



ACN 122 751 419

ASX Code: AHR

# **Half-Year Financial Report**

**31 DECEMBER 2011**

# Corporate Directory

## Board of Directors

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

## Company Secretary

Grahame Clegg  
Guy Robertson

## Registered Office

Gadens Lawyers  
77 Castlereagh Street  
Sydney NSW 2000  
Telephone 02 9006 1177  
Facsimile 02 9012 0270  
Website: [www.anchorresources.com.au](http://www.anchorresources.com.au)  
E-mail: [info@anchorresources.com.au](mailto:info@anchorresources.com.au)

## Share Registry

Boardroom Limited  
PO Box R67  
Royal Exchange, NSW 1223  
Telephone: 02 9290 9600  
Facsimile: 02 9279 0664

## Auditors

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

## Bankers

Bank of Western Australia  
Westpac Banking Corporation

## Stock Exchange Listing

Listed on Australian Stock Exchange Limited  
ASX Code: AHR

## Table of Contents

Directors' Report .....	1
Statement of Comprehensive Income ..	3
Statement of Financial Position .....	4
Statement of Cash Flows .....	5
Statement of Changes in Equity .....	6
Notes to the Financial Statements .....	7
Directors' Declaration .....	11
Independent Review Report .....	12
Auditor's Independence Declaration ..	14

# Directors' Report

Your directors submit their report for the half-year ended 31 December 2011.

## Directors

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

Jianguang Wang	Non-Executive Chairman
Ian Leslie Price	Managing Director
Jaiyi Yu	Chief Executive Officer
Vaughan Webber	Non-Executive Director (appointed 18 August 2011)
Ronald Norman Lees	Non-Executive Director (appointed 16 January 2012)
Haolin Wang	Non-Executive Director (resigned 18 November 2011)

## Review and Results of Operations

The net result of operations after applicable income tax expense for the half-year was a loss of \$1,551,844 (2010 – \$439,406).

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

## Corporate Matters

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

On 20<sup>th</sup> June 2011, through its wholly owned subsidiary Sunstar Capital Pty Ltd (ACN 147 934 852) (Sunstar Capital), Jinshunda announced that it had decided not to proceed to compulsorily acquire all outstanding ordinary shares in Anchor Resources Limited (Anchor) that it did not acquire under its Offer.

Jinshunda, in accordance with section 662B(1)(d) of the Corporations Act 2001 (cth), advised remaining Anchor shareholders of their right to give Jinshunda notice requiring it to acquire the remaining securities within 1 month. On 26<sup>th</sup> July 2011 Jinshunda advised that the one month period of the offer had expired and that during the period 10 Anchor shareholders accepted Jinshunda's offer and that a further 510,837 shares were acquired by Jinshunda bringing its total holding to 97.6% of Anchor.

The company remains listed on ASX (code AHR).

## Financial

A Finance Facility was entered into with Jinshunda Group. The facility is for a total of \$3.5 million at an interest rate of Libor +250 bps per annum with an expiry date of 1 February 2014. The purpose of the facility is to provide funding to the Company to carry out exploration and ancillary activities.

The Company received a Research & Development tax rebate of \$513,000 in August 2011.

## Exploration

Anchor has a suite of complementary exploration projects along the east coast of Australia that are prospective for gold, copper, antimony and molybdenum. All of these metals are in high demand and each has experienced recent strong increase in value. The Company is well funded and has embarked on a program of assessment and exploration across its projects.

## Directors' Report

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

- Two deep diamond drill holes were completed at the Tyringham East and Tyringham West anomalies at the Blinks gold prospect in NSW. Significant intervals of low grade gold were intersected and support the proposed geological model of an intrusive related gold system.
- A technical review of the Aspiring project in far north Queensland was completed and a helicopter supported reconnaissance was carried out in December 2011 to examine a number of historical mineralisation areas and a number of magnetic anomalies that were identified. Targets for further follow up in the first half of 2012 have been identified.
- The Canonba tenement (copper) was assessed and it was decided to relinquish the tenement as being a project with no defined targets and not fitting the Company's objectives. Rehabilitation was carried out in early 2012.
- The company's other projects, Bielsdown, Thunderbolts, Munga and Birdwood in New South Wales and Greenvale East in Queensland continue to be assessed.

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

### Subsequent Events

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

### Auditor's Independence Declaration

The independence declaration of our auditor is on page 14 and forms part of this report.

Signed at Sydney this 14<sup>th</sup> day of March 2012 in accordance with a resolution of the directors.

  
**JIAIYU**  
Chief Executive Officer

# Consolidated Statement of Comprehensive Income

Half-year ended 31 December 2011

	Note	31 Dec 2011	31 Dec 2010
		\$	\$
<b>REVENUE FROM ORDINARY ACTIVITIES</b>	2	<b>36,437</b>	<b>15,007</b>
Administration Expenses		(166,341)	(50,337)
Corporate Expenses		(69,785)	(71,244)
Depreciation		(11,222)	(3,847)
Employment Expenses		(545,187)	(288,651)
Exploration Expenditure Written Off		(699,351)	-
Finance Expenses		(15,587)	-
Investor and Public Relations Expenses		(15,617)	(20,845)
Occupancy expenses		(47,648)	(19,129)
Other expenses from ordinary activities		(17,543)	-
<b>(LOSS) BEFORE INCOME TAX EXPENSE</b>		<b>(1,551,844)</b>	<b>(439,046)</b>
<b>INCOME TAX EXPENSE</b>		<b>-</b>	<b>-</b>
<b>(LOSS) AFTER INCOME TAX EXPENSE</b>		<b>(1,551,844)</b>	<b>(439,046)</b>
<b>OTHER COMPREHENSIVE INCOME AFTER INCOME TAX:</b>			
Exchange differences on translating foreign controlled entities		385	(5,418)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, BEFORE TAX</b>		<b>385</b>	<b>(5,418)</b>
Income tax (expense) benefit		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>385</b>	<b>(5,418)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>(1,551,459)</b>	<b>(444,464)</b>
Basic loss per share (cents per share)		(2.95)	(1.12)
Diluted loss per share (cents per share)		(2.94)	(1.07)

# Consolidated Statement of Financial Position

as at 31 December 2011

	Note	31 Dec 2011 \$	30 Jun 2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		921,363	533,564
Receivables		101,289	651,125
Other current assets		17,146	2,858
<b>TOTAL CURRENT ASSETS</b>		<b>1,039,798</b>	<b>1,187,547</b>
<b>NON-CURRENT ASSETS</b>			
Tenement security deposits		90,000	90,000
Property, plant and equipment		70,198	11,581
Deferred exploration and evaluation expenditure	3	4,175,062	4,061,109
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,335,260</b>	<b>4,162,690</b>
<b>TOTAL ASSETS</b>		<b>5,375,058</b>	<b>5,350,237</b>
<b>CURRENT LIABILITIES</b>			
Payables		178,970	98,502
<b>TOTAL CURRENT LIABILITIES</b>		<b>178,970</b>	<b>98,502</b>
<b>NON CURRENT LIABILITIES</b>			
Loans		1,365,530	-
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>1,365,530</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,544,500</b>	<b>98,502</b>
<b>NET ASSETS</b>		<b>3,830,558</b>	<b>5,251,735</b>
<b>EQUITY</b>			
Issued capital	4	7,915,883	7,915,883
Accumulated losses		(4,241,673)	(2,689,829)
Reserves		156,348	25,681
<b>TOTAL EQUITY</b>		<b>3,830,558</b>	<b>5,251,735</b>

# Consolidated Statement of Cash Flows

Half-year ended 31 December 2011

	31 Dec 2011	31 Dec 2010
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payment to suppliers and employees	(663,979)	(200,104)
Interest received	36,062	15,007
Research & Development Tax Offset Rebate received	513,770	-
<b>NET CASH FLOWS (USED IN) OPERATING ACTIVITIES</b>	<b>(114,147)</b>	<b>(185,097)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of plant and equipment	(69,840)	(422)
Expenditure on mining interests (exploration)	(778,214)	(370,493)
Tenement security deposits refunded	-	10,000
<b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>	<b>(848,054)</b>	<b>(360,915)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	1,680,870
Equity raising expenses	-	(40,044)
Proceeds from borrowings	1,350,000	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,350,000</b>	<b>1,640,826</b>
<b>NET INCREASE IN CASH HELD</b>	<b>387,799</b>	<b>1,094,814</b>
Add opening cash brought forward	533,564	626,559
<b>CLOSING CASH CARRIED FORWARD</b>	<b>921,363</b>	<b>1,721,373</b>

# Consolidated Statement of Changes in Equity

Half-year ended 31 December 2011

	Attributable to the shareholders of Anchor Resources Limited			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
<b>AT 1 JULY 2010</b>	5,378,158	(1,343,475)	181,714	<b>4,216,397</b>
Issue of share capital, net of transaction costs	1,640,826	-	-	1,640,826
Share based payments reserve	-	-	68,194	68,194
Transfers from share based payments reserve	107,940	-	-	107,940
Loss for the period	-	(439,046)	-	(439,046)
Other comprehensive income for the period	-	-	(5,418)	(5,418)
<b>AT 31 DECEMBER 2010</b>	<b>7,126,924</b>	<b>(1,782,521)</b>	<b>244,490</b>	<b>5,588,893</b>
<b>AT 1 JANUARY 2011</b>	7,126,924	(1,782,521)	244,490	5,588,893
Issue of share capital, net of transaction costs	562,250	-	-	562,250
Share based payments reserve	-	-	(226,708)	(50,148)
Transfers from share based payments reserve	226,709	-	-	226,709
Loss for the period	-	(907,308)	-	(157,734)
Other comprehensive income for the period	-	-	(7,899)	(2,866)
<b>AT 30 JUNE 2011</b>	<b>7,915,883</b>	<b>(2,689,829)</b>	<b>25,681</b>	<b>5,251,735</b>
<b>AT 1 JULY 2011</b>	7,915,883	(2,689,829)	25,681	<b>5,251,735</b>
Issue of share capital, net of transaction costs	-	-	-	-
Share based payments reserve	-	-	130,282	130,282
Loss for the period	-	(1,551,844)	-	(1,551,844)
Other comprehensive income for the period	-	-	385	385
<b>AT 31 DECEMBER 2011</b>	<b>7,915,883</b>	<b>(4,241,673)</b>	<b>156,348</b>	<b>3,830,558</b>

# Notes to the Half-Year Financial Statements

31 December 2011

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

### Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Anchor Resources Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year.

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

## 2. REVENUE FROM ORDINARY ACTIVITIES

	31 Dec 2011 \$	31 Dec 2010 \$
Interest received – other persons/corporations	36,062	15,007
Other income	375	-
Total Revenue	<u>36,437</u>	<u>15,007</u>

## 3. NON-CURRENT ASSETS

### Deferred exploration and evaluation expenditure

	31 Dec 2011 \$	30 June 2011 \$
Costs brought forward	4,061,109	3,845,094
Costs incurred during the half-year	813,304	249,683
Expenditure written off during the half-year	(699,351)	(79,335)
Exchange variations on opening balance	-	667
Costs carried forward	<u>4,175,062</u>	<u>4,016,109</u>

## 4. ISSUED CAPITAL

	31 Dec 2011 \$	31 Dec 2010 \$
<b>Share capital</b>		
52,535,296 ordinary shares fully paid as at 01 July 2011	8,268,379	5,730,655
Rights issue	-	1,599,369
Options exercised	-	81,500
Amounts transferred from Share Based Payments Reserve on exercise of options	-	107,940
	<u>8,268,379</u>	<u>7,519,464</u>
Issue costs	(352,496)	(392,540)

# Notes to the Half-Year Financial Statements

31 December 2011

52,535,296 ordinary shares fully paid as at 31 December 2011

**7,915,883**

**7,126,924**

## 5. OPTIONS

700,000 options were issued to the Company's directors on 1 December 2011 following approval by shareholders at the Company's Annual General Meeting. They are exercisable at 38 cents each and expire on 18 November 2013.

455,000 options were issued to the Company's employees and consultants on 1 December 2011 exercisable at 38 cents each and expiring on 18 November 2013.

No options were exercised during the period.

## 6. CONTINGENT ASSETS AND LIABILITIES

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

## 7. FINANCIAL REPORTING BY SEGMENTS

### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

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

### Basis of accounting for purposes of reporting by operating segments

#### *Accounting policies adopted*

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

#### *Inter-segment transactions*

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

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

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

#### *Segment assets*

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

#### *Segment liabilities*

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

# Notes to the Half-Year Financial Statements

31 December 2011

## 7. FINANCIAL REPORTING BY SEGMENTS (CONTINUED)

### Unallocated items

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

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

### Six months ended 31 December 2011

	Exploration Australia \$	Total \$
<b>Segment performance</b>		
Interest received	36,062	36,062
Other income	375	375
Total revenue from continuing operations	36,437	36,437
<b>Segment net loss from continuing operations before tax</b>	(1,470,837)	(1,470,837)
Reconciliation of segment result to group net profit/loss before tax:		
Amounts not included in segment result but reviewed by the Board:		
— corporate charges		(69,785)
— depreciation and amortisation		(11,222)
Net loss before tax from continuing operations		(1,551,844)
<b>Segment Assets</b>		
Opening balance 1 July 2011	5,350,237	5,350,237
Additions	724,172	724,172
Disposals	(699,351)	(699,351)
Closing balance 31 December 2011	5,375,058	5,375,058

# Notes to the Half-Year Financial Statements

31 December 2011

## 7. FINANCIAL REPORTING BY SEGMENTS (CONTINUED)

Six months ended 31-December 2010	Exploration Australia \$	Total \$
<b>Segment performance</b>		
Interest received	15,007	15,007
Total revenue from continuing operations	15,007	15,007
<b>Segment net profit from continuing operations before tax</b>	(363,955)	(363,955)
Reconciliation of segment result to group net profit/loss before tax:		
Amounts not included in segment result but reviewed by the Board:		
— corporate charges		(71,244)
— depreciation and amortisation		(3,847)
Net profit before tax from continuing operations		(439,046)
<b>Segment Assets</b>		
Opening balance 1 July 2010	4,314,449	4,314,449
Additions	1,408,519	1,408,519
Disposals	-	-
Closing balance 31 December 2010	5,722,968	5,722,968

## 8. SUBSEQUENT EVENTS

No event has occurred subsequent to 31 December 2011 requiring disclosure in, or amendment to, these financial statements.

## Directors' Declaration

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

In the opinion of the directors:

- a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
  - i) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
- b) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

  
JIAYI YU  
Chief Executive Officer

Sydney, 14<sup>th</sup> March 2012

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Anchor Resources Limited,

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Anchor Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Anchor Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Anchor Resources Limited, would be in the same terms if provided to the directors as at the date of this auditor's review report.

*Conclusion*

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDJ Partners  
Chartered Accountants



C. H. Barnes  
Partner

Dated this 14<sup>th</sup> day of March, 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

**north sydney office**

Level 13, 122 Arthur St  
North Sydney NSW 2060

**manly office**

Level 5, 22 Central Ave  
Manly National Building  
Manly NSW 2095

**all correspondence**

PO Box 1664  
North Sydney NSW 2059

t 02 9956 8500

f 02 9929 7428

e [bdj@bdj.com.au](mailto:bdj@bdj.com.au)

[www.bdj.com.au](http://www.bdj.com.au)

CHB:GC

5 March, 2012

The Board of Directors  
Anchor Resources Limited  
Suite 2114  
Darling Park Tower II  
201 Sussex Street  
SYDNEY NSW 2000

Dear Board of Directors,

**ANCHOR RESOURCES LIMITED AND CONTROLLED ENTITIES**

We declare that, to the best of our knowledge and beliefs, during the half-year ended 31 December, 2011 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

Yours faithfully,  
BDJ Partners  
Chartered Accountants



C.H. BARNES  
Partner

**ANCHOR RESOURCES LIMITED**

ABN 49 122 751 419

ASX CODE: AHR

PO Box 6126, Dural DC, NSW, 2158, Australia

Telephone: +61 2 9279 1231 Facsimile: +61 2 9012 0270

Email: [info@anchorresources.com.au](mailto:info@anchorresources.com.au) Website: [www.anchorresources.com.au](http://www.anchorresources.com.au)