

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES**

A.C.N. 122 751 419

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

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20th September 2012

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. This has been the first full year under the new Board and we have made significant progress.

Under the leadership of the Managing Director and the Exploration Manager the Company has improved its project assessment and operational procedures and developed a strong exploration team.

Following a full review of all projects the Board committed to detailed field work on both the Blinks gold project (NSW) and the Aspiring gold copper project (Qld). At Blinks we have drilled two deep diamond holes which have intersected long intervals of low grade gold mineralisation which is suggestive of a large intrusion-related gold system. At Aspiring, high resolution airborne geophysics together with field mapping have identified a number of shallow magnetic anomalies similar to those associated with several large gold-copper deposits in the Chillagoe area. We intend to test drill some of these targets in the coming months.

At the Bielsdown antimony project further assessment is ongoing and activities at this project will be determined once land access is achieved. The Company has been supported by funding from its major shareholder that has placed it in a strong and unique position given the difficulties the junior exploration sector has encountered during the past 12 months in gaining access to capital. Anchor is also actively seeking to acquire new projects in a climate of opportunity.

Yours sincerely,

Jianguang Wang

Chairman

Operations Report

Anchor has prospective exploration projects in the New England Fold Belt of northeast NSW and the Hodgkinson Province in Far North Queensland targeting gold, copper, base metals and antimony (Figure 1). All of these metals continue to be in strong global demand.

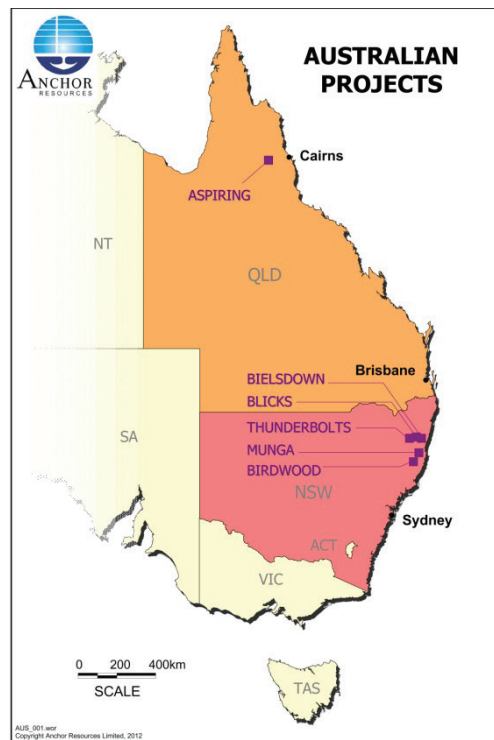


Figure 1: Location of Anchor projects in eastern Australia

During the year Anchor focussed its field work on the Blicks gold project in NSW and at the Aspiring gold-base metal project in North Queensland. At Blicks two deep diamond core holes were drilled into a large intrusion-related gold system with encouraging results. At Aspiring a high resolution airborne geophysical survey was flown and multiple magnetic anomalies identified for drilling within a favourable geological environment.

The Birdwood copper-molybdenum project (NSW) has been further reviewed. The prime target area is a large soil copper anomaly, coincident with quartz-molybdenite veinlets. The presence of small granite intrusions and a complex magnetic pattern over an extensive outcropping sedimentary sequence suggests affinity with a partially exposed porphyry alteration-mineralisation system.

The Bielsdown antimony project (NSW) includes the Bielsdown orogenic antimony deposit. Field work has not been significantly progressed pending resolution of land access matters.

Following a full technical review of all Anchor projects the Canonba copper project (EL 6928) in NSW was relinquished.

Blicks Gold Project (EL 6465, NSW, Anchor 100%)

The Blicks gold project is located within the southern segment of the New England Fold Belt in northeast NSW and includes the Tyringham gold prospect.

The Tyringham gold prospect consists of two spatially separate soil geochemical gold anomalies known as Tyringham West and Tyringham East centred 1.7km apart. A third soil gold geochemical anomaly has recently been defined and is centred 0.75km northwest of Tyringham West.

Two deep diamond core holes have been completed at Tyringham for a total of 941.6m, with one hole completed at each of the two gold anomalies. Diamond core hole TDD001 was drilled at Tyringham West and diamond core hole TDD002 was drilled at Tyringham East. A summary of significant gold intersections in both holes is shown in Table 1. Intersections do not represent true widths.

Operations Report

**Table 1: Tyringham Gold System
Summary of Significant Gold Intersections**

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)
TDD001	0	129	129	0.22
Including	12	25.5	13.5	0.21
and	37	45.2	8.2	0.26
and	62	81.2	19.2	0.39
and	102	129	27	0.28
TDD002	10	159	149	0.18
Including	46	51	5	0.58
and	85	100	15	0.29
and	117	133	16	0.30

The location and collar details for each diamond drill hole at Tyringham are shown in Table 2.

**Table 2: Tyringham Gold System
Summary of Diamond Drill Hole Collar Coordinates**

Hole ID	Easting (m)	Northing (m)	RL (m)	Dip	Azimuth Mag N	Depth (m)
TDD001	451525	6658360	917	-60°	259°	464.8
TDD002	452925	6659350	938	-60°	079°	476.8

Drill hole coordinates in UTM Zone 56, MGA94 datum

In both holes multiple, long intervals of low grade gold mineralisation are associated with complex vein arrays, together with anomalous bismuth and tungsten geochemistry, little copper and low sulphur values.

At Tyringham West gold mineralisation is hosted by metasiltstone intruded by narrow felsic dykes with higher grade gold mineralisation interpreted to be structurally localised in multiple sub-vertical fracture zones within a broader halo of lower grade gold mineralisation postulated to lie above an upright granitoid cupola at depth. At Tyringham East gold mineralisation is hosted by S-type biotite granodiorite with higher grade gold mineralisation interpreted to be concentrated in multiple, "stacked" flat lying tabular and arched "layers" throughout a broader lower grade gold halo within the carapace of a granite cupola.

A conceptual model for the Tyringham gold mineralisation is shown in Figures 2 and 3. The style of gold mineralisation together with associated geochemical indicator elements, host rock association, and tectonic setting at Tyringham continues to provide confidence in the postulated geological model for reduced intrusion-related gold mineralisation at Tyringham.

Operations Report

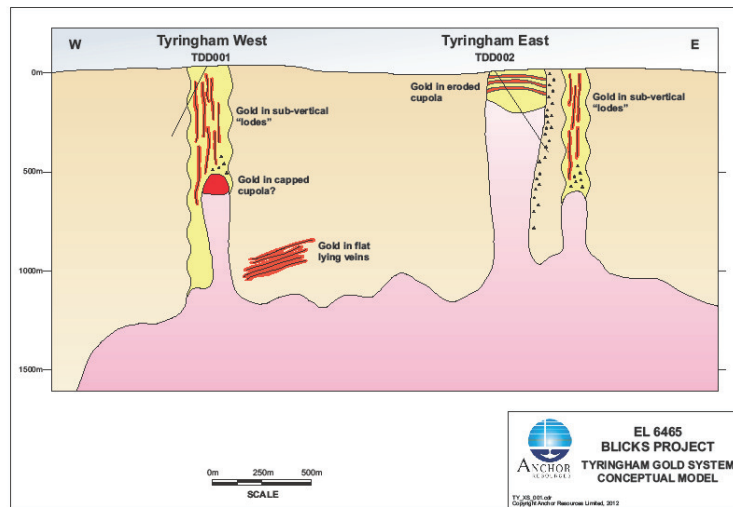


Figure 2: Tyringham gold system conceptual model (section)

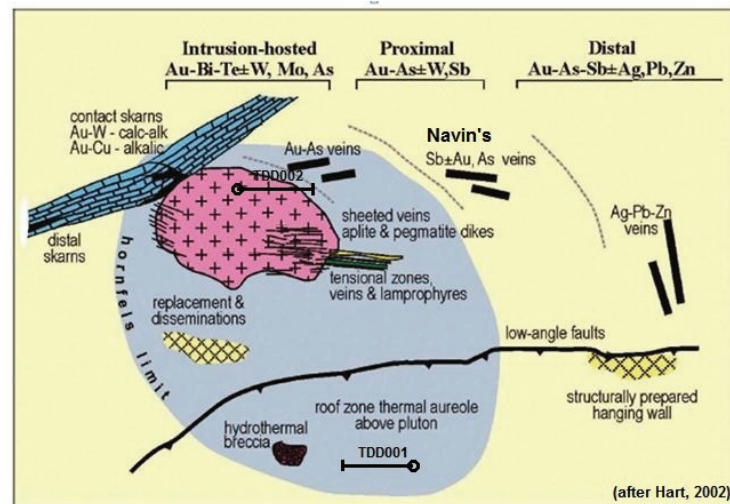


Figure 3: Tyringham gold system conceptual model (plan) showing the location of Tyringham diamond core holes on the model proposed by Hart (2002)

Anchor also completed additional soil sampling to better define the margins of the soil gold anomalies at Tyringham. During this work program a discrete -80# soil gold anomaly (Figure 4) was discovered 0.75km northwest of Tyringham West. This gold anomaly further increases the size of the Tyringham gold system which now has dimensions of approximately 2.5km × 1.0km. A follow-up -80# soil sampling program has recently been completed to better define the shape and extent of this new gold anomaly prior to commencing further work. Assay results are currently pending.

Operations Report

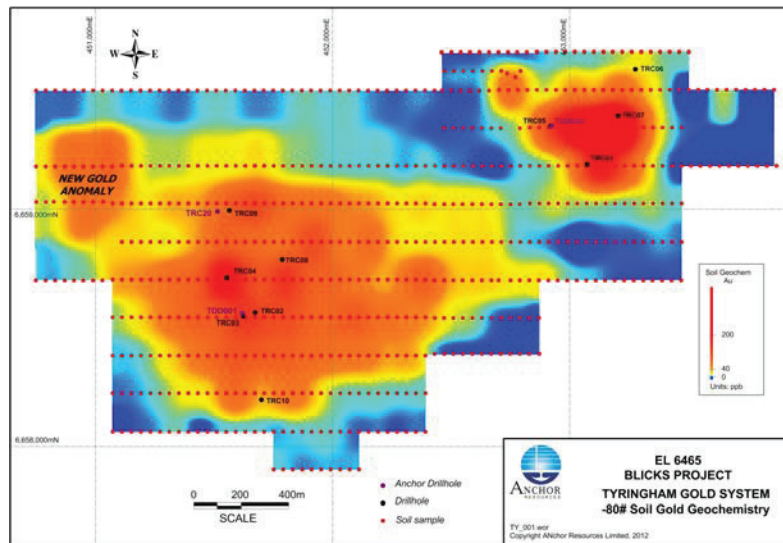


Figure 4: Tyringham gold system -80# soil gold geochemistry

Aspiring Gold/Base Metal Project (EPM 14742 and EPM 19447, Qld, Anchor 100%)

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. These magnetic anomalies have 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.

Assay results from rock chip samples collected during a helicopter-supported reconnaissance program completed in December 2011 recorded encouraging geochemical results at magnetic anomaly A2 (Figure 5) which yielded anomalous gold (Au) to 0.2g/t, silver (Ag) to 55g/t, arsenic (As) >1% (absolute values >1% not reported by the laboratory), bismuth (Bi) to 0.5%, and copper (Cu) to 1.3%. This geochemical signature is suggestive of concealed skarn or quartz vein-style mineralisation. Magnetic anomaly A7 (Figure 5) yielded geochemically anomalous values of 766ppm As, 2ppm Ag, 185ppm Bi and 489ppm Cu, interpreted as "leakage" from a concealed source in the underlying basement. Magnetic anomaly A5 (Figure 5) yielded high iron (Fe) values (6.26 - 6.43%) with magnetite identified in metasediment breccia outcrop, however assay values were low for many other elements, including gold, silver, copper, lead and zinc.

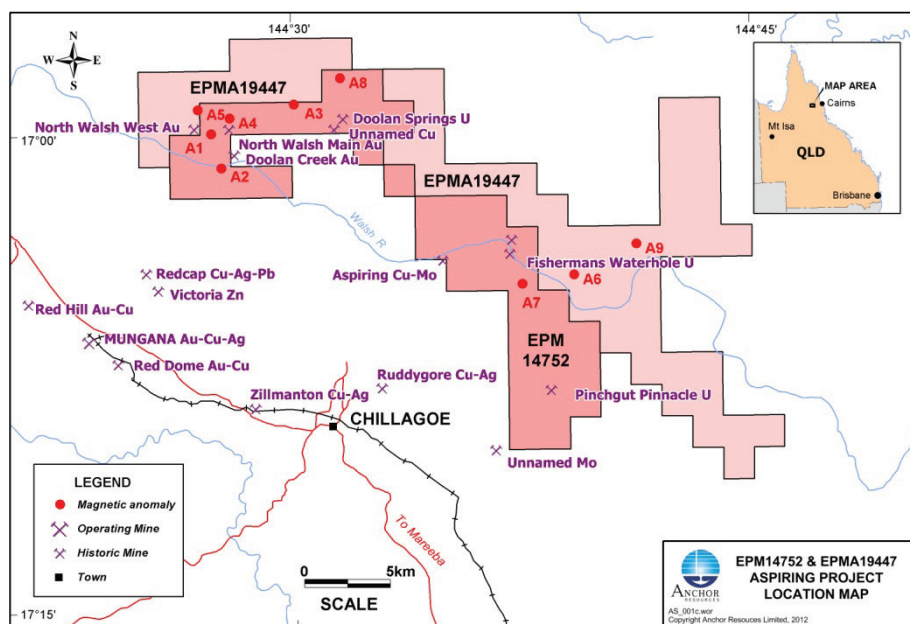


Figure 5: Aspiring project showing location of magnetic anomalies of interest and recorded mineral prospects

Operations Report

Anchor then 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 have been identified for drill testing to determine the source of the magnetic anomalies. Interpretation by geophysical consultants is continuing to assist more precise target definition.

A RTP magnetic image of four magnetic anomalies (A1, A2, A4 and A5) planned for drill testing is shown in Figure 6. Three of the magnetic anomalies (A1, A2 and A4) are concealed beneath shallow overburden while anomaly A5 is known to be at least partially attributed to magnetite recognised in outcrop. All magnetic anomalies are interpreted to be related to either magnetite-rich skarn or porphyry-style mineralisation. The small Ruddygore porphyry copper deposit is located 15km south of the Aspiring tenement boundary (Figure 5).

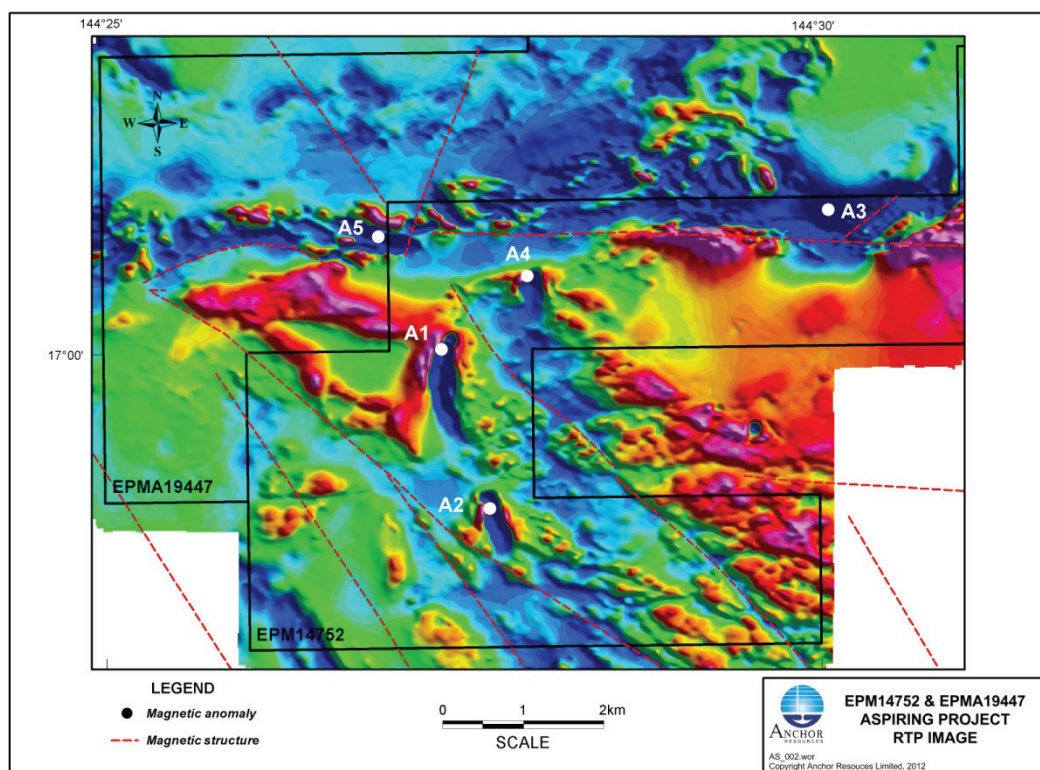


Figure 6: Location of four magnetic anomalies to be drilled

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 forms part of a “conditional surrender” of EPM 14752. The new conditional surrender EPM application consists of 97 sub-blocks (318km²). The application is pending.

Birdwood Copper Project (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 Hillgrove 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.

Operations Report

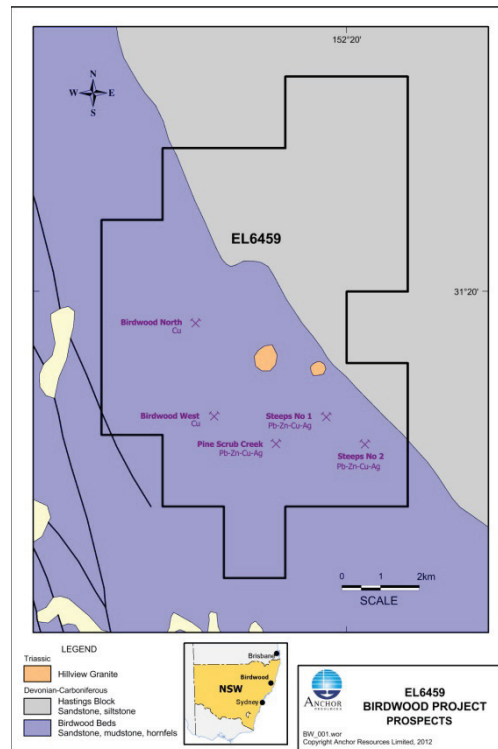


Figure 7: Birdwood project regional geology and recorded mineral prospects

The Birdwood North prospect was tested by 9 diamond core holes in 1969 by another explorer. Most holes intersected sporadic low grade copper mineralisation, accompanied by minor vein-hosted molybdenite mineralisation. A summary of copper intersections at a nominal 0.1% Cu cut-off grade over a minimum length of 4m is shown in Table 3 (note these intersections are not true widths).

Table 3: Birdwood Copper-Molybdenum Prospect
Summary of Copper Intersections
(>4.0 metres in length at a 0.1% Cu cut off)
Pickands Mather & Company International Diamond Drill Core (1969)

Hole ID	Depth m	Dip	Azi Mag N	From m	To m	Length m	Cu %	Mo ppm	Ag ppm
B-101*	306.32	-90°	-	131.06	140.21	9.14	0.28	2	2.5
				268.22	272.80	4.57	0.27	34	1.4
B-102^	153.52	-90°	-	97.54	103.63	6.09	0.12	49	1.9
				134.11	150.57	16.46	0.17	46	2.4
B-103 ^h	152.40	-90°	-	45.72	79.25	33.53	0.40	4	2.9
B-104 ^h	275.13	-90°	-						
B-105	199.24	-90°	-	97.54	103.63	6.09	0.22	<1	2.7
B-106	465.53	-90°	-	73.15	79.25	6.10	0.12	<1	5.2
B-107	305.71	-90°	-						
B-108	306.98	-90°	-						
B-109	183.39	-45°	228°						
9 holes	2,348.22					81.98	0.23	19	2.7

A review of historic data, together with the interpretation of airborne geophysical data acquired by Anchor, on this project has concluded that previous work, including diamond core drilling, has partially tested the Birdwood North copper prospect to approximately 300m below surface. Several smaller prospective soil copper geochemical and magnetic anomaly targets have been identified and remain to be investigated further. In addition to copper mineralisation coincident with magnetic lows it is noted that some copper mineralisation at Birdwood North lies at the periphery of the magnetic low anomaly (Figure 8). If this hypothesis has credibility then the periphery of other well defined magnetic low zones centred 2.4km and 3.4km to the south of the small Birdwood North magnetic low may also warrant investigation.

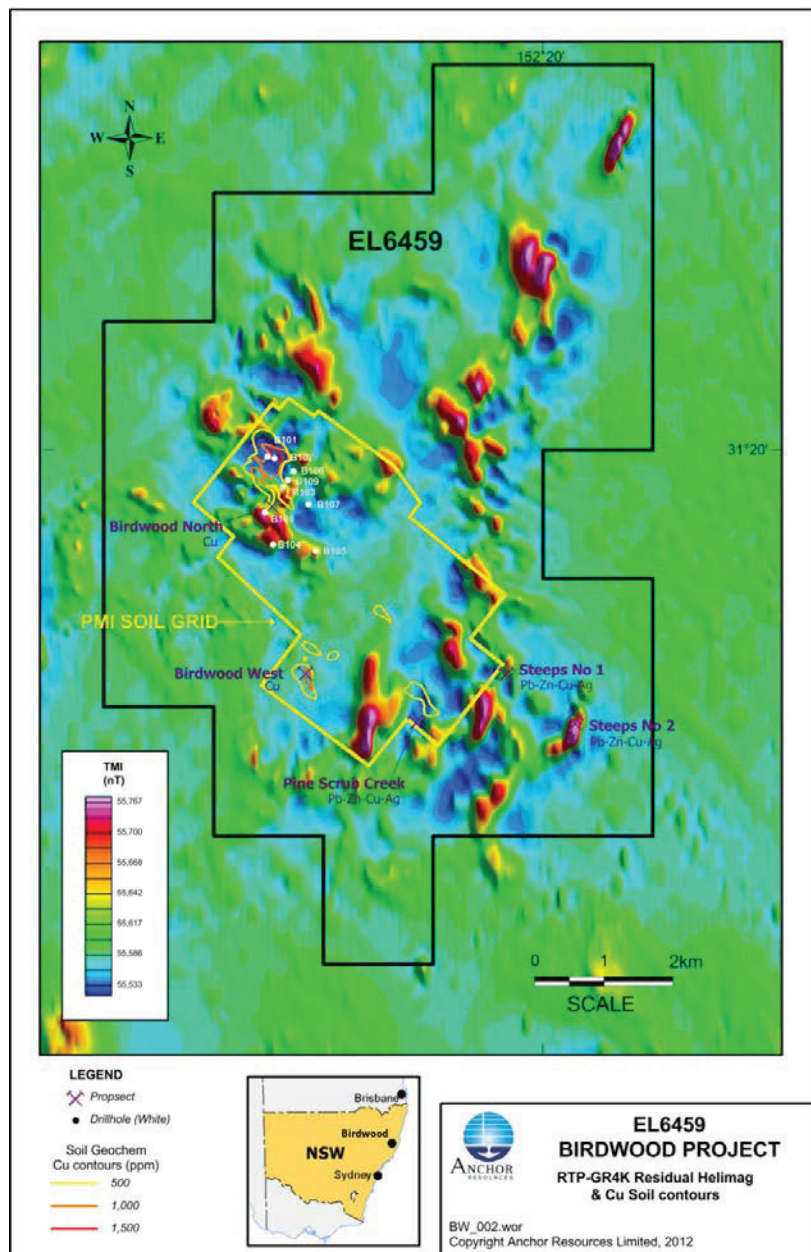


Figure 8: Birdwood copper prospect showing areas of anomalous soil copper geochemistry (yellow contour 500ppm, orange 1000ppm and red 1500ppm) and known mineral prospects

Bielsdown Antimony Project (EL 6388, NSW, Anchor 100%)

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

Operations Report

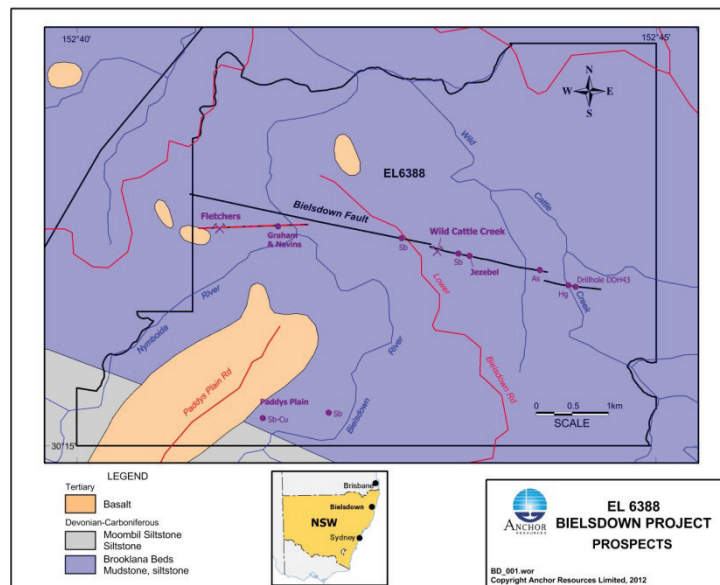


Figure 9: Bielsdown regional geology and known antimony prospects

Anchor's drilling extended the size of the Bielsdown antimony deposit which consists of a high grade stibnite breccia core surrounded by lower grade stibnite stringer mineralisation. 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 4).

Table 4: Bielsdown Indicated and Inferred Mineral Resources
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	2.13	0.22	240	11,600
	Inferred	1,040,000	0.85	0.13	423	8,900
	Total	1,590,000	1.29	0.16	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	2.30	0.22	252	11,400
	Inferred	560,000	1.30	0.23	320	7,300
	Total	1,060,000	1.77	0.23	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	3.06	0.31	278	10,300
	Inferred	270,000	1.94	0.33	259	5,300
	Total	610,000	2.56	0.32	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 (Figure 10). It extends down plunge for over 350m where mineralisation remains open to the west. Further assessment of the Bielsdown project is ongoing and activities at this project will be determined once land access is achieved.

Operations Report

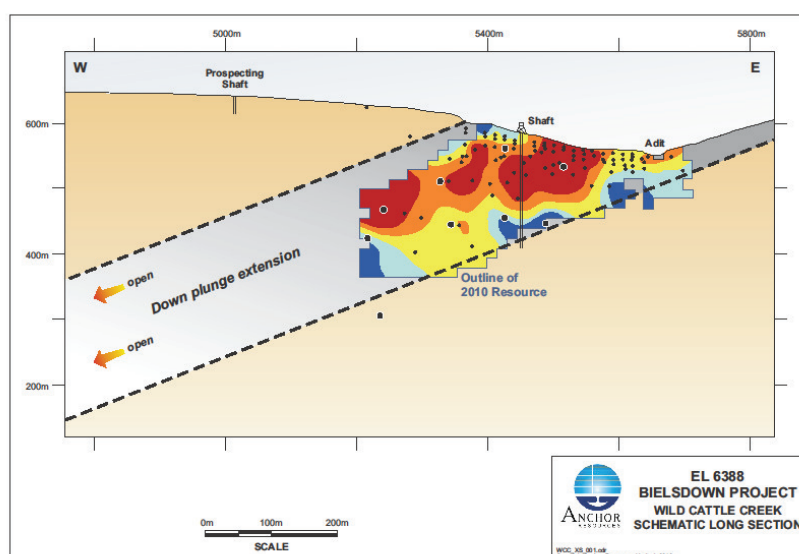


Figure 10: Bielsdown antimony deposit longitudinal section showing down-plunge potential

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. This directive was contained in a Notice under Section 240 of the Mining Act 1992. Anchor was also served with a penalty infringement notice of \$2,500.

Further work to complete rehabilitation to the required standard has to be undertaken. Anchor has 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. The independent environmental consultant has been commissioned to oversee the work.

Other Antimony Projects (EL 7184 and 7185, NSW, Anchor 100%)

Anchor also holds the Thunderbolts (EL 7184) and Munga (EL 7185) projects which are located in northeast NSW and are prospective for antimony.

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 and a fulltime employee of Anchor Resources Limited. 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 "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 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 "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 year saw a further strengthening of the Board of Directors with Mr Vaughan Webber and Mr Sam Lees becoming directors. Mr Haolin Wang resigned to pursue personal interests.

The Company has been supported during the year by funding from its major shareholder.

**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 2012. 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

Ian Price is a mining engineer with over 35 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. 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. 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 raising.

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)

Vaughan has extensive business experience initially in accounting and more than 10 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 which is 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)

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.

Haolin Wang, Non-executive Director (Resigned 18 November 2011)

Guy Robertson, Company Secretary

Mr Robertson was appointed to the position of Company Secretary on 24 January 2012 and he has over 25 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 and Metal Bank Limited.

Grahame Clegg, Assistant Company Secretary

Mr Clegg was appointed to the position of Company Secretary on 9 June 2011 and has over 40 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	
	2012	2011
	\$	\$
Loss after income tax	(2,109,247)	(1,346,354)
Other comprehensive income / (expense)	385	2,481
Comprehensive loss after income tax	<u>(2,108,862)</u>	<u>(1,343,873)</u>

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

There were at the date of this report no matters or circumstances which have arisen since 30 June 2012 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 2012.

Share Options

During the financial year 1,155,000 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 2012 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 \$14,281 in August 2012 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 49.

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.

**ANCHOR RESOURCES LIMITED
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DIRECTORS' REPORT**

	Consolidated	
	2012	2011
	\$	\$
Audit and review of the financial report	25,000	18,000
Provision of non-audit services	Nil	Nil

Directors' Meetings

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

	Board of Directors		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Jianguang Wang	11	11	-	-	-	-
Ian Price	11	10	-	-	2	2
Steven Jiayi Yu	11	11	-	-	2	2
Vaughan Webber (Appointed 18.8.2011)	10	10	2	2	-	-
Ronald Norman (Sam) Lees (Appointed 16.1.2012)	6	6	1	1	-	-
Haolin Wang (Resigned 18.11.2011)	4	2	1	1	-	-

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 (Appointed 18.8.2011)
Ronald Norman (Sam) Lees (Appointed 16.1.2012)
Haolin Wang (Resigned 18.11.2011)

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 is currently 9%, 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.

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

REMUNERATION REPORT (CONTINUED)

Non - executive remuneration objective and structure

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Shareholders have approved an aggregate remuneration of \$175,000 per year.

The non-executive directors do not receive retirement benefits.

Options issued to Key Management personnel

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

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is valued using the Black-Scholes 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 2012	Short term benefits					Total	Performance related %
	Salary	Director's Fees	Consulting Fees	Superannuation	Options		
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	
Year ended 30 June 2011							
Key management personnel							
Trevor Woolfe (Resigned 22.3.11)	110,469	-	47,922	14,255	29,100	201,746	0.00%
Grant Craighead (Resigned 9.6.11)	98,100	90,900	40,000	-	23,280	252,280	0.00%
Ian Price (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Steven Jiayi Yu (Appointed 9.6.11)	-	-	-	-	-	-	0.00%
Non-executive directors							
John Anderson (Resigned 9.6.11)	-	58,900	59,000	-	23,280	141,180	0.00%
Gary Fallon (Resigned 9.6.11)	-	20,734	37,248	5,218	23,280	86,480	0.00%
Jianguang Wang (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Haolin Wang (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Vaughan Webber (Appointed 18.8.2011)	-	-	-	-	-	-	0.00%
	208,569	170,534	184,170	19,473	98,940	681,686	

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

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. Three months notice by either party will be required to terminate this contract. Mr Yu's salary, including superannuation, is \$180,000 per annum plus a housing allowance of \$20,000 per annum.

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

REMUNERATION REPORT (CONTINUED)

Service agreements (continued)

Key Management Personnel (continued)

Ian Price

Mr Price is contracted to the Group as Managing Director through a Service Agreement entered into on 9 June 2011. Three months notice by either party will be required to terminate this contract. Mr Price's salary, including superannuation, is \$200,000 per annum plus a housing allowance of \$20,000 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 salary, including superannuation, is \$36,000 per annum plus an additional \$25,000 per annum for additional duties to be performed.

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' salary, 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 27.

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.

	2012	2011
Ian Price	300,000	-
Steven Jiayi Yu	300,000	-
Jianguang Wang	50,000	-
Vaughan Webber (Appointed 18.8.2011)	50,000	-
Ronald Norman (Sam) Lees (Appointed 16.1.2012)	-	-
Haolin Wang (Resigned 18.11.2011)	-	-

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.

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

REMUNERATION REPORT (CONTINUED)

Directors' Interests

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

	Ordinary Shares of Anchor Resources Limited		Options issued by Anchor Resources Limited	
	Direct	Indirect	Direct	Indirect
Jianguang Wang	4,315,446	-	50,000	-
Ian Price	-	-	300,000	-
Steven Jiayi Yu	490,101	-	300,000	-
Vaughan Webber (Appointed 18.8.2011)	-	-	50,000	-
Ronald Norman (Sam) Lees (Appointed 16.1.2012)	-	-	-	-

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, 20 September 2012

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

	Note	Consolidated 2012 \$	2011 \$
Revenue and other income	4	57,652	47,575
Administration expenses		(242,757)	(142,534)
Corporate costs		(171,685)	(258,626)
Depreciation and amortisation expense	5	(21,399)	(8,193)
Employee benefits expense	5	(853,835)	(582,583)
Exploration expenses		(719,185)	(81,941)
Finance expense		(50,719)	-
Marketing expenses		(37,873)	(30,335)
Occupancy expenses		(49,978)	(43,738)
Other expenses		(19,468)	(7,958)
		(2,109,247)	(1,108,333)
Significant expenses - takeover defence costs	6	-	(751,791)
Loss before income tax benefit		(2,109,247)	(1,860,124)
Income tax benefit	7	-	513,770
Net loss after related income tax benefit	22	(2,109,247)	(1,346,354)
Other comprehensive income			
Foreign currency translation gains/(losses)	21	385	2,481
Other comprehensive income before income tax expense		385	2,481
Income tax expense		-	-
Other comprehensive income for period		385	2,481
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(2,108,862)	(1,343,873)
Total comprehensive income attributable to members of Anchor Resources Limited		(2,108,862)	(1,343,873)
Basic loss per share (cents per share)	8	(4.01)	(2.96)
Diluted loss per share (cents per share)	8	(4.01)	(2.96)

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 2012**

	Note	Consolidated 2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	10	600,453	533,564
Trade and other receivables	11	63,863	651,125
Other current assets	12	5,046	2,858
TOTAL CURRENT ASSETS		<u>669,362</u>	<u>1,187,547</u>
NON-CURRENT ASSETS			
Tenement Security Deposits	13	140,000	90,000
Property, plant and equipment	14	73,787	11,581
Exploration expenditure	15	4,786,026	4,061,109
TOTAL NON-CURRENT ASSETS		<u>4,999,813</u>	<u>4,162,690</u>
TOTAL ASSETS		<u>5,669,175</u>	<u>5,350,237</u>
CURRENT LIABILITIES			
Trade and other payables	16	243,245	98,502
TOTAL CURRENT LIABILITIES		<u>243,245</u>	<u>98,502</u>
NON CURRENT LIABILITIES			
Non current loans	17	2,150,661	-
Non current provisions	18	2,114	-
TOTAL NON-CURRENT LIABILITIES		<u>2,152,775</u>	<u>-</u>
TOTAL LIABILITIES		<u>2,396,020</u>	<u>98,502</u>
NET ASSETS		<u>3,273,155</u>	<u>5,251,735</u>
EQUITY			
Issued capital	19	7,915,883	7,915,883
Reserves	21	156,348	25,681
Accumulated losses	22	(4,799,076)	(2,689,829)
TOTAL EQUITY		<u>3,273,155</u>	<u>5,251,735</u>

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 2012**

	Equity	Exchange Fluctuation Reserves	Share Based Payments Reserves	Accumulated losses	Total
	\$		\$	\$	\$
Balance at 1 July 2010	5,378,158	(2,866)	184,580	(1,343,475)	4,216,397
Shares issued during year	2,243,119	-	-	-	2,243,119
Share issue costs	(40,043)	-	-	-	(40,043)
Amounts added to share based payments reserve	-	-	176,135	-	176,135
Amounts transferred from share based payments reserve	334,649	-	(334,649)	-	-
(Loss) for the year	-	-	-	(1,346,354)	(1,346,354)
Other comprehensive income/(loss) for year	-	2,481	-	-	2,481
Balance at 30 June 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

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 2012**

	Note	Consolidated 2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(511,930)	(1,678,442)
Interest received		56,527	47,575
Net cash used in operating activities	34 (c)	(455,403)	(1,630,867)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(83,606)	(1,058)
Payments for exploration expenditure		(1,444,102)	(670,485)
Payments for investments		-	(3,661)
Payments for tenement security deposits		(60,000)	-
Tenement security deposits refunded		10,000	10,000
Net cash provided by/(used in) investing activities		(1,577,708)	(665,204)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of share issues		-	2,243,119
Share issue costs		-	(40,043)
Proceeds of borrowings		2,100,000	-
Net cash provided by/(used in) financing activities		2,100,000	2,203,076
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		66,889	(92,995)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		533,564	626,559
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	34 (a)	600,453	533,564

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 2012**

NOTE

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**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

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 24.

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 20 September 2012.

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.

	2012	2011
	\$	\$
Net loss for the year	(2,109,247)	(1,343,873)
Negative cash flows from operations for the year	(455,403)	(1,630,867)
Net assets as at 30 June	3,273,155	5,251,735
Cash balances as at 30 June	600,453	533,564
Amounts received from shareholders during the year	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 \$3,273,155 (2011 - \$5,251,735). The amount of \$2,100,000 (2011 - \$Nil) 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 \$400,000 has been received.

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

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

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

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.

- 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 2012**

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.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

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.

(k) Financial liabilities

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

These financial liabilities include the following items:

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Borrowings from shareholders are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. These borrowings are non interest bearing liabilities which are subsequently measured at amortised cost using the effective interest rate method.

(l) Foreign Currency

Foreign currency transactions

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

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

(m) Functional and Presentation Currency

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

(n) Goods and Services Tax

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

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

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

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

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(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.

(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 be reversed.

(r) Leased Assets

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

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(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

Applicable for annual reporting periods commencing on or after 1 January 2012.

AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112].

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

Applicable for annual reporting periods commencing on or after 1 July 2012.

AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049].

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods (continued)

Applicable for annual reporting periods commencing on or after 1 January 2013.

AASB 9: Financial Instruments (December 2010)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

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;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: 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]

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.

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" (where 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).

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. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

Applicable for annual reporting periods commencing on or after 1 January 2013.

AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 17, 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 measurement.

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) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods (continued)

Applicable for annual reporting periods commencing on or after 1 January 2013.

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.

No other new or proposed accounting standards or interpretations are expected to have a material impact on the group. The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

2. FINANCIAL RISK MANAGEMENT

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

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group was exposed to foreign exchange risk predominantly arising from currency exposures to the Pacific franc (XPF) on its loans to its New Caledonia subsidiary. 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 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.

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

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 27. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.
- (e) *Exploration and evaluation expenditure*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$4,786,026.

4. REVENUE	Consolidated	
	2012	2011
<i>Revenue</i>	\$	\$
Sales revenue	-	-
<i>Other income</i>		
Interest - other entities	56,527	47,575
Other income	1,125	-
	57,652	47,575
5. EXPENSES		
<i>Loss from ordinary activities before income tax includes the following items of expense:</i>		
Expenses		
<i>Depreciation expense</i>		
Depreciation of Property, plant and equipment	21,399	8,193
Total depreciation expense	21,399	8,193
<i>Employment expenses</i>		
Base salary and fees	716,089	248,772
Superannuation	64,445	25,772
Directors Fees	97,511	170,534
Share based payments expense (Note 26(a))	130,282	176,135
Recruitment costs	46,854	74,080
Other employee expenses	71,892	7,161
	1,127,073	702,454
Less amounts charged to exploration costs	(273,238)	(119,871)
Total employment expense	853,835	582,583
<i>Other expenses</i>		
Goodwill written off	-	2,000
<i>Other comprehensive loss before income tax includes the following items of expense:</i>		
<i>Other expenses</i>		
Foreign exchange loss	385	2,481

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

6. SIGNIFICANT EXPENSES

Consolidated
2012 2011
\$ \$

Takeover defence costs	-	<u>751,791</u>
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During the previous financial year the company was the subject of a successful hostile takeover bid. The former directors incurred expenses in defending the bid.

A summary of the costs incurred is as follows:

Consultants	-	440,923
Directors costs	-	184,170
Legal fees	-	93,200
Other costs	-	33,498
	-	<u>751,791</u>

7. 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	<u>(2,109,247)</u>	(1,108,333)
Income tax benefit calculated at 30%	<u>(632,774)</u>	(332,500)
Temporary differences and tax losses not recognised	<u>632,774</u>	332,500
Other permanent differences		
R&D Tax offset Rebate	-	513,770
Income tax benefit attributable to loss	<u>-</u>	<u>513,770</u>
Other comprehensive income/(loss) for year	<u>385</u>	2,481
Income tax benefit calculated at 30%	<u>116</u>	744
Temporary differences and tax losses not recognised	<u>(116)</u>	(744)
Other permanent differences	-	-
Income tax benefit attributable to loss	<u>-</u>	<u>-</u>
(b) Adjusted franking account balance	<u>-</u>	<u>-</u>

(c) Deferred tax balances not recognised

Calculated at 30% not brought to account as assets:

	Balance Sheet		Income Statement	
Consolidated	2012	2011	2012	2011
	\$	\$	\$	\$
Deferred tax assets				
Accruals	2,400	2,400	-	-
Annual leave entitlements	9,896	590	9,306	590
Capital raising costs	96,290	86,755	9,535	44,141
Revenue tax losses available for offset against future tax income	1,986,773	840,245	1,146,528	(1,088)
Deferred tax assets not recognised	<u>(2,095,359)</u>	<u>(929,990)</u>	<u>(1,165,369)</u>	<u>(43,643)</u>
	-	-	-	-
Net deferred tax asset (liability)	<u>-</u>	<u>-</u>		

(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.

**ANCHOR RESOURCES LIMITED
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8. LOSS PER SHARE

	2012	2011
Basic loss per share (cents per share)	<u>(4.01)</u>	<u>(2.96)</u>
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share.	<u>52,535,296</u>	45,405,404
Diluted loss per share (cents per share)	<u>(4.01)</u>	<u>(2.96)</u>
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share.	<u>52,535,296</u>	45,405,404
The loss per share is calculated using the net comprehensive income/(loss) for the year.	<u>(2,108,862)</u>	<u>(1,343,873)</u>

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.

9. AUDITORS' REMUNERATION

	Consolidated 2012	2011
	\$	\$
Remuneration of BDJ Partners for : Audit and review of the financial report	<u>25,000</u>	18,000
Total auditors remuneration	<u>25,000</u>	18,000

10. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	<u>600,453</u>	533,564
The carrying amounts of the Group's cash are a reasonable approximation of their fair values.		

11. CURRENT TRADE AND OTHER RECEIVABLES

GST receivable	43,783	115,943
R&D Tax Offset Rebate receivable	-	513,770
Other receivables	<u>20,080</u>	<u>21,412</u>
	<u>63,863</u>	651,125

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

12. OTHER CURRENT ASSETS

Interest receivable	<u>5,046</u>	2,858
	<u>5,046</u>	2,858

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

13. TENEMENT SECURITY DEPOSITS

Tenement security deposits	<u>140,000</u>	90,000
	<u>140,000</u>	90,000

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

**ANCHOR RESOURCES LIMITED
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14. PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT	Consolidated					
	2012 \$	2011 \$				
Plant and Equipment at cost	146,667	63,061				
Provision for depreciation	(72,880)	(51,480)				
	<u>73,787</u>	<u>11,581</u>				
	Computer Software	Computer Equipment	Plant & Equipment	Motor Vehicles	Low Cost Assets	Total
	\$	\$	\$	\$	\$	\$
Gross Carrying Amount						
Balance at 30 June 2010	25,698	5,135	3,121	28,049	-	62,003
Additions	-	363	-	-	695	1,058
Disposals	-	-	-	-	-	-
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
Accumulated Depreciation						
Balance at 30 June 2010	21,353	3,183	866	17,885	-	43,287
Depreciation Expense	509	775	468	6,311	130	8,193
Disposals	-	-	-	-	-	-
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

	Consolidated	
	2012	2011
	\$	\$
Aggregate depreciation allocated during the year:		
- Computer software	4,831	509
- Computer equipment	1,989	775
- Plant and equipment	2,796	468
- Motor vehicles	9,904	6,311
- Low cost assets	1,880	130
	21,400	8,193

15. EXPLORATION EXPENDITURE

Exploration expenditure	4,786,026	4,061,109
Movement		
Balance at 1 July 2011	4,061,109	3,477,207
Additions	1,444,102	670,485
Exchange movement	-	(4,642)
Amounts written off	(719,185)	(81,941)
Balance at 30 June 2012	4,786,026	4,061,109

16. CURRENT TRADE AND OTHER PAYABLES

<u>Unsecured:</u>		
Trade payables	139,798	71,164
Other payables and accruals	72,573	25,371
Annual leave entitlements	30,874	1,967
	243,245	98,502

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

17. NON-CURRENT LOANS

<u>Unsecured:</u>		
Loans from shareholder (refer note below)	2,100,000	-
Interest accrued	50,661	-
	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 \$3,500,000 and is repayable on 1 February 2014. The finance facility bears interest at Libor + 250 bps per annum.

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18. NON-CURRENT PROVISIONS	Consolidated	
	2012	2011
	\$	\$
Long Service Leave	2,114	-
	<u>2,114</u>	<u>-</u>

19. SHARE CAPITAL

52,535,296 fully paid ordinary shares - no par value
(2011: 52,535,296)

8,268,379 8,268,379

Less share issue costs

(352,496) (352,496)

7,915,883 7,915,883

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

Movement in ordinary share capital of Anchor Resources Limited

	2012 Number of shares	2012 \$	2011 Number of shares	2011 \$
Balance at beginning of year	52,535,296	7,915,883	39,259,237	5,378,158
Anchor Resources Limited shares issued during year				
Exercise of unlisted options	-	-	3,280,000	643,750
Rights Issue	-	-	9,996,059	1,599,369
	<u>52,535,296</u>	<u>7,915,883</u>	<u>52,535,296</u>	<u>7,621,277</u>
Amounts transferred from share based payments reserve on exercise of options granted under the Employee Share Option Plan		-		334,649
Transaction costs relating to share issues		-		(40,043)
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.

20. OPTIONS

Expiry Date	Exercise Price	Number on issue 30 June 2011	Granted during year	Lapsed during year	Exercised during year	Number on issue 30 June 2012
Unlisted						
18.11.2013	0.38	-	1,155,000	-	-	1,155,000
27.09.2014	0.25	20,000	-	-	-	20,000
Total options on issue		<u>20,000</u>	<u>1,155,000</u>	<u>-</u>	<u>-</u>	<u>1,175,000</u>

21. RESERVES

	Consolidated	
	2012	2011
	\$	\$
Share based payments reserve	156,348	26,066
Foreign currency translation reserve	-	(385)
	<u>156,348</u>	<u>25,681</u>

Share based payments reserve

Balance at beginning of financial year	26,066	184,580
Value of options issued during year to : Directors and consultants	130,282	176,135
Amounts transferred to issued capital on exercise of options granted under the Employee Share Option Plan	-	(334,649)
Balance at end of financial year	<u>156,348</u>	<u>26,066</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.

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21. RESERVES (CONTINUED)

	Consolidated	
	2012	2011
	\$	\$
Foreign currency translation reserve		
Balance at beginning of financial year	(385)	(2,866)
Exchange rate fluctuation during year	385	2,481
Balance at end of financial year	-	(385)

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.

22. ACCUMULATED LOSSES

Balance at beginning of financial year	(2,689,829)	(1,343,475)
Net loss for year	(2,109,247)	(1,346,354)
Other comprehensive income/(loss) for year	-	-
Balance at end of financial year	(4,799,076)	(2,689,829)

23. PARTICULARS RELATING TO CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest 2012 %	Ownership Interest 2011 %
Controlled entities			
Andromeda Ventures Pty Limited	Australia	100	100
Sandy Resources Pty Limited	Australia	100	100
Scorpio Resources Pty Limited	Australia	100	100
Anchor Resources Nouvelle Calédonie SARL	New Caledonia	-	100
Anchor Resources Vanuatu Limited	Vanuatu	-	100

Disposal of controlled entities

On 5 September 2011 the company disposed of its controlled entities in Vanuatu and New Caledonia for \$500 each.

24. 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.

	2012	2011
	\$	\$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
<i>Current assets</i>	3,126,791	3,143,378
<i>Non current assets</i>	2,542,384	2,207,618
TOTAL ASSETS	5,669,175	5,350,996
LIABILITIES		
<i>Current liabilities</i>	243,245	98,502
<i>Non current liabilities</i>	2,152,776	-
TOTAL LIABILITIES	2,396,021	98,502
EQUITY		
<i>Issued capital</i>	7,915,883	7,915,883
<i>Share based payments reserve</i>	156,348	26,066
<i>Accumulated losses</i>	(4,799,077)	(2,689,455)
TOTAL EQUITY	3,273,154	5,252,494
STATEMENT OF COMPREHENSIVE INCOME		
<i>Total loss</i>	(2,109,621)	(1,343,114)
TOTAL COMPREHENSIVE INCOME (LOSS)	(2,109,621)	(1,343,114)

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25. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

Jianguang Wang
Ian Price
Steven Jiayi Yu
Vaughan Webber (Appointed 18.8.2011)
Ronald Norman (Sam) Lees (Appointed 16.1.2012)
Haolin Wang (Resigned 18.11.2011)

- (b) Other key management personnel

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

- (c) Remuneration of Directors and Executives

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

	Short term benefits			Post employment benefits	Equity based benefits		
	Salary	Director's Fees	Consulting Fees	Superannuation	Options	Total	Performance related %
	\$	\$	\$	\$	\$	\$	
Paid by Anchor Resources Limited - Group							
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	-	-
Vaughan Webber (Appointed 18.8.11)	-	31,300	21,005	-	5,640	57,945	0.00%
Ronald Norman (Sam) Lees (Appointed 16.1)	-	16,418	8,574	-	-	24,992	0.00%
Haolin Wang (Resigned 18.11.11)	-	13,793	-	-	-	13,793	0.00%
	405,268	83,718	29,579	36,474	78,958	592,357	

Details of Directors' remuneration for the year ended 30 June 2011

Paid by Anchor Resources Limited - Group

Year ended 30 June 2011

Key management personnel

Trevor Woolfe (Resigned 22.3.11)	110,469	-	47,922	14,255	29,100	201,746	0.00%
Grant Craighead (Resigned 9.6.11)	98,100	90,900	40,000	-	23,280	252,280	0.00%
Ian Price (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Steven Jiayi Yu (Appointed 9.6.11)	-	-	-	-	-	-	0.00%
Non-executive directors							
John Anderson (Resigned 9.6.11)	-	58,900	59,000	-	23,280	141,180	0.00%
Gary Fallon (Resigned 9.6.11)	-	20,734	37,248	5,218	23,280	86,480	0.00%
Jianguang Wang (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Haolin Wang (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Vaughan Webber (Appointed 18.8.2011)	-	-	-	-	-	-	0.00%
	208,569	170,534	184,170	19,473	98,940	681,686	

Note 1

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

- (d) Transactions with associates of directors

2012
\$

2011
\$

RENT AND OFFICE OVERHEADS

Mr Craighead, a former director of the company, is an employee and Director of, and has a significant financial interest in, Stock Resource Pty Limited, a company that provided technical and office overhead services to the Company during the prior period. These services were provided under normal commercial terms and conditions.

Rent	-	43,738
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ANCHOR RESOURCES LIMITED
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25. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(e) Equity instrument disclosures relating to directors

Number of Shares and Options held by specified directors and executives

2012 Shares	Number held 30 June 2011	Acquired during year	Sold during year	Issued on exercise of options	Number held 30 June 2012
Jianguang Wang	3,152,075	1,163,371	-	-	4,315,446
Ian Price	-	-	-	-	-
Steven Jiayi Yu	490,101	-	-	-	490,101
Vaughan Webber (Appointed 18.8.2011)	-	-	-	-	-
Ronald Norman (Sam) Lees (Appointed 16.1.2012)	-	-	-	-	-
	3,642,176	1,163,371	-	-	4,805,547

Options	Number held 30 June	Acquired during year	Lapsed during year	Exercised during year	Number held 30 June
Jianguang Wang	-	50,000	-	-	50,000
Ian Price	-	300,000	-	-	300,000
Steven Jiayi Yu	-	300,000	-	-	300,000
Vaughan Webber (Appointed 18.8.2011)	-	50,000	-	-	50,000
Ronald Norman (Sam) Lees (Appointed 16.1.2012)	-	-	-	-	-
	-	700,000	-	-	700,000

Number of Shares and Options held by specified directors and executives

2011 Shares	Number held 30 June 2010	Acquired during year	Sold during year	Issued on exercise of options	Number held 30 June 2011
John Anderson (Resigned 9 .6.11)	-	31,250	(856,250)	825,000	-
Trevor Woolfe (Resigned 22.3.11)	573,000	387,500	(2,210,500)	1,250,000	-
Grant Craighead(Resigned 9 .6.11)	2,745,476	338,869	(3,534,345)	450,000	-
Gary Fallon (Resigned 9 .6.11)	3,756,796	500,000	(4,706,796)	450,000	-
Jianguang Wang (Appointed 9.6.2011)	-	3,152,075	-	-	3,152,075
Ian Price (Appointed 9.6.2011)	-	-	-	-	-
Steven Jiayi Yu (Appointed 9.6.2011)	-	490,101	-	-	490,101
Haolin Wang (Appointed 9.6.2011)(Resigned 18.11.11)	-	-	-	-	-
Vaughan Webber (Appointed 18.8.2011)	-	-	-	-	-
	7,075,272	4,899,795	(11,307,891)	2,975,000	3,642,176

Options	Number held 30 June	Acquired during year	Lapsed during year	Exercised during year	Number held 30 June
John Anderson (Resigned 9 .6.11)	625,000	200,000	-	(825,000)	-
Trevor Woolfe (Resigned 22.3.11)	1,000,000	250,000	-	(1,250,000)	-
Grant Craighead(Resigned 9 .6.11)	250,000	200,000	-	(450,000)	-
Gary Fallon (Resigned 9 .6.11)	250,000	200,000	-	(450,000)	-
Jianguang Wang (Appointed 9.6.2011)	-	-	-	-	-
Ian Price (Appointed 9.6.2011)	-	-	-	-	-
Steven Jiayi Yu (Appointed 9.6.2011)	-	-	-	-	-
Haolin Wang (Appointed 9.6.2011)(Resigned 18.11.11)	-	-	-	-	-
Vaughan Webber (Appointed 18.8.2011)	-	-	-	-	-
	2,125,000	850,000	-	(2,975,000)	-

26. 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:

Expense arising from equity-settled share-based payment transactions

	Consolidated	
	2012 \$	2011 \$
Options granted during year	130,282	176,135
Options exercised during year	-	(334,649)

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26. SHARE BASED PAYMENTS (CONTINUED)

(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 2012 and 2011.

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 2012 is 1.40 years (2011: 3.25 years).

The weighted average fair value of options granted during the year was \$0.1131 (2011: \$0.1164).

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.

	2012	2011
Value of Underlying Stock	0.200	0.155
Exercise Price	0.380	0.250
Dividend Yield	0.00%	0.00%
Volatility (per Year)	136.50%	137.18%
Risk free rate	4.75%	5.24%
Maturity	18-11-13	27-09-14
Pricing Date	01-12-11	27-09-12

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

	2012 Number	2012 WAEP	2011 Number	2011 WAEP
Outstanding at the beginning of the year	20,000	0.1319	2,300,000	0.1855
Granted during the year	1,155,000	0.1128	1,400,000	0.1164
Forfeited during the year	-	0.0000	-	0.0000
Exercised during the year	-	0.0000	(3,620,000)	0.0924
Expired during the year	-	0.0000	(60,000)	0.1164
Outstanding at the end of the year	<u>1,175,000</u>	<u>0.1131</u>	<u>20,000</u>	<u>0.1164</u>
Exercisable at the end of the year	<u>1,175,000</u>		<u>20,000</u>	

27. RELATED PARTY DISCLOSURES

(a) Directors

The directors of Anchor Resources Limited during the year were :

Jianguang Wang

Ian Price

Steven Jiayi Yu

Vaughan Webber (Appointed 18.8.2011)

Ronald Norman (Sam) Lees (Appointed 16.1.2012)

Haolin Wang (Resigned 18.11.2011)

(b) Remuneration of directors and key management personnel

Details of remuneration of directors are disclosed in note 25 to the financial statements.

At 30 June 2012 there were no key management personnel other than directors.

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27. RELATED PARTY DISCLOSURES (CONTINUED)

(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 25 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 24 to the financial statements.

(e) Provision of technical services

Mr Craighead, a former director of the company, is an employee and Director of, and has a significant financial interest in, Stock Resource Pty Limited, a company that provided technical services to the Company during the prior period. Directors fees paid to the company during the period ended 30 June 2011 are referred to in the remuneration of Directors in Note 26. Services provided by Director-related entities were under normal commercial terms and conditions. No other benefits have been received or are receivable by Directors, other than those already disclosed in the notes to the accounts

Rent

Consolidated	
2012	2011
\$	\$
-	43,738

28. COMMITMENTS FOR EXPENDITURE

(a) Capital Expenditure Commitments

There are no capital commitments at the end of the financial year

Consolidated	
2012	2011
\$	\$

(b) Lease Commitments

There are no operating lease commitments at the end of the financial year.

(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

517,000	882,000
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29. 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	
	2012	2011
	\$	\$
Loans	2,100,000	-
Net debt	2,100,000	-
Share capital	7,915,883	7,915,883
Reserves	156,348	25,681
(Accumulated losses)	(4,799,076)	(2,689,829)
Total capital	3,273,155	5,251,735
Gearing ratio	64.16%	0.00%

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29. 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	
	2012	2011
	\$	\$
Tenement Security Deposits	140,000	90,000
Other receivables	20,080	21,412
	160,080	111,412

(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 to meet expected requirements for a period of at least 45 days.

The Board receives cash flow projections in 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 \$3,500,000 and is repayable on 1 February 2014. The finance facility bears interest at Libor + 250 bps per annum. The Group does not have a bank overdraft.

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29. 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	Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years	On demand *
	\$	\$	\$	\$	\$	\$	\$
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)	(2,010,661)	-	-
Maturity Analysis - Consolidated - 2011							
<i>Financial Assets</i>							
Cash at bank and on hand	533,564	533,564	533,564	-	-	-	-
Other receivables	651,125	651,125	651,125	-	-	-	-
Tenement security deposits	90,000	90,000	-	-	-	90,000	-
TOTAL	1,274,689	1,274,689	1,184,689	-	-	90,000	-
<i>Financial Liabilities</i>							
Trade Creditors	71,164	71,164	71,164	-	-	-	-
Other payables and accruals	25,371	25,371	-	25,371	-	-	-
TOTAL	96,535	96,535	71,164	25,371	-	-	-
NET MATURITY	1,178,154	1,178,154	1,113,525	(25,371)	-	90,000	-

(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 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	FIXED MATURING IN 1 YEAR TO 5	NON- INTEREST BEARING	TOTAL
Consolidated -2012						
<i>Financial Assets</i>						
Cash	10	4.50%	600,453	-	-	600,453
Receivables	11	0.00%	-	-	63,863	63,863
Tenement Security Deposits	13	4.88%	140,000	-	-	140,000
Total Assets			740,453	-	63,863	804,316
<i>Financial Liabilities</i>						
Payables	17	0.00%	-	-	243,245	243,245
Loans	18	4.70%	-	2,150,661	-	2,150,661
Total Liabilities			-	2,150,661	243,245	243,245
Net financial assets			740,453	(2,150,661)	(179,382)	561,071

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29. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

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

(iv) Interest rate risk (continued)

	NOTE	WEIGHTED AVERAGE INTEREST	FLOATING INTEREST RATES	FIXED MATURING IN 1 YEAR TO 5	NON- INTEREST BEARING	TOTAL
Consolidated -2011						
Financial Assets						
Cash	10	4.50%	521,580	-	11,984	533,564
Receivables	11	0.00%	-	-	651,125	651,125
Tenement Security Deposits	13	4.88%	90,000	-	-	90,000
Total Assets			611,580	-	663,109	1,274,689
Financial Liabilities						
Payables	17	0.00%	-	-	98,502	98,502
Total Liabilities			-	-	98,502	98,502
Net financial assets			611,580	-	564,607	1,176,187

Sensitivity Analysis

Consolidated - 2012	Carrying amount	+3% interest rate Profit & Loss	-3% interest rate Profit & Loss
Cash at bank	600,453	18,014	(18,014)
Tenement security deposits	140,000	4,200	(4,200)
Loans	(2,150,661)	(64,520)	64,520
	<u>(1,410,208)</u>	<u>(42,306)</u>	<u>42,306</u>
Tax charge of 30%		12,692	(12,692)
Post tax profit increase / (decrease)		<u>(29,614)</u>	<u>29,614</u>

Sensitivity Analysis

Consolidated - 2011	Carrying amount	+3% interest rate Profit & Loss	-3% interest rate Profit & Loss
Cash at bank	521,580	15,647	(15,647)
Tenement security deposits	90,000	2,700	(2,700)
	<u>90,000</u>	<u>2,700</u>	<u>(2,700)</u>
Tax charge of 30%		(810)	810
Post tax profit increase / (decrease)		<u>1,890</u>	<u>(1,890)</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. In prior years such risk arose out of its investments in New Caledonia, was as follows:

	Consolidated	
	2012 XPF	2011 XPF
Cash at bank	-	(4,137)
Loans to controlled entities	-	(7,317,225)
Net Exposure	<u>-</u>	<u>(7,321,362)</u>

The following sensitivity analysis is based on the currency risk exposure in existence at the previous balance sheet date. The analysis assumes all other variables remain constant.

	Carrying amount XPF	+10% XPF/AUD Profit & Loss AUD\$	-10% XPF/AUD Profit & Loss AUD\$
Sensitivity Analysis - 2011			
Cash at bank	(4,137)	5	(5)
Loans to controlled entities	(1,143,947)	(8,151)	8,151
	<u>(1,148,084)</u>	<u>(8,146)</u>	<u>8,146</u>
Tax charge of 30%		2,444	(2,444)
Post tax profit increase / (decrease)		<u>(5,702)</u>	<u>5,702</u>

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

29. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

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

(v) Currency risk (continued)

The Group's exposure to foreign currency risk, which arose out of its investments in Vanuatu, was as follows:

	Consolidated	
	2012	2011
	VUV	VUV
VAT paid	-	28,969
Net Exposure	-	28,969

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the balance sheet date. The below analysis assumes all other variables remain constant.

Sensitivity Analysis - 2011

Consolidated	Carrying amount	+10% VUV/AUD	-10% VUV/AUD
	VUV	Profit & Loss	Profit & Loss
		AUD\$	AUD\$
VAT paid	28,969	29	(29)
	28,969	29	(29)
Tax charge of 30%		(9)	9
Post tax profit increase / (decrease)		20	(20)

The Group's most significant supplier, located in Australia, accounts for 71.4% of trade payables at 30 June 2012 .

(e) Commodity price risk

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

(f) Accounting policies

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

30. SEGMENT INFORMATION

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

**Segment performance
2012**

	Head Office	Exploration	Intersegmen	Total
	30 June 2012	Australia	t	30 June 2012
	\$	\$	\$	\$
Revenue				
Interest revenue	56,527	-	-	56,527
Other income	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)
-----------------------------	-------------	-------------	---------	-------------

Reconciliation of segment result to group net loss before tax

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 2012

29. SEGMENT INFORMATION (CONTINUED)

Segment performance 2011	Head Office 30 June 2011 \$	Exploration Australia 30 June 2011 \$	Intersegmen t 30 June 2011 \$	Total 30 June 2011 \$
Revenue				
Interest revenue	47,575	-	-	47,575
Total revenue	47,575	-	-	47,575
Operating result				
Segment net loss before tax	(682,311)	(220,727)	64,054	(838,984)
<i>Reconciliation of segment result to group net loss before tax</i>				
Amounts not included in segment result but reviewed by board				
Corporate charges				(258,626)
Depreciation				(8,193)
Foreign currency translation (losses)				(2,530)
Takeover defence costs				(751,791)
Total net loss before tax				(1,860,124)
Segment assets and liabilities				
Segment assets	3,208,379	4,098,929	(1,957,071)	5,350,237
Unallocated assets				-
Group assets				5,350,237
Segment liabilities	98,502	2,199,146	(2,199,146)	98,502
Unallocated liabilities				-
Group liabilities				98,502

31. CONTINGENT LIABILITIES	Consolidated	
	2012	2011
	\$	\$

(a) 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

140,000 100,000

32. SUBSEQUENT EVENTS

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

33. ADDITIONAL COMPANY INFORMATION

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

Principal Registered Office

G02
59 Goulburn Street
SYDNEY
NSW 2000

Principal Place of Business

6 Chepstow Drive
CASTLE HILL
NSW 2154

Postal Address

PO Box 6126
DURAL DC
NSW 2158

**ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

34. 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	
	2012	2011
	\$	\$
Cash at bank and on hand	600,453	533,564
	600,453	533,564

(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 17 for details.

Finance facility limit	3,500,000	3,500,000
Amount drawn down as at balance date	2,100,000	-

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

	Consolidated	
	2012	2011
	\$	\$
Operating loss after income tax	(2,109,247)	(1,346,354)
Non cash items included in profit and loss		
Depreciation	21,399	8,193
Exploration written off	719,185	81,941
Goodwill written off	-	2,000
Employee leave entitlements	31,021	1,967
Option expense	130,282	176,135
	(1,207,360)	(1,076,118)
Changes in assets and liabilities		
Decrease (Increase) in receivables	587,262	(576,084)
Decrease (Increase) in other current assets	(2,188)	12,068
(Decrease) Increase in trade creditors	68,634	(14,989)
Increase (Decrease) in other creditors and accruals	98,249	24,256
Net cash used in operating activities	(455,403)	(1,630,867)
	0	0

**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 2012 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, 20 September 2012

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

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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 2012, 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



C. H. Barnes
Partner

14 September 2012

partners

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

associate

M A Nakkas CA

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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 2012, 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*.

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 2012 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 2012. 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 2012 complies with section 300A of the *Corporations Act 2001*.

BDJ Partners
Chartered Accountants



C. H. Barnes
Partner

20 September 2012

ANCHOR RESOURCES LIMITED

Shareholder information

The shareholder information set out below was applicable as at 19 September 2012.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:		Class of equity security	Number of shares	%
		Ordinary shares		
		Number of shareholders		
1-1,000		11	699	0.001
1,001-5,000		21	62,289	0.145
5,001-10,000		20	172,712	0.329
10,001-100,000		27	851,228	1.398
100,001 and over		5	51,448,368	98.128
Totals		84	52,535,296	100.000

At the prevailing market price of shares (\$0.19) there were 20 shareholders with less than a marketable parcel of ordinary shares worth \$500 (being 18,103 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 shares 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	247,102	0.470%
Rui Teng Trading Pty Ltd	100,000	0.190%
Citicorp Nominees Pty Limited	71,947	0.137%
Roslyn Super Pty Ltd	70,000	0.133%
Mr James Brian Slattery	58,782	0.112%
G C Enterprises (Aust) Pty Ltd	50,500	0.096%
Mr Richard Leslie Harrison	50,000	0.095%
Mr Peter William & Mrs Yvonne Ruth Vereyken	39,500	0.075%
Mrs Melita Chilcott	38,500	0.073%
Firewalker Holdings Pty Ltd	36,250	0.069%
Mr Matthew John Smaller	35,000	0.067%
Mr Peter James John & Mrs SueRoche	32,950	0.063%
Mr Carmelo Merlo	31,250	0.059%
Mr Si Wei Li	30,000	0.057%
Colbur Pty Ltd	25,000	0.048%
Mrs Ayten Peterson	20,889	0.040%
John Taylor And Family Pty Ltd	20,000	0.038%
Total of Top 20 share holdings	52,158,936	99.284%
Other shareholders	376,360	0.716%
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%
These options are unquoted equity securities				

ANCHOR RESOURCES LIMITED

Schedule of Tenements

The Group held the following tenements at 30 June 2012:

Tenement number	Tenement name	Date granted	Area Km ²	Anchor Resources Equity	Annual expenditure commitment \$
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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 7184	Thunderbolts	31-Jul-08	270	100%	74,000
EL 7185	Munga	31-Jul-08	140	100%	78,000

QUEENSLAND

Tenements held by Sandy Resources Limited

EPM 14646	Greenvale East	13-Apr-05	165	100%	-
EPM 14752	Aspiring	27-Sep-05	330	100%	210,000
EPM 19447	Aspiring Extended	Application		100%	-

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 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 The Chairperson should be independent.

The Non-Executive Chairman is Mr Jianguang Wang. Mr Wang represents the major shareholder, Sunstar Capital Pty 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 Operating Officer, Mr Steven Jiayi Yu, and a Managing Director, Mr Ian Price.

2.4 A nomination committee should be established.

As Anchor is a company with a small market capitalisation, the Company established a Remuneration and Nomination committee comprised of Executive Directors Mr Ian Price and Mr Steven Jiayi Yu . Now that the company has non-executive directors, the Board is currently reviewing the composition of this committee.

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.

3 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 2012 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 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' 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 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 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 Companies should provide the information indicated in the Guide to reporting on Principle 4.

The Audit and Risk Management Committee met twice 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 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 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 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.

As Anchor is a company with a small market capitalisation, the Company established a Remuneration and Nomination committee comprised of Executive Directors Mr Ian Price and Mr Steven Jiayi Yu . Now that the company has non-executive directors, the Board is currently reviewing the composition of this committee.

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.

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 (Appointed 18.8.11)

Ronald Norman (Sam) Lees (Appointed 16.1.12)

Non-Executive Chairman

Managing Director

Chief Executive Officer

Non-Executive Director

Non-Executive Director

Company Secretaries

Guy Robertson

Grahame Clegg

Registered Office

G02

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Email: admin@anchorresources.com.au

Principal Place of Business

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Website: www.anchorresources.com.au

Email: admin@anchorresources.com.au

Postal Address

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Bostobrick Exploration Office

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Bostobrick, NSW 2453

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Website: www.anchorresources.com.au

Email: admin@anchorresources.com.au

Postal Address

PO Box 134 Dorriggo, NSW 2453

Share Registrar

Boardroom Pty Limited

Level 7, 207 Kent Street, Sydney, NSW 2000

Telephone: 02 9290 9600

Facsimile: 02 9279 0664

ASX Code: AHR

Auditors

BDJ Partners

Level 13, 122 Arthur Street, North Sydney

PO Box 1664, North Sydney, NSW 2059

Solicitors

Gadens Lawyers

Skygarden Building

77 Castlereagh Street, Sydney, NSW 2000

Bankers

Bank of Western Australia

Westpac