



ANCHOR RESOURCES LIMITED

ACN 122 751 419

ASX Code: AHR

**Half-Year Financial Report
31 December 2015**

ANCHOR RESOURCES LIMITED

Corporate Directory

Board of Directors

Jianguang Wang	Chairman and Chief Executive Officer
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	Telephone:	02 8268 8690
31 Market Street	Facsimile:	02 8268 8699
Sydney, NSW 2000	Website:	www.anchorresources.com.au
	Email:	admin@anchorresources.com.au

Principal Place of Business

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Castle Hill, NSW 2154	Facsimile:	02 8268 8699
Postal Address	Website:	www.anchorresources.com.au
PO Box 6126, Dural DC, NSW, 2158	Email:	admin@anchorresources.com.au

Bostobrick Exploration Office

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Bostobrick, NSW 2453	Facsimile:	02 9283 8803
Postal Address	Website:	www.anchorresources.com.au
PO Box 134 Dorrigo, NSW 2453	Email:	admin@anchorresources.com.au

Share Registrar

Boardroom Pty Limited
Level 7, 207 Kent 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

ANCHOR RESOURCES LIMITED

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ANCHOR RESOURCES LIMITED

DIRECTORS REPORT

Your directors submit their report for the half-year ended 31 December 2015.

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	Chairman and Chief Executive Officer
Ian Leslie Price	Non-Executive Director
Vaughan Webber	Non-Executive Director
Ronald Norman (Sam) Lees	Non-Executive Director

Review and Results of Operations

The results of the operations of the Company and the consolidated entity during the financial half-year were as follows:

	Consolidated	
	2015	2014
	\$	\$
Loss after income tax	(539,270)	(557,494)
Other comprehensive income / (expense)	-	-
Comprehensive loss after income tax	<u>(539,270)</u>	<u>(557,494)</u>

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 advancing its exploration projects.

Corporate Matters

Anchor's major shareholder, China Shandong Jinshunda Group Co. Limited (Jinshunda), continues its commitment 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 2012. The purpose of the Facility is to provide funding to the Company to carry out exploration and ancillary activities. The facility has a maximum drawdown of \$13,000,000 and is repayable on 31 March 2017. The finance facility bears interest at Australian Government Bond GSBC17 + 250 bps per annum.

ANCHOR RESOURCES LIMITED

DIRECTORS REPORT

Review and Results of Operations (continued)

Exploration

Anchor has a number of exploration projects along the east coast of Australia that are prospective for gold, copper, lead, zinc, antimony, tungsten and molybdenum. The Company is continuing with a program of assessment and exploration across all its projects.

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

At the **Blicks project** in NSW the discovery of the Tuting porphyry molybdenum-tungsten target, which is defined by very strong surface geochemistry and favourable geology, along with the more recent identification of a large copper- molybdenum geochemical target at the Liberty target, has significantly broadened the potential for the Blicks project area to host large mineralising systems, including the Tyringham intrusion-related gold system. During the half year field work was carried out to investigate the historic Mulligan and Forster gold prospects in the northern portion of the tenements. Rock chip sampling returned strongly anomalous gold values in quartz at the Mulligan workings and an orogenic exploration model is proposed for gold mineralisation in the Mulligan-Forster area. The target is a system of stacked flat lying quartz veins possibly connected by sub-vertical quartz veins.

During the half year Anchor commenced exploration on a new project following the granting of an exploration licence (EL 8398) covering the **Gemini project** south of Cobar in NSW. This project covers a prospective under-explored area of the Cobar Basin that is considered prospective for Cobar type polymetallic base metal (zinc-lead-copper-silver-gold).

For the **Bielsdown project** in NSW the major activity has been negotiating land access to carry out remediation work and to conduct further exploration for antimony mineralisation.

A new exploration model has recognised the **Birdwood project** in NSW for porphyry copper- molybdenum systems similar to Northparkes type mineralisation.

A new exploration permit was granted at the **Aspiring project** in Qld (EPM 25958) that provides strategic access to an area contiguous with Anchor's current EPM 19447 that is geologically prospective for the development of gold and copper mineralisation inferred from historic reports.

Further details of the Company's exploration results have been published in its Quarterly Reports.

Subsequent Events

The directors are not aware of any 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 16 and forms part of this report.

Signed at Sydney this 4th day of March 2016 in accordance with a resolution of the directors.

On behalf of the board



Jianguang Wang
Chairman and CEO
4th March 2016

ANCHOR RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	Half Year ended	
		31-Dec-15	31-Dec-14
		\$	\$
REVENUE FROM ORDINARY ACTIVITIES	2	7,697	8,226
Administration Expenses		(130,167)	(139,561)
Corporate Expenses		(42,413)	(55,620)
Depreciation		(23,248)	(26,625)
Employment Expenses		(194,982)	(152,730)
Exploration Expenditure Written Off		(6,364)	(18,670)
Finance Expenses		(111,980)	(114,265)
Investor and Public Relations Expenses		(6,984)	(13,967)
Project development Expenses		(17,955)	(42,188)
Other Expenses		(12,874)	(2,094)
(LOSS) BEFORE INCOME TAX EXPENSE		(539,270)	(557,494)
INCOME TAX EXPENSE		-	-
(LOSS) AFTER INCOME TAX EXPENSE		(539,270)	(557,494)
OTHER COMPREHENSIVE INCOME AFTER INCOME TAX:			
OTHER COMPREHENSIVE INCOME FOR THE YEAR, BEFORE TAX		-	-
Income tax (expense) benefit		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS		(539,270)	(557,494)
Basic loss per share (cents per share)		(1.03)	(1.06)
Diluted loss per share (cents per share)		(1.03)	(1.02)

ANCHOR RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	31-Dec-15 \$	30-Jun-15 \$
CURRENT ASSETS			
Cash and cash equivalents		478,842	447,349
Receivables		31,510	33,716
Other current assets		9,580	23,166
TOTAL CURRENT ASSETS		519,932	504,231
NON-CURRENT ASSETS			
Tenement security deposits		132,500	120,000
Property, plant and equipment		141,322	162,985
Deferred exploration and evaluation expenditure	3	9,569,151	9,174,704
TOTAL NON-CURRENT ASSETS		9,842,973	9,457,689
TOTAL ASSETS		10,362,905	9,961,920
CURRENT LIABILITIES			
Payables		222,878	133,464
TOTAL CURRENT LIABILITIES		222,878	133,464
NON CURRENT LIABILITIES			
Loans		10,869,077	10,007,097
Provisions		16,925	28,064
TOTAL NON CURRENT LIABILITIES		10,886,002	10,035,161
TOTAL LIABILITIES		11,108,880	10,168,625
NET ASSETS		(745,975)	(206,705)
EQUITY			
Issued capital	4	7,915,883	7,915,883
Accumulated losses		(8,864,809)	(8,325,539)
Reserves		202,951	202,951
TOTAL EQUITY		(745,975)	(206,705)

ANCHOR RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Attributable to the shareholders of Anchor Resources Limited			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
AT 1 JULY 2014	7,915,883	(7,245,584)	202,951	873,250
Loss for the period	-	(557,494)	-	(557,494)
AT 31 DECEMBER 2014	<u>7,915,883</u>	<u>(7,803,078)</u>	<u>202,951</u>	<u>315,756</u>
AT 1 JANUARY 2015	7,915,883	(7,803,078)	202,951	315,756
Loss for the period	-	(522,461)	-	(522,461)
AT 30 JUNE 2015	<u>7,915,883</u>	<u>(8,325,539)</u>	<u>202,951</u>	<u>(206,705)</u>
AT 1 JULY 2015	7,915,883	(8,325,539)	202,951	(206,705)
Loss for the period	-	(539,270)	-	(539,270)
AT 31 DECEMBER 2015	<u>7,915,883</u>	<u>(8,864,809)</u>	<u>202,951</u>	<u>(745,975)</u>

ANCHOR RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Half Year ended	
	31-Dec-15	31-Dec-14
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment to suppliers and employees	(311,308)	(374,471)
Interest received	7,697	8,226
Research & Development Tax Offset Rebate received	-	-
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	(303,611)	(366,245)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(1,585)	(651)
Expenditure on mining interests (exploration)	(400,811)	(696,418)
Tenement security deposits (paid) refunded	(12,500)	(10,000)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	(414,896)	(707,069)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	750,000	650,000
NET CASH FLOWS FROM FINANCING ACTIVITIES	750,000	650,000
NET (DECREASE) INCREASE IN CASH HELD	31,493	(423,314)
Add opening cash brought forward	447,349	819,096
CLOSING CASH CARRIED FORWARD	478,842	395,782

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ANCHOR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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 2015 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 2015, together with any public announcements made during the half-year.

The financial statements were authorised for issue by the directors on 3 March 2016.

Accounting Policies

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

	31 December	30 June
	2015	2015
	\$	\$
The financial report has been prepared on a going concern basis.		
Net loss for the half-year	(539,270)	(557,494)
Negative cash flows from operations for the half-year	(303,611)	(366,245)
Net assets as 31 December 2015 (30 June 2015)	(745,975)	(206,705)
Cash balances as at 31 December 2015 (30 June 2015)	478,842	447,349
Amounts received from shareholders during the half-year	750,000	650,000

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 \$745,975 (30 June 2015 - \$206,705). The Company has a loan of \$10,200,000 (30 June 2015 - \$9,450,000) due to China Shandong Jinshunda Group Co. Limited (Jinshunda), the major shareholder of the company.

Jinshunda has continued to support the company by advancing funds to the Group.

Since the end of the financial half-year a further \$300,000 has been received.

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.

ANCHOR RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

2 REVENUE FROM ORDINARY ACTIVITIES

	31-Dec-15	31-Dec-14
	\$	\$
Interest received – other persons/corporations	7,697	8,226
Other income	-	-
Total Revenue	7,697	8,226

3 NON-CURRENT ASSETS

Deferred exploration and evaluation expenditure

	31-Dec-15	31-Dec-14
	\$	\$
Costs brought forward	9,174,704	8,051,665
Costs incurred during the half-year	400,811	696,418
Expenditure written off during the half-year	(6,364)	(18,670)
Costs carried forward	9,569,151	8,729,413

4 ISSUED CAPITAL

	31-Dec-15	30-Jun-15
	\$	\$
Share capital		
52,535,296 ordinary shares fully paid as at 1 July 2015	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 2015	7,915,883	7,915,883

5 OPTIONS

No options were issued to the Company's during the period.

195,000 options exercisable at 25 cents each were cancelled on 30 September 2015.

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.

ANCHOR RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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;

ANCHOR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

7 FINANCIAL REPORTING BY SEGMENTS (CONTINUED)

Six months ended 31-December 2015

	Head Office	Exploration Australia	Intersegment Eliminations	Total
Segment performance	\$	\$	\$	\$
Interest received	7,697	-	-	7,697
Other income	-	-	-	-
Total revenue	<u>7,697</u>	<u>-</u>	<u>-</u>	<u>7,697</u>
Operating result				
Segment loss before tax	(442,161)	(31,448)	-	(473,609)
Reconciliation of segment result to group net profit/loss before tax:				
Amounts not included in segment result but reviewed by the Board:				
— corporate charges				(42,413)
— depreciation and amortisation				(23,248)
Net loss before tax				<u>(539,270)</u>
Segment Assets				
Unallocated assets	7,250,854	9,701,651	(6,589,600)	-
Group assets				<u>10,362,905</u>
Segment Liabilities				
Unallocated liabilities	11,108,880	7,603,144	(7,603,144)	-
Group liabilities				<u>11,108,880</u>

Six months ended 31-December 2014

	Head Office	Exploration Australia	Intersegment Eliminations	Total
Segment performance	\$	\$	\$	\$
Interest received	8,226	-	-	8,226
Other income	-	-	-	-
Total revenue	<u>8,226</u>	<u>-</u>	<u>-</u>	<u>8,226</u>
Operating result				
Segment loss before tax	(389,805)	(85,444)	-	(475,249)
Reconciliation of segment result to group net profit/loss before tax:				
Amounts not included in segment result but reviewed by the Board:				
— corporate charges				(55,620)
— depreciation and amortisation				(26,625)
Net loss before tax				<u>(557,494)</u>
Segment Assets				
Unallocated assets	6,201,023	8,849,413	(5,557,891)	9,492,545
Group assets				<u>9,492,545</u>
Segment Liabilities				
Unallocated liabilities	9,176,789	6,570,706	(6,570,706)	9,176,789
Group liabilities				<u>9,176,789</u>

ANCHOR RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

8. SUBSEQUENT EVENTS

No event has occurred subsequent to 31 December 2015 requiring disclosure in, or amendment to, these financial statements.

9. FAIR VALUE MEASUREMENT

The carrying amounts of the Group's assets and liabilities are a reasonable approximation of their fair values. The only exception to this is the carrying amount of deferred exploration and evaluation expenditure which is estimated to be not in excess of its fair value.

ANCHOR RESOURCES LIMITED


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 2015 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



Jianguang Wang
Chairman and CEO
Sydney,
4th March 2016

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

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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 2015 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
Chartered Accountants



.....
Gregory W Cliffe
Partner

1 March 2016

partners

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

associate

M A Nakkam CA

consultant

C H Barnes FCA

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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 2015, the consolidated statement of profit or loss and other 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 company's financial position as at 31 December 2015 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 the consolidated entity, 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.

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 the company, 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 2015 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 conclusion, 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 consolidated entity will not be able to pay its debts as and when they fall due.

BDJ Partners
Chartered Accountants



.....
Gregory W Cliffe
Partner

Dated 4 March 2016