

Anchor Resources Limited

ABN: 49 122 751 419

ASX Code: AHR

Website: www.anchorresources.com.au

27th April 2018

QUARTERLY REPORT ON ACTIVITIES – MARCH 2018

HIGHLIGHTS

Cobar Basin Project, New South Wales

- Blue Mountain confirmed as a large anomalous multi-element mineral system by recent rock chip geochemistry
- A large coincident geochemical and geophysical base metal target discovered at Jaguar 2 prospect
- IP surveys being planned to investigate Blue Mountain and Jaguar prospects at depth and optimize target definition prior to drill testing

TENEMENTS

Anchor Resources Limited's (Anchor, ASX: AHR) exploration projects host a number of encouraging targets with potential for significant new mineral deposits. In addition, its Bielsdown project in New South Wales has a JORC (2012) resource of antimony.

Anchor holds eight exploration licences in NSW, including EL 6465 & EL 8100 (Blicks project), EL 8398, EL 8723, EL 8724 & EL 8725 (Cobar Basin project), and EL 6388 (Bielsdown project). The Company also has one pending exploration licence application within the Cobar Basin in western NSW. In Queensland, at the Walsh River project, it holds an exploration permit for minerals, EPM 25958 (Walsh River) where epithermal gold and polymetallic granite-related mineral systems have been identified.

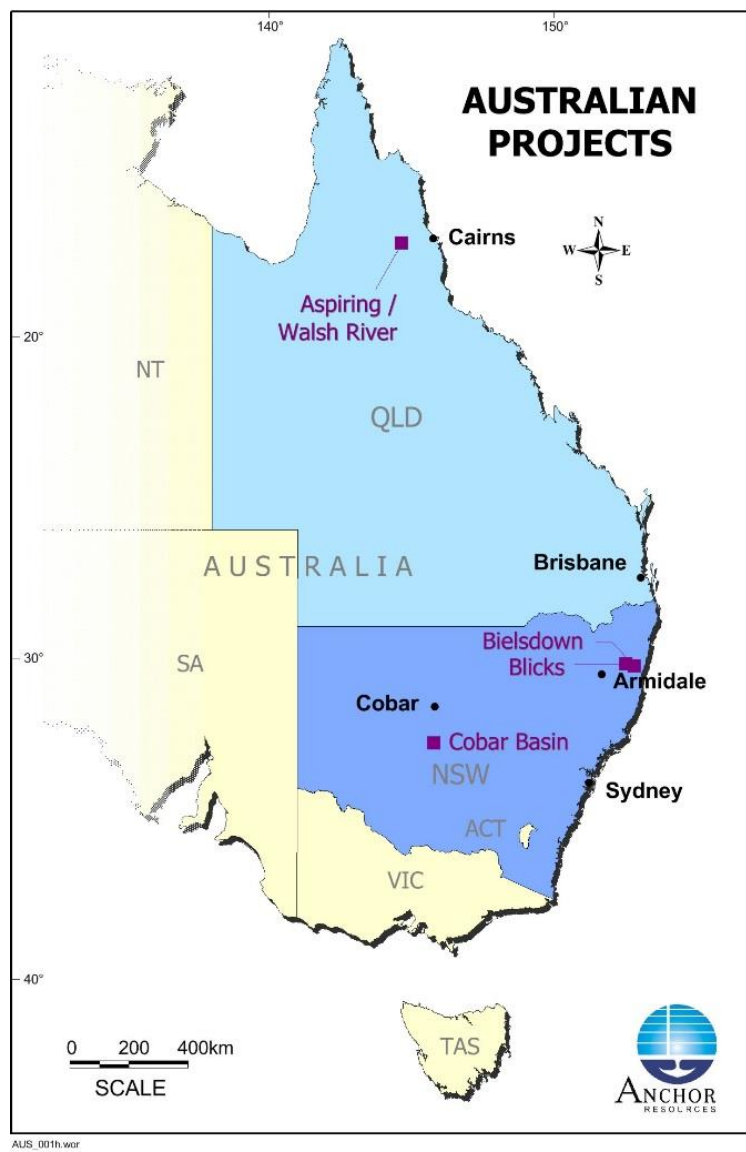


Figure 1: Location of Anchor projects in eastern Australia

Cobar Basin Project, EL 8398 (Gemini), EL 8723 (Libra), EL 8724 (Leo), EL 8725 (Taurus) and ELA 5633 (Aquarius) (Anchor 100%), New South Wales – copper, lead, zinc, gold, & silver

The Cobar Basin has a long history of ongoing mineral discoveries extending from 1869 up to recent times confirming its potential as a world class mineral province prospective for major new discoveries. Cobar-type deposits are high grade, polymetallic mineral systems, viable under a wide range of economic conditions. The geometry of many deposits has in the past made them challenging targets for exploration however, as the understanding of these deposits increases and technology advances, new opportunities are created and new discoveries are being made in both brownfield and green field terranes. Anchor's Cobar Basin tenements are shown on Figure 2.



Figure 2: Location of Anchor's Cobar Basin tenements

During the March 2018 Quarter three new exploration licences (EL 8723, EL 8724 & EL 8725) were granted. Importantly the granted exploration licences are partly contiguous. Total area of granted tenure and a pending exploration licence application is approximately 1,529 km².

The Gemini exploration licence, and Anchor's other exploration licences, cover a prospective, underexplored area in the southern half of the Cobar Basin, and includes the Blue Mountain base metal (Cu-Pb-Zn) prospect (Figure 2). The anomalous multi-element Cu-Pb-Zn geochemistry, large linear anomaly footprint, sphalerite-galena-chalcopyrite base metal association in drill core, structurally controlled lensoidal geometry of the mineralisation intersected in drilling, and interpreted structural architecture of the Blue Mountain Cu-Pb-Zn prospect, has many similarities to other Cobar-type deposits, including the major producing CSA mine at Cobar (see Anchor ASX announcement 18 April 2016).

Exploration undertaken during the Quarter in EL 8398 incorporated prospect evaluation, rock chip geochemistry and petrography at selected target areas. Guided in part by the recent geophysical study (see Anchor ASX announcement 7 February 2018) eighteen target areas were evaluated in the field and underlying rock samples, if exposed, were collected for multi-element assay. A total of 30 rock chip samples were assayed for 48 elements plus gold. Significant assay results for Pb, Cu, Zn, Ag and Bi are shown in Figures 4-8.

This work has confirmed Blue Mountain prospect and the newly discovered Jaguar 2 prospect as two large targets warranting detailed follow up work, including IP surveys:

- **Blue Mountain Cu-Pb-Zn prospect** with indications mineralisation extends over a strike length of >2.5 km based on a geological, historic RAB geochemical and geophysical work; and
- **Jaguar 2 prospect** with indications mineralisation extends over a strike length of >1.5 km based on surface rock chip geochemistry and geophysical data. The mineralised zone is defined on surface by sporadic discontinuous float consisting dominantly of weathered and siliceous altered slate containing a network of fracture controlled quartz and sulphide veinlets with boxworks after sulphide, mainly pyrite. The trend of the zone is coincident with an underlying VTEM conductor interpreted to be 400 metres long, and possibly up to 800 metres long.

A sample of gossanous brecciated quartz from Blue Mountain assayed 2.53% Pb, 0.17% Zn, 0.49% Cu, 3.9ppm Ag, 0.07g/t Au, 61.7ppm Bi and 1.52% As. Seven additional samples assayed from 0.1% Pb to 1.1% Pb confirming base metal mineralisation extends to surface along part of the Blue Mountain zone. A number of other rock chip samples from Blue Mountain returned strongly anomalous lead (Pb) values over a wide area supporting historic anomalous RAB drilling lead geochemical results.

Lead is often used as a pathfinder element to locate sub-surface sulphide mineralisation during exploration programs in the Cobar Basin. The strongly anomalous lead geochemistry is supported by anomalous copper, zinc, arsenic, and bismuth.

Composite rock chip samples from the Jaguar 2 prospect returned anomalous Pb values ranging from 157ppm Pb to 430ppm Pb, and anomalous Cu up to 275ppm, Zn up to 0.16%, Ag up to 0.97ppm, Au up to 0.04g/t, Bi up to 487ppm Bi, and As up to 181ppm. The strongly anomalous Bi values at Jaguar 2 are considered encouraging since bismuth is often anomalous in Cobalt-type deposits. Zinc values at Jaguar 2 are similar in magnitude to Blue Mountain.

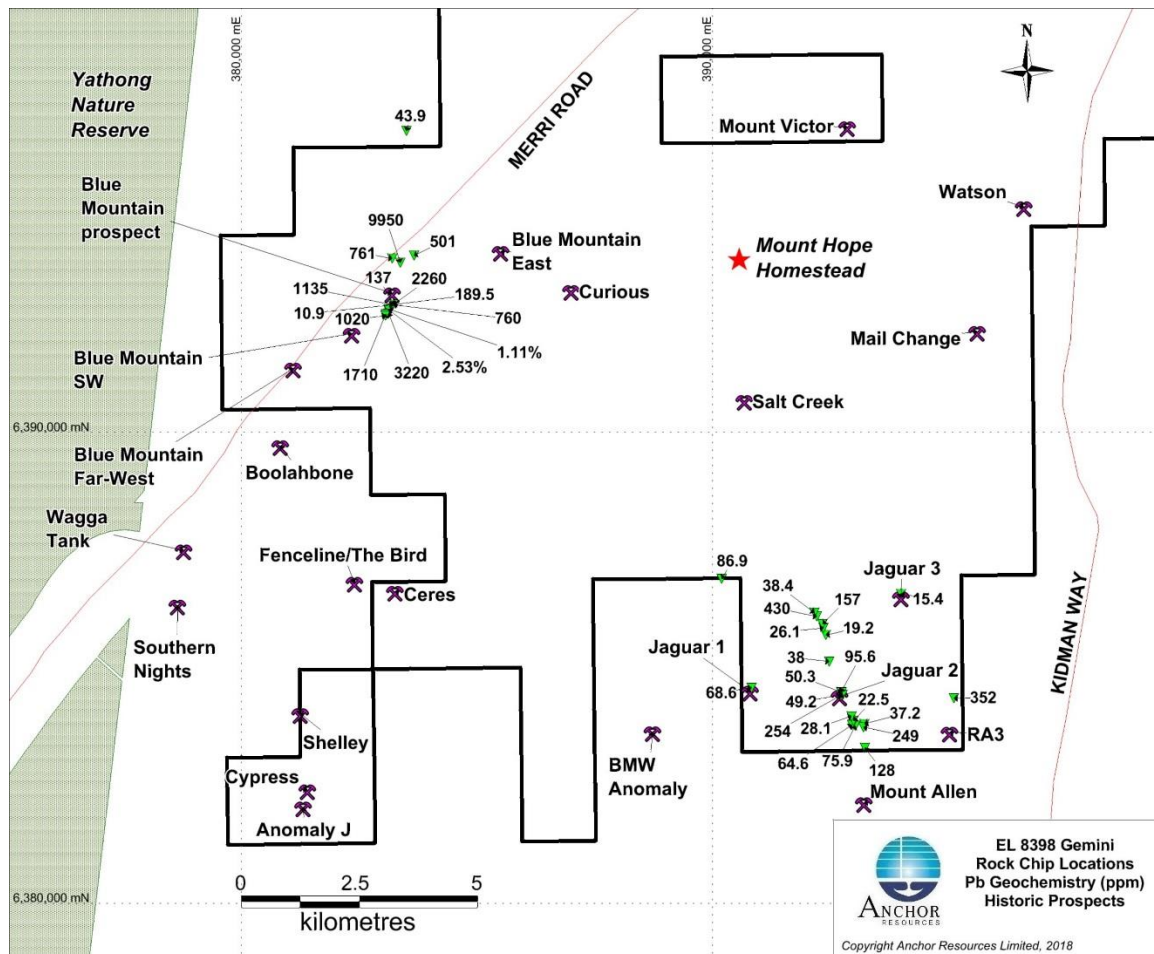


Figure 4: Rock chip Pb geochemistry

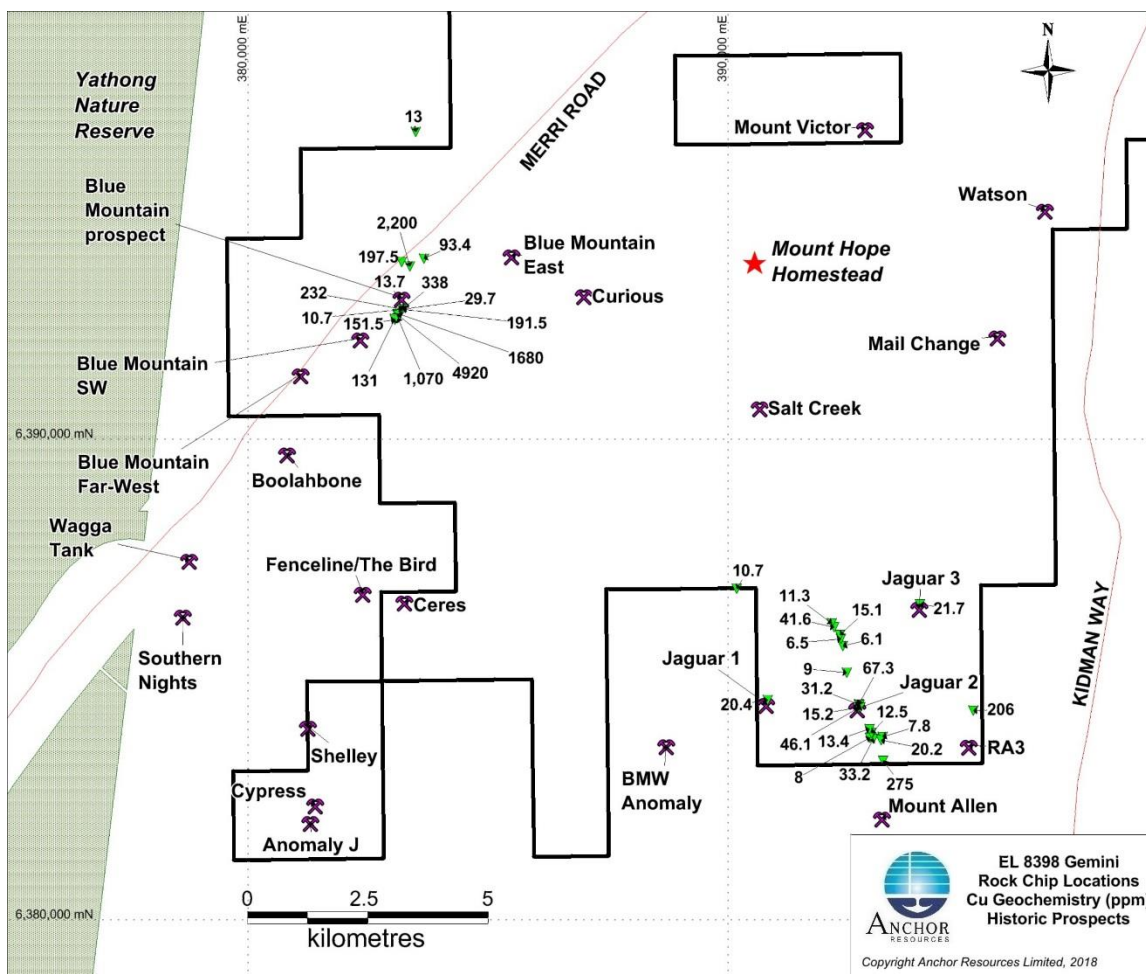


Figure 5: Rock chip Cu geochemistry

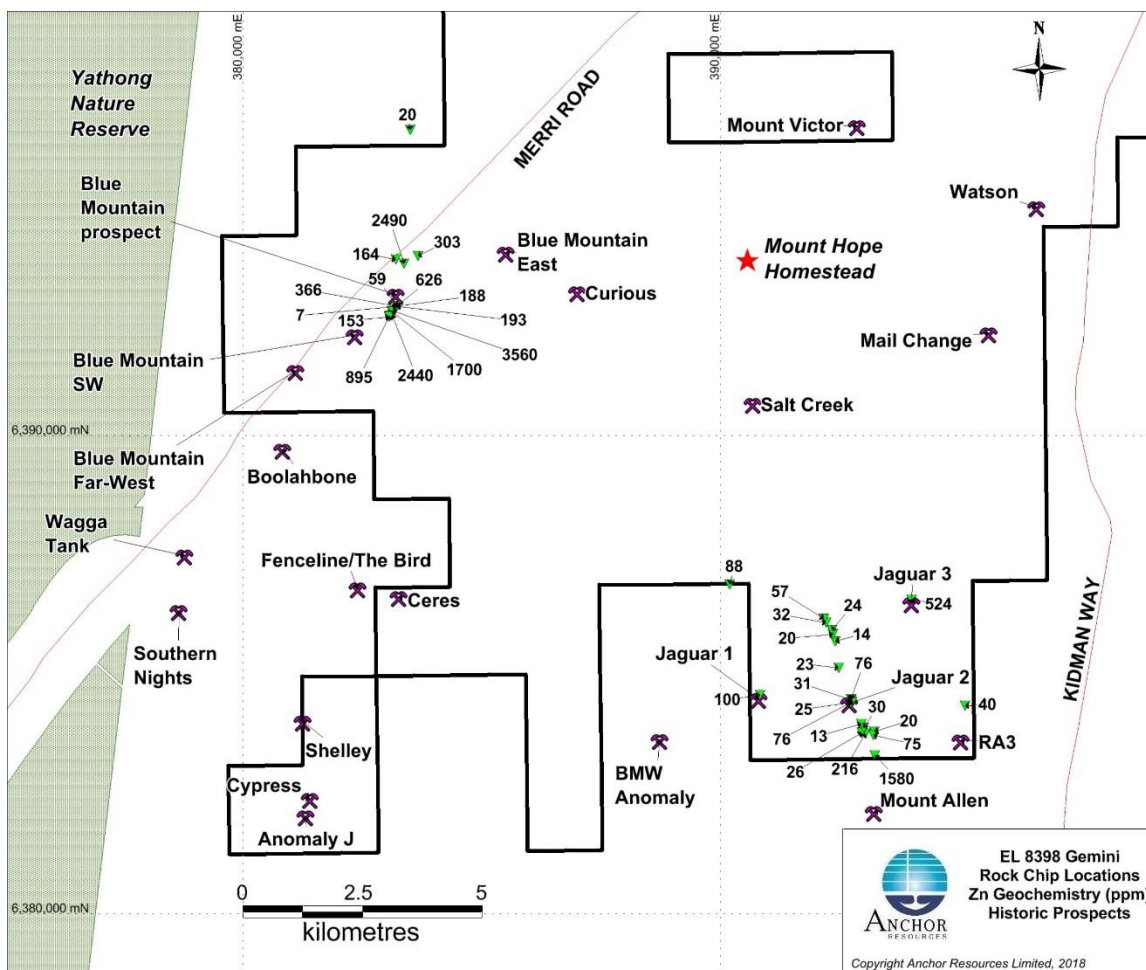


Figure 6: Rock chip Zn geochemistry

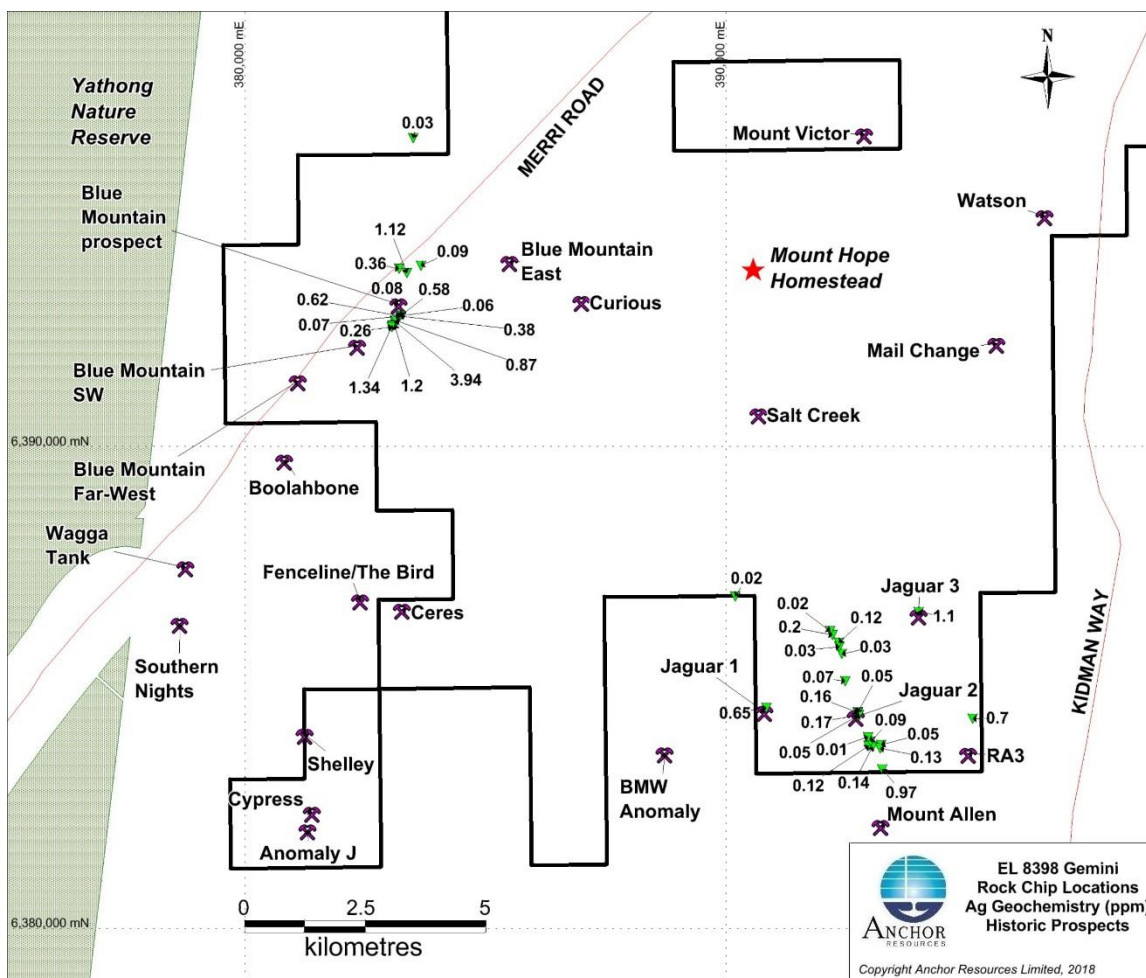


Figure 7: Rock chip Ag geochemistry

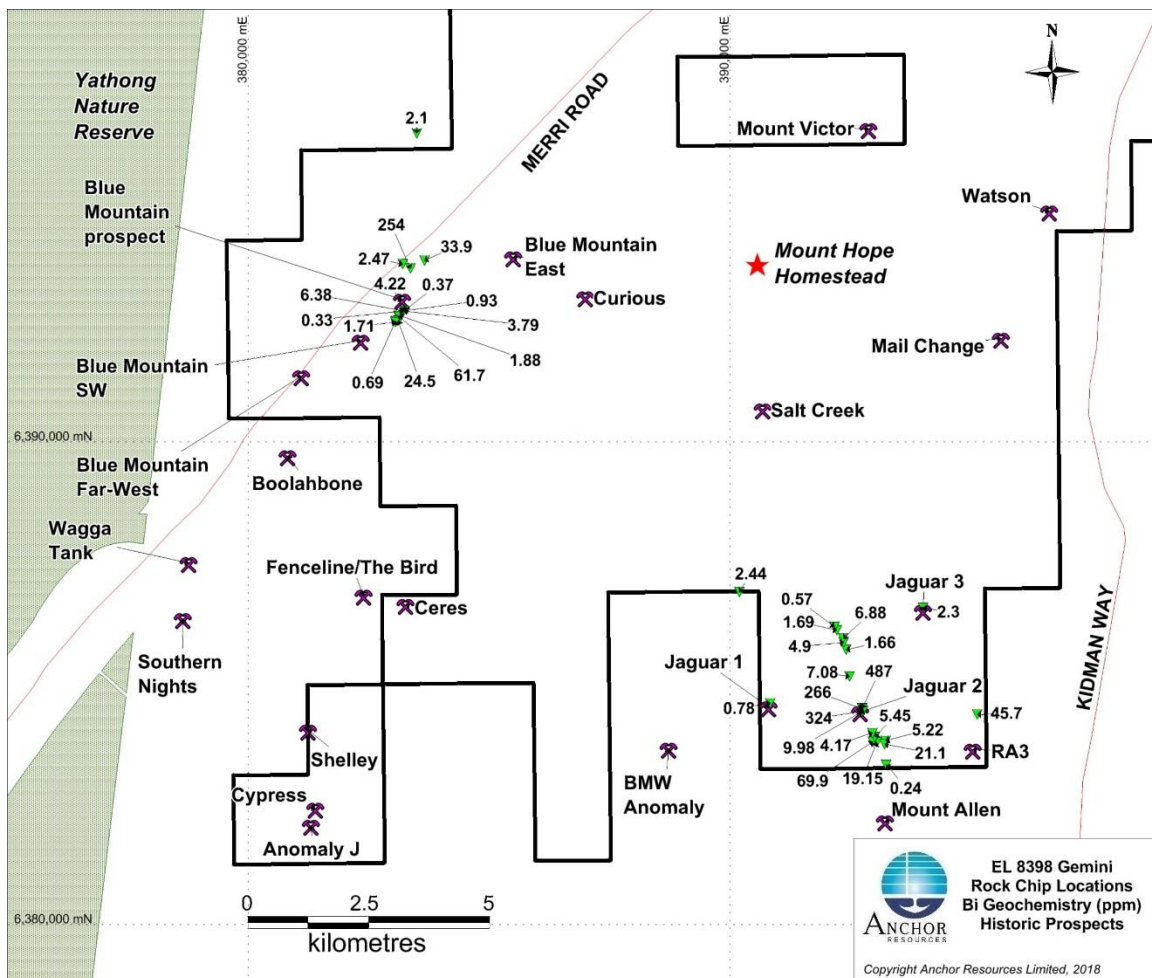


Figure 8: Rock chip Bi geochemistry

Results from a petrographic investigation of select rock samples from the reconnaissance program remain pending.

Additional targets remain to be field checked and sampled in a follow up program.

An Induced Polarization (IP) survey is being planned for the coming Quarter and will cover Blue Mountain and other prospects including the recently discovered Jaguar prospect. The objective of the survey is to investigate selected anomalies at depth and define targets for drill testing.

Walsh River Project, EPM 25958 (Anchor 100%) Queensland – gold, silver, copper, lead & zinc

The Walsh River tenement is located in the Chillagoe mining district, which forms part of the larger Hodgkinson Province in Far North Queensland. Historically the Chillagoe mining district is the most productive region in the Hodgkinson Province.

During the Quarter a prospectivity review of the Aspiring tenement EPM 19447 was completed and confirmed that its potential to host a significant mineral discovery was downgraded as a result of the work Anchor has recently undertaken on the adjacent Walsh River project (EPM 25956) where in late 2016 low sulphidation epithermal gold-silver mineralisation was discovered by Anchor at the Fluorspar group workings, and granite-related gold-silver-copper-lead mineralisation was verified in a greisen-sulphide alteration zone and a peripheral polymetallic vein at Doolan (see Report on Quarterly Activities – December 2017). Accordingly the Aspiring tenement was surrendered.

The Walsh River project is close to known porphyry and skarn-related gold-copper-silver mineralisation with a mineral inventory in excess of 3.5 Moz Au, 335,000 tonnes Cu and 39 Moz Ag. Work last year by Anchor identified epithermal gold-silver mineralisation in the Fluorspar area. Epithermal gold-silver deposits are often found in regions of porphyry gold-copper mineralisation where they form an upper level continuum of porphyry systems.

Two regional scale epithermal gold-silver vein systems have been identified for drilling. A number of epithermal gold-bearing quartz veins has been recently defined by Anchor's field exploration and sites have been selected for future drilling. A minimum program of 1,500 metres of RC drilling on 3 sections (2 holes per section) testing two different vein systems would be required to validate the conceptual exploration model. The objective is to intersect higher gold grades and widths at a depth up to 200 metres below surface.

This drilling would be dependent on further funding.

No field work was carried out in the Quarter due the current wet season.

BLICKS PROJECT, EL 6465 and EL 8100 (Anchor 100%) New South Wales – gold, copper, molybdenum & tungsten

The Blinks project is located in the Southern New England Orogen in northeast NSW, 90 km northeast of the major regional centre of Armidale. The project's main prospects are **Tyringham** (intrusion-related gold system), **Navin** (granite-related polymetallic), **Tuting** (granite-related molybdenum-tungsten) and **Liberty** (granite-related copper-molybdenum). This is a significant polymetallic mineral district with large, multi-element soil geochemical anomalies associated with a transverse corridor hosting a number of granitoid intrusions of different ages over an area 12 km x 2 km.

The Tyringham Corridor is a transverse lineament where a number of intrusions have been emplaced over a period of 65 million years. The intrusions are often anomalous in a variety of metals. Intrusion-related gold mineralisation is present at Tyringham, granite-related arsenic-copper-zinc-silver mineralisation is present at Navin, molybdenum-tungsten mineralisation is present at Tuting, and copper-molybdenum mineralisation is found at Liberty and within the Billys Creek Tonalite either side of Liberty. Magnetic imagery suggests the Tyringham Corridor may extend a further 7 km northeast where another intrusion is interpreted from magnetics and granitoid float has been found (Figure 9).

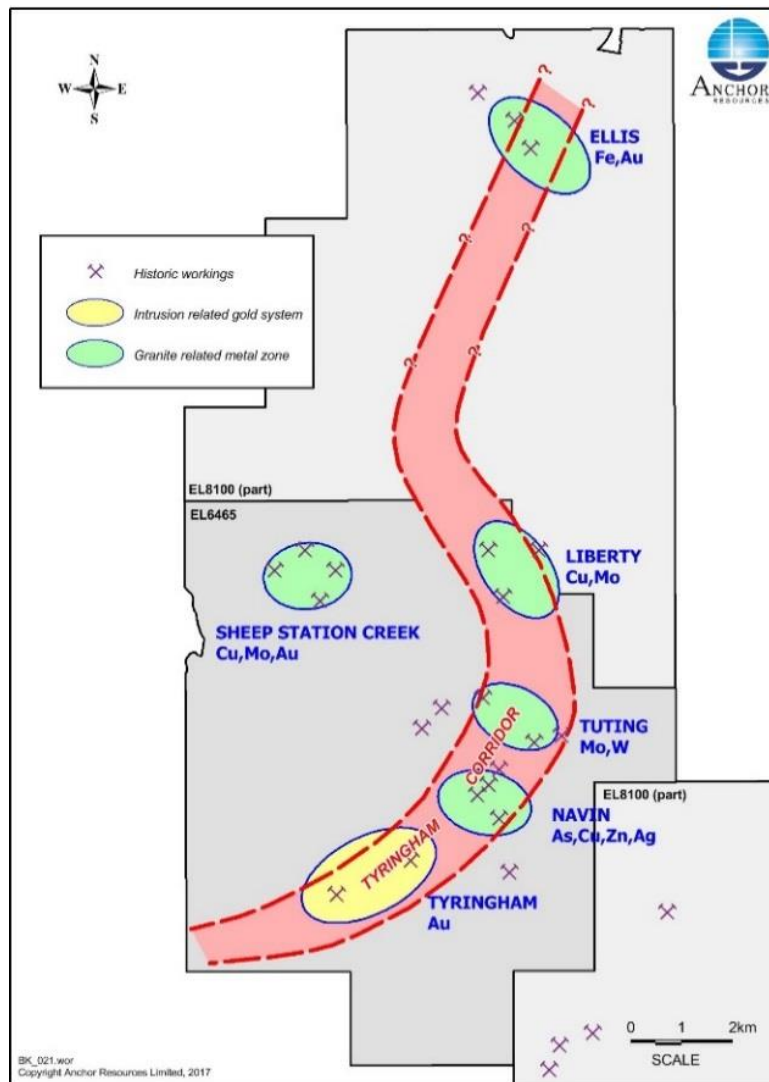


Figure 9: Tyringham Corridor and prospects

A comprehensive technical review of the Blicks project was completed recently and has confirmed the potential of the project to host major mineral deposits. It is currently being reviewed by an international expert in IRGS style mineralisation.

Bielsdown Project, EL 6388 (Anchor 100%) New South Wales– antimony

The Bielsdown Land Access Arbitration was completed with the final determination handed down on 29 March 2016. The new Land Access Arrangement will enable Anchor to remediate former drill sites and access for further exploration however, the landowner has not yet provided access to commence field activities.

No field work was carried out during the Quarter.

Corporate

On 9 April 2018 the Company increased its finance facility from China Shandong Jinshunda Group Co., Ltd by \$1,000,000 to \$15,500,000 and extended the term to 30 September 2021. The facility is now subject to an interest rate being the Commonwealth Government Bond Yield (GSBS21 maturing 21 December 2021) + 250 bps per annum.

Ian L Price
Managing Director
Anchor Resources Limited

Contact: +61 438 937 644

Email: ian.price@anchorresources.com.au

Competent Person Statement

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

TENEMENT SCHEDULE at 25 April 2018

TENEMENT NUMBER	NAME	LOCATION	HOLDER	DATE OF FIRST GRANT	EXPIRY	AREA km ²
EL 6388	BIELSDOWN	NSW	Anchor Resources Limited	04/03/2005	03/03/2019	35
EL 6465	BLICKS	NSW	Scorpio Resources Pty Ltd	29/09/2005	29/09/2019	80
EL 8100	BLICKS EXTENDED	NSW	Scorpio Resources Pty Ltd	11/06/2013	11/06/2019	150
EL 8398	GEMINI	NSW	Scorpio Resources Pty Ltd	07/10/2015	07/10/2018	290
EL 8723	LIBRA	NSW	Cobar Minerals Pty Ltd	29/03/2018	29/03/2021	~36
EL 8724	LEO	NSW	Cobar Minerals Pty Ltd	29/03/2018	29/03/2021	~663
EL 8725	TAURUS	NSW	Cobar Minerals Pty Ltd	29/03/2018	29/03/2021	~324
ELA 5633	AQUARIUS	NSW	Cobar Minerals Pty Ltd	Pending		~216
EPM 19447	ASPIRING	QLD	Sandy Resources Pty Ltd	08/07/2013	Surrendered	144
EPM 25958	WALSH RIVER	QLD	Sandy Resources Pty Ltd	07/12/2015	06/12/2020	190

Note: Scorpio Resources Pty Ltd, Sandy Resources Pty Ltd and Cobar Minerals Pty Ltd are wholly owned subsidiaries of Anchor Resources Limited