper deposit suggested to be at a depth >300 metres below the peak copper (and molybdenum) soil anomaly and a coincident magnetic low anomaly (Figure 6).

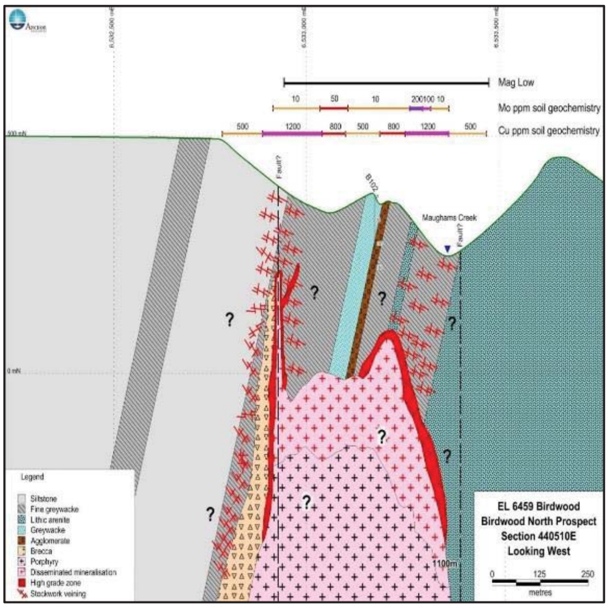

Figure 6: Schematic cross-section showing Birdwood North conceptual pipe-like porphyry Copper target at depth below copper-molybdenum geochemical anomalies and a magnetic low

No field work was carried out during the year.

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

The Bielsdown project, located 12 km north of Dorrigo in northeast NSW, includes the Wild Cattle Creek antimony mine which last operated in the 1970's. The deposit is hosted by a regional sub-vertical fault within a sequence of fine grained metasediment (Figure 7).

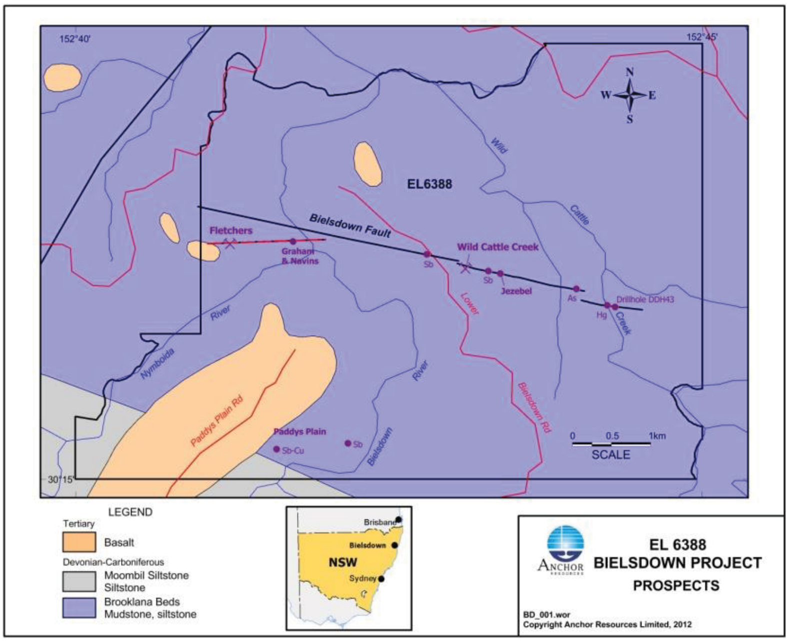

Figure 7: Bielsdown regional geology and known antimony prospects

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

In August 2013 SRK Consulting (Australasia) Pty Ltd ('SRK') prepared a Mineral Resource Statement for the Wild Cattle Creek antimony deposit to conform to the requirements of the new 2012 JORC Code (Table 1).

Table 1: Mineral Resource Statement for Wild Cattle Creek Deposit Antimony Deposit (SRK September 2013)

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

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

The deposit is exposed at surface for over a length of 300 metres and plunges approximately 25˚ westerly. It extends down plunge for over 350 metres where mineralisation remains open to the west (Figure 8). Further assessment of the Bielsdown project is ongoing and activities at this project will be determined once land access is achieved.

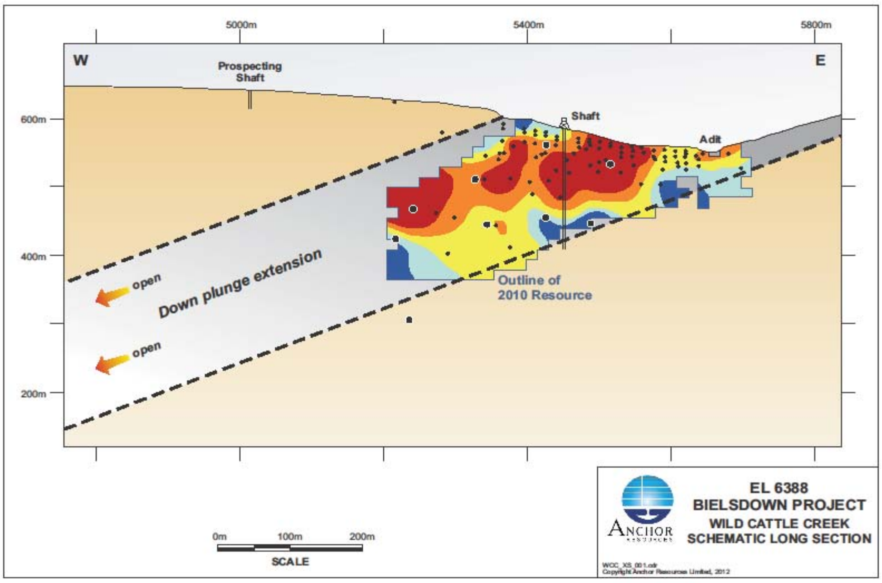

Figure 8: Bielsdown antimony deposit longitudinal section

Remediation and further exploration has been delayed pending a land access agreement with the landowner. Late in the current year an arbitrated land access arrangement was reached although to date access has still not been made available by the landowner.

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

The Gemini project covers an area of approximately 300 km² in the southern part of the Cobar Basin of the Lachlan Orogen (Figure 9).

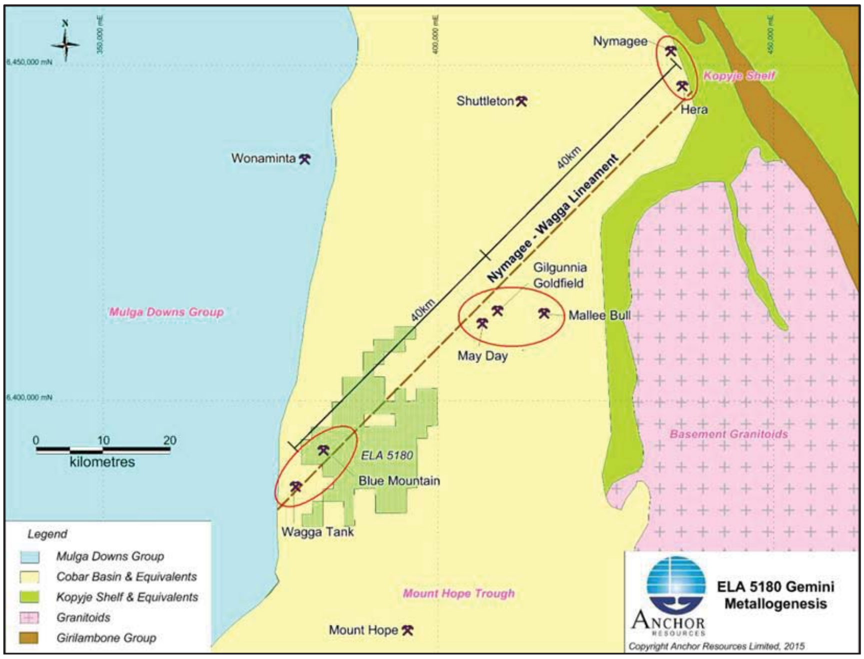

Figure 9: EL 8398 showing Blue Mountain base metal prospect and regional metallogenesis

Blue Mountain is located 8 km northeast of the small polymetallic Wagga Tank Cu-Pb-Zn-Au-Ag deposit and lies in close proximity to the northeast trending Wagga Tank - Nymagee Lineament together with the Mallee Bull Cu-Ag±Au deposit and Hera Au-Ag-Zn-Pb-Cu deposit. The Blue Mountain zinc-lead-copper prospect has a strong multi-element geochemical signature extending over a strike length of 2,200m defined by previous RAB drilling. The anomalous multi-element Zn-Pb-Cu geochemistry and anomaly footprint, sphalerite-galena-chalcopyrite association, lensoidal geometry of the mineralisation intersected in drilling, and interpreted structural architecture of the Blue Mountain zinc-lead-copper prospect has many similarities to other Cobar-type deposits, including the major producing CSA mine at Cobar.

The main prospect of interest is the Blue-Mountain Zn-Pb-Cu prospect where limited historic drilling intersected multiple wide intervals of low grade Zn-Pb-Cu mineralisation at relatively shallow depth (Figure 10).

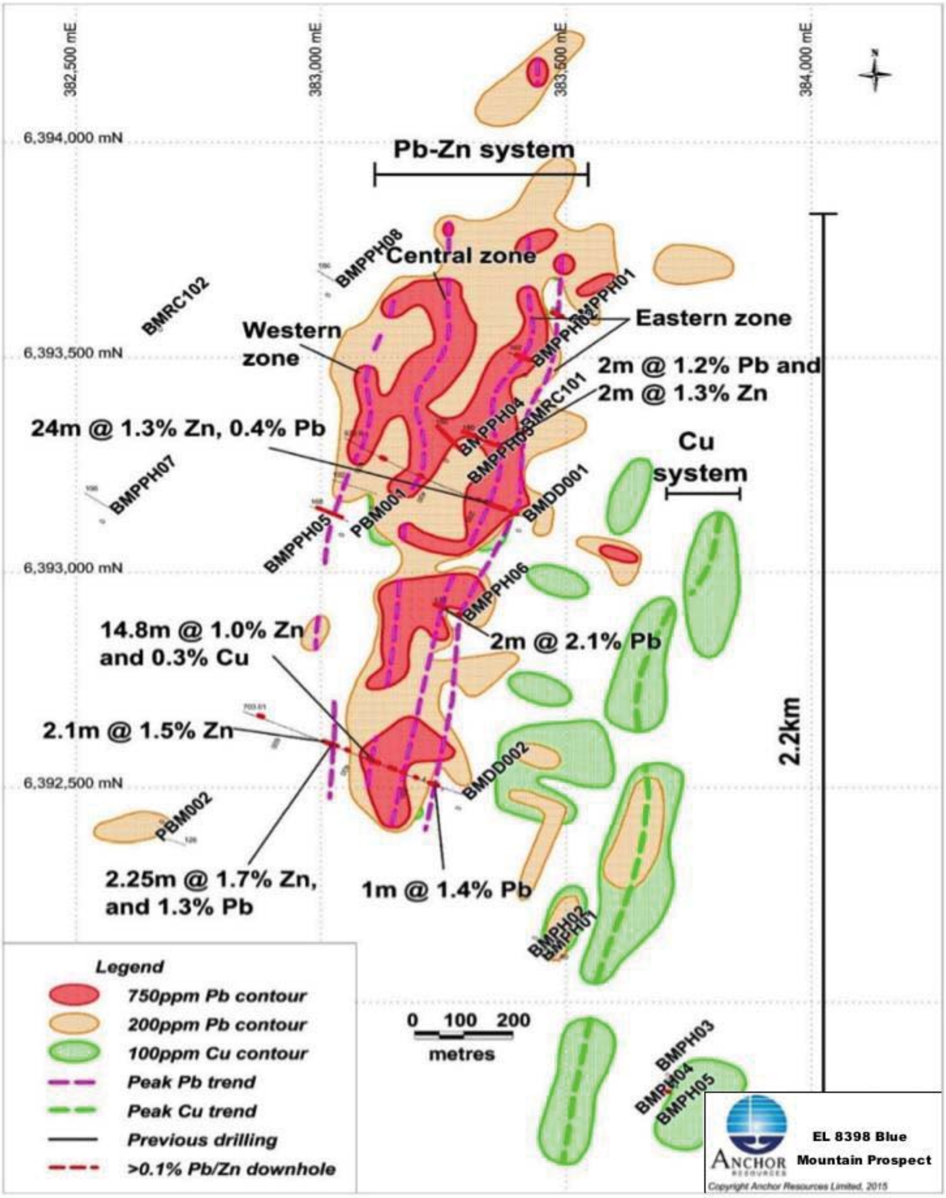

Figure 10: Blue Mountain base metal prospect Pb and Cu geochemistry showing historic drilling and results

Aspiring Project – copper and base metals (EPM 19447 and EPM 25958, Qld, Anchor 100%)

The Aspiring project is located within the historic Chillagoe mining district 20 km northeast of Chillagoe and 200 km west of Cairns in North Queensland. During the current year the Company was granted a new exploration tenement, (EPM 25958 Walsh River) covering approximately 162.4 km² (Figure 11) enlarging its land position in the Hodgkinson Mineral Province.

The new tenement covers potential extensions to mineralised structures and lineaments extending beyond the tenement boundary of EPM 19447 (Aspiring) in the Doolan Creek gold prospect and nearby greisen alteration zone areas. The EPM application area is contiguous with the southern boundary of EPM 19447 (Aspiring) and also covers a number of other mineral prospects, including the Aspiring Cu-Mo prospect, an unnamed Mo-W prospect, a number of Cu-Au, Au, Sb and F (fluorite) prospects and several negative remanent magnetic lows ('pothole' magnetic anomalies).

Fieldwork during the 2014 – 2015 year was focussed in the general vicinity of several negative remanent magnetic anomalies (A1, A2 and A4) located in the northwest portion of the tenement (Figure 11) where Anchor has completed previous exploration, including drilling.

This work consisted of detailed geological mapping, soil sampling and rock chip sampling. Preliminary results identified a number of north-easterly trending auriferous and polymetallic quartz veins. These quartz veins typically have a gold-silver-arsenic-bismuth-lead-antimony±copper geochemical association.

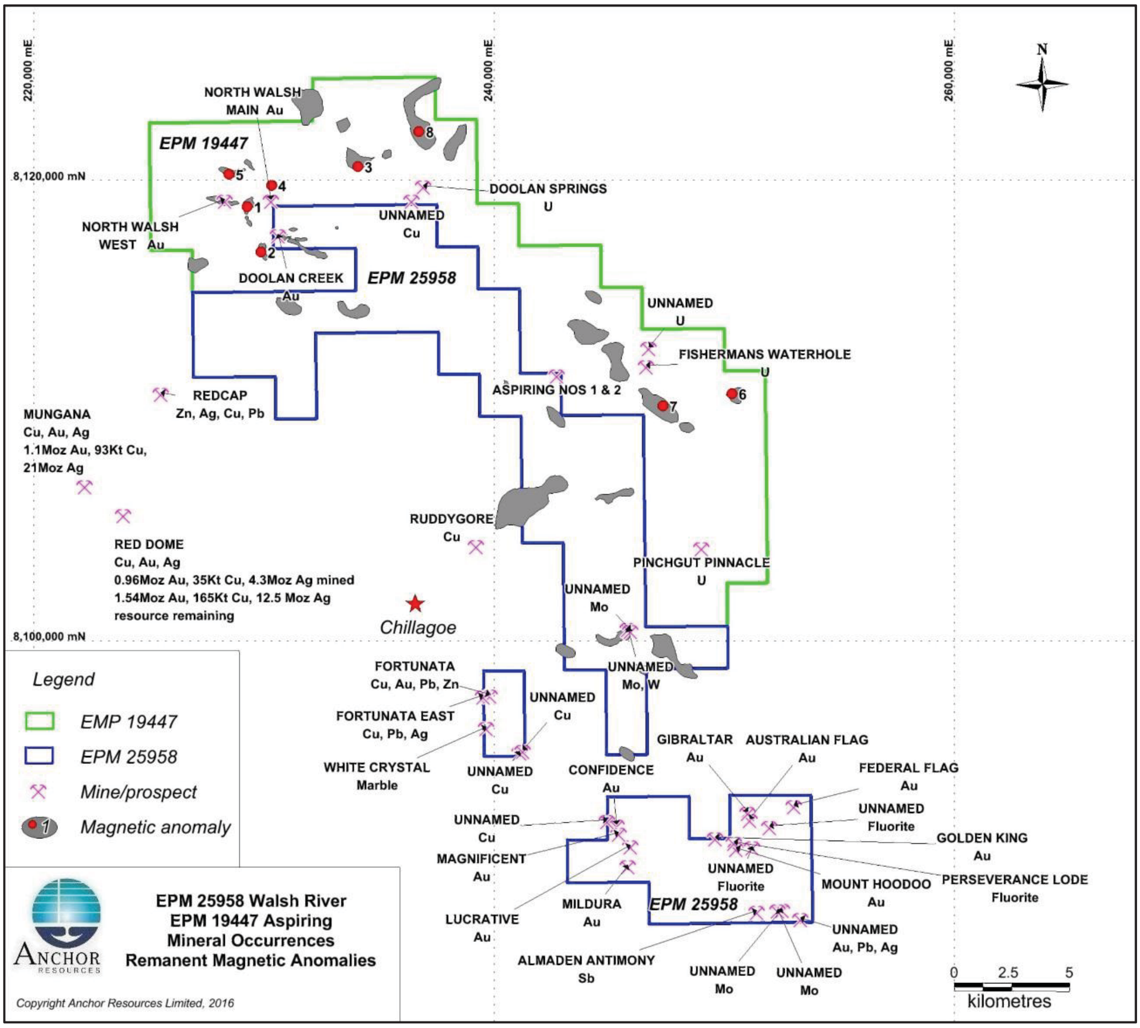

Figure 11: EPM 19447 (Aspiring) and EPM 25958 (Walsh River) showing recorded mineral occurrences and negative remanent magnetic anomalies of interest

The additional sub-blocks provide Anchor with strategic access to an area contiguous with its current EPM 19447 that is geologically prospective for the development of mineralisation with good evidence inferred from historic reports recording gold and copper mineralisation associated with hydrothermal alteration systems close to, and possibly extending into, the new Anchor tenement. The intrusion-related Red Dome and Mungana porphyry and skarn deposits (Au, Ag, Cu) are located about 25 km south southwest of the tenement.

CORPORATE

Managing Director Mr Ian Price retired at the end of July 2015 and became a Non-Executive Director. Mr Jianguang Wang became Executive Chairman pending the appointment of a new Managing Director.

The Company has been supported during the year by funding from its major shareholder, China Shandong Jinshunda Group Co Limited (Jinshunda).

Competent Person Statement

The information relating to the Exploration Results and geological interpretation for the Blicks project, Bielsdown project, Birdwood project, Aspiring project and Gemini 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.

The information in this report that relates to the Mineral Resources estimation at Bielsdown is based on information compiled by Mr Danny Kentwell, MSc, BAppSc, FAusIMM. Mr Kentwell is a Principal Consultant and full-time employee of SRK Consulting (Australasia) Pty Ltd. He has sufficient experience relevant to the assessment and of this style of mineralisation to qualify as a Competent Person as defined by the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)”. Mr Kentwell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. The Directors do not know of any material matters that have occurred since the Mineral Resources estimation was made that may impact on the outcome.

The directors of Anchor Resources Limited submit herewith the annual financial report for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and positions of the directors and company secretaries of the company during or since the end of the financial year are:

Jianguang Wang, Executive Chairman and Chief Executive Officer

Mr Wang has extensive experience in the mining and iron-making industry in China. Benefiting from his experience working and studying both in China and abroad, Mr Wang has gained a unique perspective into the economics and politics of both China and Australia. This expertise has become increasingly critical for advising on and facilitating business negotiations with international counterparties. He currently holds no outside directorships and in the last three years he has not held any other directorships.

Ian Leslie Price, Non-executive Director

Mr Ian Leslie Price resigned from his position as Managing Director effective 31 July 2016 and remains a non-executive director of the company. Mr Price is a mining engineer with over 40 years experience in mining spanning public company management, mine management, project development and consulting. He has been involved in all aspects of successful mining operations from exploration, feasibility studies, permitting, government and external relations, project development and construction, operations, corporate management and project financing. He has experience in copper, lead, zinc, tungsten, tin, nickel, iron ore, gold, silver, antimony, molybdenum, phosphate and coal with international experience in open pit and underground mining. He currently holds no outside directorships and in the last three years he has not held any other

Vaughan Webber, Non-executive Director

Mr Vaughan Webber has extensive business experience initially in accounting and more than 11 years in corporate finance at a leading Australian stockbroker focussing on creating, funding and executing strategies for mid to small cap ASX listed companies. Mr Webber gained significant mining experience holding a senior executive position in a listed gold and iron ore focussed mining company. Mr Webber also has experience as a director with ASX listed public companies and is currently Non-Executive Director of Money3 Corporation Limited and of HUB24 Limited. In the last three years he has held the position as Chairman of Wentworth Holdings Limited (resigned 21 November 2013).

Ronald Norman (Sam) Lees, Non-executive Director

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

Guy Robertson, Company Secretary

Mr Guy Robertson was appointed to the position of Company Secretary on 24 January 2013 and he has over 28 years experience as a Chief Financial Officer, Company Secretary and Director of both private and ASX listed companies in both Australia and Hong Kong. Mr Robertson has a Bachelor of Commerce (Hons.) and is a Chartered Accountant. Mr Robertson is currently a Director of Estrella Resources Limited, Draig Resources Limited and Metal Bank Limited. Mr Robertson was previously a director of Artemis Resources Ltd and Hastings Technology Metals Limited.

Grahame Clegg, Assistant Company Secretary

Mr Grahame Clegg was appointed to the position of Company Secretary on 9 June 2011 and has over 45 years experience in audit, financial and corporate roles including 15 years in Company secretarial roles for ASX-listed companies. He is a company secretary of Crossland Strategic Metals Ltd and is a director of Oxley Resources Limited and of Oakhill Hamilton Pty Limited and Taen Pty Limited, both of which companies provide secretarial, accounting and corporate advisory services to a range of listed and unlisted companies.

Principal Activities

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

Review of Operations

The results of the operations of the company and the consolidated entity during the financial year were as follows:	Consolidated 2016 $	2015 $
Loss after income tax	(1,539,344)	(1,079,955)
Other comprehensive income / (expense)	-	-
Comprehensive loss after income tax	(1,539,344)	(1,079,955)

A full review of the Group's operations is contained in the Operations Report on pages 3 - 12 of this report.

Changes in State of Affairs

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

Post Balance Date Events

The following changes were made to the company's exploration tenements:
- EL 8295 Birdwood Extended - this tenement has been relinquished.
- EL 8100 Blicks Extended - this tenement is in process of being renewed with a reduction in area of 50%.
- EPM 14752 Aspiring - this tenement has been reduced in area by 40%.

There were at the date of this report no other matters or circumstances which have arisen since 30 June 2016 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

Future Developments

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

Environmental Regulations

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

Dividends

No dividends have been paid or declared since the start of the financial year. The directors do not recommend the payment of a dividend in respect of the year ended 30 June 2016.

Share Options

During the financial year no (2015 - Nil) share options were granted to directors, employees and consultants.

During the financial year no (2015 - 20,000) share options lapsed and 195,000 (2015 - 400,000) share options were forfeited.

Since the end of the financial year no further options have been issued.

A detailed breakdown of options outstanding at 30 June 2016 is contained in Note 19 to the Financial Statements.

Indemnification of Officers And Auditors

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001,* every officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him or her in his or her capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial year the Company paid insurance premiums of $12,589 in June 2016 in respect of directors' and officers' liability.

The insurance premiums relate to:
- Costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome;
- Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information to gain a personal advantage.

Auditors' Independence Declaration

The auditors' declaration of independence is attached to this directors report on page 47.

Audit Services

The following audit and non-audit services were provided by the Group's auditor, BDJ Partners. No non-audit services were provided during the

	Consolidated 2016 $	2015 $
Audit and review of the financial report	**24,500**	30,000
Provision of non-audit services	**Nil**	Nil

Directors' Meetings

The following table sets out the number of directors' meetings and committee meetings held during the financial year and the number of meetings attended by each director (while they were a director).

	Board of Directors		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Jianguang Wang	7	7	-	-	-	-
Ian Leslie Price	7	7	-	-	-	-
Ronald Norman (Sam) Lees	7	7	2	2	1	1
Vaughan Webber	7	7	2	2	1	1

REMUNERATION REPORT (AUDITED)

Key Management Personnel

The key management personnel of the company comprise the directors and Chief Operating Officer.
The directors are :
Jianguang Wang
Ian Leslie Price
Ronald Norman (Sam) Lees
Vaughan Webber
The Chief Operating Officer is :
Ai Li (appointed 1 August 2015)

Remuneration policy

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

Executive remuneration objective and structure

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

- The remuneration policy is to be developed by the remuneration committee and approved by the Board.
- All key management personnel receive a base salary (which is based on factors such as position, length of service and experience), superannuation and options.
- The remuneration committee reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

Key management personnel receive the superannuation guarantee contributions required by the government, which at 30 June 2016 was 9.5%, and is currently 9.5%, and do not receive any other retirement benefits.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Any options not exercised before or on the date of termination will lapse.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

REMUNERATION REPORT (CONTINUED)

Non - executive remuneration objective and structure

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

The non-executive directors do not receive retirement benefits.

Options issued to Key Management personnel

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

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

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

Performance-based Remuneration

No portion of the remuneration is performance based.

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

Paid by Anchor Resources Limited - Group	Short term benefits			Post employment benefits	Equity based benefits		
Year ended 30 June 2016	Salary	Director's Fees	Consulting Fees	Superannuation	Options	Total	Performance related
Key management personnel	$	$	$	$	$	$	%
Executive director							
Jianguang Wang (note 1)	-	36,000	-	3,420	-	39,420	0.00%
Non-executive directors							
Ian Leslie Price (note 2)	11,702	33,000	41,933	8,230	-	94,865	0.00%
Vaughan Webber	-	32,877	-	3,123	-	36,000	0.00%
Ronald Norman (Sam) Lees	-	32,877	4,000	3,123	-	40,000	0.00%
	11,702	134,754	45,933	17,896	-	210,285	
Other Key Management Personnel							
Ai Li - COO (note 3)	97,724	-	-	9,284	-	107,008	0.00%
	109,426	134,754	45,933	27,180	-	317,293	

(1) Jianguang Wang became an executive director on 1 August 2015.
(2) Ian Leslie Price became a non-executive director on 1 August 2015.
(3) Ai Li was appointed Chief Operating Officer on 1 August 2015..

Year ended 30 June 2015

	Salary	Director's Fees	Consulting Fees	Superannuation	Options	Total	Performance related
Key management personnel							
Executive director							
Ian Leslie Price (note 1)	217,643	-	-	20,676	-	238,319	0.00%
Non-executive directors							
Jianguang Wang	-	36,000	-	-	-	36,000	0.00%
Ronald Norman (Sam) Lees	-	32,877	5,000	3,123	-	41,000	0.00%
Vaughan Webber	-	32,877	-	3,123	-	36,000	0.00%
Steven Jiayi Yu (note 2)	-	24,658	-	2,342	-	27,000	0.00%
	217,643	126,412	5,000	29,264	-	378,320	

(1) Ian Leslie Price became a non-executive director on 1 August 2015.
(2) Steven Jiayi Yu resigned on 11 March 2015.

REMUNERATION REPORT (CONTINUED)

Service agreements

Remuneration and other terms of employment for three of the directors and executives are formalised in Service Agreements.

All contracts with executives may be terminated early by either party with the stipulated number of months notice, subject to termination payments as detailed below.

Key Management Personnel

Executive Directors

Jianguang Wang
There is no written contract with Mr Wang. Mr Wang's remuneration is $36,000 per annum plus superannuation.

Non-executive Directors

Ian Leslie Price
Mr Price is contracted to the Group as a Non-Executive Director through a Service Agreement entered into on 1 August 2016. Two months notice by either party will be required to terminate this contract. Mr Price's remuneration, excluding superannuation, is $36,000 per annum plus an additional $36,000 for additional work to be performed.

Vaughan Webber
Mr Webber is contracted to the Group as a Non-Executive Director through a Service Agreement entered into on 18 August 2011. Reasonable notice by either party will be required to terminate this contract. Mr Webber's remuneration, including superannuation, is $36,000 per annum.

Ronald Norman (Sam) Lees
Mr Lees is contracted to the Group as a Non-Executive Director through a Service Agreement entered into on 16 January 2012. Reasonable notice by either party will be required to terminate this contract. Mr Lees' remuneration, including superannuation, is $36,000 per annum.

Ai Li
Mr Li is contracted to the Group as the Chief Operating Officer through a Service Agreement entered into on 15 October 2015. Two months notice by either party will be required to terminate this contract. Mr Li's remuneration, excluding superannuation, is $100,000 per annum.

Full details of related party transactions are contained in Note 26.

Share-based compensation - options

No options were issued to directors under the Company's Employee Share Option Plan in either the current year or the prior year.

Directors, Officers, Senior Employees and Consultants Share Option Plan

The Company has established the Anchor Resources Limited Employees and Officers Share Options Plan ("the Plan") to assist in the attraction, retention and motivation of the Company's directors, officers, employees and senior consultants.

A summary of the rules of the Plan is as follows.

All Directors, Officers, employees and senior consultants (whether full or part - time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by the Company or its subsidiaries (or, in the case of a senior consultant, having provided consulting services to the Company or its subsidiaries on a continuous basis for at least 12 months), although the Board may waive this requirement.

The allocation of options may be issued to a nominee of a director, officer, employee or senior consultant (for example, to a spouse or family company).

Each option allows the option holder to subscribe for one fully paid ordinary share in the Company and will expire five years from its date of issue. Options will be issued free. The exercise price of options will be determined by the Board subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to issue the options. The total number of shares the subject of options issued under the Plan, when aggregated with other options issued under the Plan during the previous five years must not exceed five percent of the Company's issued share capital at the time.

The Board may amend the Plan rules at any time subject to the requirements of the ASX Listing Rules.

REMUNERATION REPORT (CONTINUED)

Directors' Interests

As at the date of this report the interests of directors in securities of the company is:

	Ordinary Shares of Anchor Resources Limited		Options issued by Anchor Resources Limited	
	Direct	**Indirect**	**Direct**	**Indirect**
Jianguang Wang	4,315,446	-	75,000	-
Ian Leslie Price	-	-	400,000	-
Vaughan Webber	-	-	75,000	-
Ronald Norman (Sam) Lees	-	-	75,000	-

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest of any other registered scheme.

Signed in accordance with a resolution of the directors made pursuant to s. 298(2) of the Corporations Act 2001.

On behalf of the Directors

Jianguang Wang
Director
Sydney 21 September 2016

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
Revenue and other income	4	**17,453**	16,227
Administration expenses		**(222,433)**	(246,649)
Business development expenses		**(33,121)**	(97,051)
Corporate costs		**(69,567)**	(76,627)
Depreciation and amortisation expense	5	**(44,510)**	(48,766)
Employee benefits expense	5	**(307,264)**	(323,312)
Exploration expenses	5	**(627,225)**	(50,888)
Finance expense		**(224,462)**	(214,188)
Marketing expenses		**(14,058)**	(24,508)
Other expenses		**(14,157)**	(14,193)
Loss before income tax benefit		**(1,539,344)**	(1,079,955)
Income tax benefit	6	**-**	-
Net loss after related income tax benefit	21	**(1,539,344)**	(1,079,955)
Other comprehensive income			
Other gains/(losses)		**-**	-
Other comprehensive income before income tax expense		**-**	-
Income tax expense		**-**	-
Other comprehensive income for period		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(1,539,344)**	(1,079,955)
Total comprehensive income attributable to members of Anchor Resources Limited		**(1,539,344)**	(1,079,955)
Basic loss per share (cents per share)	7	**(2.93)**	(2.06)
Diluted loss per share (cents per share)	7	**(2.93)**	(2.06)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
CURRENT ASSETS			
Cash and cash equivalents	9	**811,098**	447,349
Trade and other receivables	10	**30,390**	33,716
Other current assets	11	**26,745**	23,166
TOTAL CURRENT ASSETS		**868,233**	504,231
NON-CURRENT ASSETS			
Tenement security deposits	12	**130,000**	120,000
Property, plant and equipment	13	**123,029**	162,985
Exploration expenditure	14	**9,281,517**	9,174,704
TOTAL NON-CURRENT ASSETS		**9,534,546**	9,457,689
TOTAL ASSETS		**10,402,779**	9,961,920
CURRENT LIABILITIES			
Trade and other payables	15	**103,184**	133,464
TOTAL CURRENT LIABILITIES		**103,184**	133,464
NON CURRENT LIABILITIES			
Non current loans	16	**12,031,543**	10,007,097
Non current provisions	17	**14,101**	28,064
TOTAL NON-CURRENT LIABILITIES		**12,045,644**	10,035,161
TOTAL LIABILITIES		**12,148,828**	10,168,625
NET ASSETS		**(1,746,049)**	(206,705)
EQUITY			
Issued capital	18	**7,915,883**	7,915,883
Reserves	20	**202,951**	202,951
Accumulated losses	21	**(9,864,883)**	(8,325,539)
TOTAL EQUITY		**(1,746,049)**	(206,705)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Equity	Share Based Payments Reserves	Accumulated losses	Total
	$	$	$	$
Balance at 1 July 2014	7,915,883	202,951	(7,245,584)	873,250
(Loss) for the year	-	-	(1,079,955)	(1,079,955)
Other comprehensive income/(loss) for year	-	-	-	-
Balance at 30 June 2015	7,915,883	202,951	(8,325,539)	(206,705)
(Loss) for the year	-	-	(1,539,344)	(1,539,344)
Other comprehensive income/(loss) for year	-	-	-	-
Balance at 30 June 2016	**7,915,883**	**202,951**	**(9,864,883)**	**(1,746,049)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**-**	-
Payments to suppliers and employees		**(705,112)**	(752,623)
Interest received		**17,453**	16,227
Net cash used in operating activities	33 (c)	**(687,659)**	(736,396)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(4,554)**	(1,424)
Payments for exploration expenditure		**(734,038)**	(1,173,927)
Payments for tenement security deposits		**(12,500)**	(10,000)
Refunds of tenement security deposits		**2,500**	-
Net cash used in investing activities		**(748,592)**	(1,185,351)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings		**1,800,000**	1,550,000
Net cash provided by financing activities		**1,800,000**	1,550,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**363,749**	(371,747)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**447,349**	819,096
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	33 (a)	**811,098**	447,349

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE

1. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

This financial report includes the consolidated financial statements and notes of Anchor Resources Limited and its controlled entities ('Consolidated Group' or 'Group'). A summary of financial information of Anchor Resources Limited as an individual entity is contained in Note 22.

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

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

The financial statements were authorised for issue by the directors on 20 September 2016.

Basis of preparation

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

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

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

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

Going Concern

The financial report has been prepared on a going concern basis.	**2016** **$**	**2015** **$**
Net loss for the year	**(1,539,344)**	(1,079,955)
Negative cash flows from operations for the year	**(687,659)**	(736,396)
Net deficiency in assets as at 30 June	**(1,746,049)**	(206,705)
Cash balances as at 30 June	**811,098**	447,349
Amounts received from shareholders during the year	**1,800,000**	1,550,000

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

As of balance sheet date, the Group had net liabilities of $1,764,049 (2015 - net liabilities of $206,705). Loans of $11,250,000 (2015 - $9,450,000) are due to China Shandong Jinshunda Group Co. Limited (Jinshunda), the major shareholder of the company and is repayable by 31 March 2019. The Board has received assurances from Jinshunda that payment will not be required for the next twelve months from the date of this report.

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

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

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies

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

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

(a) Accounts Payable

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

(b) Acquisition of Assets

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

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

(c) Borrowing costs

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

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

(d) Cash and cash equivalents

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

(e) Comparative amounts

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

(f) Depreciation

Depreciation is provided on property, plant and equipment.

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

- Residential contents	6-7 years
- Computer software	2-3 years
- Computer equipment	2-3 years
- Plant and equipment	6-7 years
- Motor vehicles	4-5 years

(g) Employee Entitlements

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

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

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

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(h) Exploration for and Evaluation of Mineral Resources

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

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

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

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

Exploration and evaluation assets are measured at cost at recognition.

Expenditures typically recognised as exploration and evaluation assets include:

(a) acquisition of rights to explore;
(b) topographical, geological, geochemical and geophysical studies;
(c) exploratory drilling;
(d) trenching;
(e) sampling; and
(f) activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

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

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

(i) Financial assets

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

Other receivables

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

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

Available for sale

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

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(j) Financial Instruments issued by the company

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

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

(k) Financial liabilities

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

These financial liabilities include the following items:

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

(l) Foreign Currency

Foreign currency transactions

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

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

(m) Functional and Presentation Currency

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

(n) Goods and Services Tax

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

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

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

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

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

(o) Impairment of Assets

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

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

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of Assets (continued)

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

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

(p) Income Tax

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

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

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

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

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

Tax consolidation

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

(q) Intangible Assets

Goodwill

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

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

(r) Leased Assets

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

(s) Principles of Consolidation

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

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

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

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(t) Provisions

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

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

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

(u) Receivables

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

(v) Recoverable Amount of Non-Current Assets

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

(w) Revenue Recognition

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

Rendering of Services
Revenue from a contract to provide services is recognised on completion of the contract.

Interest Income
Interest income is recognised as it is accrued using the effective interest rate method.

Other Income
Other income is recognised as it is earned.

(x) Share-based payments

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

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

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

(y) Share capital

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

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

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Adoption of New and Revised Accounting Standards

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

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

New Accounting Standards for Application in Future Periods

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

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

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

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.
The key changes made to accounting requirements include:
- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
  the objective of the entity's business model for managing the financial assets; and
  the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

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

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

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

2. FINANCIAL RISK MANAGEMENT

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

(a) Foreign exchange risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is not exposed to foreign exchange risk . Currency protection measures may be deemed appropriate in specific commercial circumstances and are subject to strict limits laid down by the Board. The Group has not entered into any foreign currency hedging contracts during the year.

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

(c) Cash flow and fair value interest rate risk
The Group's interest-bearing assets comprise term deposits and tenement security deposits. The Group's interest bearing liabilities comprise the finance facility. The Group's income and operating cash flows are not materially exposed to changes in market interest rates.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.
The following critical estimates and judgments have been made in respect of the following items :

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

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

(c) Impairment of goodwill and intangibles with indefinite useful lives
The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated.

(d) Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black & Scholes or the Cox Ross Rubinstein binomial model, with the assumptions detailed in note 27. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(e) Exploration and evaluation expenditure
The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $9,281,517.

	Consolidated	
	2016	**2015**
4. REVENUE	**$**	**$**
Other income		
Interest - other entities	**17,453**	16,227
Other income	**-**	-
	17,453	16,227

5. EXPENSES

Loss from ordinary activities before income tax includes the following items of expense:

Expenses		
Depreciation expense		
Depreciation of property, plant and equipment	**44,510**	48,766
Total depreciation expense	**44,510**	48,766
Employment expenses		
Base salary and fees	**385,843**	679,844
Superannuation	**52,423**	73,661
Directors fees	**159,665**	126,411
Termination pays	**6,403**	-
Payroll Tax	**75,942**	9,218
Leave entitlements	**(14,665)**	(190)
Other employee expenses	**20,051**	43,275
	685,662	932,219
Less amounts charged to exploration costs	**(346,043)**	(537,447)
Less amounts charged to project development costs	**(32,355)**	(71,460)
Total employment expense	**307,264**	323,312
Exploration expenditure written off (note 14)	**627,225**	50,888

6. INCOME TAX

(a) Income tax expense

	Consolidated 2016 $	2015 $
The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:		
Loss for year	**(1,539,344)**	(1,079,955)
Income tax benefit calculated at 30%	**(461,803)**	(323,987)
Temporary differences and tax losses not recognised	**461,803**	323,987
Other permanent differences	**-**	-
Income tax benefit attributable to loss	**-**	-
Other comprehensive income/(loss) for year	**-**	-
Income tax benefit calculated at 30%	**-**	-
Temporary differences and tax losses not recognised	**-**	-
Other permanent differences	**-**	-
Income tax benefit attributable to loss	**-**	-

(b) Adjusted franking account balance

	2016	2015
Adjusted franking account balance	**-**	-

(c) Deferred tax balances not recognised

Calculated at 30% not brought to account as assets:

Consolidated	Balance Sheet 2016 $	2015 $	Income Statement 2016 $	2015 $
Deferred tax assets				
Accruals	**5,400**	3,300	**2,100**	-
Employee leave entitlements	**9,623**	14,024	**(4,401)**	(47)
Capital raising costs	**117,762**	117,762	**-**	2,403
Revenue tax losses available for offset against future tax income	**4,827,825**	4,331,782	**496,043**	711,823
Deferred tax assets not recognised	**(4,960,610)**	(4,466,868)	**(493,742)**	(714,179)
	-	-	**-**	-
Net deferred tax asset (liability)	**-**	-		

(d) Tax consolidation

Relevance of tax consolidation to the consolidated entity

Legislation to allow groups comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes ('the tax consolidation system') was substantively enacted on 21 October 2002. The company, its wholly-owned Australian resident entities and its sister entities within Australia are eligible to consolidate for tax purposes under this legislation and the directors of these entities consider it likely that they will elect to implement the tax consolidation system in due course.

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

7. LOSS PER SHARE

	Consolidated 2016	2015
Basic loss per share (cents per share)	**(2.93)**	**(2.06)**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share.	**52,535,296**	52,535,296
Diluted loss per share (cents per share)	**(2.93)**	**(2.06)**
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share.	**52,535,296**	52,535,296
The loss per share is calculated using the net comprehensive income/(loss) for the year.	**(1,539,344)**	(1,079,955)

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

	Consolidated 2016 $	Consolidated 2015 $
8. AUDITORS' REMUNERATION		
Remuneration of BDJ Partners for :		
Audit and review of the financial report	**24,500**	30,000
Total auditors remuneration	**24,500**	30,000

9. CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank and on hand	**811,098**	447,349

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

10. CURRENT TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
GST receivable	**17,126**	21,469
Other receivables	**13,264**	12,247
	30,390	33,716

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

11. OTHER CURRENT ASSETS

	2016 $	2015 $
Interest receivable	**3,341**	1,989
Prepayments	**23,404**	21,177
	26,745	23,166

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

12. TENEMENT SECURITY DEPOSITS

	2016 $	2015 $
Tenement security deposits	**130,000**	120,000
	130,000	120,000

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

13. PROPERTY, PLANT AND EQUIPMENT

	2016 $	2015 $
Plant and Equipment at cost	**316,319**	314,809
Provision for depreciation	**(193,290)**	(151,824)
	123,029	162,985

	Residential Contents	Computer Software	Computer Equipment	Plant & Equipment	Motor Vehicles	Low Cost Assets	Total
Gross Carrying Amount	$	$	$	$	$	$	$
Balance at 30 June 2014	7,350	32,122	29,015	150,248	104,273	18,565	341,573
Additions	-	-	579	-	-	845	1,424
Disposals	-	(27,298)	-	(890)	-	-	(28,188)
Balance at 30 June 2015	**7,350**	**4,824**	**29,594**	**149,358**	**104,273**	**19,410**	**314,809**
Additions	**195**	**-**	**3,242**	**985**	**-**	**132**	**4,554**
Disposals	**-**	**-**	**(3,044)**	**-**	**-**	**-**	**(3,044)**
Balance at 30 June 2016	**7,545**	**4,824**	**29,792**	**150,343**	**104,273**	**19,542**	**316,319**
Accumulated Depreciation							
Balance at 30 June 2014	1,481	30,192	13,925	22,170	52,600	10,878	131,246
Depreciation Expense	1,050	966	6,871	19,688	17,150	3,041	48,766
Disposals	-	(27,298)	-	(890)	-	-	(28,188)
Balance at 30 June 2015	**2,531**	**3,860**	**20,796**	**40,968**	**69,750**	**13,919**	**151,824**
Depreciation Expense	**1,062**	**964**	**6,667**	**19,562**	**14,171**	**2,084**	**44,510**
Disposals	**-**	**-**	**(3,044)**	**-**	**-**	**-**	**(3,044)**
Balance at 30 June 2016	**3,593**	**4,824**	**24,419**	**60,530**	**83,921**	**16,003**	**193,290**

	Consolidated 2016 $	Consolidated 2015 $
Aggregate depreciation allocated during the year:		
- Residential contents	**1,062**	1,050
- Computer software	**964**	966
- Computer equipment	**6,667**	6,871
- Plant and equipment	**19,562**	19,688
- Motor vehicles	**14,171**	17,150
- Low cost assets	**2,084**	3,041
	44,510	48,766

The carrying amounts of the Group's property, plant and equipment are a reasonable approximation of their fair values.

14. EXPLORATION EXPENDITURE

	Consolidated 2016 $	2015 $
Exploration expenditure	**9,281,517**	9,174,704
Movement		
Balance at 1 July	**9,174,704**	8,051,665
Additions	**734,038**	1,173,927
Amounts written off	**(627,225)**	(50,888)
Balance at 30 June	**9,281,517**	9,174,704

Exploration expenditure is carried forwards in respect of the following tenements:

	Tenement Number	State	2016 $	2015 $
Anchor Resources Ltd				
Bielsdown	EL 6388	NSW	**2,775,406**	2,633,163
Scorpio Resources Pty Ltd				
Birdwood	EL 6459	NSW	**756,165**	681,505
Birdwood Extended	EL 8295	NSW	**-**	77,058
Blicks	EL 6465	NSW	**4,379,740**	4,233,925
Blicks Extended	EL 8100	NSW	**414,304**	308,309
Gemini	EL 8398	NSW	**136,505**	15,323
Sandy Resources Pty Ltd				
Aspiring	EPM 19447	QLD	**786,894**	1,212,130
Walsh River	EPM 25958	QLD	**32,503**	13,291
			9,281,517	**9,174,704**

			2016 $	2015 $
Exploration expenditure written off				
Anchor Resources Ltd				
Administration			**135**	21,391
Project generation			**6,672**	29,497
Scorpio Resources Pty Ltd				
Birdwood Extended	EL 8295	NSW	**116,918**	-
Blicks Extended	EL 8100	NSW	**35,000**	-
Sandy Resources Pty Ltd				
Aspiring	EPM 19447	QLD	**468,500**	-
			627,225	**50,888**

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

15. CURRENT TRADE AND OTHER PAYABLES

	2016 $	2015 $
Unsecured:		
Trade payables	**13,012**	10,267
Other payables and accruals	**72,195**	104,514
Annual leave entitlements	**17,977**	18,683
	103,184	133,464

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

16. NON-CURRENT LOANS

	2016 $	2015 $
Unsecured:		
Loans from shareholder (refer note below)		
China Shandong Jinshunda Group Co. Limited	**11,250,000**	9,450,000
Interest accrued		
China Shandong Jinshunda Group Co. Limited	**781,543**	557,097
	12,031,543	10,007,097

The loans represent drawdowns under the finance facility provided by China Shandong Jinshunda Group Co. Limited, the company's major shareholder. The facility has a maximum drawdown of $13,000,000 and is repayable by 31 March 2019. The finance facility bears interest at the Commonwealth Government Bond Yield (GSBE19 maturing 15 March 2019) + 250 bps per annum.

The carrying amounts of the Group's non-current loans are a reasonable approximation of their fair values.

17. NON-CURRENT PROVISIONS

	Consolidated 2016 $	Consolidated 2015 $
Long Service Leave	**14,101**	28,064
	14,101	28,064

The carrying amounts of the Group's non-current provisions are a reasonable approximation of their fair values.

18. ISSUED CAPITAL

	2016 $	2015 $
52,535,296 fully paid ordinary shares - no par value (2015: 52,535,296)	**8,268,379**	8,268,379
Less share issue costs	**(352,496)**	(352,496)
	7,915,883	7,915,883

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in ordinary share capital of Anchor Resources Limited	**2016 Number of shares**	**2016 $**	**2015 Number of shares**	**2015 $**
Balance at beginning of year	**52,535,296**	**7,915,883**	52,535,296	7,915,883
Anchor Resources Limited shares issued during year	**-**	**-**	-	-
	52,535,296	**7,915,883**	52,535,296	7,915,883
Transaction costs relating to share issues		**-**		-
Balance at end of year	**52,535,296**	**7,915,883**	52,535,296	7,915,883

For the purposes of these disclosures, the Group considers its capital to comprise its ordinary share capital, and accumulated retained earnings. Neither the share based payments reserve nor the translation reserve is considered as capital. There have been no changes in what the Group considers to be capital since the previous period.

19. OPTIONS

Expiry Date	Exercise Price	Number on issue 30 June 2015	Granted during year	Lapsed during year	Exercised during year	Number on issue 30 June 2016
Unlisted						
20.11.2016	**0.305**	**1,590,000**	**-**	**(195,000)**	**-**	**1,395,000**
Total options on issue		**1,590,000**	**-**	**(195,000)**	**-**	**1,395,000**

20. RESERVES

	Consolidated 2016 $	Consolidated 2015 $
Share based payments reserve	**202,951**	202,951
	202,951	202,951
Share based payments reserve		
Balance at beginning of financial year	**202,951**	202,951
Value of options issued during year to :		
Directors, employees and consultants	**-**	-
Balance at end of financial year	**202,951**	202,951

Nature and purpose of reserve
The share based payments reserve records the value of options issued to Directors, employees and consultants as part of the remuneration for their services.

21. ACCUMULATED LOSSES

	2016 $	2015 $
Balance at beginning of financial year	**(8,325,539)**	(7,245,584)
Net loss for year	**(1,539,344)**	(1,079,955)
Other comprehensive income/(loss) for year	**-**	-
Balance at end of financial year	**(9,864,883)**	(8,325,539)

22. PARENT COMPANY INFORMATION

The following information has been extracted from the books and records of the parent company and has been prepared in accordance with Accounting Standards.

	2016	2015
STATEMENT OF FINANCIAL POSITION	**$**	**$**
ASSETS		
Current assets	**7,419,344**	7,080,773
Non current assets	**2,983,435**	2,881,072
TOTAL ASSETS	**10,402,779**	9,961,845
LIABILITIES		
Current liabilities	**103,184**	133,464
Non current liabilities	**12,045,644**	10,035,161
TOTAL LIABILITIES	**12,148,828**	10,168,625
NET ASSETS	**(1,746,049)**	(206,780)
EQUITY		
Issued capital	**7,915,883**	7,915,883
Share based payments reserve	**202,951**	202,951
Accumulated losses	**(9,864,883)**	(8,325,614)
TOTAL EQUITY	**(1,746,049)**	(206,780)
	-	-
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	**(1,539,346)**	(1,080,030)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(1,539,346)**	(1,080,030)

Guarantees
Anchor Resources Limited has not entered into any guarantees, in the current financial period, in relation to the debts of any of its subsidiaries.

Contingent liabilities	***Company***	
	2016	**2015**
Rehabilitation commitments	**$**	**$**
It is a condition of the granting of the exploration licence that the company rehabilitate the site before the licence expires. The directors are unable to quantify the expected cost or timing of the required rehabilitation. Anchor Resources Limited has provided guarantees, supported by deposits with the relevant State Department of Mines, in respect of its rehabilitation obligations regarding its mining tenements.	**50,000**	50,000

At 30 June 2016, Anchor Resources Limited had no other contingent liabilities.

Contractual commitments
At 30 June 2016, Anchor Resources Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment.

23. PARTICULARS RELATING TO CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest 2016 %	Ownership Interest 2015 %
Controlled entities			
Andromeda Ventures Pty Limited	Australia	100	100
Sandy Resources Pty Limited	Australia	100	100
Scorpio Resources Pty Limited	Australia	100	100

24. RELATED PARTY DISCLOSURES

(a) Directors

The directors of Anchor Resources Limited during the year were :
- Jianguang Wang
- Ian Leslie Price
- Ronald Norman (Sam) Lees
- Vaughan Webber

24. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Remuneration of directors and key management personnel

Details of remuneration of directors are disclosed in note 26 to the financial statements.

At 30 June 2016 the key management personnel comprised the Directors and the Chief Operating Officer.

(c) Transactions with directors and director related entities concerning shares and share options

Details of transactions with directors and director related entities concerning shares and share options are disclosed in note 26 to the financial statements.

(d) Equity interests in related parties

Equity interests in controlled entities
Details of the percentage of ordinary shares held in controlled entities are disclosed in note 23 to the financial statements.

25. COMMITMENTS FOR EXPENDITURE

	Consolidated 2016 $	2015 $
(a) Capital Expenditure Commitments		
There are no capital commitments at the end of the financial year.		
(b) Operating Lease Commitments		
Operating leases relate to office and storage facilities. Neither the consolidated entity nor the parent entity has an option to purchase the leased assets at the expiry of the lease period.		
Operating leases		
Not later than one year	**48,052**	-
Later than 1 year but not later than 5 years	**-**	-
	48,052	-
(c) Tenement Expenditure		
In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence.		
Annual expenditure requirement	**521,000**	595,000

26. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) The directors of Anchor Resources Limited during the year were:
Jianguang Wang
Ian Leslie Price
Ronald Norman (Sam) Lees
Vaughan Webber

(b) Other key management personnel

The Chief Operating Officer is :
Ai Li (appointed 1 August 2015)

(c) Remuneration of Directors and Executives

Paid by Anchor Resources Limited - Group

Details of Directors' remuneration for the year ended 30 June 2016

	Short term benefits			Post employment benefits	Equity based benefits		
	Salary	Director's Fees	Consulting Fees	Superannuation	Options	Total	Performance related
Key management personnel	$	$	$	$	$	$	%
Executive directors							
Jianguang Wang	**-**	**36,000**	**-**	**3,420**	**-**	**39,420**	0.00%
Non-executive directors							
Ian Leslie Price	**11,702**	**33,000**	**41,933**	**8,230**	**-**	**94,865**	0.00%
Vaughan Webber	**-**	**32,877**	**-**	**3,123**	**-**	**36,000**	0.00%
Ronald Norman (Sam) Lees	**-**	**32,877**	**4,000**	**3,123**	**-**	**40,000**	0.00%
Other Key management personnel							
Ai Li	**97,724**	**-**	**-**	**9,284**	**-**	**107,008**	0.00%
	109,426	**134,754**	**45,933**	**27,180**	**-**	**317,293**	

26. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Remuneration of Directors and Executives (continued)

Details of Directors' remuneration for the year ended 30 June 2015

	Short term benefits			Post employment benefits	Equity based benefits		
	Salary	Director's Fees	Consulting Fees	Superannuation	Options	Total	Performance related
Key management personnel							
Ian Leslie Price	217,643	-	-	20,676	-	238,319	0.00%
Non-executive directors							
Jianguang Wang	-	36,000	-	-	-	36,000	0.00%
Ronald Norman (Sam) Lees	-	32,877	5,000	3,123	-	41,000	0.00%
Vaughan Webber	-	32,877	-	3,123	-	36,000	0.00%
Stephen Jiayi Yu	-	24,658	-	2,342	-	27,000	0.00%
	217,643	126,412	5,000	29,265	-	378,320	

Note 1 No loans have been made from the company to key management personnel.

(d) Equity instrument disclosures relating to directors

Number of Shares and Options held by specified directors and executives

2016

Shares	Number held 30 June 2015	Acquired during year	Sold during year	Issued on exercise of options	Number held 30 June 2016
Directors					
Jianguang Wang	**4,315,446**	**-**	**-**	**-**	**4,315,446**
Ian Leslie Price	-	-	-	-	-
Vaughan Webber	-	-	-	-	-
Ronald Norman (Sam) Lees	-	-	-	-	-
Executives					
Ai Li	-	-	-	-	-
	4,315,446	**-**	**-**	**-**	**4,315,446**

Options	Number held 30 June 2015	Acquired during year	Lapsed during year	Exercised during year	Number held 30 June 2016
Directors					
Jianguang Wang	**75,000**	**-**	**-**	**-**	**75,000**
Ian Leslie Price	**400,000**	**-**	**-**	**-**	**400,000**
Vaughan Webber	**75,000**	**-**	**-**	**-**	**75,000**
Ronald Norman (Sam) Lees	**75,000**	**-**	**-**	**-**	**75,000**
Executives					
Ai Li	-	-	-	-	-
	625,000	**-**	**-**	**-**	**625,000**

Number of Shares and Options held by specified directors and executives

2015

Shares	Number held 30 June 2014	Acquired during year	Sold during year	Issued on exercise of options	Number held 30 June 2015
Jianguang Wang	4,315,446	-	-	-	4,315,446
Ian Leslie Price	-	-	-	-	-
Vaughan Webber	-	-	-	-	-
Ronald Norman (Sam) Lees	-	-	-	-	-
	4,315,446	-	-	-	4,315,446

Options	Number held 30 June 2014	Acquired during year	Lapsed during year	Exercised during year	Number held 30 June 2015
Jianguang Wang	75,000	-	-	-	75,000
Ian Leslie Price	400,000	-	-	-	400,000
Vaughan Webber	75,000	-	-	-	75,000
Ronald Norman (Sam) Lees	75,000	-	-	-	75,000
	625,000	-	-	-	625,000

27. SHARE BASED PAYMENTS

(a) Recognised share-based payment expenses

	Consolidated 2016 $	Consolidated 2015 $
The expense recognised for employee services received during the year is shown in the table below:		
Expense arising from equity-settled share-based payment transactions		
Options granted during year	-	-
Options exercised during year	-	-

(b) Details of share-based payment plans

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2016 and 2015.

AHR Employee Share Option Plan

Under the AHR Employee Share Option Plan, directors, employees and consultants are granted options to acquire shares in the Company. The exercise price and term of the option are determined by the directors.

Options granted under the AHR Employee Share Option Plan vest on the date of grant.

The fair value of the options granted under the plan is estimated using the Black & Scholes or the Cox Ross Rubinstein binomial valuation methodology taking into account the terms and conditions under which the options are granted.

The contractual life of the options issued is 5 years or such other term as the Board determines.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2016 is 0.39 years (2015: 1.39 years).

The weighted average fair value of options granted during the year was $0.0185 (2015: $0.0185).

The range of exercise prices for options outstanding at the end of the year was $0.305.

The following table shows the inputs to the Black & Scholes or the Cox Ross Rubinstein binomial model in respect of options granted during the year.

	2016	2015
Value of Underlying Stock	-	-
Exercise Price	-	-
Dividend Yield	-	-
Volatility (per Year)	-	-
Risk free rate	-	-
Maturity	-	-
Pricing Date	-	-

The options issued are on an equity settled basis. There are no cash settlement alternatives.

Summary of options granted under the AHR employee share plan arrangements

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding at the beginning of the year	1,590,000	0.3050	2,010,000	0.0197
Granted during the year	-	0.0000	-	0.0000
Forfeited during the year	(195,000)	(0.3050)	(400,000)	(0.3050)
Exercised during the year	-	0.0000	-	0.0000
Expired during the year	-	0.0000	(20,000)	(0.2500)
Outstanding at the end of the year	1,395,000	0.3050	1,590,000	0.3050
Exercisable at the end of the year	1,395,000		1,590,000	

All options on issue expire on 20 November 2016

28. FINANCIAL INSTRUMENTS DISCLOSURES

(a) *Capital*

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

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

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

	Consolidated	
	2016	**2015**
	$	**$**
Loans	**11,250,000**	9,450,000
Net debt	**11,250,000**	9,450,000
Share capital	**7,915,883**	7,915,883
Reserves	**202,951**	202,951
(Accumulated losses)	**(9,864,883)**	(8,325,539)
Total capital	**(1,746,049)**	(206,705)
Gearing ratio	**-644.31%**	-4571.73%

(b) *Financial instrument risk exposure and management*

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

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

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

(c) *Principal financial instruments*

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

cash at bank;
tenement security deposits;
other receivables;
trade and other payables; and
shareholder loans

(d) *General objectives, policies and processes*

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

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

(i) Credit risk

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

Other receivables

Other receivables comprise the receivable in respect of GST receivable.

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

	Consolidated	
	2016	**2015**
	$	**$**
Tenement Security Deposits	**130,000**	120,000
Other receivables	**13,264**	12,247
	143,264	132,247

28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(d) *General objectives, policies and processes (continued)*

(ii) Liquidity risk

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

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

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

The Group has a financing facility in place provided by China Shandong Jinshunda Group Co. Limited, the company's major shareholder. The facility is repayable on 31 March 2019 and bears interest at the Commonwealth Government Bond Yield (GSBE19 maturing 15 March 2019) + 250 bps per annum.

	Consolidated	
	2016	2015
	$	$
Maximum Drawdown Facility	**13,000,000**	13,000,000
Amount drawn down at 30 June	**11,250,000**	9,450,000
Interest accrued as at 30 June	**781,543**	557,097

The Group does not have a bank overdraft.

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

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

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	$	$	$	$	$	$
Maturity Analysis - Consolidated - 2016						
Financial Assets						
Cash at bank and on hand	**811,098**	**811,098**	**811,098**	-	-	-
Other receivables	**30,390**	**30,390**	**30,390**	-	-	-
Tenement security deposits	**130,000**	**130,000**	-	-	**130,000**	-
TOTAL	**971,488**	**971,488**	**841,488**	-	**130,000**	-
Financial Liabilities						
Trade Creditors	**13,012**	**13,012**	**13,012**	-	-	-
Other payables and accruals	**72,195**	**72,195**	-	**72,195**	-	-
Loans	**12,031,543**	**12,031,543**	-	-	**12,031,543**	-
TOTAL	**12,116,750**	**12,116,750**	**13,012**	**72,195**	**12,031,543**	-
NET MATURITY	**(11,145,262)**	**(11,145,262)**	**828,476**	**(72,195)**	**(11,901,543)**	-
Maturity Analysis - Consolidated - 2015						
Financial Assets						
Cash at bank and on hand	447,349	447,349	447,349	-	-	-
Other receivables	33,716	33,716	33,716	-	-	-
Tenement security deposits	120,000	120,000	-	-	120,000	-
TOTAL	601,065	601,065	481,065	-	120,000	-
Financial Liabilities						
Trade Creditors	10,267	10,267	10,267	-	-	-
Other payables and accruals	104,514	104,514	-	104,514	-	-
Loans	10,007,097	10,007,097	-	-	10,007,097	-
TOTAL	10,121,878	10,121,878	10,267	104,514	10,007,097	-
NET MATURITY	(9,520,813)	(9,520,813)	470,798	(104,514)	(9,887,097)	-

28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(d) *General objectives, policies and processes (continued)*

(iii) Interest rate risk

The company's exposure to the risks of changes in market interest rates relates primarily to the company's short-term deposits and long term loans with a floating interest rate. These financial assets with variable rates expose the company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The consolidated entity does not engage in any hedging or derivative transactions to manage interest rate risk.

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below :

Consolidated -2016	NOTE	WEIGHTED AVERAGE INTEREST	FLOATING INTEREST RATES	FLOATING MATURING IN 1 YEAR TO 5	NON-INTEREST BEARING	TOTAL
Financial Assets						
Cash	9	**2.30%**	**811,098**	**-**	**-**	**811,098**
Receivables	10	**0.00%**	**-**	**-**	**30,390**	**30,390**
Tenement Security Deposits	12	**3.40%**	**130,000**	**-**	**-**	**130,000**
Total Assets			**941,098**	**-**	**30,390**	**971,488**
Financial Liabilities						
Payables	15	**0.00%**	**-**	**-**	**103,184**	**103,184**
Loans	16	**3.30%**	**-**	**12,031,543**		**12,031,543**
Total Liabilities			**-**	**12,031,543**	**103,184**	**12,134,727**
Net financial assets			**941,098**	**(12,031,543)**	**(72,794)**	**(11,163,239)**

Consolidated -2015	NOTE	WEIGHTED AVERAGE INTEREST	FLOATING INTEREST RATES	FLOATING MATURING IN 1 YEAR TO 5	NON-INTEREST BEARING	TOTAL
Financial Assets						
Cash	9	2.50%	447,349	-	-	447,349
Receivables	10	0.00%	-	-	33,716	33,716
Tenement Security Deposits	11	4.00%	120,000	-	-	120,000
Total Assets			567,349	-	33,716	601,065
Financial Liabilities						
Payables	12	0.00%	-	-	133,464	133,464
Loans	17	3.70%	-	10,007,097		10,007,097
Total Liabilities			-	10,007,097	133,464	10,140,561
Net financial assets			567,349	(10,007,097)	(99,748)	(9,539,496)

Sensitivity Analysis

Consolidated - 2016	Carrying amount	+1% interest rate Profit & Loss	-1% interest rate Profit & Loss
Cash at bank	**811,098**	**8,111**	**(8,111)**
Tenement security deposits	**130,000**	**1,300**	**(1,300)**
Loans	**(12,031,543)**	**(120,315)**	**120,315**
	(11,090,445)	**(110,904)**	**110,904**
Tax charge of 30%		**33,271**	**(33,271)**
Post tax profit increase / (decrease)		**(77,633)**	**77,633**

Sensitivity Analysis

Consolidated - 2015	Carrying amount	+1% interest rate Profit & Loss	-1% interest rate Profit & Loss
Cash at bank	447,349	4,473	(4,473)
Tenement security deposits	120,000	1,200	(1,200)
Loans	(10,007,097)	(100,071)	100,071
	(9,439,748)	(94,398)	94,398
Tax charge of 30%		28,319	(28,319)
Post tax profit increase / (decrease)		(66,079)	66,079

28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(d) *General objectives, policies and processes (continued)*

(iv) Currency risk

The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

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

The Group's most significant supplier, located in Australia, accounts for 63.78% of trade payables at 30 June 2016 .

(e) Commodity price risk

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

(f) Accounting policies

Accounting policies in relation to financial assets and liabilities and share capital are contained in Note 1.

29. CONTINGENT LIABILITIES

	Consolidated 2016 $	Consolidated 2015 $
Rehabilitation commitments		
It is a condition of the granting of the exploration licence that the company rehabilitate the site before the licence expires. The directors are unable to quantify the expected cost or timing of the required rehabilitation.		
The Group has provided guarantees, supported by deposits with the relevant State Department of Mines, in respect of its rehabilitation obligations regarding its mining tenements.	**130,000**	120,000

30. SEGMENT INFORMATION

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

Segment performance 2016	**Head Office 30 June 2016 $**	**Exploration Australia 30 June 2016 $**	**Intersegment Eliminations 30 June 2016 $**	**Total 30 June 2016 $**
Revenue				
Interest revenue	**17,453**	-	-	**17,453**
Other income	-	-	-	-
Total revenue	**17,453**	-	-	**17,453**
Operating result				
Segment net loss before tax	**(1,371,942)**	**(674,792)**	**621,467**	**(1,425,267)**
Reconciliation of segment result to group net loss before tax				
Amounts not included in segment result but reviewed by board				
Corporate charges				**(69,567)**
Depreciation				**(44,510)**
Total net loss before tax				**(1,539,344)**
				-
Segment assets and liabilities				
Segment assets	**7,542,373**	**9,411,517**	**(6,551,111)**	**10,402,779**
Unallocated assets				-
Group assets				**10,402,779**
				-
Segment liabilities	**12,148,828**	**8,186,123**	**(8,186,123)**	**12,148,828**
Unallocated liabilities				-
Group liabilities				**12,148,828**
				-

30. SEGMENT INFORMATION (CONTINUED)

Segment performance 2015	**Head Office**	**Exploration Australia**	**Intersegment Eliminations**	**Total**
	30 June 2015	**30 June 2015**	**30 June 2015**	**30 June 2015**
	$	**$**	**$**	**$**
Interest revenue	16,227	-	-	16,227
Other revenue	-	-	-	-
Total revenue	16,227	-	-	16,227
Operating result				
Segment net loss before tax	(765,545)	(189,745)	728	(954,562)
Reconciliation of segment result to group net loss before tax				
Amounts not included in segment result but reviewed by board				
Corporate charges				(76,627)
Depreciation				(48,766)
Total net loss before tax				(1,079,955)
				-
Segment assets and liabilities				
Segment assets	7,243,758	9,294,704	(6,576,542)	9,961,920
Unallocated assets				-
Group assets				9,961,920
Segment liabilities	10,168,625	7,590,086	(7,590,086)	10,168,625
Unallocated liabilities				-
Group liabilities				10,168,625
				-

31. SUBSEQUENT EVENTS

The following changes were made to the company's exploration tenements:

- EL 8295 Birdwood Extended - this tenement has been relinquished.
- EL 8100 Blicks Extended - this tenement is in process of being renewed with a reduction in area of 50%.
- EPM 19447 Aspiring - this tenement has been reduced in area by 40%.

There were at the date of this report no other matters or circumstances which have arisen since 30 June 2016 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

32. ADDITIONAL COMPANY INFORMATION

Anchor Resources Limited is a listed public company, incorporated and operating in Australia.

Principal Registered Office	***Principal Place of Business***	***Postal Address***
Suite 2508, Level 25	6 Chepstow Drive	PO Box 6126
St Martins Tower	CASTLE HILL	DURAL DC
31 Market Street	NSW 2154	NSW 2158
SYDNEY		
NSW 2000		

33. NOTES TO CASH FLOW STATEMENTS

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the related items in the statement of financial position as follows:

	Consolidated	
	2016	**2015**
	$	**$**
Cash at bank and on hand	**811,098**	447,349
	811,098	447,349

(b) Financing Facilities

The company has entered into a finance facility arrangement with its major shareholder, China Shandong Jinshunda Group Co. Limited. Refer note 16 for details.

Finance facility limit as at 30 June	**13,000,000**	13,000,000
Amount drawn down as at balance date	**11,250,000**	9,450,000

(c) Reconciliation of operating loss after income tax to net cash flows from operating activities

	Consolidated	
	2016	**2015**
	$	**$**
Operating loss after income tax	**(1,539,344)**	(1,079,955)
Non cash items included in profit and loss		
Depreciation	**44,510**	48,766
Exploration written off	**627,225**	50,888
Employee leave entitlements	**(14,669)**	(190)
	(882,278)	(980,491)
Changes in assets and liabilities		
Decrease (Increase) in receivables	**3,326**	34,199
Decrease (Increase) in other current assets	**(3,579)**	983
(Decrease) Increase in trade creditors	**2,745**	(30,176)
Increase (Decrease) in other creditors and accruals	**192,127**	239,089
Net cash used in operating activities	**(687,659)**	(736,396)

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

The directors of the company declare that:

1 The financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, and

(a) Comply with Australian Accounting Standards; and

(b) Give a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2016 and of the performance for the year ended on that date.

2 The Chief Executive Officer and the Chief Finance Officer have each declared that:

(a) The financial records of the company for the financial year have been properly maintined in accordance with s 286 of the Corporations Act 2001;

(b) The financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity comply with the Accounting Standards; and

(c) The financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity give a true and fair view.

3 In the directors opinion there are reasonable grounds to believe that the company and the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors

Jianguang Wang
Director
Sydney 21 September 2016

bdjpartners
CHARTERED ACCOUNTANTS

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

associate
M A Nakkan CA

consultant
C H Barnes FCA

north sydney office
Level 13, 122 Arthur St
North Sydney NSW 2060

all correspondence
PO Box 1664
North Sydney NSW 2059

t 02 9956 8500

f 02 9929 7428

e bdj@bdj.com.au

www.bdj.com.au

Auditor's Independence Declaration

To the directors of Anchor Resources Limited

As engagement partner for the audit of Anchor Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDJ Partners
Chartered Accountants

………………………………………………
Gregory W Cliffe
Partner
16 September 2016

bdjpartners
CHARTERED ACCOUNTANTS

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

associate
M A Nakkan CA

consultant
C H Barnes FCA

north sydney office
Level 13, 122 Arthur St
North Sydney NSW 2060

all correspondence
PO Box 1664
North Sydney NSW 2059

t 02 9956 8500

f 02 9929 7428

e bdj@bdj.com.au

www.bdj.com.au

Independent Auditor's Report

To the members of Anchor Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Anchor Resources Limited, which comprises the statements of financial position as at 30 June 2016, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Anchor Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Anchor Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and

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

(b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Economic Dependence

Without modifying our opinion, we draw attention to Note 1 "Going Concern" which indicates the economic dependence of the consolidated entity on China Shandong Jinshunda Group Co. Limited (Jinshunda). Assuming that Jinshunda continues its financial support of the consolidated entity, there is nothing to indicate a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and the consolidated entity's ability to pay its debts as and when they fall due.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Anchor Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDJ Partners
Chartered Accountants

....

Gregory W Cliffe
Partner

21 September 2016

ANCHOR RESOURCES LIMITED

Shareholder information

The shareholder information set out below was applicable as at 23 August 2016.

A. Distribution of equity securities

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

		Class of equity security Ordinary shares Number of shareholders	Number of shares	%
1-1,000		12	729	0.001
1,001-5,000		22	64,824	0.123
5,001-10,000		18	155,062	0.295
10,001-100,000		28	888,415	1.691
100,001	and over	5	51,446,626	97.890
Totals		85	52,555,656	100.000

At the prevailing market price of shares ($0.025) there were 59 shareholders with less than a marketable parcel of ordinary shares worth $500 (being 20,000 shares).

B. Equity security holders

Twenty largest quoted equity security holders

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

Name	**Ordinary share Number held**	**Percentage of issued**
Sunstar Capital Pty Ltd	46,395,719	88.279%
Mr Jianguang Wang	4,315,446	8.211%
Mr Jiayi Yu	490,101	0.933%
Octifil Pty Ltd	225,000	0.428%
Rui Teng Trading Pty Ltd	100,000	0.190%
G C Enterprises (Aust) Pty Ltd	95,627	0.182%
Roslyn Super Pty Ltd	70,000	0.133%
Mr James Brian Slattery	58,782	0.112%
Mrs Lesley Anne Jones	51,720	0.098%
JP Morgan Nominees Australia	51,473	0.098%
Mr Richard Leslie Harrison	50,000	0.095%
Mr Peter William & Mrs Yvonne Ruth Vereyken	39,500	0.075%
Mrs Melita Chilcott	38,500	0.073%
Mr Si Wei Li	30,000	0.057%
Narebar Pty Ltd <Loughnan Superannuation A/C>	30,000	0.057%
Mr David William Jones	25,500	0.049%
Ms Sandra Burki	25,000	0.048%
Mr Matthew John Smaller	24,000	0.046%
Mr Nayyar Hassan Shah	23,000	0.044%
Mrs Ayten Peterson	20,889	0.040%
Total of Top 20 share holdings	52,160,257	99.248%
Other shareholders	395,399	0.752%
Total ordinary shares	52,555,656	100.00%

C. Substantial holders

Substantial holders in the company are set out below:

	Number of shares held	**Shareholding percentage**
Ordinary shares		
China Shandong Jinshunda Group Co. Limited	50,711,165	96.49%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

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

(b) Options

There are no voting rights attached to the options.

Shareholder information

E. Summary of options issued and unexercised	**No of options**	**No of holders**	**Options held**	**% Options Issued**
Options expiring 20 November 2016 with an exercise price of $0.305	**1,395,000**	**9**		
Option holders with more than 20% of class				
Lutana Enterprises Pty Ltd			**400,000**	28.67%
Graeme Rabone			**400,000**	28.67%

These options are unquoted equity securities

ANCHOR RESOURCES LIMITED

Schedule of Tenements

The Group held the following tenements as at the date of this report:

Tenement number	Tenement name	Date granted	Area km^2	Anchor Resources Equity	Annual expenditure commitments $
NEW SOUTH WALES					
Tenements held by Anchor Resources Limited					
EL 6388	Bielsdown	04-Mar-05	35	100%	43,000
Tenements held by Scorpio Resources Limited					
EL 6459	Birdwood	08-Aug-05	36	100%	42,000
EL 6465	Blicks	29-Sep-05	80	100%	57,000
EL 8100	Blicks Extended	11-Jun-13	299	100%	70,000
EL 8295	Birdwood Extended	12-Aug-14	293	100%	70,000
EL 8398	Gemini	07-Oct-15	300	100%	70,000
QUEENSLAND					
Tenements held by Sandy Resources Limited					
EPM 19447	Aspiring	08-Jul-13	291	100%	140,000
EPM 25958	Walsh River	07-Dec-15	162	100%	29,000

ANCHOR RESOURCES LIMITED

Corporate Governance Statement

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

ASX Corporate Governance Principles and Recommendations

Anchor is currently a listed company with a small market capitalisation and where its processes do not necessarily fit the model of the ASX Corporate Governance Principles and Recommendations, the Board believes that there are good reasons for the different approach being adopted. Reporting against the 8 Principles, we advise as follows:

Principle 1: Lay solid foundations for management and oversight

1.1 A listed entity should disclose:
- ***(a) the respective roles and responsibilities of the board and management***
- ***(b) those matters expressly reserved to the board and those delegated to management.***

The primary responsibilities of Anchor's board include:
- (i) The establishment of long term goals of the Company and strategic plans to achieve those goals;
- (ii) The review and adoption of the annual business plan for the financial performance of the company and monitoring the results on a monthly basis;
- (iii) The appointment of the Managing Director;
- (iv) Ensuring that the Company has implemented adequate systems of internal control together with appropriate monitoring of compliance activities; and
- (v) The approval of the annual and half-yearly statutory accounts and quarterly activities and quarterly cash flow reports.

The Board meets on a regular basis, at least bi-monthly, to review the performance of the Company against its goals both financial and non-financial. Prior to the scheduled monthly board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

The responsibilities of senior management including the Managing Director are contained in letters of appointment and job descriptions given to each appointee on appointment and updated at least annually or as required.

The primary responsibilities of senior management are:
- (i) Achieve Anchor's objectives as established by the Board from time to time;
- (ii) Operate the business within the cost budget set by the Board;
- (iii) Assess new business opportunities of potential benefit to the Company;
- (iv) Ensure appropriate risk management practices and policies are in place;
- (v) Ensure that Anchor's appointees work with an appropriate Code of Conduct and Ethics; and
- (vi) Ensure that Anchor's appointees are supported, developed and rewarded to the appropriate professional standards.

1.2 A listed entity should:
- ***(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and***
- ***(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.***

The board of Anchor undertakes appropriate checks prior to appointing a person, or putting a person forward to shareholders as a candidate for election as a director. These include checks as to the person's character, experience, education, criminal record and bankruptcy history.

Information about a candidate standing for election or re-election as a director will be provided to shareholders to enable them to make an informed decision on whether or not to elect or re-elect the candidate. This information may include:
- (i) biographical details, including relevant qualifications, experience and skills;
- (ii) details of other material directorships;
- (iii) a statement regarding whether the director qualifies as independent;
- (iv) any material adverse information or potential conflicts of interest, position or association;
- (v) the term of office currently served (for directors standing for re-election); and
- (vi) a statement whether the board supports the election or re-election of the candidate.

1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

All directors and senior executives of Anchor have a written agreement with the Company setting out the terms of their appointment.

1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary of Anchor is accountable to the board on all governance matters and reports directly to the Chairman as the representative of the board.

The Company Secretary is appointed and dismissed by the board.

The Company Secretary's advice and services are available to all directors.

1.5 A listed entity should:

(a) have a diversity policy which includes requirement for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

(b) disclose that policy or a summary of it; and

(c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purpose); or

2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined in and published under that Act.

The Company has, as yet, no established policy in relation to gender diversity. The company has a board of four members and only three full time employees and as a consequence the opportunity for creating a meaningful gender diversity policy is limited.

The Company will disclose at the end of each reporting period the respective proportions of men and women on the board and in senior executive positions. Currently Company personnel comprise the board which has four members, none of which are women and three employees, one of which is a woman.

1.6 A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board undertakes an annual performance evaluation of itself that:

(i) compares the performance of the Board with the requirements of its Charter; and

(ii) effects any improvements to the Board Charter deemed necessary or desirable.

The Anchor board has four board members, who are in regular contact with each other as they deal with matters relating to Anchor's business. The board uses a personal evaluation process to review the performance of directors, and at appropriate times the Chairman takes the opportunity to discuss Board performance with individual directors and to give them his own personal assessment. The Chairman also welcomes advice from Directors relating to his own personal performance. The Remuneration Committee determines whether any external advice or training is required. The Board believes that this approach is appropriate for a company of the size of Anchor which has a small market capitalisation.

1.7 A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The performance of all senior executives and appointees is reviewed at least once a year. Anchor is currently operating with an Executive Chairman who also takes on the role of Chief Executive Officer/Managing Director. The performance of all senior executives is currently reviewed by the Executive Chairman, in conjunction with the board's Remuneration and Nominations Committee. They are assessed against personal and Company Key Performance Indicators established from time to time as appropriate for Anchor.

The Anchor Corporate Governance Charter is available on the Anchor web site, and includes sections that provide a board charter. The Anchor board reviews its charter when it considers changes are required.

Principle 2: Structure the Board to add value

2.1 The board of a listed entity should:

(a) have a nomination committee which;

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director;

and disclose

(3) the charter of the committee

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meeting; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The nomination committee is comprised of Vaughan Webber (Committee Chairman) and Ronald Norman (Sam) Lees. Both directors are non-executive and independent. Anchor considers this is adequate given the limited size of the company and number of employees/consultants.

There is no current board charter for nominations.

New directors are selected after consultation of all board members and their appointment voted on by the board. Each year, in addition to any board members appointed to fill casual vacancies during the year, one third of directors retire by rotation and are subject to re-election by shareholders at the Annual General Meeting.

The number of times the committee meets is disclosed in the annual report.

2.2 *A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its memberships.*

During the 2016 financial year, the Anchor board conducted a governance skills review regarding the skills, knowledge and experience of the current board. The skills matrix is set out in the table below. Subsequent to year end the Managing Director/Chief Executive Officer has resigned from these roles but remains a non-executive director. The skills matrix below remains relevant.

	Chairman	Non-executive Director – Geology	Non-executive Director & Chair of Audit Committee	Executive Director – Managing Director & Chief Executive Officer. Now Non- executive
Skills and Experience	Executive Leadership; Strategy Development and Implementation; project Financing.	Project identification and acquisition, exploration, feasibility studies, management of exploration projects.	Capital Markets; Marketing and Investor Relations; Compliance and Governance Skills	Executive Leadership; Mining and Exploration Management; Project Identification and Acquisition.

The Anchor board has determined that any addition to board membership must be independent of shareholders and management.

2.3 *A listed entity should disclose:*
- ***(a) the names of the directors considered by the board to be independent directors;***
- ***(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the Principles but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and***
- ***(c) the length of service of each director.***

The Chairman, Mr Jianguang Wang, is also Managing Director and Chief Executive Officer, and is not considered independent given his significant shareholding in the Company. Mr Wang has served as a director since 9 June 2011.

Mr Vaughan Webber, non-executive director and chairman of the audit committee and remuneration committee is considered to be independent and has served as a director since 18 August 2011.

Mr Ronald Norman (Sam) Lees, non-executive director, is considered to be independent, and has served as a director since 16 January 2012.

Mr Ian Price, non-executive director, is not considered to be independent . Mr Price has been a director since 9 June 2011.

2.4 *A majority of the board of a listed entity should be independent directors.*

Two directors being Mr Webber and Mr Lees are considered to be independent directors. The Board considers that this is an adequate balance given Anchor is a company with a small market capitalisation.

2.5 *The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.*

Mr Jianguang Wang, the executive chairman given his substantial shareholding is not considered to be independent. While Mr Wang is currently assuming responsibilities which would normally be undertaken by the Chief Executive Officer it is expected that this will change as the company restructures in the year ahead.

2.6 *A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

Anchor Resources Limited has a program for induction of new directors. Directors are active in undertaking professional development opportunities for the purpose of development and maintenance of their skills. Such activities are reported as part of the board's governance skills review, which also assists in identifying areas requiring further development.

Principle 3: Act ethically and responsibly

3.1 A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

Anchor' policies contain a formal code of conduct that applies to all directors and employees, who are expected to maintain a high standard of conduct and work performance, and observe standards of equity and fairness in dealing with others. The detailed policies and procedures encapsulate the company's ethical standards. The code of conduct is contained in the Anchor Corporate Governance Charter, see www.anchorresources.com.au.

Principle 4: Safeguard integrity in corporate reporting

4.1 the board of a listed entity should:

(a) have an audit committee which

(1) has at least three members, all of who are non-executive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not a chair of the board,

and disclose

(3) the charter of the committee;

(4) the relevant qualifications of the members of the committee; and

(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Given that Anchor is a company with a small market capitalisation, the Audit committee is comprised of two directors Mr Vaughan Webber (Audit Committee Chairman) and Mr Sam Lees, both non-executive independent directors.

The company has adopted an Audit Committee charter. It is publicly available on the Anchor website.

The Audit Committee met two times during the course of the year. Mr Vaughan Webber has extensive business experience in accounting and corporate finance, and substantial experience with ASX listed companies. Mr Ronald Norman (Sam) Lees is a senior geologist with substantial technical experience who is able to assist the company, amongst other matters, in the assessment of the carrying value of exploration projects.

The Audit Committee provides a forum for the effective communication between the board and external auditors. The committee reviews:

- The annual and half-year financial reports and accounts prior to their approval by the board;
- The effectiveness of management information systems and systems of internal control; and
- The efficiency and effectiveness of the external audit functions.

The Audit Committee meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

The Audit Committee also reviews the Anchor Corporate Governance and Risk Management processes to ensure that they are effective for a listed public company that currently has a small market capitalisation.

4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, received from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Declarations regarding the financial statements are received from the CEO (or person currently fulfilling this role) and CFO. The board received such declarations for the half year and annual reports for 2016.

4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Anchor's auditor attends the Company's AGM in person and is available to answer questions from security holders relevant to the audit.

Principle 5: Make timely and balanced disclosure

5.1 A listed entity should:

(a) have a written policy for complying with is continuous disclosure obligations under the Listing Rules; and

(b) disclose that policy or a summary of it.

The Anchor Board and senior management are conscious of the ASX Listing Rule Continuous Disclosure requirements, which are supported by the law, and take steps to ensure compliance. The Company has a policy, which can be summarised as follows:

- the Board, with appropriate advice, determines whether an announcement is required under the Continuous Disclosure principles;
- all announcements are approved by the Board, and monitored by the Company Secretary; and
- all media comment is handled by a nominated Non-executive Director.

Anchor believes that the internet is now the best way to communicate with shareholders and provides detailed announcements to the Australian Securities Exchange on a regular basis to ensure that shareholders are kept well informed on Anchor' activities. Anchor's Continuous Disclosure Policy is available on the Governance page of the Company's website: www.anchorresources.com.au.

Principle 6: Respect the rights of security holders

6.1 A listed entity should provide information about itself and its governance to investors via its website.

Anchor's website includes a Governance page, which includes a copy of this Corporate Governance Statement and various governance policies.

6.2 A listed entity should design and implement and investor relations program to facilitate effective two-way communication with investors.

The Company's Shareholder Communication Policy, which is available on the Governance page of its website, summarises the Company's communication program, including regular reporting, email alerts, active participation at the Company's AGM and encouragement of shareholder communications.

6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Notices of the Annual General Meeting, together with accompanying information such as the explanatory memorandum, are sent to shareholders, either by mail or email, depending on the shareholder's election, and are also placed on the Company's website. Shareholders are encouraged to attend the Annual General Meeting and to ask questions.

6.4 A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.

The Company provides an email alert service. Shareholders are encouraged to register for this service through the Company's website and once registered will receive information by email, including ASX releases, annual and other reports, company presentations and notices of general meetings.

Shareholders may also elect to receive communications from the Company's share Registrar, Security Transfer Registry, by email.

Principle 7: Recognise and manage risk

7.1 The board of a listed entity should:
- ***(a) have a risk committee to oversee risk which:***
  - ***(1) has at least three members, a majority of who are independent directors; and***
  - ***(2) is chaired by an independent director;***

  and and disclose
  - ***(3) the charter of the committee;***
  - ***(4) the members of the committee; and***
  - ***(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or***
- ***(b) if it does not have a risk committee, disclose that fact and the processes it employs for overseeing the entity's risk management framework.***

The board has determined that while it is comprised of only four members the board as a whole will perform the tasks and functions generally assumed by a risk committee.

The Company has established policies for the oversight and management of material business risks. The Company's Risk Management Policy is available on the Governance page of its website: www.anchorresources.com.au. This document sets out the Company's policy and processes for risk management and the roles and responsibilities of the board, executives and employees.

Anchor has incorporated risk management into its decision making and business planning processes so that risks are identified, analysed, ranked and appropriate risk controls and risk management plans are put into place to manage and reduce the identified risks, with all identified risks entered into a Risk Register.

The risk identification and management system, including the Risk Register, is reviewed annually by senior management and the board and policies and practices upgraded where issues are identified that require attention. Reviews of specific items are undertaken by senior management where issues are identified and immediate action is required.

Risk is a standing item on the agenda of board meetings, for reporting against identified material business risks.

7.2 The board or a committee of the board should:
- ***(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and***
- ***(b) disclose in relation to each reporting period, whether such a review has taken place.***

Anchor's risk policy and risk register is reviewed by the Board of Directors annually to coincide with the preparation and lodgement of the Company's Annual Report. A review was undertaken in the financial year ending 30 June 2016.

7.3 A listed entity should disclose:

(a) If it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The board has determined that, consistent with the size of the Company and its activities, an internal audit function is not currently appropriate. As noted regarding recommendations 7.1 and 7.2 above and regarding Principle 4 above, the board has adopted a Risk Management Policy and processes appropriate to the size of Anchor to manage the company's material business risks and to ensure regular reporting to the board on whether those risks are being managed effectively in accordance with the controls that are in place.

7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does, how it manages or intends to manage those risks.

The Group has developed a series of operational risks which the Group believes to be reflective of the industry and geographical locations in which the Group operates. These risk areas are provided here to assist investors to have an understanding of risks faced by the Group and the industry in which it operates.

The key risks are, and not limited to:

- fluctuations in commodity prices and exchange rates;
- success or otherwise of exploration activities;
- reliance on licenses, permits and approvals from governmental and land owners authorities;
- loss of key management;
- ability to obtain additional financing; and
- changed operating, market or regulatory environments.

The board has reviewed the Company’s exposure to economic, environmental and social sustainability risks and determined that, given the nature of its activities and the fact that the Company is reliant on raising funds for continued activities from shareholders or other investors, this represents a material economic risk. The Company’s financial position is monitored on a regular basis and processes put into place to ensure that fund raising activities will be conducted in a timely manner to ensure the Company has sufficient funds to conduct its activities.

Principle 8: Remunerate fairly and responsibly

8.1 The board of a listed entity should:

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose

(3) the charter of the committee

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings,

; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Anchor has a remuneration committee. The committee comprises non-executive independent directors Mr Vaughan Webber and Mr Ronald Norman (Sam) Lees. The Board believes that this is adequate given the limited number of executives, employees and consultants.

Anchor considers that the structure of its Remuneration Committee is appropriate for a company with a small market capitalisation. The Remuneration Committee is chaired by the independent director, Mr Vaughan Webber.

Given the limited number of personnel the Company does not have a charter and determines on a case by case basis, the terms and conditions of employment of company executives and consultants, including remuneration. Senior executives remuneration packages are reviewed by reference to Anchor’s performance, the executive director’s or senior executive’s performance, as well as comparable information from industry sectors and other listed companies in similar industries, which is obtained from external remuneration sources. This ensures that base remuneration is set to reflect the market for a comparable role.

8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The remuneration details of non-executive directors, executive directors and senior management are set out in the Remuneration Report that forms part of the Directors’ report.

The performance of the executive director and senior executives is measured against criteria agreed annually and bonuses and incentives are linked to predetermined performance criteria and may, with shareholder approval, include the issue of shares and / or options.

There are no schemes for retirement benefits, other than statutory superannuation for non-executive directors.

8.3 A listed entity which has an equity-based remuneration scheme should:

- ***(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and***
- ***(b) disclose that policy or a summary or it.***

The Company's Security Trading Policy, a copy of which is available on the Governance page of the Company's website www.anchorresources.com.au, sets out restrictions on participation by staff in hedging arrangements over the Company's securities issued pursuant to any share scheme, performance right's plan or option plan. In particular:

Staff are prohibited from in hedging arrangements over unvested securities; and

Vested securities may only be hedged once they are exercised into shareholdings and only under the following conditions:

- (i) the details of the hedge are fully disclosed to the Chairman and the Company Secretary (and to ASX and in the Annual Report, as appropriate);
- (ii) the hedge transaction is treated as a dealing in securities and the restrictions and requirements of the Securities Trading Policy are satisfied; and
- (iii) all holding locks have been removed from the relevant securities.

ANCHOR RESOURCES LIMITED

Corporate Directory

Board of Directors

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

Company Secretaries
Guy Robertson
Grahame Clegg

Registered Office
Suite 2508
Level 25
St Martins Tower
31 Market Street
Sydney, NSW 2000
Telephone: 02 8268 8690
Facsimile: 02 8268 8699
Website: www.anchorresources.com.au
Email: admin@anchorresources.com.au

Principal Place of Business
6 Chepstow Drive
Castle Hill, NSW 2154
Telephone: 02 8268 8690
Facsimile: 02 8268 8699
Website: www.anchorresources.com.au
Email: admin@anchorresources.com.au
Postal Address
PO Box 6126, Dural DC, NSW, 2158

Bostobrick Exploration Office
4 Muldiva Road,
Bostobrick, NSW 2453
Telephone: 02 6657 5211
Facsimile: 02 9283 8803
Website: www.anchorresources.com.au
Email: admin@anchorresources.com.au
Postal Address
PO Box 134 Dorrigo, NSW 2453

Share Registrar
Boardroom Pty Limited
Level 12, 225 George Street, Sydney, NSW 2000
Telephone: 02 9290 9600
Facsimile: 02 9279 0664

ASX Code: AHR

Auditors
BDJ Partners
Level 13, 122 Arthur Street, North Sydney
PO Box 1664, North Sydney, NSW 2059

Solicitors
Gadens Lawyers
Skygarden Building
77 Castlereagh Street, Sydney, NSW 2000

Bankers
Bank of Western Australia
Westpac