ANCHOR RESOURCES LIMITED

ACN 122 751 419

ASX Code: AHR

Half-Year Financial Report

31 DECEMBER 2012

Corporate Directory

Board of Directors

Jianguang Wang	Non-Executive Chairman
Ian Leslie Price	Managing Director
Jaiyi Yu	Chief Executive Officer
Vaughan Webber	Non-Executive Director
Ronald Norman Lees	Non-Executive Director

Company Secretaries

Grahame Clegg
Guy Robertson

Registered Office

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Sydney NSW 2000
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E-mail: info@anchorresources.com.au

Share Registry

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Telephone: 02 9290 9600
Facsimile: 02 9279 0664

Auditors

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

Bankers

Bank of Western Australia
Westpac Banking Corporation

Stock Exchange Listing

Listed on Australian Securities Exchange Limited
ASX Code: AHR

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2012.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Jianguang Wang	Non-Executive Chairman
Ian Leslie Price	Managing Director
Jaiyi Yu	Chief Executive Officer
Vaughan Webber	Non-Executive Director
Ronald Norman Lees	Non-Executive Director

Review and Results of Operations

The net result of operations after applicable income tax expense for the half-year was a loss of $655,014 (2011 – $1,551,844).

On behalf of your Board of Directors, I am pleased to report on the activities of Anchor Resources Limited during the past half year which has been a period where the Company has focused on reviewing and advancing its exploration projects.

Corporate Matters

Following a successful takeover bid in 2011, Anchor's major shareholder, China Shandong Jinshunda Group Co. Limited (Jinshunda), committed to the development of the Company and its projects.

Jinshunda's, total shareholding is 97.6% of Anchor.

The company is listed on ASX (code AHR).

Financial

A Finance Facility was entered into with Jinshunda Group on 1 August 2011. The Facility is for a total of $3.5 million at an interest rate of Libor +250 bps per annum with an expiry date of 1 February 2014. The purpose of the Facility is to provide funding to the Company to carry out exploration and ancillary activities. Since the end of the financial half-year the Finance Facility has been extended to 26 February 2015 and increased to $5.0 million (refer note 8 subsequent events).

Exploration

Anchor has a suite of complementary exploration projects along the east coast of Australia that are prospective for gold, copper, antimony and molybdenum. All of these metals are in high demand and each continues to maintain high prices. The Company is continuing with a program of assessment and exploration across its projects.

The major field activities undertaken in the first half of the year have been:

- At the Blicks gold project in NSW the Company has further advanced the Tyringham gold prospect. Two deep diamond drill holes were completed at the Tyringham East and Tyringham West in late 2011. Significant intervals of low grade gold were intersected and work has continued to analyse the results of the drilling with detailed assessment of the logged core. In late 2012 an international geological expert made a site visit and reviewed the project and endorsed the Company's assessment for the proposed geological model of an intrusion related gold system. Further work to explore this system is planned.
- At the Aspiring project in far north Queensland, a number of magnetic anomalies were identified and four were tested by a RC drilling program in late 2012. All holes were considered to have intersected the magnetic anomaly target centroid at each anomaly tested. None of the eight holes drilled intersected mineralisation and it was concluded that none of the magnetic anomalies tested are associated with mineralisation. Further work is

required to examine whether the three remaining magnetic anomalies are potentially related to gold and base metal mineralisation. In addition a uranium target has been identified form historic work by others and it requires further assessment.

- The company's other projects; Bielsdown, Thunderbolts, Munga and Birdwood in New South Wales continue to be assessed. Greenvale East in Queensland is to be relinquished as it has no defined targets and does not fit the Company's objectives
- The Company continues to examine opportunities to acquire other projects at a time when many other exploration companies have limited access to funds.

Further details on the Company's exploration projects have been published in the Company's Quarterly Reports.

Subsequent Events

Since the end of the financial half-year an additional $1.5m has been made available to Anchor through the increase of the Finance Facility to $5.0 million which has also been extended to 26 February 2015 (refer note 8 subsequent events).

The directors are not aware of any other significant changes in the state of affairs of the Company occurring since the end of the half-year.

Auditor's Independence Declaration

The independence declaration of our auditor is on page 15 and forms part of this report.

Signed at Sydney this 1sth day of March 2013 in accordance with a resolution of the directors.

On behalf of the Board

JIAYI YU
Chief Executive Officer
Sydney, 1st March 2013

Consolidated Statement of Comprehensive Income

Half-year ended 31 December 2012

	Note	31 Dec 2012	31 Dec 2011
		$	$
REVENUE FROM ORDINARY ACTIVITIES	2	**10,786**	**36,437**
Administration Expenses		**(85,798)**	**(166,341)**
Corporate Expenses		**(131,359)**	**(69,785)**
Depreciation		**(10,118)**	**(11,222)**
Employment Expenses		**(342,210)**	**(545,187)**
Exploration Expenditure Written Off		**(18,703)**	**(699,351)**
Finance Expenses		**(50,160)**	**(15,587)**
Investor and Public Relations Expenses		**(25,601)**	**(15,617)**
Occupancy Expenses		**(420)**	**(47,648)**
Other Expenses		**(1,351)**	**(17,543)**
(LOSS) BEFORE INCOME TAX EXPENSE		**(655,014)**	**(1,551,844)**
INCOME TAX EXPENSE		**-**	**-**
(LOSS) AFTER INCOME TAX EXPENSE		**(655,014)**	**(1,551,844)**
OTHER COMPREHENSIVE INCOME AFTER INCOME TAX:			
Exchange differences on translating foreign controlled entities		**-**	**385**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, BEFORE TAX		**-**	**385**
Income tax (expense) benefit		**-**	**-**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**-**	**385**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**(655,014)**	**(1,551,459)**
Basic loss per share (cents per share)		**(1.25)**	**(2.95)**
Diluted loss per share (cents per share)		**(1.22)**	**(2.94)**

Consolidated Statement of Financial Position

as at 31 December 2012

	Note	31 Dec 2012	30 Jun 2012
		$	$
CURRENT ASSETS			
Cash and cash equivalents		**378,308**	**600,453**
Receivables		**66,749**	**63,863**
Other current assets		**10,007**	**5,046**
TOTAL CURRENT ASSETS		**455,064**	**669,362**
NON-CURRENT ASSETS			
Tenement security deposits		**120,000**	140,000
Property, plant and equipment		**72,519**	73,787
Deferred exploration and evaluation expenditure	3	**5,432,436**	4,786,026
TOTAL NON-CURRENT ASSETS		**5,624,955**	4,999,813
TOTAL ASSETS		**6,080,019**	5,669,175
CURRENT LIABILITIES			
Payables		**146,292**	243,245
TOTAL CURRENT LIABILITIES		**146,292**	243,245
NON CURRENT LIABILITIES			
Loans		**3,300,817**	2,150,661
Provisions		**4,931**	2,114
TOTAL NON CURRENT LIABILITIES		**3,305,748**	2,152,775
TOTAL LIABILITIES		**3,452,040**	2,396,020
NET ASSETS		**2,627,979**	3,273,155
EQUITY			
Issued capital	4	**7,915,883**	7,915,883
Accumulated losses		**(5,454,090)**	(4,799,076)
Reserves		**166,186**	156,348
TOTAL EQUITY		**2,627,979**	3,273,155

Consolidated Statement of Cash Flows

Half-year ended 31 December 2012

	31 Dec 2012	31 Dec 2011
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment to suppliers and employees	**(678,968)**	**(663,979)**
Interest received	**10,786**	**36,062**
Research & Development Tax Offset Rebate received	**-**	**513,770**
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	**(668,182)**	**(114,147)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	**(8,848)**	**(69,840)**
Expenditure on mining interests (exploration)	**(665,115)**	**(778,214)**
Tenement security deposits refunded	**20,000**	**-**
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	**(653,963)**	**(848,054)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	**1,100,000**	**1,350,000**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**1,100,000**	**1,350,000**
NET (DECREASE) INCREASE IN CASH HELD	**(222,145)**	**387,799**
Add opening cash brought forward	**600,453**	**533,564**
CLOSING CASH CARRIED FORWARD	**378,308**	**921,363**

Consolidated Statement of Changes in Equity

Half-year ended 31 December 2012

	Attributable to the shareholders of Anchor Resources Limited			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
AT 1 JULY 2011	7,915,883	(2,689,829)	25,681	**5,251,735**
Share based payments reserve	-	-	130,282	130,282
Loss for the period	-	(1,551,844)	-	(1,551,844)
Other comprehensive income for the period	-	-	385	385
AT 31 DECEMBER 2011	**7,915,883**	**(4,241,673)**	**156,348**	**3,830,558**
AT 1 JANUARY 2012	7,915,883	**(4,241,673)**	**156,348**	**3,830,558**
Loss for the period	-	(557,403)	-	(557,403)
AT 30 JUNE 2012	7,915,883	(4,799,076)	156,348	**3,273,155**
AT 1 JULY 2012	7,915,883	(4,799,076)	156,348	**3,273,155**
Share based payments reserve	-	-	9,838	9,838
Loss for the period	-	(655,014)	-	(655,014)
AT 31 DECEMBER 2012	7,915,883	**(5,454,090)**	**166,186**	**2,627,979**

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Anchor Resources Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Going Concern

The financial report has been prepared on a going concern basis.

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 assets of $2,627,979 (2011 - $3,273,155). The Company has a loan of $3,200,000 (2011 - $2,100,000) due to China Shandong Jinshunda Group Co. Limited (Jinshunda), the major shareholder of the company. The Board has received a written undertaking 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 half-year a further $400,000 has been received and an additional $1.5m has been made available to Anchor through the increase of the Finance Facility to $5.0 million which has also been extended to 26 February 2015 (refer note 8 subsequent events).

The Company's ability to continue as a going concern and undertake activities towards the development of its exploration tenements will require continuing support from Jinshunda and/or funding through the raising of new equity or the establishment of new debt facilities.

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 is able to pay its debts as they fall due and realise its 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.

2. REVENUE FROM ORDINARY ACTIVITIES

	31 Dec 2012 **$**	31 Dec 2011 $
Interest received – other persons/corporations	**10,786**	**36,062**
Other income	**-**	**375**
Total Revenue	**10,786**	**36,437**

3. NON-CURRENT ASSETS

Deferred exploration and evaluation expenditure

	31 Dec 2012	31 Dec 2011
	$	$
Costs brought forward	**4,786,024**	**4,061,109**
Costs incurred during the half-year	**665,115**	**813,304**
Expenditure written off during the half-year	**(18,703)**	**(699,351)**
Costs carried forward	**5,432,436**	**4,175,062**

4. ISSUED CAPITAL

	31 Dec 2012	31 Dec 2011
	$	**$**
Share capital		
52,535,296 ordinary shares fully paid as at 1 July 2012	**8,308,423**	**8,308,423**
Shares issued	**-**	**-**
	8,308,423	**8,308,423**
Issue costs	**(392,540)**	**(392,540)**
52,535,296 ordinary shares fully paid as at 31 December 2012	**7,915,883**	**7,915,883**

5. OPTIONS

275,000 options were issued to the Company's employees and consultants on 27 December 2012 exercisable at 38 cents each and expiring on 22 May 2014.

No options were exercised during the period.

6. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no change of any contingent liabilities or contingent assets.

7. FINANCIAL REPORTING BY SEGMENTS

Identification of reportable segments

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 determining the allocation of resources.

The group is managed primarily on the basis of exploration in Australia. Operating segments are therefore determined on the same basis.

7. FINANCIAL REPORTING BY SEGMENTS (CONTINUED)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- impairment of assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- current tax liabilities;
- other financial liabilities;
- intangible assets;

7. FINANCIAL REPORTING BY SEGMENTS (CONTINUED)

Six months ended 31-December 2012	Head Office $	Exploration Australia $	Intersegment Eliminations $	Total $
Segment performance				
Interest received	10,786	-	-	10,786
Other income	-	-	-	-
Total revenue	10,786	-	-	10,786
Operating result				
Segment loss before tax	(343,346)	(170,191)	-	(513,537)
Reconciliation of segment result to group net profit/loss before tax:				
Amounts not included in segment result but reviewed by the Board:				
— corporate charges				(131,359)
— depreciation and amortisation				(10,118)
Net loss before tax				(655,014)
Segment Assets	2,975,532	5,552,436	(2,447,949)	6,080,019
Unallocated assets				-
Group assets				6,080,019
Segment Liabilities	3,452,040	3,319,453	(3,319,453)	3,452,040
Unallocated liabilities				-
Group liabilities				3,452,040

7. FINANCIAL REPORTING BY SEGMENTS (CONTINUED)

Six months ended 31-December 2011	Head Office $	Exploration Australia $	Intersegment Eliminations $	Total $
Segment performance				
Interest received	36,062	-	-	36,062
Other income	-	-	-	-
Total revenue	36,062	-	-	36,062
Operating result				
Segment loss before tax	(491,064)	(980,148)	375	(1,470,837)
Reconciliation of segment result to group net profit/loss before tax:				
Amounts not included in segment result but reviewed by the Board:				
— corporate charges				(69,784)
— depreciation and amortisation				(11,223)
Net loss before tax				(1,551,844)
Segment Assets	3,066,293	4,240,063	(1,931,298)	5,375,058
Unallocated assets				-
Group assets				5,375,058
Segment Liabilities	1,544,500	2,117,859	(2,117,859)	1,544,500
Unallocated liabilities				-
Group liabilities				1,544,500

8. SUBSEQUENT EVENTS

Since the end of the financial half half-year, an additional $1.5m has been made available to Anchor through the increase of the Finance Facility with China Shandong Jinshunda Group Co. Limited (Jinshunda) to $5.0 million The Finance Facility has also been extended to 26 February 2015.

No other event has occurred subsequent to 31 December 2012 requiring disclosure in, or amendment to, these financial statements.

Directors' Declaration

In accordance with a resolution of the directors of Anchor Resources Limited, I state that:

In the opinion of the directors:

a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

i) complying with Accounting Standard AASB 134: Interim Financial Reporting; and

ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.

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

On behalf of the Board

JIAYI YU
Chief Executive Officer

Sydney, 1st March 2013

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incorporating Boulter Partners
CHARTERED ACCOUNTANTS

partners
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A J Dowell CA
B Kolevski CPA (Affiliate ICAA)
M Galouzis CA
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M A Nakkan CA

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Independent Auditor's Review Report

To the members of Anchor Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Anchor Resources Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Anchor Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Anchor Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Economic Dependence

Without modifying our opinion, we draw attention to Note 1 "Going concern" which indicates the economic dependence of the company on China Shandong Jinshunda Group Co. Limited (Jinshunda). Due to the continuing financial support of Jinshunda, there is nothing to indicate that the company will not be able to pay its debts as and when they fall due.

BDJ Partners
Chartered Accountants

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Anthony J Dowell

1 March 2013

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Anchor Resources Limited and Controlled Entities

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2012 there have been:

a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

BDJ Partners

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Anthony Dowell

26 February 2013

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