

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES**

A.C.N. 122 751 419

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	Page No.
Chairman's Letter	2
Review of Operations	3
Directors' Report	12
Consolidated Statement of Comprehensive Income	17
Consolidated Statement of Financial Position	18
Consolidated Statement of Changes in Equity	19
Consolidated Statement of Cash Flow	20
Notes to the Financial Statements	21
Directors' Declaration	44
Auditors' Independence Declaration	45
Independent Audit Report	46
Shareholder Information	48
Schedule of Tenements	50
Corporate Governance Statement	51
Corporate Directory	55

23rd September 2013



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.

The Directors and all staff have a high commitment to the environment and safety and I can report that during the year there have been no incidents.

Our activities are exploration focussed in eastern Australia and we continue to make significant progress. In particular it has been gratifying to see our exploration team identify and confirm the Blinks project as hosting the Tyringham prospect, a large intrusion-related gold system.

The intrusion-related gold system mineral deposit model has been recognised and described over the past 15 years and is characterised by a wide range of mineralisation styles that vary in a predictable manner in concentric zones outward from a central mineralising intrusion. The most characteristic type of mineralisation associated with intrusion-related gold system deposits are intrusion-hosted gold-bearing sheeted quartz vein arrays, such as those at the Fort Knox mine, Alaska. The exploration work carried out on the Blinks project, particularly during the past few months, has provided us with a sound base to plan a diamond drilling program to test for higher grade gold mineralisation in what has already been identified as a system extending over large area with long intervals of low grade gold in numerous drill holes.

Based on the exploration potential at the Blinks project we applied for, and were granted, an additional exploration licence over ground contiguous to the key project area and which our geologists consider to be highly prospective.

Obtaining land access has continued to delay work on the Bielsdown project where a resource of antimony mineralisation has been identified. Work continued at the Birdwood and Aspiring projects and both are considered prospective for further work. The Company continues to review other opportunities in a climate where many projects are struggling to gain support.

Yours sincerely,

A handwritten signature in black ink, appearing to be "Jianguang Wang".

Jianguang Wang
Chairman

Operations Report

Summary

Anchor has four exploration projects located in New South Wales and Queensland where it carried out work during the year searching for gold, antimony and base metals (Figure 1). In a year where many companies in the Australian junior resources sector struggled to raise funds to explore, Anchor was fortunate to have the continued financial support of its major shareholder, China Shandong Jinshunda Group Co Limited (Jinshunda) and as a consequence has been able to carry out significant exploration with encouraging results.



Figure 1: Anchor's Australian projects

It is particularly pleasing to report that Anchor enjoyed a year that was incident free where no injuries or environmental incidents occurred. This is due to the individual and collective efforts of all members of our exploration team and the result of considerable work put in place to improve Occupational Health and Safety and Environmental Management systems.

Anchor's technical team has developed new exploration models which it has been applying with great effect, in particular confirming the Tyringham intrusion-related gold system (IRGS) at the Blinks project in New South Wales. Anchor's team has also worked hard during the year to implement improved management and control systems to support the highly effective exploration effort.

During the year Anchor relinquished two small antimony focussed projects (Munga and Thunderbolts) in New South Wales whilst adding a new Exploration Licence at the Blinks project.

In addition to the project work, Anchor actively sought out and reviewed numerous opportunities to participate in other projects and in particular considered a number of projects that had near term production potential. For various reasons none of these opportunities came to fruition however projects continue to be reviewed by Anchor as some companies find it increasingly difficult to control costs, obtain funding and maintain momentum.

Anchor's focus remains on exploring its developing projects and, following the high quality work carried out over the past two years, Anchor is now poised to further test its projects with well-funded programs in the coming year.

Review of projects

Blinks Project – gold, copper and base metals (EL 6465 & EL 8100, NSW, Anchor 100%)

The Blinks project is located in the New England Fold Belt in northeast NSW, approximately 90km from the major regional centre of Armidale (Figure 2). It is prospective for large intrusion-related gold systems and porphyry copper-molybdenum deposits.

The intrusion-related gold system mineral deposit model has been recognised and described over the past 15 years and is characterised by a wide range of mineralisation styles that vary in a predictable manner in concentric zones outward from a central mineralising intrusion. An economically important type of mineralisation associated with intrusion-related gold system deposits are intrusion-hosted gold-bearing sheeted quartz vein arrays, such as those at the Fort Knox gold mine in Alaska.

At the Blinks project, diamond core drilling by Anchor in 2011 at the Tyringham gold prospect intersected long intervals of low grade gold mineralisation associated with complex vein arrays, together with anomalous bismuth, tellurium and tungsten geochemistry, and low sulphur values. The style of gold mineralisation, plus associated geochemical indicator elements, host rock association and tectonic setting support the geological model for reduced intrusion-related gold system mineralisation at Tyringham.

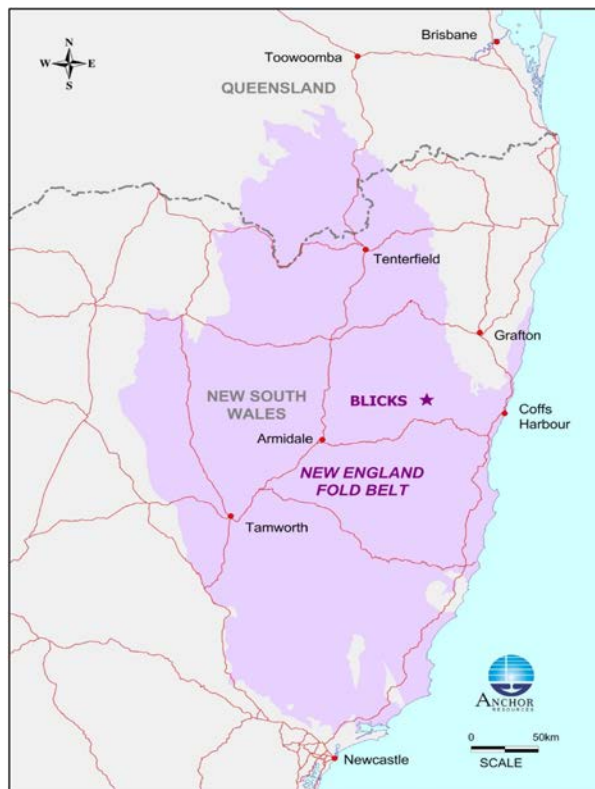


Figure 2: Blinks project location

In late 2012 Anchor commissioned Dr Craig Hart, an international expert on intrusion-related gold systems, to carry out a detailed technical review of the Blinks project and the conceptual geological model developed by Anchor. Dr Hart confirmed that the Tyringham gold mineralised system is indeed an intrusion-related gold system. He identified a number of steps and suggestions for future exploration and Anchor has worked diligently during the first half of 2013 completing a comprehensive and systematic work program using multi-disciplinary exploration technologies.

On-going work in 2013 by Anchor has defined a major geological corridor of interest ("Tyringham Corridor") based on the integration of geology, geochemistry, geophysics and lineament analysis. The Tyringham Corridor is open to the south-west and north-east. The Tyringham Corridor has been identified by Anchor as a primary target for additional detailed exploration.

The Tyringham gold prospect is located in the southwest segment of the Tyringham Corridor and consists of two spatially separate soil geochemical gold anomalies known as Tyringham West and Tyringham East centred 1.7km apart. These gold bearing systems occur within a northeast trending corridor of anomalous gold geochemistry extending for up to 5.5km in length and 1.5km in width. At least four gold mineralised centres are currently known within this corridor.

A large, low grade gold mineralised system is suggested open to the north, south, east and at depth. Work currently underway is focussed on the identification of vectors towards locating potentially higher grade gold zones within this system.

Soil geochemistry

Soil geochemistry over the Tyringham gold anomalies, where drilling has discovered long intervals of low grade gold mineralisation, is a very good indicator of the presence of sub-surface gold.

Historic soil geochemistry around the old Navin arsenic mine area currently defines the known extent of the "Tyringham Corridor" to the north-east. The "Tyringham Corridor" is open to the south-west and north-east.



Figure 3: Soil sampling at Tyringham prospect

A program of soil geochemical sampling commenced in March 2013 (Figure 3) to extend sample coverage over the interpreted extent of the "Tyringham Corridor. Samples have been submitted for multi-element assay. Further sampling to extend the grid and infill key areas will be ongoing in the early part of the coming year.

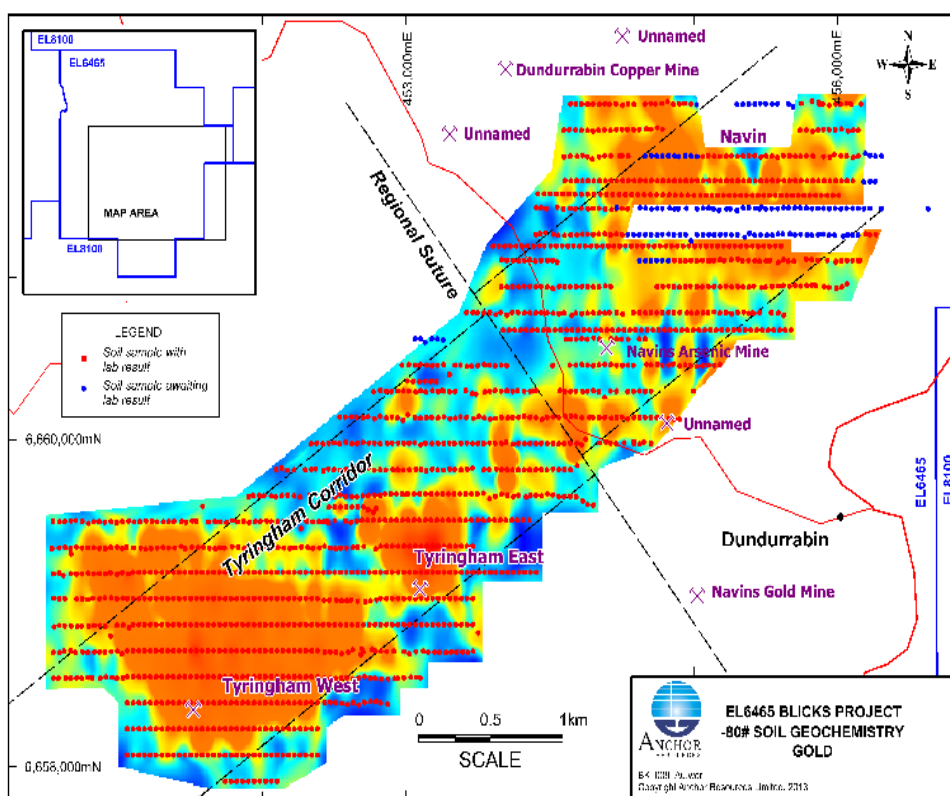


Figure 4: Soil gold geochemistry showing location of Tyringham West and Tyringham East gold anomalies (June 2013)

Geological Mapping

The current geological data for the area consists of 1:250,000 scale geological and metallogenic mapping published in the early 1970's and detail is limited. Anchor has commissioned experienced geological consultants with significant experience in the New England Fold Belt and on international projects to complete detailed geological mapping along the Tyringham Corridor at 1:2,500 scale and regional geological mapping at 1:25,000 scale (Figure 5). This work will be integrated with recently acquired data and results from studies completed by a consultant structural geologist and consulting geophysicists. Structural geology and geophysical interpretation outcomes have contributed significantly to the understanding of the continental, regional and local structural architecture of the Blinks project area.



Figure 5: Geological mapping at Blinks project

Age Dating

It is important to understand the geochronology of rocks in the Tyringham area and in particular the age of intrusive rocks and gold bearing quartz veins to further support the intrusion-related gold system exploration model. During the June quarter samples were selected from the Tyringham gold prospect for age dating.

Drilling

Work completed during the year has provided good quality technical information to plan sites for the next phase of diamond drilling which will be targeted to test for higher intensity of veining and higher grade gold.

New Exploration Licence (EL 8100)

Following confirmation of the intrusion-related gold system model, Anchor applied for and was granted a new Exploration Licence (EL 8100) surrounding the existing Blinks tenement (Figure 6) in June 2013. This exploration licence covers a number of known gold occurrences and provides additional prospective ground for evaluation.

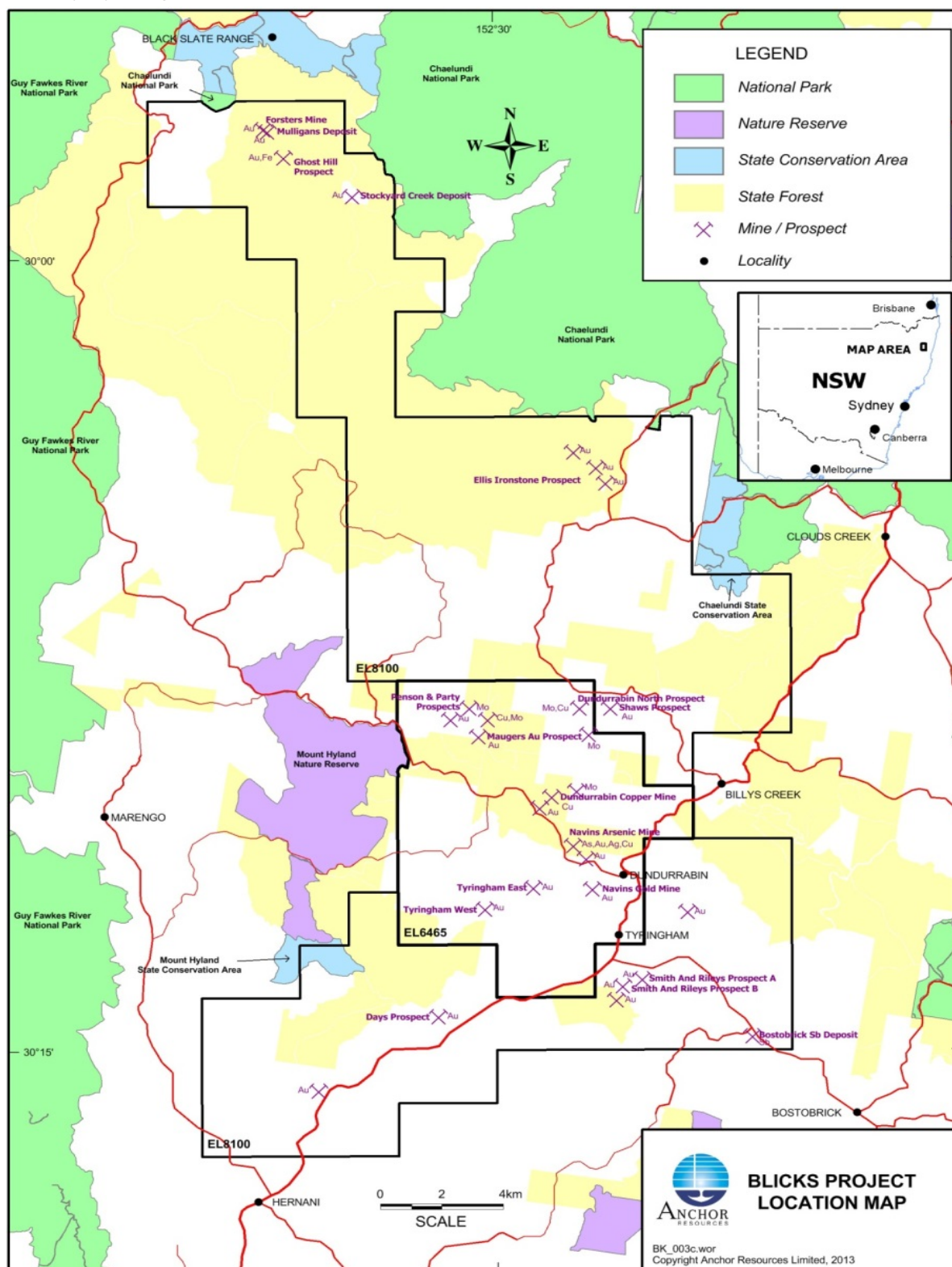


Figure 6: Location of EL 6465 and new EL 8100 (Blinks project)

Birdwood Project – copper, gold and molybdenum (EL 6459, NSW, Anchor 100%)

The Birdwood project is located near the southern end of the New England Fold Belt in northeast New South Wales. Copper-molybdenum mineralisation occurs within an alteration-mineralisation system that covers an area of at least 15km² near the small rural village of Birdwood, 65km west of Port Macquarie in the coastal highland region. Historic exploration programs have shown there is an extensive area of quartz-pyrrhotite-pyrite stockwork veining with disseminated pyrite-pyrrhotite mineralisation forming much of the ridgeline on which the Birdwood prospect is located. This system contains minor chalcopyrite and molybdenite. The Hillview Granite is also mineralised with minor disseminated and stringer pyrite and chalcopyrite. The copper-molybdenum association suggests the presence of a proximal felsic intrusion. The Steeps No.1 copper-lead-zinc prospect, Steeps No.2 zinc-silver-lead prospect and Pine Scrub lead prospect are spatially distal to known felsic intrusive rocks which suggest these mineral occurrences are part of a large metal zonation system at Birdwood. Host rock to known mineralisation is quartz-biotite metasilstone grading to hornfels with evidence of silicification. Recorded mineral prospects are shown in Figure 7.

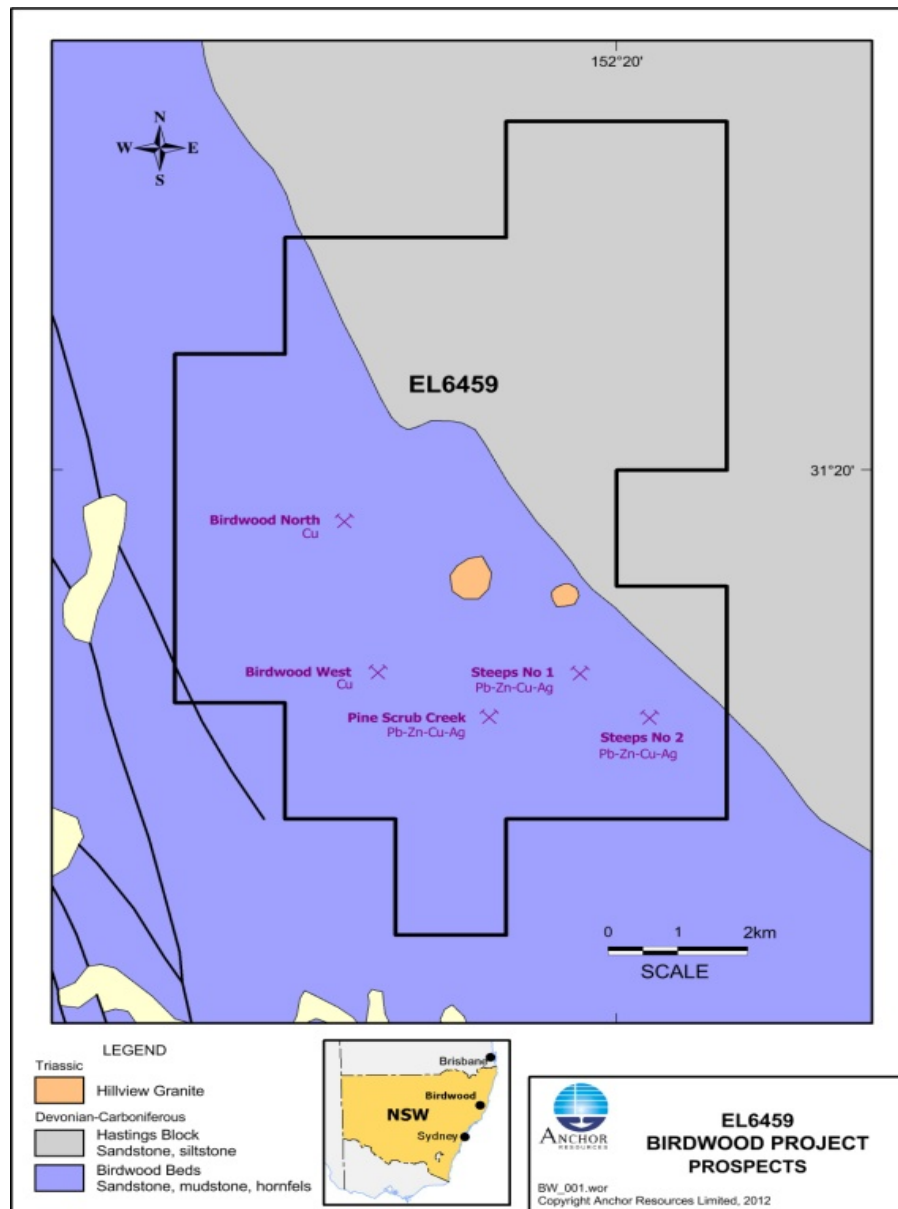


Figure 7: Birdwood project showing regional geology and known prospects

The Birdwood North prospect was tested by 9 diamond core holes in 1969 by a previous explorer. Most holes intersected sporadic low grade copper mineralisation, accompanied by minor vein-hosted molybdenite mineralisation.

Following a review in the latter part of the year of historic data, together with re-processed magnetic data from Anchor's helimag survey in 2007, it is considered that there is potential for Ridgeway and clustered Northparkes-type porphyry copper-gold mineralisation at the Birdwood North prospect. The exploration model envisages a potassic core in a zoned hydrothermal alteration and mineralisation system with little magnetite. The reduced amount of magnetite in the potassic core could be expected to define a magnetic "low" in magnetic imagery. Of particular interest at Birdwood North is a magnetic "low" coincident with a soil copper geochemical anomaly (Figure 8). Limited historic diamond drilling designed to test the copper geochemical anomaly intersected multiple anomalous zones of copper mineralisation together with sporadic molybdenum mineralisation. These results are now interpreted as "leakage" mineralisation above a concealed porphyry intrusion. This coincident copper geochemical and magnetic anomaly is now considered to be a prime exploration target. A second magnetic "low" is identified close to the primary magnetic "low" target. Further work is being planned in the coming year to follow-up this new exploration model.

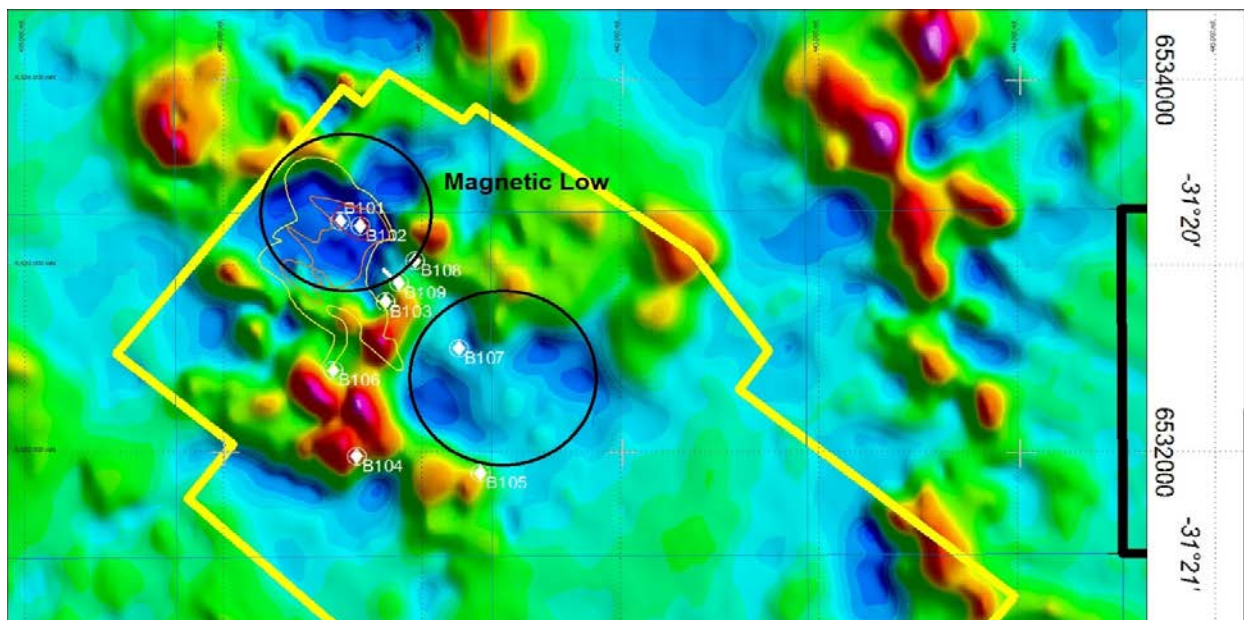


Figure 8: Magnetic image showing two circular magnetic “lows” at Birdwood North. Previous diamond drilling in this area intersected strongly anomalous copper and molybdenum mineralisation

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

The Bielsdown project, located 12km north of Dorrigo in northeast NSW, includes the Bielsdown antimony mine which last operated in the 1970’s. The deposit is hosted by a regional sub-vertical fault within a monotonous sequence of fine grained metasediment (Figure 9). The high grade, coarse-grained antimony-rich core of the structure is associated with a cemented cohesive (silicified) stibnite breccia. The cohesive core is surrounded by an incohesive metasediment breccia. On both sides of the fault structure, lower grade antimony mineralisation can be found in stringer style vein mineralisation together with minor amounts of wolframite.

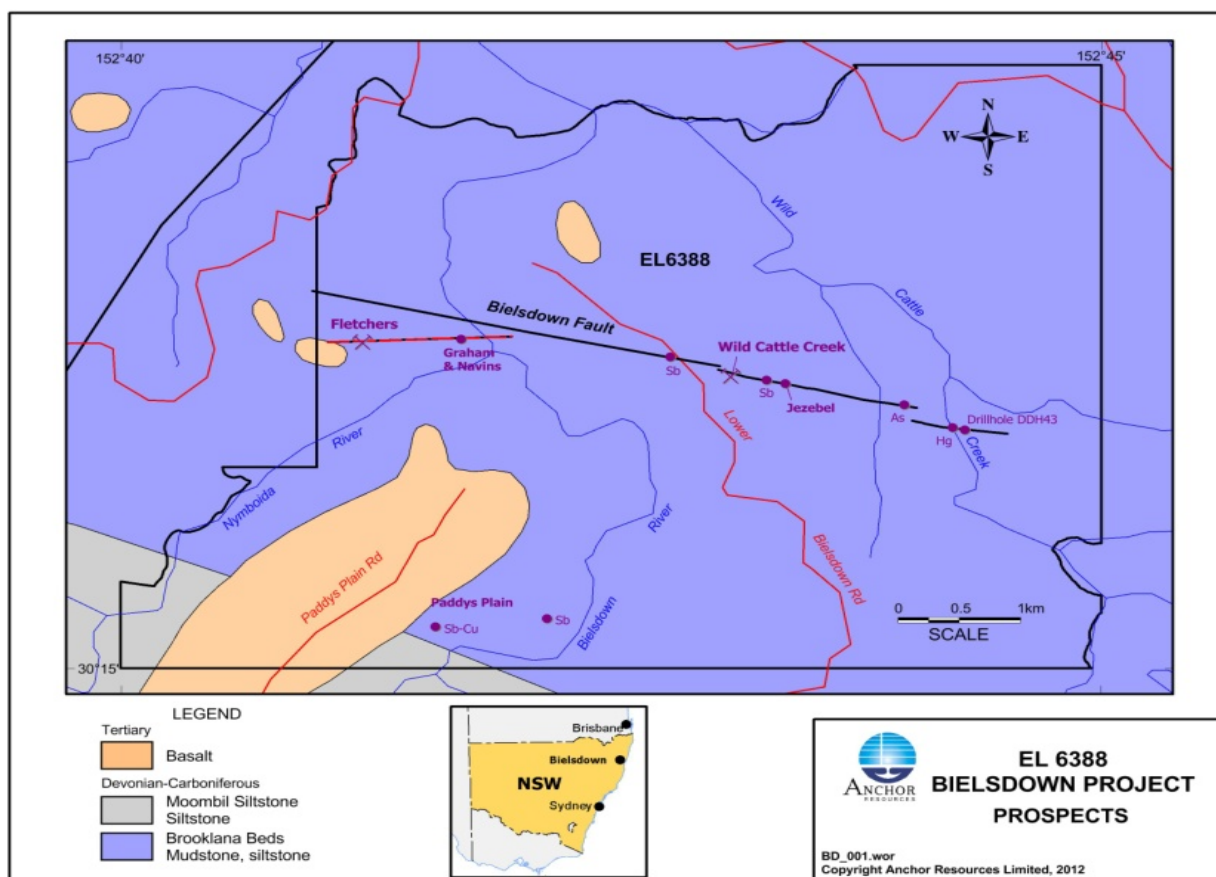


Figure 9: Bielsdown regional geology and known antimony prospects

Independent industry consultant, SRK Consulting (Australasia Pty Ltd) (“SRK”), has completed a three dimensional model and has estimated resources for the Bielsdown antimony deposit (Table 1).

Table 1: Bielsdown Indicated and Inferred Mineral Resources (2004 JORC Code)

Various Sb Cut-off Grades
(SRK 2010)

Sb Cut-off Grade (%)	Category	Tonnage (tonnes)	Sb Grade (%)	Au Grade (g/t)	W Grade (ppm)	Sb Metal (tonnes)
0.2	Indicated	550,000	2	0	240	11,600
	Inferred	1,040,000	1	0	423	8,900
	Total	1,590,000	1	0	360	20,500

Sb Cut-off Grade (%)	Category	Tonnage (tonnes)	Sb Grade (%)	Au Grade (g/t)	W Grade (ppm)	Sb Metal (tonnes)
0.5	Indicated	500,000	2	0	252	11,400
	Inferred	560,000	1	0	320	7,300
	Total	1,060,000	2	0	332	18,700

Sb Cut-off Grade (%)	Category	Tonnage (tonnes)	Sb Grade (%)	Au Grade (g/t)	W Grade (ppm)	Sb Metal (tonnes)
1.0	Indicated	340,000	3	0	278	10,300
	Inferred	270,000	2	0	259	5,300
	Total	610,000	3	0	269	15,600

1. Reported at stated cut-off grades.
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 tonnages have been accounted for and excluded.

The deposit is exposed at surface for over a length of 300m and plunges approximately 25° westerly. It extends down plunge for over 350m where mineralisation remains open to the west (Figure 10). Further assessment of the Bielsdown project is ongoing and activities at this project will be determined once land access is achieved.

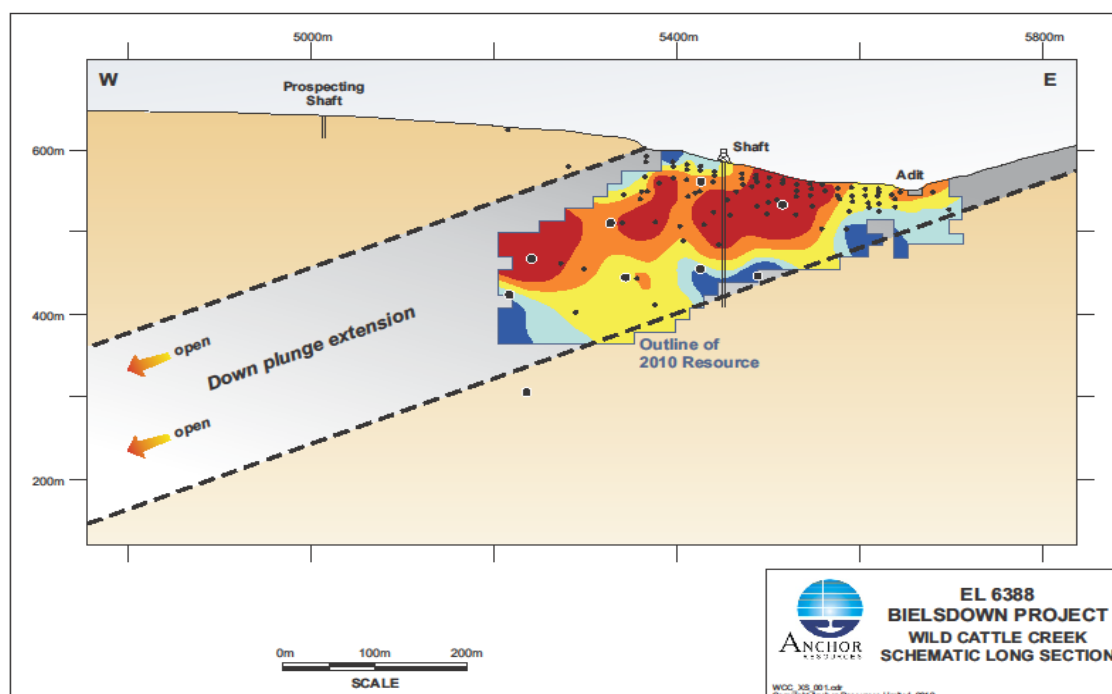


Figure 10: Bielsdown antimony deposit longitudinal section

SRK also completed a Scoping Study in early 2011 which indicated that potential positive financial returns could be enhanced if additional high grade antimony resources could be delineated.

In January 2012 the Environmental Sustainability Unit of Resources and Energy notified Anchor that some aspects of the rehabilitation of some drill sites used by the Company in the 2009 and 2010 drilling programs had not been satisfactorily carried out. Further work to complete rehabilitation to the required standard has to be undertaken. Anchor engaged an independent environmental consultant company to prepare a site specific rehabilitation plan and an environmental management plan which have both been submitted to the Department and approved. The independent environmental consultant has been commissioned to oversee the work. Work to carry out the remediation and further exploration has been delayed pending reaching a land access agreement with the landowner.

Aspiring Project – gold and base metals (EPM 14752 & EPM 19447)

The Aspiring project is located 20km north and east of Chillagoe in the Hodgkinson Province in Far North Queensland. An examination of Queensland government aeromagnetic data identified a number of magnetic anomalies that closely resemble the magnetic signature recognised over the Red Dome gold-copper and Mungana gold-copper-silver deposits, and other mineralised skarn deposits in the Chillagoe area (Figure 11). These magnetic anomalies had not been investigated by modern exploration and sometimes display adjacent vein-style copper and gold mineralisation suggestive of “leakage” mineralisation peripheral to the magnetic anomaly.

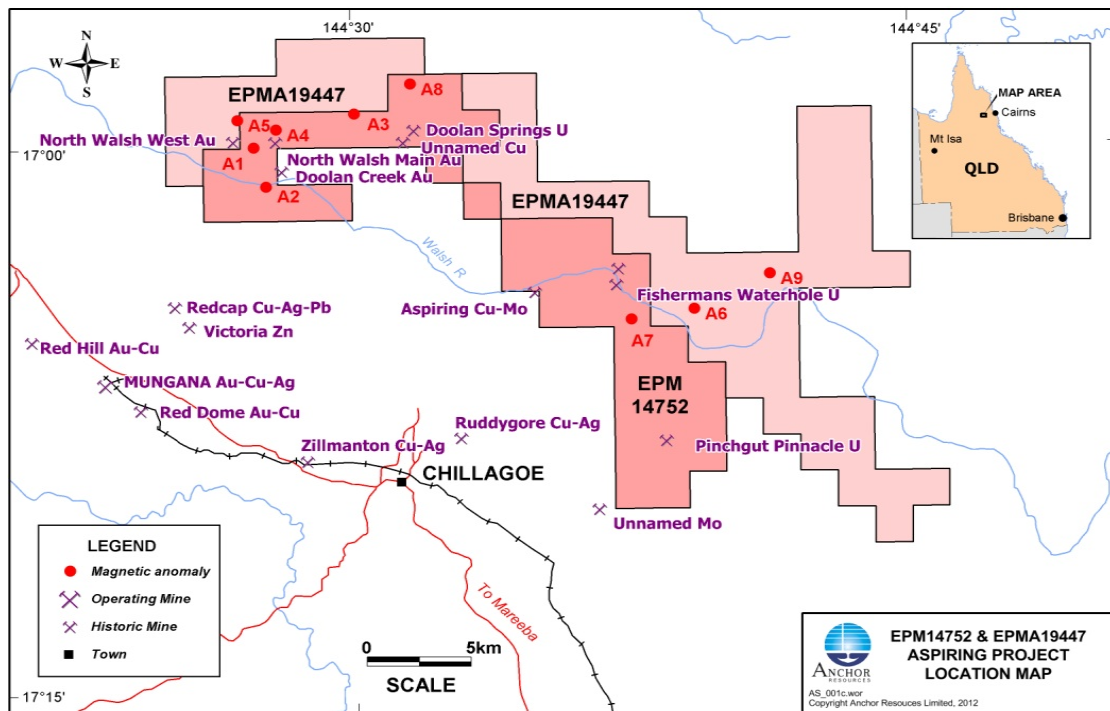


Figure 11: Aspiring project, known mineral occurrences and magnetic anomalies

In the previous year Anchor completed a high resolution helicopter-borne magnetic and radiometric survey over two selected areas of approximately 70km² and 25km² respectively to better define the magnetic anomalies and geochemical targets of interest. Subsequent to this survey four magnetic anomalies were identified for drill testing to determine the source of the magnetic anomalies.

A magnetic image of these four magnetic anomalies (A1, A2, A4 and A5) is shown in Figure 12 below.

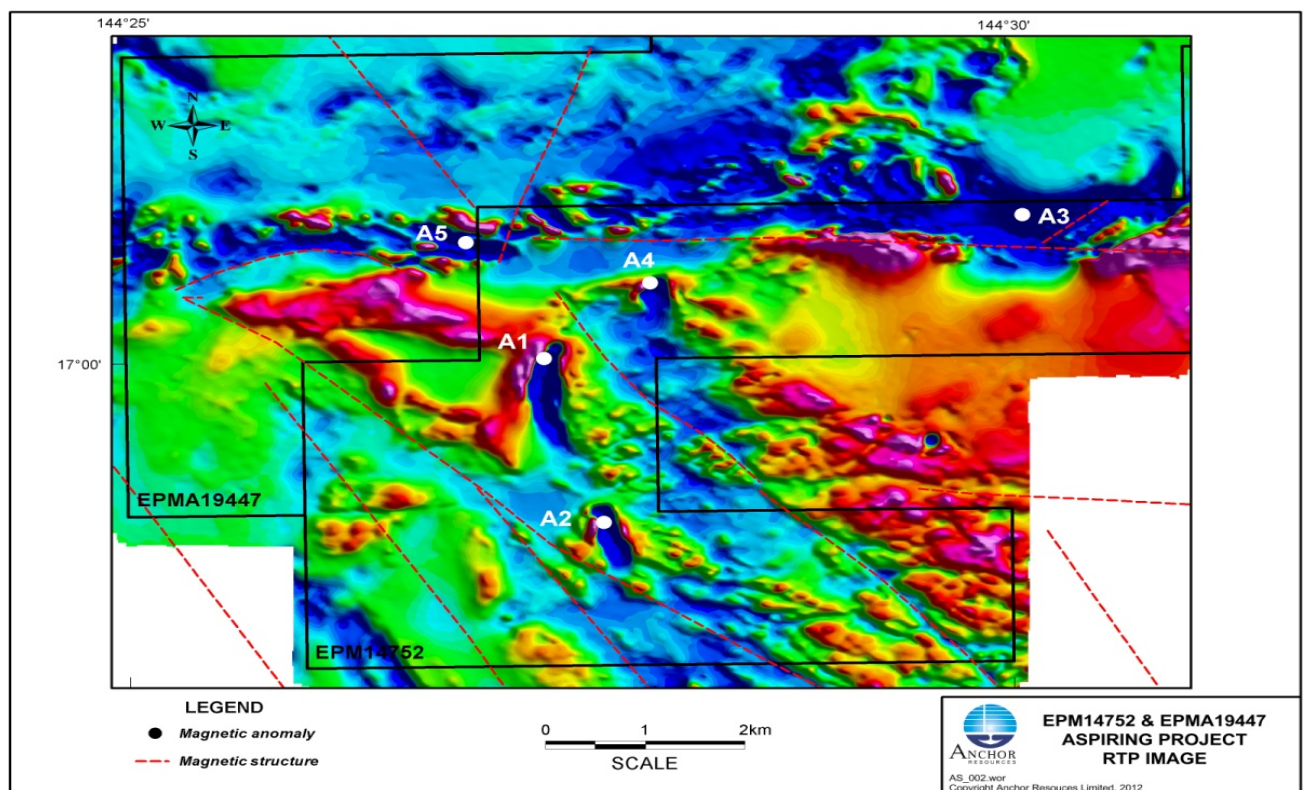


Figure 12: Aspiring magnetic anomalies

A drilling program consisted of 8 reverse circulation (RC) holes totalling 1,122 metres and designed to evaluate the 4 highest priority magnetic anomalies and determine the source of the magnetic response was completed during the December 2012 Quarter. The drilling program consisted of a single hole drilled into magnetic anomaly A1, 3 holes drilled into the A2 magnetic anomaly, 2 holes drilled into the A4 magnetic anomaly, and 2 holes drilled into the A5 magnetic anomaly. All holes are considered to have intersected the magnetic target centroid as determined from modelling and hence the magnetic source at each anomaly has been tested.

It was concluded the four magnetic anomalies tested by recent RC drilling are not associated with base or precious metal mineralisation.

Select samples from zones of higher magnetic susceptibility intersected during the RC drilling program were collected and sent for quantitative magnetic measurement. Results from this work confirm these rocks contain unusually high remanent magnetism attributed to abundant fine grained magnetite. This work confirms the source of the magnetic anomalies has been intersected by drilling. Selected RC chip samples have been examined petrologically and confirm the underlying rocks at magnetic anomalies A1, A2 and A4 are similar to each other. They are described as intermediate to marginally felsic rocks mineralogically and texturally consistent with being tonalite grading towards quartz diorite intrusive and containing titanomagnetite. The underlying rock at magnetic anomaly A5 is described as a porphyritic rhyolite or rhyodacite which may represent a shallow intrusive or volcanic extrusive which also contains titanomagnetite. No pyrrhotite was recognised in the samples.

Anchor engaged external consultants in July 2013 to review all of the past exploration carried out on the tenement and to advise on future work. The results of that review will provide a basis on which to plan and carry out future exploration.

An application (EPM 19447) for additional ground surrounding EPM 14752 to cover extensions to known mineralisation and other magnetic anomalies of interest was lodged with the Queensland Department of Natural Resources and Mines in November 2011. This application formed part of a "conditional surrender" of EPM 14752. The new conditional surrender EPM application consists of 97 sub-blocks (318km²). The application was granted in July 2013.

Competent Person Statement

The information in this report relating to Exploration Results is based on information compiled by 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. He has sufficient experience relevant to the assessment of the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the "2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - The JORC Code". Mr Rabone consents to the inclusion of information in the report in the form and context in which it appears.

The information in this report that relates to Mineral Resources estimation at Wild Cattle Creek (Bielsdown project) is based on information compiled by Mr Danny Kentwell, MSc, FAusIMM. Mr Kentwell is a Principal Consultant and full time employee of SRK Consulting (Australasia) Pty Ltd. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the "2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - The JORC Code". Mr Kentwell consents to the inclusion of information in the report in form and context in which it appears.

CORPORATE

The Company has been supported during the year by funding from its major shareholder, Jinshunda, and the Board expresses its appreciation for this continued support.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

The directors of Anchor Resources Limited submit herewith the annual financial report for the financial year ended 30 June 2013. 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 secretary of the company during or since the end of the financial year are:

Jianguang Wang, Non-executive Chairman

Mr Wang has extensive experience in the mining and iron-making industry in China. Benefiting from his extensive 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. In the last three years he has held the position of non-executive director of Apollo Minerals Ltd.

Ian Leslie Price, Managing Director

Mr Ian 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 held the position of non-executive Chairman of Redbank Copper Limited and a non-executive director of Swan Gold Mining Limited.

Steven Jiayi Yu, Chief Executive Officer

Mr Steven Yu has extensive experience in the areas of finance, mergers & acquisitions and capital markets. He has previously advised a number of high-profile Australian and Chinese mining companies and financial institutes on Sino-Australian trade and investment, joint ventures and foreign capital. Prior to joining Anchor Resources Limited, Mr. Yu worked as a corporate and commercial lawyer for a leading international law firm. He is qualified to practice as a lawyer in China, the United States of America and Australia. Mr. Yu holds Bachelor degrees in Commerce and Law from University of Melbourne and a Masters of Law from Boston University. In the last three years he has not held any other directorships.

Vaughan Webber, Non-executive Director (Appointed 18 August 2011)

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. Vaughan gained significant mining experience holding a senior executive position in a listed gold and iron ore focussed mining company. In addition he is currently Chairman of Wentworth Holdings Limited and non-executive director of HUB24 Limited, both of which are listed on the ASX. In the last three years he has not held any other directorships.

Ronald Norman (Sam) Lees, Non-executive Director (Appointed 16 January 2012)

Mr 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. Sam 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 2012 and he has over 26 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 Artemis Resources Limited, Hastings Rare Metals Ltd and Metal Bank Limited.

Grahame Clegg, Assistant Company Secretary

Mr Grahame Clegg was appointed to the position of Company Secretary on 9 June 2011 and has over 41 years experience in audit, financial and corporate roles including 15 years in Company secretarial roles for ASX-listed companies. He is a director of Resmetco 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, uranium and to a lesser extent, tin and tungsten.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Review of Operations

The results of the operations of the company and the consolidated entity during the financial year were as follows:

	Consolidated	
	2013	2012
	\$	\$
Loss after income tax	(1,371,363)	(2,109,247)
Other comprehensive income / (expense)	-	385
Comprehensive loss after income tax	<u>(1,371,363)</u>	<u>(2,108,862)</u>

A full review of the Group's operations is contained in the Operations Report on pages 3 - 11 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

Since the end of the financial year an additional \$3.0m has been made available to Anchor through the increase of the Finance Facility to \$8.0 million which has also been extended to 30 September 2015 (refer note 31 subsequent events).

There were at the date of this report no other matters or circumstances which have arisen since 30 June 2013 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 significant 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 2013.

Share Options

During the financial year 275,000 share options were granted to directors, employees and consultants. Since the end of the financial year no further options have been issued.

A detailed breakdown of options outstanding at 30 June 2013 is contained in Note 20 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 \$14,188 in July 2012 and \$11,490 in June 2013 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 45.

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 year.

	Consolidated	
	2013	2012
	\$	\$
Audit and review of the financial report	25,000	25,000
Provision of non-audit services	Nil	Nil

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

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	11	11	-	-	-	-
Ian Price	11	11	-	-	-	-
Steven Jiayi Yu	11	11	-	-	-	-
Vaughan Webber	11	11	3	3	2	2
Ronald Norman (Sam) Lees	11	11	3	3	2	2

REMUNERATION REPORT (AUDITED)

Key Management Personnel

The key management personnel of the company comprise the directors only. The directors are :

Jianguang Wang
Ian Price
Steven Jiayi Yu
Vaughan Webber
Ronald Norman (Sam) Lees

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, fringe benefits 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 a superannuation guarantee contribution required by the government, which at 30 June was 9%, and is currently 9.25%, 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.

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 \$175,000 per year.

The non-executive directors do not receive retirement benefits.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

REMUNERATION REPORT (CONTINUED)

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 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

Year ended 30 June 2013

	Short term benefits						Performance related
	Salary	Director's Fees	Consulting Fees	Superannuation	Options	Total	%
	\$	\$	\$	\$	\$	\$	
Key management personnel							
Ian Price	235,216	-	-	21,169	-	256,385	0.00%
Steven Jiayi Yu	214,649	-	-	19,318	-	233,967	0.00%
Non-executive directors							
Jianguang Wang	-	36,000	-	-	-	36,000	0.00%
Vaughan Webber	-	32,894	25,000	2,960	-	60,854	0.00%
Ronald Norman (Sam) Lees	-	32,894	16,515	2,960	-	52,369	0.00%
	449,865	101,788	41,515	46,407	-	639,575	

Year ended 30 June 2012

Key management personnel

Ian Price	209,478	-	-	18,853	33,839	262,170	0.00%
Steven Jiayi Yu	195,790	-	-	17,621	33,839	247,250	0.00%

Non-executive directors

Jianguang Wang	-	36,000	-	-	5,640	41,640	0.00%
Vaughan Webber (App 18.8.2011)	-	31,300	21,005	-	5,640	57,945	0.00%
Ronald Norman (Sam) Lees (App 16.1.2012)	-	16,418	8,574	-	-	24,992	0.00%
Haolin Wang (Resigned 18.11.2011)	-	13,793	-	-	-	13,793	0.00%
	405,268	97,511	29,579	36,474	78,958	647,790	

Service agreements

Remuneration and other terms of employment for 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

Steven Jiayi Yu

Mr Yu is contracted to the Group as Chief Executive Officer through a Service Agreement entered into on 9 June 2011 and subsequently amended on 31 March 2013. Three months notice by either party will be required to terminate this contract. Mr Yu's salary, including superannuation, is \$222,018 per annum.

Ian Price

Mr Price is contracted to the Group as Managing Director through a Service Agreement entered into on 9 June 2011 and subsequently amended on 31 March 2013. Three months notice by either party will be required to terminate this contract. Mr Price's salary, including superannuation, is \$242,202 per annum.

Non-executive Directors

Jianguang Wang

There is no written contract with Mr Wang.

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 plus an additional \$25,000 per annum for additional duties to be performed.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

REMUNERATION REPORT (CONTINUED)
Service agreements (continued)

Key Management Personnel (continued)
Non-executive Directors (continued)

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 plus an additional \$14,000 per annum for additional duties to be performed.

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

Share-based compensation - options

The Company issued the following options to directors during the year under the Company's Employee Share Option Plan in part compensation for their contribution to the business during the year.

	2013	2012
Ian Price	-	300,000
Steven Jiayi Yu	-	300,000
Jianguang Wang	-	50,000
Vaughan Webber	-	50,000
Ronald Norman (Sam) Lees	-	-

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.

Directors' Interests

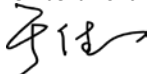
As at the date of this report the interests of directors in securities of the company is:

	Ordinary Shares of Anchor Resources Limited		Options issued by Anchor Resources Limited	
	Direct	Indirect	Direct	Indirect
Jianguang Wang	4,315,446	-	50,000	-
Ian Price	-	-	300,000	-
Steven Jiayi Yu	490,101	-	300,000	-
Vaughan Webber	-	-	50,000	-
Ronald Norman (Sam) Lees	-	-	-	-

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



Steven Jiayi Yu
Director
Sydney,

23 September 2013

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	Note	Consolidated 2013 \$	2012 \$
Revenue and other income	4	21,461	57,652
Administration expenses		(190,511)	(242,757)
Business development expenses		(199,188)	-
Corporate costs		(95,948)	(171,685)
Depreciation and amortisation expense	5	(20,322)	(21,399)
Employee benefits expense	5	(582,805)	(853,835)
Exploration expenses		(147,252)	(719,185)
Finance expense		(109,921)	(50,719)
Marketing expenses		(43,255)	(37,873)
Occupancy expenses		(1,540)	(49,978)
Other expenses		(2,082)	(19,468)
Loss before income tax benefit		(1,371,363)	(2,109,247)
Income tax benefit	6	-	-
Net loss after related income tax benefit	21	(1,371,363)	(2,109,247)
Other comprehensive income			
Foreign currency translation gains/(losses)	20	-	385
Other comprehensive income before income tax expense		-	385
Income tax expense		-	-
Other comprehensive income for period		-	385
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,371,363)	(2,108,862)
Total comprehensive income attributable to members of Anchor Resources Limited		(1,371,363)	(2,108,862)
Basic loss per share (cents per share)	7	(2.61)	(4.01)
Diluted loss per share (cents per share)	7	(2.61)	(4.01)

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 2013**

	Note	Consolidated 2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	9	281,955	600,453
Trade and other receivables	10	44,919	63,863
Other current assets	11	21,773	5,046
TOTAL CURRENT ASSETS		348,647	669,362
NON-CURRENT ASSETS			
Tenement security deposits	12	132,500	140,000
Property, plant and equipment	13	73,379	73,787
Exploration expenditure	14	5,808,957	4,786,026
TOTAL NON-CURRENT ASSETS		6,014,836	4,999,813
TOTAL ASSETS		6,363,483	5,669,175
CURRENT LIABILITIES			
Trade and other payables	15	181,859	243,245
TOTAL CURRENT LIABILITIES		181,859	243,245
NON CURRENT LIABILITIES			
Non current loans	16	4,260,576	2,150,661
Non current provisions	17	9,418	2,114
TOTAL NON-CURRENT LIABILITIES		4,269,994	2,152,775
TOTAL LIABILITIES		4,451,853	2,396,020
NET ASSETS		1,911,630	3,273,155
EQUITY			
Issued capital	18	7,915,883	7,915,883
Reserves	20	166,186	156,348
Accumulated losses	21	(6,170,439)	(4,799,076)
TOTAL EQUITY		1,911,630	3,273,155

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 2013**

	Equity	Exchange Fluctuation Reserves	Share Based Payments Reserves	Accumulated losses	Total
	\$		\$	\$	\$
Balance at 1 July 2011	7,915,883	(385)	26,066	(2,689,829)	5,251,735
Amounts added to share based payments reserve	-	-	130,282	-	130,282
(Loss) for the year	-	-	-	(2,109,247)	(2,109,247)
Other comprehensive income/(loss) for year	-	385	-	-	385
Balance at 30 June 2012	7,915,883	-	156,348	(4,799,076)	3,273,155
Amounts added to share based payments reserve	-	-	9,838	-	9,838
(Loss) for the year	-	-	-	(1,371,363)	(1,371,363)
Other comprehensive income/(loss) for year	-	-	-	-	-
Balance at 30 June 2013	7,915,883	-	166,186	(6,170,439)	1,911,630

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 2013**

	Note	Consolidated 2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(1,157,362)	(511,930)
Interest received		21,461	56,527
Net cash used in operating activities	33 (c)	(1,135,901)	(455,403)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(19,914)	(83,606)
Payments for exploration expenditure		(1,170,183)	(1,444,102)
Payments for tenement security deposits		(2,500)	(60,000)
Tenement security deposits refunded		10,000	10,000
Net cash provided by/(used in) investing activities		(1,182,597)	(1,577,708)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of borrowings		2,000,000	2,100,000
Net cash provided by/(used in) financing activities		2,000,000	2,100,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(318,498)	66,889
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		600,453	533,564
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	33 (a)	281,955	600,453

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

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

NOTE

1	Summary of Accounting Policies
2	Financial Risk Management
3	Critical Accounting Estimates and Judgments
4	Revenue
5	Expenses
6	Income Tax
7	Loss per Share
8	Auditors' Remuneration
9	Cash and Cash Equivalents
10	Current Trade and Other Receivables
11	Other Current Assets
12	Tenement Security Deposits
13	Property Plant and Equipment
14	Exploration Expenditure
15	Current Trade and Other Payables
16	Non Current Liabilities
17	Non Current Provisions
18	Share Capital
19	Options
20	Reserves
21	Accumulated Losses
22	Particulars Relating to Controlled Entities
23	Parent Company Information
24	Key Management Personnel Disclosures
25	Share Based Payments
26	Related Party Disclosures
27	Commitments for Expenditure
28	Financial Instruments Disclosures
29	Segment Information
30	Contingent Liabilities
31	Subsequent Events
32	Additional Company Information
33	Notes to Cash Flow Statements

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

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 23.

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. 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 23 September 2013.

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 circumstance, 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.

	2013	2012
	\$	\$
Net loss for the year	(1,371,363)	(2,108,862)
Negative cash flows from operations for the year	(1,135,901)	(455,403)
Net assets as at 30 June	1,911,630	3,273,155
Cash balances as at 30 June	281,955	600,453
Amounts received from shareholders during the year	2,000,000	2,100,000

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 assets of \$1,911,630 (2012 - \$3,273,155). The amount of \$4,100,000 (2012 - \$2,100,000) is due to China Shandong Jinshunda Group Co. Limited (Jinshunda), the major shareholder of the company. 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 \$300,000 has been received.

Jinshunda has committed to supporting the Group until such time as the refinancing of the Group is attained (Refer note 31). 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.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

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.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

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 through 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 associated provision.

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.

(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.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(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 nor 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.

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.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(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 future.

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 law.

(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

(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.

(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.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(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 Black & Scholes 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.

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 2013 with an application date for the group of 1 January 2013.

AASB 10: Consolidated Financial Statements

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees.

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

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods (continued)

Operative date 1 January 2013 with an application date for the group of 1 January 2013.

AASB 11: Joint Arrangements

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

The amendments are not expected to significantly impact the Group.

AASB 12: Disclosure of Interests in Other Entities,

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities.

The amendments are not expected to significantly impact the Group.

AASB 127: Separate Financial Statements (August 2012),

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

The amendments are not expected to significantly impact the Group.

AASB 128: Investments in Associates and Joint Ventures (August 2012)

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

The amendments are not expected to significantly impact the Group.

AASB 2012-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

The amendments are not expected to significantly impact the Group.

AASB 13: Fair Value Measurement and AASB 2012-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2011-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

The amendments are not expected to significantly impact the Group.

AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB101, AASB124, AASB134, AASB1049 & AASB 2011-8 and Interpretation 14]

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- (i) for an offer that may be withdrawn – when the employee accepts;
- (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods (continued)

Operative date 1 July 2013 with an application date for the group of 1 January 2014.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2012–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052

This Standard establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards — Reduced Disclosure Requirements.

This Standard deems the Group to be a Tier 1 entity and hence there is no accounting impact to be considered going forward.

AASB 2011–4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group’s financial statements

Operative date 1 January 2014 with an application date for the group of 1 January 2014.

AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group’s financial statements

Operative date 1 January 2015 with an application date for the group of 1 July 2015.

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; and
- 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.
- 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.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

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 balance sheet.

(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 foreseeable 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 25. 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 \$5,808,957.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

		Consolidated	
		2013	2012
		\$	\$
4.	REVENUE		
	Revenue		
	Sales revenue	-	-
		-	-
	Other income		
	Interest - other entities	21,461	56,527
	Other income	-	1,125
		21,461	57,652
5.	EXPENSES		
Loss from ordinary activities before income tax includes the following items of expense:			
Expenses			
Depreciation expense			
	Depreciation of property, plant and equipment	20,322	21,399
	Total depreciation expense	20,322	21,399
Employment expenses			
	Base salary and fees	657,275	716,089
	Superannuation	71,389	64,445
	Directors fees	101,787	97,511
	Share based payments expense (Note 25(a))	9,838	130,282
	Recruitment costs	-	46,854
	Other employee expenses	47,143	71,892
		887,432	1,127,073
	Less amounts charged to exploration costs	(304,627)	(273,238)
	Total employment expense	582,805	853,835
Other comprehensive loss before income tax includes the following items of expense:			
Other expenses			
	Foreign exchange loss	-	385
6.	INCOME TAX		
(a)	Income tax expense		
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	(1,371,363)	(2,109,247)
	Income tax benefit calculated at 30%	(411,409)	(632,774)
	Temporary differences and tax losses not recognised	411,409	632,774
	Other permanent differences	-	-
	Income tax benefit attributable to loss	-	-
	Other comprehensive income/(loss) for year	-	385
	Income tax benefit calculated at 30%	-	116
	Temporary differences and tax losses not recognised	-	(116)
	Other permanent differences	-	-
	Income tax benefit attributable to loss	-	-
(b)	Adjusted franking account balance	-	-
(c)	Deferred tax balances not recognised		
Calculated at 30% not brought to account as assets:			
Consolidated		Balance Sheet	Income Statement
		2013	2012
		2013	2012
		\$	\$
	Deferred tax assets		
	Accruals	2,400	2,400
	Annual leave entitlements	14,084	9,896
	Capital raising costs	105,824	96,290
	Revenue tax losses available for offset against future tax income	2,585,431	1,986,773
	Deferred tax assets not recognised	(2,707,739)	(2,095,359)
		-	-
	Net deferred tax asset (liability)	-	-
		-	-

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

6. INCOME TAX (CONTINUED)

(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

Basic loss per share (cents per share)

Consolidated
2013 2012

(2.61) (4.01)

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)

(2.61) (4.01)

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.

(1,371,363) (2,108,862)

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.

8. AUDITORS' REMUNERATION

Remuneration of BDJ Partners for :
Audit and review of the financial report
Total auditors remuneration

Consolidated
2013 2012
\$ \$

25,000 25,000

25,000 25,000

9. CASH AND CASH EQUIVALENTS

Cash at bank and on hand

281,955 600,453

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

10. CURRENT TRADE AND OTHER RECEIVABLES

GST receivable
Other receivables

33,106 43,783

11,813 20,080

44,919 63,863

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

11. OTHER CURRENT ASSETS

Interest receivable
Prepayments

2,745 5,046

19,028 -

21,773 5,046

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

12. TENEMENT SECURITY DEPOSITS

Tenement security deposits

132,500 140,000

132,500 140,000

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

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

13. PROPERTY, PLANT AND EQUIPMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

PROPERTY, PLANT AND EQUIPMENT	Consolidated	
	2013	2012
	\$	\$
Plant and Equipment at cost	166,581	146,667
Provision for depreciation	(93,202)	(72,880)
	<u>73,379</u>	<u>73,787</u>

	Residential Contents	Computer Software	Computer Equipment	Plant & Equipment	Motor Vehicles	Low Cost Assets	Total
<i>Gross Carrying Amount</i>	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2011	-	25,698	5,498	3,121	28,049	695	63,061
Additions	-	6,424	5,020	32,624	31,006	8,895	83,969
Disposals	-	-	(363)	-	-	-	(363)
Balance at 30 June 2012	-	32,122	10,155	35,745	59,055	9,590	146,667
Additions	7,350	-	2,802	7,665	-	2,097	19,914
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2013	7,350	32,122	12,957	43,410	59,055	11,687	166,581

<i>Accumulated Depreciation</i>							
Balance at 30 June 2011	-	21,862	3,958	1,334	24,196	130	51,480
Depreciation Expense	-	4,831	1,989	2,796	9,904	1,880	21,400
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2012	-	26,693	5,947	4,130	34,100	2,010	72,880
Depreciation Expense	431	2,167	2,281	5,201	7,006	3,236	20,322
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2013	431	28,860	8,228	9,331	41,106	5,246	93,202

		Consolidated	
		2013	2012
		\$	\$
Aggregate depreciation allocated during the year:			
- Residential cContents		431	-
- Computer software		2,167	4,831
- Computer equipment		2,281	1,989
- Plant and equipment		5,201	2,796
- Motor vehicles		7,006	9,904
- Low cost assets		3,236	1,880
		20,322	21,400

14. EXPLORATION EXPENDITURE

Exploration expenditure	5,808,957	4,786,026
Movement		
Balance at 1 July 2012	4,786,026	4,061,109
Additions	1,170,183	1,444,102
Amounts written off	(147,252)	(719,185)
Balance at 30 June 2013	5,808,957	4,786,026

15. CURRENT TRADE AND OTHER PAYABLES

<u>Unsecured:</u>		
Trade payables	61,856	139,798
Other payables and accruals	82,473	72,573
Annual leave entitlements	37,530	30,874
	181,859	243,245

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

16. NON-CURRENT LOANS

<u>Unsecured:</u>		
Loans from shareholder (refer note below)	4,100,000	2,100,000
Interest accrued	160,576	50,661
	4,260,576	2,150,661

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 \$8,000,000 and is repayable on 30 September 2015. The finance facility bears interest at Australian Libor + 250 bps per annum.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

17. NON-CURRENT PROVISIONS	Consolidated	
	2013 \$	2012 \$
Long Service Leave	9,418	2,114
	<u>9,418</u>	<u>2,114</u>

18. SHARE CAPITAL		
52,535,296 fully paid ordinary shares - no par value (2012: 52,535,296)	8,268,379	8,268,379
Less share issue costs	(352,496)	(352,496)
	<u>7,915,883</u>	<u>7,915,883</u>

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

Movement in ordinary share capital of Anchor Resources Limited	2013 Number of shares	2013 \$	2012 Number of shares	2012 \$
Balance at beginning of year	52,535,296	7,915,883	52,535,296	7,915,883
Anchor Resources Limited shares issued during year	-	-	-	-
	<u>52,535,296</u>	<u>7,915,883</u>	<u>52,535,296</u>	<u>7,915,883</u>
Transaction costs relating to share issues		-		-
Balance at end of year	<u>52,535,296</u>	<u>7,915,883</u>	<u>52,535,296</u>	<u>7,915,883</u>

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	Granted	Lapsed	Exercised	Number on
			issue 30 June 2012	during year	during year	during year	issue 30 June 2013
Unlisted							
	18.11.2013	0.38	1,155,000	-	-	-	1,155,000
	22.05.2014	0.38	-	275,000	-	-	275,000
	27.09.2014	0.25	20,000	-	-	-	20,000
Total options on issue			<u>1,175,000</u>	<u>275,000</u>	<u>-</u>	<u>-</u>	<u>1,450,000</u>

20. RESERVES	Consolidated	
	2013 \$	2012 \$
Share based payments reserve	166,186	156,348
Foreign currency translation reserve	-	-
	<u>166,186</u>	<u>156,348</u>
Share based payments reserve		
Balance at beginning of financial year	156,348	26,066
Value of options issued during year to : Directors, employees and consultants	9,838	130,282
Balance at end of financial year	<u>166,186</u>	<u>156,348</u>

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.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

21. RESERVES (CONTINUED)

	Consolidated	
	2013	2012
	\$	\$
Foreign currency translation reserve		
Balance at beginning of financial year	-	(385)
Exchange rate fluctuation during year	-	385
Balance at end of financial year	-	-

Nature and purpose of reserve

The Foreign currency translation reserve records the impact of the movement of the exchange rate as it relates to the company's investment in overseas subsidiaries.

21. ACCUMULATED LOSSES

Balance at beginning of financial year	(4,799,076)	(2,689,829)
Net loss for year	(1,371,363)	(2,109,247)
Other comprehensive income/(loss) for year	-	-
Balance at end of financial year	(6,170,439)	(4,799,076)

22. PARTICULARS RELATING TO CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest 2013	Ownership Interest 2012
Controlled entities		%	%
Andromeda Ventures Pty Limited	Australia	100	100
Sandy Resources Pty Limited	Australia	100	100
Scorpio Resources Pty Limited	Australia	100	100

23. 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.

	2013	2012
	\$	\$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	3,751,370	3,126,791
Non current assets	2,612,113	2,542,384
TOTAL ASSETS	6,363,483	5,669,175
LIABILITIES		
Current liabilities	181,859	243,245
Non current liabilities	4,269,994	2,152,776
TOTAL LIABILITIES	4,451,853	2,396,021
NET ASSETS	1,911,630	3,273,154
EQUITY		
Issued capital	7,915,883	7,915,883
Share based payments reserve	166,186	156,348
Accumulated losses	(6,170,439)	(4,799,077)
TOTAL EQUITY	1,911,630	3,273,154
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	(1,371,363)	(2,109,621)
TOTAL COMPREHENSIVE INCOME (LOSS)	(1,371,363)	(2,109,621)

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) The directors of Anchor Resources Limited during the year were:

Jianguang Wang
Ian Price
Steven Jiayi Yu
Vaughan Webber
Ronald Norman (Sam) Lees

(b) Other key management personnel

All key management personnel of the consolidated entity are directors of Anchor Resources Limited.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

24. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Remuneration of Directors and Executives

Details of Directors' remuneration for the year ended 30 June 2013

	Short term benefits			Post employment benefits	Equity based benefits		Performance related
	Salary	Director's Fees	Consulting Fees	Superannuation	Options	Total	%
	\$	\$	\$	\$	\$	\$	
Paid by Anchor Resources Limited - Group							
Key management personnel							
Ian Price	235,216	-	-	21,169	-	256,385	0.00%
Steven Jiayi Yu	214,649	-	-	19,318	-	233,967	0.00%
Non-executive directors							
Jianguang Wang	-	36,000	-	-	-	36,000	0.00%
Vaughan Webber	-	32,894	25,000	2,960	-	60,854	0.00%
Ronald Norman (Sam) Lees	-	32,894	16,515	2,960	-	52,369	0.00%
	449,865	101,788	41,515	46,407	-	639,575	

Details of Directors' remuneration for the year ended 30 June 2012

Paid by Anchor Resources Limited - Group

Year ended 30 June 2012

Key management personnel

Ian Price	209,478	-	-	18,853	33,839	262,170	0.00%
Steven Jiayi Yu	195,790	-	-	17,621	33,839	247,250	0.00%
Non-executive directors							
Jianguang Wang	-	36,000	-	-	5,640	41,640	0.00%
Vaughan Webber	-	31,300	21,005	-	5,640	57,945	0.00%
Ronald Norman (Sam) Lees	-	16,418	8,574	-	-	24,992	0.00%
Haolin Wang	-	13,793	-	-	-	13,793	0.00%
	405,268	97,511	29,579	36,474	78,958	647,790	

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

2013	Number			Issued on exercise of options	Number held 30 June 2013
	held 30 June 2012	Acquired during year	Sold during year		
Shares					
Jianguang Wang	4,315,446	-	-	-	4,315,446
Ian Price	-	-	-	-	-
Steven Jiayi Yu	490,101	-	-	-	490,101
Vaughan Webber	-	-	-	-	-
Ronald Norman (Sam) Lees	-	-	-	-	-
	4,805,547	-	-	-	4,805,547
	Number held 30 June 2012	Acquired during year	Lapsed during year	Exercised during year	Number held 30 June 2013
Options					
Jianguang Wang	50,000	-	-	-	50,000
Ian Price	300,000	-	-	-	300,000
Steven Jiayi Yu	300,000	-	-	-	300,000
Vaughan Webber	50,000	-	-	-	50,000
Ronald Norman (Sam) Lees	-	-	-	-	-
	700,000	-	-	-	700,000
Number of Shares and Options held by specified directors and executives					
2012	Number			Issued on exercise of options	Number held 30 June 2012
	held 30 June 2011	Acquired during year	Sold during year		
Shares					
Jianguang Wang	3,152,075	1,163,371	-	-	4,315,446
Ian Price	-	-	-	-	-
Steven Jiayi Yu	490,101	-	-	-	490,101
Vaughan Webber	-	-	-	-	-
	3,642,176	1,163,371	-	-	4,805,547
	Number held 30 June 2011	Acquired during year	Lapsed during year	Exercised during year	Number held 30 June 2012
Options					
Jianguang Wang	-	50,000	-	-	50,000
Ian Price	-	300,000	-	-	300,000
Steven Jiayi Yu	-	300,000	-	-	300,000
Vaughan Webber	-	50,000	-	-	50,000
Ronald Norman (Sam) Lees	-	-	-	-	-
	-	700,000	-	-	700,000

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

25. SHARE BASED PAYMENTS

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

Consolidated
2013 **2012**
\$ **\$**

Expense arising from equity-settled share-based payment transactions

Options granted during year	9,838	130,282
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 2013 and 2012.

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 is 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 2013 is 0.50 years (2012: 1.40 years).

The weighted average fair value of options granted during the year was \$0.0358 (2012: \$0.1131).

The range of exercise prices for options outstanding at the end of the year was \$0.25 to \$0.38.

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.

	2013	2012
Value of Underlying Stock	0.180	0.200
Exercise Price	0.380	0.380
Dividend Yield	0.00%	0.00%
Volatility (per Year)	87.10%	136.50%
Risk free rate	2.82%	4.75%
Maturity	22-05-14	18-11-13
Pricing Date	28-12-12	01-12-11

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 the

	2013 Number	2013 WAEP	2012 Number	2012 WAEP
Outstanding at the beginning of the year	1,175,000	0.1131	20,000	0.1319
Granted during the year	275,000	0.0358	1,155,000	0.1128
Forfeited during the year	-	0.0000	-	0.0000
Exercised during the year	-	0.0000	-	0.0000
Expired during the year	-	0.0000	-	0.0000
Outstanding at the end of the year	1,450,000	0.0985	1,175,000	0.1131
Exercisable at the end of the year	1,450,000		1,175,000	

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

26. RELATED PARTY DISCLOSURES

(a) Directors

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

(b) Remuneration of directors and key management personnel

Details of remuneration of directors are disclosed in note 24 to the financial statements.

At 30 June 2013 there were no key management personnel other than directors.

(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 24 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 22 to the financial statements.

27. COMMITMENTS FOR EXPENDITURE

(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 facilities. Neither the consolidated entity nor the parent entity has an option to purchase the leased asset at the expiry of the lease period.

Operating leases

Not later than one year

Later than 1 year but not later than 5 years

Consolidated	
2013	2012
\$	\$

6,175	-
-	-
6,175	-

(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

485,000	517,000
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28. FINANCIAL INSTRUMENTS DISCLOSURES

(a) Capital

The Group considers its capital to comprise its ordinary share capital 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	
	2013	2012
	\$	\$
Loans	4,100,000	2,100,000
Net debt	4,100,000	2,100,000
Share capital	7,915,883	7,915,883
Reserves	166,186	156,348
(Accumulated losses)	(6,170,439)	(4,799,076)
Total capital	1,911,630	3,273,155
Gearing ratio	214.48%	64.16%

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(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	
	2013	2012
	\$	\$
Tenement Security Deposits	132,500	140,000
Other receivables	11,813	20,080
	144,313	160,080

(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 Board noted the intention of directors and other lenders not to require payment for the next twelve months or until a capital raising of sufficient funds is made.

The Group has a financing facility in place provided by China Shandong Jinshunda Group Co. Limited, the company's major shareholder. The facility has a maximum drawdown of \$8,000,000 and is repayable on 30 September 2015. The finance facility bears interest at Libor + 250 bps per annum. The Group does not have a bank overdraft.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

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

(ii) Liquidity risk (continued)

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 - 2013						
<i>Financial Assets</i>						
Cash at bank and on hand	281,955	281,955	281,955	-	-	-
Other receivables	44,919	44,919	44,919	-	-	-
Tenement security deposits	132,500	132,500	-	-	132,500	-
TOTAL	459,374	459,374	326,874	-	132,500	-
<i>Financial Liabilities</i>						
Trade Creditors	61,856	61,856	61,856	-	-	-
Other payables and accruals	82,473	82,473	-	82,473	-	-
Loans	4,260,576	4,260,576	-	-	4,260,576	-
TOTAL	4,404,905	4,404,905	61,856	82,473	4,260,576	-
NET MATURITY	(3,945,531)	(3,945,531)	265,018	(82,473)	(4,128,076)	-

Maturity Analysis - Consolidated - 2012

<i>Financial Assets</i>						
Cash at bank and on hand	600,453	600,453	600,453	-	-	-
Other receivables	63,863	63,863	63,863	-	-	-
Tenement security deposits	140,000	140,000	-	-	-	140,000
TOTAL	804,316	804,316	664,316	-	-	140,000
<i>Financial Liabilities</i>						
Trade Creditors	139,798	139,798	139,798	-	-	-
Other payables and accruals	72,573	72,573	-	72,573	-	-
Loans	2,150,661	2,150,661	-	-	2,150,661	-
TOTAL	2,363,032	2,363,032	139,798	72,573	2,150,661	-
NET MATURITY	(1,558,716)	(1,558,716)	524,518	(72,573)	(2,150,661)	140,000

(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 :

	NOTE	WEIGHTED AVERAGE INTEREST	FLOATING INTEREST RATES	FLOATING MATURING IN 1 YEAR TO 5	NON- INTEREST BEARING	TOTAL
Consolidated -2013						
<i>Financial Assets</i>						
Cash	9	2.50%	281,955	-	-	281,955
Receivables	10	0.00%	-	-	44,919	44,919
Tenement Security Deposits	12	4.00%	132,500	-	-	132,500
Total Assets			414,455	-	44,919	459,374
<i>Financial Liabilities</i>						
Payables	15	0.00%	-	-	181,859	181,859
Loans	16	3.70%	-	4,260,576	-	4,260,576
Total Liabilities			-	4,260,576	181,859	4,442,435
Net financial assets			414,455	(4,260,576)	(136,940)	277,515

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

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

(iv) Interest rate risk (continued)

	NOTE	WEIGHTED AVERAGE INTEREST	FLOATING INTEREST RATES	FLOATING MATURING IN 1 YEAR TO 5	NON- INTEREST BEARING	TOTAL
Consolidated -2012						
Financial Assets						
Cash	9	4.50%	588,469	-	11,984	600,453
Receivables	10	0.00%	-	-	63,863	63,863
Tenement Security Deposits	11	4.88%	140,000	-	-	140,000
Total Assets			<u>728,469</u>	<u>-</u>	<u>75,847</u>	<u>804,316</u>
Financial Liabilities						
Payables	12	0.00%	-	-	243,245	243,245
Loans	17	3.70%	-	2,150,661	-	2,150,661
Total Liabilities			<u>-</u>	<u>2,150,661</u>	<u>243,245</u>	<u>243,245</u>
Net financial assets			<u>728,469</u>	<u>(2,150,661)</u>	<u>(167,398)</u>	<u>561,071</u>

Sensitivity Analysis

Consolidated - 2013	Carrying amount	+3% interest rate Profit & Loss	-3% interest rate Profit & Loss
Cash at bank	281,955	8,459	(8,459)
Tenement security deposits	132,500	3,975	(3,975)
Loans	<u>(4,260,576)</u>	<u>(127,817)</u>	<u>127,817</u>
	<u>(3,846,121)</u>	<u>(115,384)</u>	<u>115,384</u>
Tax charge of 30%		<u>34,615</u>	<u>(34,615)</u>
Post tax profit increase / (decrease)		<u>(80,769)</u>	<u>80,769</u>

Sensitivity Analysis

Consolidated - 2012	Carrying amount	+3% interest rate Profit & Loss	-3% interest rate Profit & Loss
Cash at bank	588,469	17,654	(17,654)
Tenement security deposits	140,000	4,200	(4,200)
Loans	<u>(2,150,661)</u>	<u>(64,520)</u>	<u>64,520</u>
	<u>(1,422,192)</u>	<u>(42,666)</u>	<u>42,666</u>
Tax charge of 30%		<u>12,800</u>	<u>(12,800)</u>
Post tax profit increase / (decrease)		<u>(29,866)</u>	<u>29,866</u>

(v) 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.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

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

The Group's most significant supplier, located in Australia, accounts for 41.8% of trade payables at 30 June 2013 .

(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. 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
2013**

	Head Office	Exploration Australia	Intersegment Eliminations	Total
	30 June 2013	30 June 2013	30 June 2013	30 June 2013
	\$	\$	\$	\$
Revenue				
Interest revenue	21,461	-	-	21,461
Other income	-	-	-	-
Total revenue	21,461	-	-	21,461

Operating result

Segment net loss before tax	(1,066,467)	(328,928)	140,302	(1,255,093)
<i>Reconciliation of segment result to group net loss before tax</i>				
Amounts not included in segment result but reviewed by board				
Corporate charges				(95,948)
Depreciation				(20,322)
Total net loss before tax				(1,371,363)

Segment assets and liabilities

Segment assets	3,824,749	5,941,457	(3,402,723)	6,363,483
Unallocated assets				-
Group assets				6,363,483
Segment liabilities	4,451,853	4,414,530	(4,414,530)	4,451,853
Unallocated liabilities				-
Group liabilities				4,451,853

**Segment performance
2012**

	Head Office	Exploration Australia	Intersegment Eliminations	Total
	30 June 2012	30 June 2012	30 June 2012	30 June 2012
	\$	\$	\$	\$
Interest revenue	56,527	-	-	56,527
Other revenue	1,125	-	-	1,125
Total revenue	57,652	-	-	57,652

Operating result

Segment net loss before tax	(1,582,895)	(1,043,586)	710,318	(1,916,163)
<i>Reconciliation of segment result to group net loss before tax</i>				
Amounts not included in segment result but reviewed by board				
Corporate charges				(171,685)
Depreciation				(21,399)
Total net loss before tax				(2,109,247)

Segment assets and liabilities

Segment assets	3,200,578	4,926,026	(2,457,429)	5,669,175
Unallocated assets				-
Group assets				5,669,175
Segment liabilities	2,396,020	3,328,933	(3,328,933)	2,396,020
Unallocated liabilities				-
Group liabilities				2,396,020

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

30. CONTINGENT LIABILITIES	Consolidated	
	2013	2012
	\$	\$
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.	132,500	140,000

31. SUBSEQUENT EVENTS

Since the end of the financial year an additional \$3.0m has been made available to Anchor through the increase of the Finance Facility to \$8.0 million which has also been extended to 30 September 2015.

There were no other events subsequent to balance date which require disclosure in these accounts.

32. ADDITIONAL COMPANY INFORMATION

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

<i>Principal Registered Office</i>	<i>Principal Place of Business</i>	<i>Postal Address</i>
G02 59 Goulburn Street SYDNEY NSW 2000	6 Chepstow Drive CASTLE HILL NSW 2154	PO Box 6126 DURAL DC NSW 2158

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	
	2013	2012
	\$	\$
Cash at bank and on hand	281,955	600,453
	<u>281,955</u>	<u>600,453</u>

(b) Financing Facilities

Since the end of the financial year 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	5,000,000	3,500,000
Amount drawn down as at balance date	<u>4,100,000</u>	<u>2,100,000</u>

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

	Consolidated	
	2013	2012
	\$	\$
Operating loss after income tax	(1,371,363)	(2,109,247)
Non cash items included in profit and loss		
Depreciation	20,322	21,399
Exploration written off	147,252	719,185
Employee leave entitlements	13,960	31,021
Option expense	9,838	130,282
	<u>(1,179,991)</u>	<u>(1,207,360)</u>
Changes in assets and liabilities		
Decrease (Increase) in receivables	18,944	587,262
Decrease (Increase) in other current assets	(16,727)	(2,188)
(Decrease) Increase in trade creditors	(77,942)	68,634
Increase (Decrease) in other creditors and accruals	119,815	98,249
Net cash used in operating activities	<u>(1,135,901)</u>	<u>(455,403)</u>

**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 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 2013 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 maintained in accordance with s 286 of the Corporations Act 2001, and
 - (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



Steven Jiayi Yu
Director
Sydney,

23 September 2013

partners

C H Barnes FCA
A J Dowell CA
B Kolevski CPA (Affiliate ICAA)
M Galouzis CA
A N Fraser CA

associate

M A Nakkan CA

consultant

R H B Boulter FCA

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Manly NSW 2095

all correspondence

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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 2013, 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



Anthony J Dowell

Partner

10 September 2013

partners

C H Barnes FCA
A J Dowell CA
B Kolevski CPA (Affiliate ICAA)
M Galouzis CA
A N Fraser CA

associate

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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 2013, the statements of 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.

partners

C H Barnes FCA
A J Dowell CA
B Kolevski CPA (Affiliate ICAA)
M Galouzis CA
A N Fraser CA

associate

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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 2013 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

BDJ Partners
Chartered Accountants



Anthony J Dowell
Partner

23 September 2013



ANCHOR RESOURCES LIMITED

Shareholder information

The shareholder information set out below was applicable as at 9 September 2013.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:		Class of equity security	Number of shareholders	Number of shares	%
		Ordinary shares			
1-1,000		12		729	0.001
1,001-5,000		22		64,824	0.145
5,001-10,000		19		164,712	0.329
10,001-100,000		27		858,405	1.398
100,001 and over		5		51,446,626	98.128
Totals		85		52,535,296	100.000

At the prevailing market price of shares (\$0.19) there were 21 shareholders with less than a marketable parcel of ordinary shares worth \$500 (being 18,133 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	88.313%
Mr Jianguang Wang	4,315,446	8.214%
Mr Jiayi Yu	490,101	0.933%
Octifil Pty Ltd	245,360	0.467%
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%
JP Morgan Nominees Australia	51,473	0.098%
Mr Peter William & Mrs Yvonne Ruth Vereyken	39,500	0.075%
Mrs Melita Chilcott	38,500	0.073%
Firewalker Holdings Pty Ltd	36,250	0.069%
Mr Matthew John Smaller	35,000	0.067%
Mr Carmelo Merlo	31,250	0.059%
Narebar Pty Ltd	30,000	0.057%
Mr Si Wei Li	30,000	0.057%
Colbur Pty Ltd	25,000	0.048%
Mr Richard Leslie Harrison	25,000	0.048%
Mrs Ayten Peterson	20,889	0.040%
Mr Adrian Chew	20,000	0.038%
Total of Top 20 share holdings	52,153,897	99.274%
Other shareholders	381,399	0.726%
Total ordinary shares	52,535,296	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	51,201,266	97.46%

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.

ANCHOR RESOURCES LIMITED

Shareholder information

E. Summary of options issued and unexercised	No of options	No of holders	Options held	% Options Issued
Options expiring 27 September 2014 with an exercise price of \$0.25	20,000	1		
Option holders with more than 20% of class				
K Mears			20,000	100.00%
Options expiring 18 November 2013 with an exercise price of \$0.38	1,155,000	7		
Option holders with more than 20% of class				
Lutana Enterprises Pty Ltd			300,000	25.97%
Steven Jiayi Yu			300,000	25.97%
Grahame Rabone Super Fund			300,000	25.97%
Options expiring 22 May 2014 with an exercise price of \$0.38	275,000	3		
Option holders with more than 20% of class				
G Robertson			75,000	27.27%
J Stewart -Noble			100,000	36.36%
D Hunter			100,000	36.36%

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 \$
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NEW SOUTH WALES

Tenements held by Anchor Resources Limited

EL 6388	Bielsdown	04-Mar-05	43	100%	43,000
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Tenements held by Scorpio Resources Limited

EL 6459	Birdwood	08-Aug-05	165	100%	55,000
EL 6465	Blicks	29-Sep-05	81	100%	57,000
EL 8100	Blicks Extended	11-Jun-13	99	100%	70,000

QUEENSLAND

Tenements held by Sandy Resources Limited

EPM 19447	Aspiring Extended	08-Jul-13	291	100%	260,000
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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 small cap listed company and where its processes do not 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 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

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 reports.

The Board meets on a regular basis, normally 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) Ensure that Anchor's appointees work with an appropriate Code of Conduct and Ethics.
- (iv) Ensure that Anchor's appointees are supported, developed and rewarded to the appropriate professional standards.

1.2 Companies should disclose the process for evaluating the performance of senior executives and appointees.

The performance of all senior executives and appointees is reviewed at least once a year. The performance of the Managing Director is reviewed by the Chairman on an annual basis, and the performance of other senior executives is reviewed by the Managing Director, in conjunction with the Board. They are assessed against personal and Company Key Performance Indicators established from time to time as appropriate for Anchor.

1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.

A performance evaluation for each senior executive has taken place in the reporting period in line with the process disclosed.

A Statement covering the primary responsibilities of the Board is set out in 1.1 above.

A Statement covering the primary responsibilities of the senior executives is set out in 1.1 above.

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 A majority of the Board should be independent directors.

The Anchor Board has five directors, of which the majority, three, are non-executive directors. Of these directors two are considered independent directors.

2.2 The Chairperson should be independent.

The Non-Executive Chairman is Mr Jianguang Wang. Mr Wang represents the major shareholder, China Shandong Jinshunda Group Co. Limited, which owns 97.46 percent of the shares in the Company. This is appropriate at the present time and will be reviewed when the Company restructures to achieve a broader spread of shareholders.

2.3 Chief Executive Officer should not be the same as Chairman.

The executive directors comprise the Chief Executive Officer, Mr Steven Jiayi Yu, and a Managing Director, Mr Ian Price.

Corporate Governance Statement

2.4 A nomination committee should be established.

The Company has established a Remuneration and Nomination committee comprised of Non-Executive Directors Mr Vaughan Webber and Mr Ronald Norman (Sam) Lees.

2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Anchor Board has five 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 Nomination Committee determines whether any external advice or training is required.

The Nomination Committee in determining the composition of the board look to achieve a mix of technical (geological), financial, legal and commercial skills.

2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2

A description of the skills and experience of each director is contained in the 2013 Directors Report.

Mr Vaughan Webber and Mr Ronald Norman (Sam) Lees, are considered to be independent non executive directors. Mr Steven Jiayi Yu and Mr Ian Price, are not considered to be independent as they are executive directors of the Company, while Mr Jianguang Wang is not considered independent given that he represents the major shareholder in the Company.

Directors are able to take independent professional advice at the expense of the Company, with the prior agreement of the Chairman.

An evaluation of the Board of directors took place during the reporting period and was in accordance with the process described in 2.5 above.

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

There is no Board charter for nominations.

Principle 3: Promote ethical and responsible decision-making

3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Anchor's 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.

3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in

As a company with a small market capitalisation, the company has a small board. The company has no established policy at present but is aware of the principle and will be alert for opportunities when board changes are contemplated.

3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The company has, as yet, no established policy in relation to gender diversity. The company has a small number of employees and as a consequence the opportunity for creating a meaningful gender diversity policy are limited.

3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Given the small size of the company and the limited number of employees this is not a meaningful statistic at this time.

Principle 4: Safeguard integrity in financial reporting

4.1 Establish an audit committee.

The Company has an Audit and Risk Management Committee.

4.2 Audit Committee composition.

As Anchor is a company with a small market capitalisation, the Audit and Risk Management Committee is comprised of two independent non-executive directors, Mr Vaughan Webber and Mr Ronald Norman (Sam) Lees.

4.3 A formal charter should be established for the Audit Committee.

The Company has adopted an Audit and Risk Management Committee charter. It is publicly available on the Anchor web site.

4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.

The Audit and Risk Management Committee met three times during the course of the year.

The Audit and Risk Management 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 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.

In conjunction with the auditors the Audit and Risk Management Committee monitors the term of the external audit engagement partner and ensures that the regulatory limit for such term is not exceeded. At the completion of the term, or earlier in some circumstances, the auditor nominates a replacement engagement partner. The committee interviews the nominee to assess relevant prior experience, potential conflicts of interest and general suitability for the role. If the nominee is deemed suitable, the committee reports to the Board on its recommendation.

The Audit and Risk Management Committee also reviews the Anchor Corporate Governance and Risk Management processes to ensure that they are effective enough for a listed public company of its size.

Principle 5: Make timely and balanced disclosure

5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

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 the Managing 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's activities.

5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.

Anchor's disclosure policy to shareholders is set out as part of the Anchor Corporate Governance charter, which is publicly available on the Anchor web site, as are Anchor's recent announcements.

Principle 6: Respect the rights of shareholders

6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Anchor provides information to its shareholders through the formal communications processes (e.g. ASX releases, general meetings, annual report, and occasional shareholder letters). This material is also available on the Anchor website (www.anchorresources.com.au).

Shareholders are encouraged to participate in general meetings and time is set aside for formal and informal questioning of the Board, senior management and the auditors. The external audit partner attends the annual general meeting to be available to answer any shareholder questions about the conduct of the audit and the preparation and content of the audit report.

6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.

The Company's communications policy is described in 6.1 above.

Corporate Governance Statement

Principle 7: Recognise and manage risk

7.1 Companies should establish a sound system for the oversight and management of material business risks.

The company has established policies for the oversight and management of material business risks.

The board monitors the risks and internal controls of Anchor through the Audit and Risk Management Committee. That committee looks to the executive management to ensure that an adequate system is in place to identify and, where possible, on a cost effective basis appropriate for a small cap company, to manage risks inherent in the business, and to have appropriate internal controls.

As part of the process, Anchor' management formally identifies and assesses the risks to the business, and these assessments are noted by the Audit and Risk Management Committee and the Board.

7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Board has required management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. Management has developed a Risk Management Plan and instituted quarterly risk management audits. Management reports to the Audit and Risk Management Committee and the Board, periodically, as to the effectiveness of the Company's management of its material business risks.

7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The board has received assurance from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control appropriate for a small cap company of the size of Anchor, and that the system is operating effectively in all material respects in relation to financial reporting risks.

7.4 Companies should provide information in the Guide to reporting on Principle 7.

The Board has received the report from Management under Recommendation 7.2 and the Board has received the assurances referred to under Recommendation 7.3. The Company's policies on risk oversight and management of material business risks are not publicly available.

Principle 8: Remunerate fairly and responsibly

8.1 Establish a remuneration committee.

The Company has established a Remuneration and Nomination committee comprised of Non-Executive Directors Mr Vaughan Webber and Mr Ronald Norman (Sam) Lees.

8.2 The remuneration committee should be structured so that it:

- consists of a majority of independent directors
- is chaired by an independent chair
- has at least three members

The composition of the remuneration committee is described in 8.1 above. The Chairman of the remuneration committee is independent and the Company considers, given its size, that a committee of two is appropriate at present

8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and 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.

Senior executives' remuneration packages are reviewed by reference to Anchor' performance, the executive director's or senior executive's performance, comparable information from industry sectors and other listed companies in similar industries, which guidance from external remuneration sources. This provides a basis to ensure that base remuneration is set to reflect the market for a comparable role.

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.

8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.

The information is as outlined above.

ANCHOR RESOURCES LIMITED

Corporate Directory

Board of Directors

Jianguang Wang
Ian Price
Steven Jiayi Yu
Vaughan Webber
Ronald Norman (Sam) Lees

Non-Executive Chairman
Managing Director
Chief Executive Officer
Non-Executive Director
Non-Executive Director

Company Secretaries

Guy Robertson
Grahame Clegg

Registered Office

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Bank of Western Australia
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