Anchor Resources Limited
ABN: 49 122 751 419
ASX Code: AHR
Website: www.anchorresources.com.au

28th July 2017

QUARTERLY ACTIVITY REPORT – JUNE 2017

HIGHLIGHTS

Anchor Resources Limited's (Anchor, ASX: AHR) exploration has resulted in a number of important mineral discoveries and its projects host at least six encouraging targets with potential for significant new mineral deposits. In addition, its Bielsdown project in New South Wales has a JORC (2012) resource of antimony (ASX Announcement 13th October 2013).

Anchor holds five exploration licences in NSW, including EL 6465 and EL 8100 (Blicks project), EL 8398 (Gemini project), EL 6459 (Birdwood project) and EL 6388 (Bielsdown project). In Queensland it holds two contiguous Exploration Permits for Minerals EPM 19447 (Aspiring project) and EPM 25958 (Walsh River project).

During the Quarter:

- At the Aspiring-Walsh River project the Doolan zone of interest has been extended using soil arsenic geochemistry into an area of shallow soil cover. It remains open to the southeast under transported alluvium. In addition, another gold-polymetallic quartz vein has been confirmed in the Doolan area.
- At the Walsh River project follow up reconnaissance rock chip sampling in the Fluorspar area has discovered weakly anomalous gold-silver bearing epithermal quartz veins orthogonal to a potential southwest extension to the Perseverance Lode where previous rock chip sampling identified anomalous gold in epithermal quartz over a strike length of 2 km.

Blicks Project

Blicks is the most advanced project, aside from Bielsdown, following a significant amount of exploration, including limited shallow drilling at one prospect.

At the Blicks project the Tyringham prospect, a large intrusion-related gold system (IRGS), has been discovered and limited drilling has intersected extremely long zones of low grade gold mineralisation near surface. The style of mineralisation intersected is interpreted as leakage from a postulated deeper, higher grade, primary IRGS source. IRGS gold deposits often contain more than 1 million ounces of gold and up to 10 million ounces and have in recent years become major global gold producers.

Two other large, granite-related mineral systems, Tuting and Navin prospects, occur within a mineralised transverse corridor extending northeast from Tyringham. These contain copper, molybdenum, tungsten and gold.

At Blicks the large Tyringham IRGS and Tuting granite-related prospects are drill-ready and have potential to host major deposits.

Gemini Project

The Gemini project, in central west NSW, is a Cobar-style base metals target. The Blue Mountain prospect is the most advanced prospect in the Gemini project. It is near drill ready with the objective of discovering a Cobar-style copper-lead-zinc deposit. These types of deposits are high metal-bearing mineral systems and viable under a wide range of economic conditions. The next stage of exploration is a geophysical (electromagnetic/EM) survey over the prospect to better define drill targets within a 2.2 km strong bedrock lead and copper geochemical anomaly.

Aspiring and Walsh River Projects

At the North Queensland projects Anchor has recently discovered, an epithermal gold-silver system at the old Fluorspar fluorite mine. Epithermal textured quartz, confirmed by petrology, containing strongly anomalous gold extends over a strike length of >2 km, and possibly up to 3 km. Deposits having this style of epithermal gold mineralisation are renowned for their high grade.

In addition, at the Doolan prospect, a greisen-hosted, polymetallic gold-silver-copper-lead granite-related mineral system has been confirmed by detailed rock chip sampling and petrology. The mineral system may extend under shallow soil cover and further work is required to define the full extent of this alteration-sulphide system.

Both Fluorspar and Doolan targets are indicative of large mineral systems.

The location of Anchor's projects in eastern Australia is shown in Figure 1. They occur in the Chillagoe district of the Hodgkinson Province in North Queensland, western New

South Wales in the Lachlan Orogen, and in northeast New South Wales within the Southern New England Orogen (Figure 2). These districts have a long history of metal production.

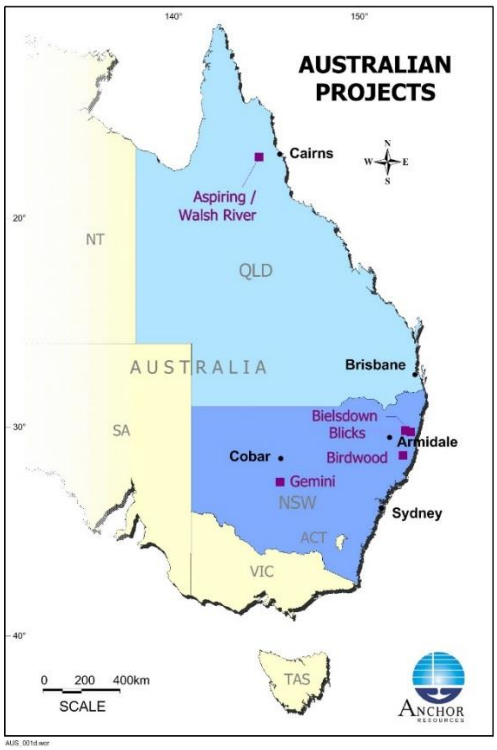


Figure 1: Location of Anchor projects in eastern Australia

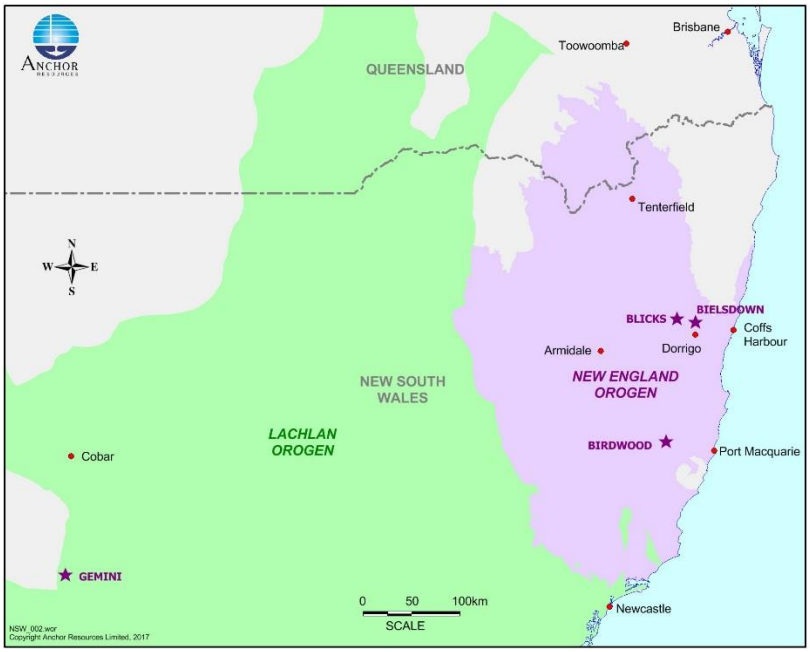


Figure 2: Location of NSW projects - Blicks, Bielsdown, Birdwood and Gemini

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

A comprehensive technical review of the Blicks project was completed recently and has confirmed the potential of the project to host major mineral deposits. Further work continues on the Blicks project with a focus on following up specific recommendations provided by an international IRGS expert, and additional interrogation of the comprehensive Blicks database. This work will be integrated into the latest research on intrusion-related gold systems with the objective of defining targets for drill testing.

The Blicks project is located in the Southern New England Orogen in northeast NSW, 90 km northeast of the major regional center of Armidale. The project's main prospects are ***Tyringham*** (intrusion-related gold system), ***Navin*** (granite-related polymetallic), ***Tuting*** (granite-related molybdenum-tungsten) and ***Liberty*** (granite-related copper-molybdenum).

The Blicks project covers a significant polymetallic mineral district extending beyond the project area and incorporates a variety of styles of mineralisation, including intrusion-related gold, granite-related chalcophile copper-molybdenum and molybdenum tungsten, orogenic gold, and orogenic antimony (Figure 3). Many prospects are associated with large, multi-element soil geochemical anomalies aligned along a transverse corridor, informally known as the Tyringham Corridor, hosting a number of granitoid intrusions of different ages and extending over a linear area of 12 km x 2 km. Intrusions emplaced along the Tyringham Corridor span a period of approximately 65 million years.

The Tyringham Corridor transects a line of granitoid intrusions trending northwest interpreted to have been emplaced along a regional crustal suture. The complex structural architecture of the Blicks project area is subject to ongoing research and investigation.

Intrusions within the Tyringham Corridor are often anomalous in a variety of metals. Intrusion-related gold mineralisation is present at Tyringham, granite-related arsenic-copper-zinc-silver mineralisation is present at Navin, molybdenum-tungsten mineralisation is present at Tuting, and copper-molybdenum mineralisation is found at Liberty and within the Billys Creek Tonalite extending either side of Liberty. Magnetic imagery suggests the Tyringham Corridor may extend a further 7 km to the northeast where another intrusion is interpreted from magnetics and where granitoid float has been found on surface. This is a previously unknown and unreported intrusion.

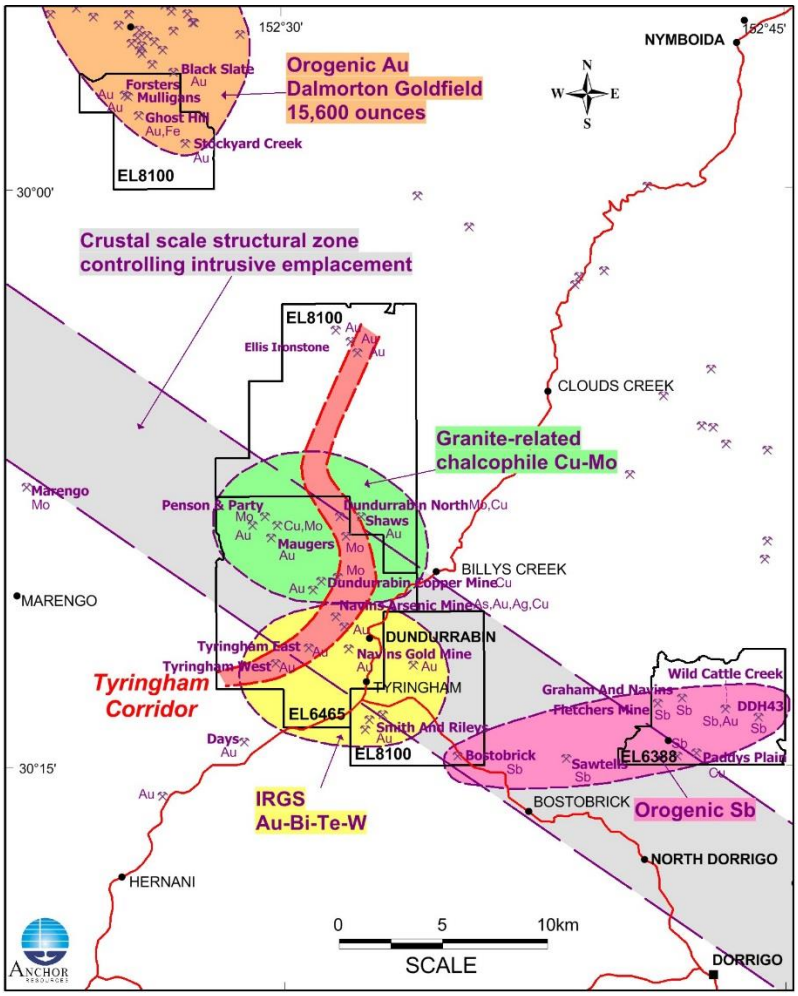


Figure 3 Blicks project metallogenesis showing the Tyringham Corridor and prospects

The recent review confirms Tyringham IRGS as a prime target for further work. The type of alteration (greisen) and related metal associations (Au-Bi-Te ±Mo-W) are interpreted to be consistent with an intrusion-related magmatic-hydrothermal system. In these systems around the world, the age of the host rocks and mineralisation is contemporaneous. A major advancement in Anchor's understanding of the metallogenic chronology in the Blicks district Is provided by age dating results yielding a ~220 Ma age (late Triassic) for muscovite-sericite alteration directly associated with gold mineralisation, being much younger than the host rocks. This conforms to the IRGS model.

Gold mineralisation intersected by shallow drilling to date is interpreted as "leakage" mineralisation within passive host rocks of ~350 Ma and 240 Ma age respectively. The target for future exploration is a concealed, proximal source intrusion, and associated fluid pathway structures, of ~220 Ma age which conceptually may host higher grade gold mineralisation.

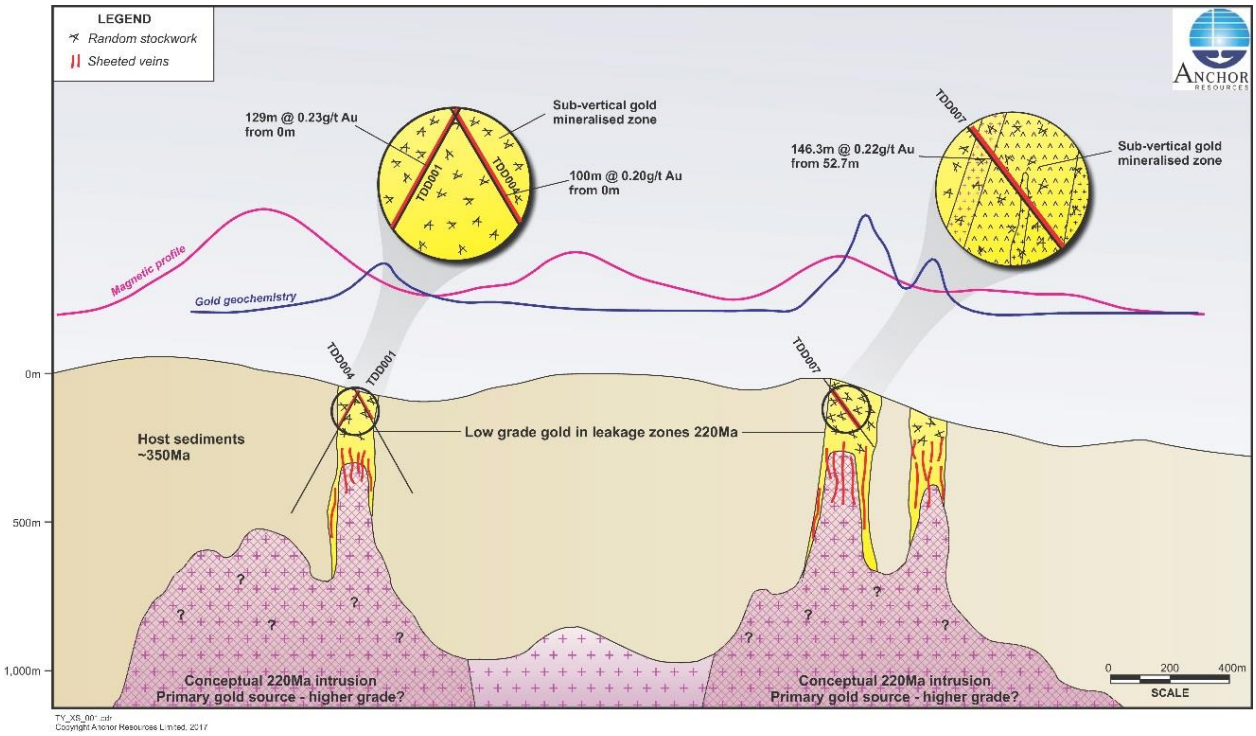


Figure 4: Tyringham IRGS schematic diagram showing long intervals of low grade gold mineralisation intersected by drill holes near surface

Known granitic intrusions with younger ages (i.e. late Triassic) in the Southern New England Orogen are restricted to the eastern zone, relatively close to the New South Wales coast. These have an age range of ~212-230 Ma with this age overlapping that of Triassic volcanic rocks at the base of the Clarence-Moreton Basin, implying that there was a major thermal event in the crust of the region at this time. It could be implied that the evidence for imposed thermal metamorphism (and hydrothermal alteration) on the host rocks at Tyringham is consistent with the occurrence of nearby, possibly underlying/subjacent, granitoid intrusions of younger (e.g. ~220 Ma) age. These concealed plutons may well be the source of the gold at Tyringham and may host higher grade gold mineralisation in the causative intrusions.

The Tyringham conceptual exploration model is shown in Figure 5. It consists of a small concealed intrusive cupola hosting a sheeted quartz vein array developed in the roof of the cupola and overlying carapace and below leakage mineralisation developed as a random quartz stockwork higher in the system and hosted by older rocks. Drilling to test the Tyringham conceptual model is subject to board approval.

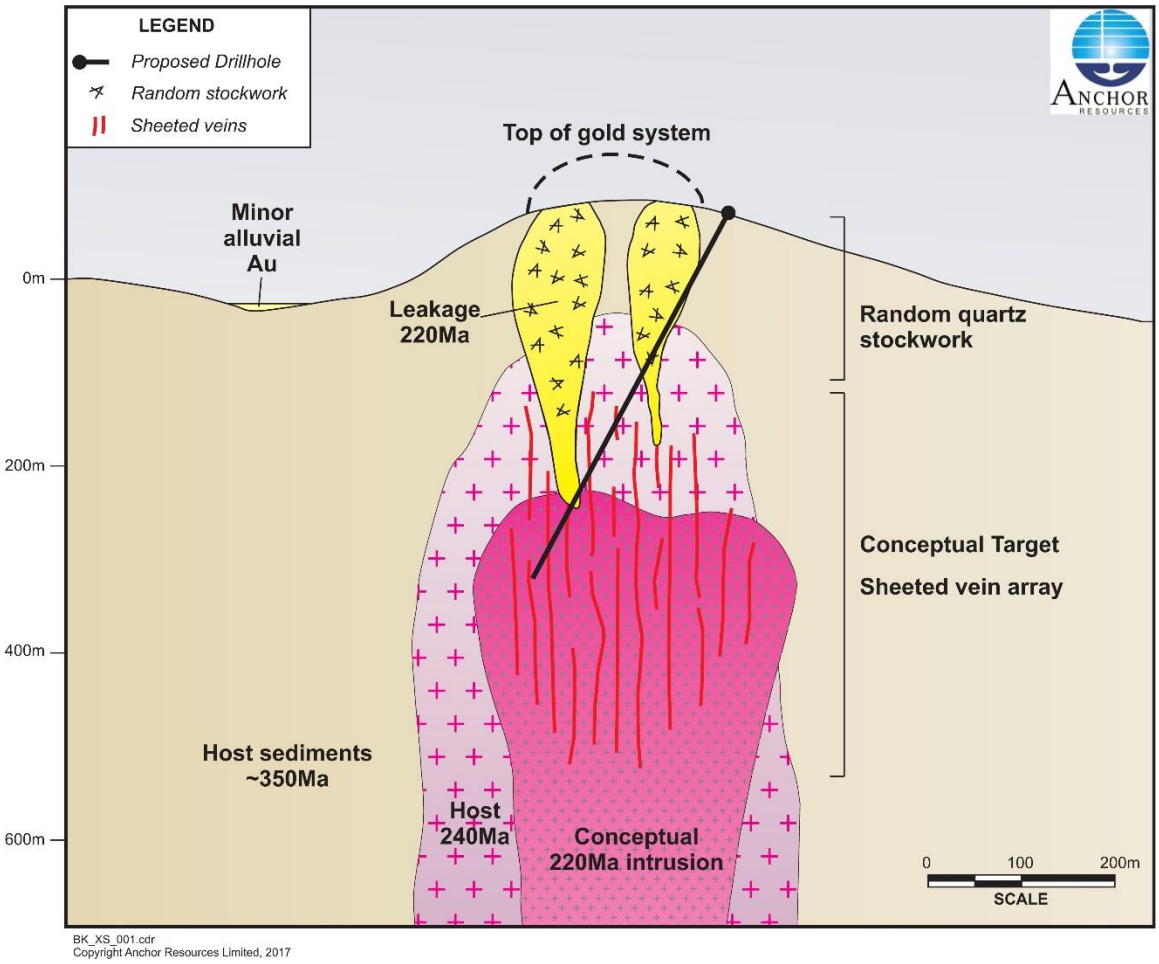


Figure 5: Tyringham IRGS conceptual exploration model

The Navin, Tuting and Liberty mineral systems identified by Anchor will be further explored in what is emerging as a potentially very significant region of complex and varied metal endowment.

GEMINI PROJECT, EL 8398 (Anchor 100%)
New South Wales – copper, lead, zinc, gold & silver

The Gemini project covers a prospective, underexplored area of the Cobar Basin and includes the ***Blue Mountain*** base metal (Zn-Pb-Cu) prospect (Figure 6) which Anchor has identified as a Cobar-style base metals prospect.

The nearby Wagga Tank Cu-Pb-Zn-Au-Ag massive sulphide prospect owned by Peel Mining is located 8 km southwest of Blue Mountain and the Mallee Bull copper-silver-gold deposit is located 40 km to the northeast along the same lineament. Anchor's project area is considered prospective for Cobar-type base metal deposits.

The Cobar Basin has a long history of ongoing mineral discoveries extending from 1869 up to recent times confirming its potential as a world class mineral province prospective

for major new discoveries. The geometry of many deposits has made them challenging targets for exploration. However as the understanding of these deposits increases and technology advances new opportunities are created.

Figure 6: EL 8398 (Gemini) regional geology showing discovery dates of selected deposits

Based on Anchor's compilation of previous explorers' data, the Blue Mountain zinc-lead-copper prospect has a strong multi-element geochemical signature extending over a strike length of 2,200 metres defined by historic bottom hole RAB drilling (Figure 7).

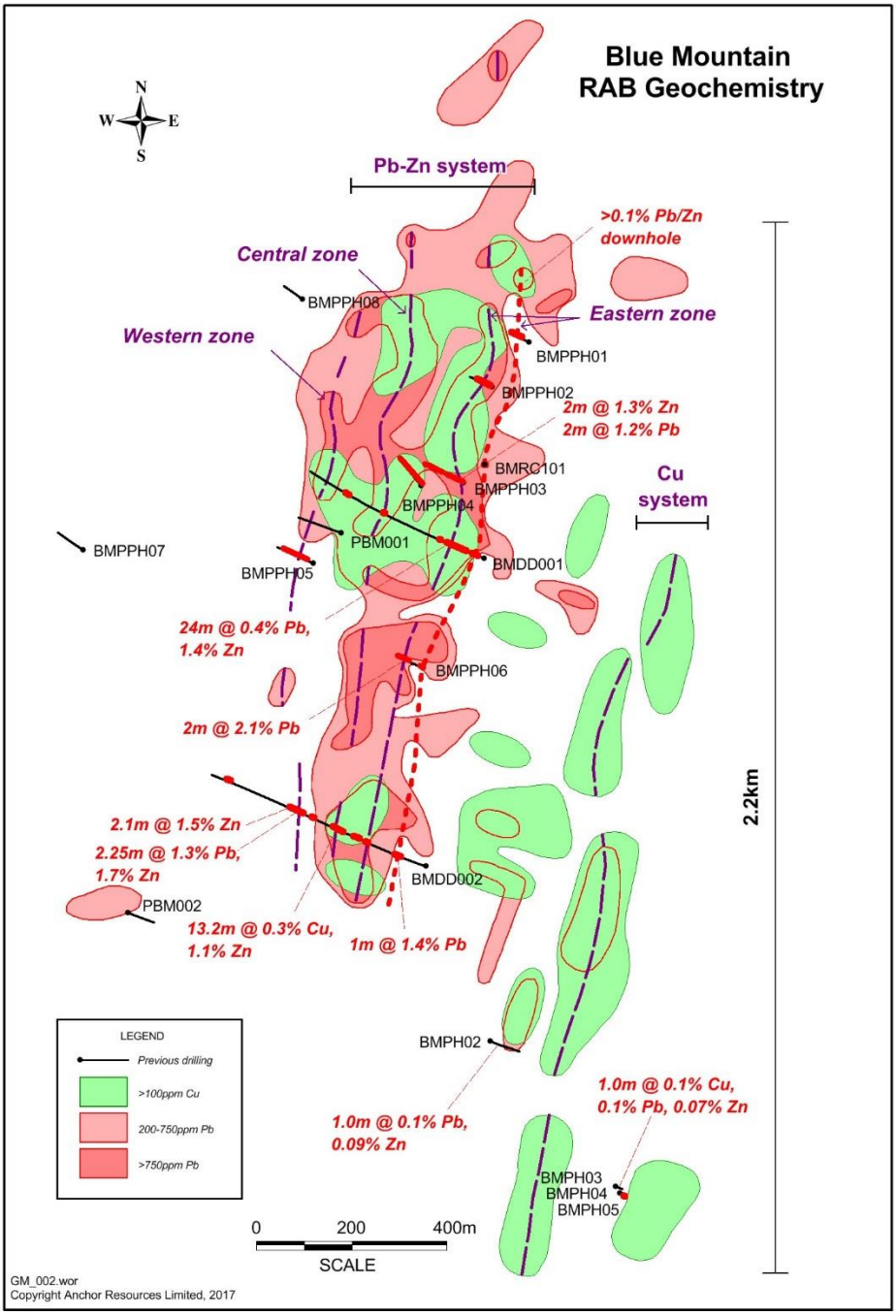


Figure 7: Blue Mountain prospect lead and copper geochemistry

The anomalous multi-element Zn-Pb-Cu geochemistry, large linear anomaly footprint, sphalerite-galena-chalcopyrite association in drill core, structurally controlled lensoidal geometry of the mineralisation intersected in drilling, and interpreted structural architecture of the Blue Mountain zinc-lead-copper prospect, has many similarities to other Cobar-type deposits, including the major producing CSA mine at Cobar (see Anchor ASX announcement 18 April 2016). The best drill intersection is reported from diamond core hole BMDD001 with 24 metres @ 1.3% Zn and 0.4% Pb from 146.0 m. Intersections of

this grade and width can be expected above an ore lode at depth in the Cobar-type conceptual model. Furthermore, many historic drill holes intersected multiple lead-zinc-copper intersections suggesting multiple mineralised fluid channelways are present at Blue Mountain. Experience on the Cobar field shows that once these mineralised channelways and structures have been identified then they need to be drilled down plunge to follow the mineralisation at depth.

Cobar-type deposits are polymetallic massive sulphide deposits and are electrically conductive making them ideal targets for electromagnetic surveying. Consequently an electromagnetic survey is planned at Blue Mountain later in 2017. Electromagnetic surveys provide high definition mapping of both the electrical and magnetic properties of the earth. The technique has been progressively refined to achieve high spatial definition and/or deep ground penetration where it is possible to detect a large conductive target at depths approaching 800 metres or more. The technique has the ability to accurately define the location of the target, if present, and is used extensively, with considerable success, for this reason. Drilling to test the conductors would follow.

Native Title was identified as potentially not extinguished on a portion of the tenement covering a “Travelling Stock Route”. The right to negotiate process was commenced in December 2016 and is proceeding.

Aspiring Project, EPM 19447 and Walsh River Project, EPM 25958 (Anchor 100%) Queensland – gold, silver, copper, lead & zinc

The Aspiring and adjacent Walsh River tenements are located in the Chillagoe mining district, which forms part of the larger Hodgkinson Province in Far North Queensland.

In late 2016 low sulphidation epithermal gold-silver mineralisation was discovered by Anchor at the Fluorspar Group of workings, and granite-related gold-silver-copper-lead mineralisation was verified in a greisen-sulphide alteration zone and a peripheral polymetallic vein at Doolan (see Anchor ASX Quarterly Activity Report dated 21 April 2017).

The Fluorspar Group workings and Doolan greisen-sulphide alteration zone are within EPM 25958 (Walsh River) and located 33 km apart. Part of the Doolan mineral system is interpreted to extend into the adjoining EPM 19447 (Aspiring) tenement. The prospects are genetically and geochemically different.

The location of the Fluorspar and Doolan prospects is shown on Figure 8.

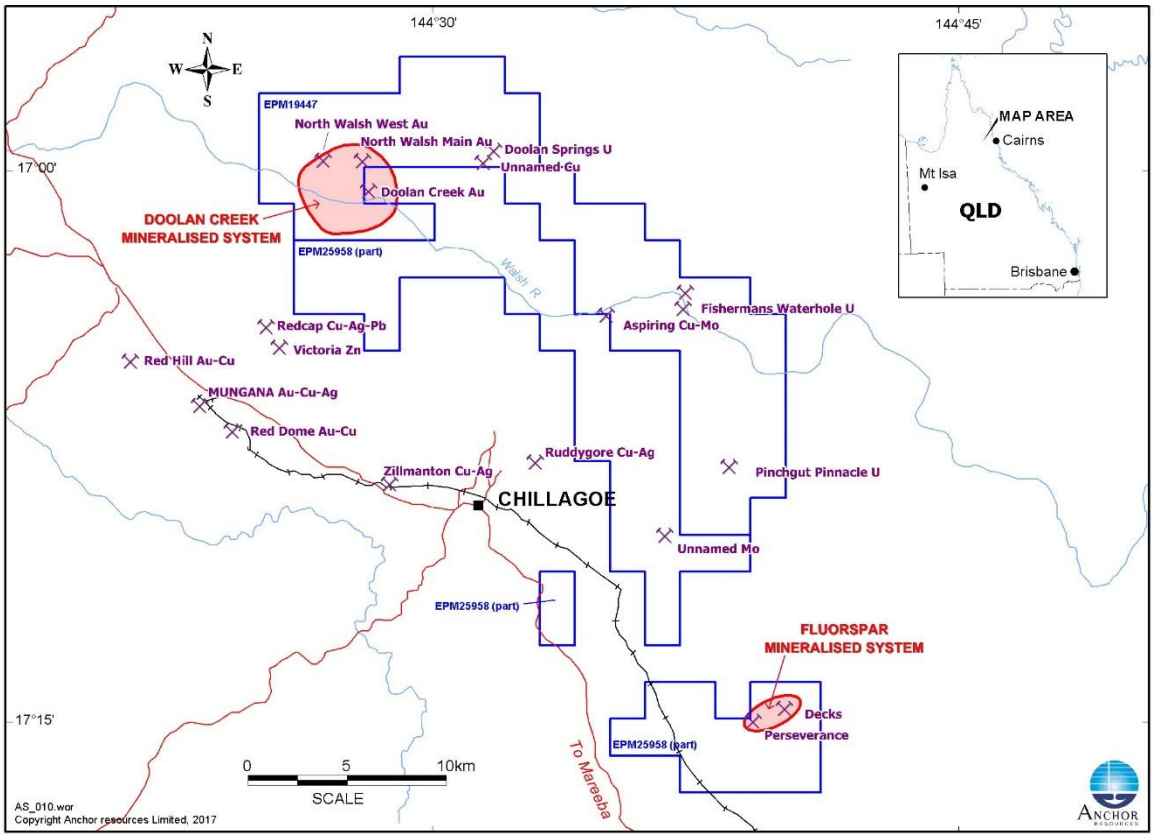


Figure 8: Location of Fluorspar and Doolan prospects

At the ***Fluorspar Group*** workings vein quartz, invariably displaying a lattice-bladed texture, contains low levels of gold (Figure 9) consistently assaying 0.1 to 1.0g/t Au, and up to 6.0g/t Au, (average 0.33g/t Au in 65 samples) in rock chip samples over a strike length of >2 km along a northeast trending sub-vertical regional fault (Perseverance Fault) reported to be up to 2 metres wide in the old fluorite workings. Silver values range from 0.1g/t to 62g/t with numerous values assaying >5g/t Ag (average 5.9g/t Ag in 65 rock chip samples). The quartz is often associated with fluorite in the main vein and sometimes stibnite in other secondary veins emplaced along subsidiary sub-parallel structures to the main vein. The Perseverance Fault is interpreted to continue to the northeast and southwest beyond the extent of the current sampling program and is likely to be at least 3 km long.

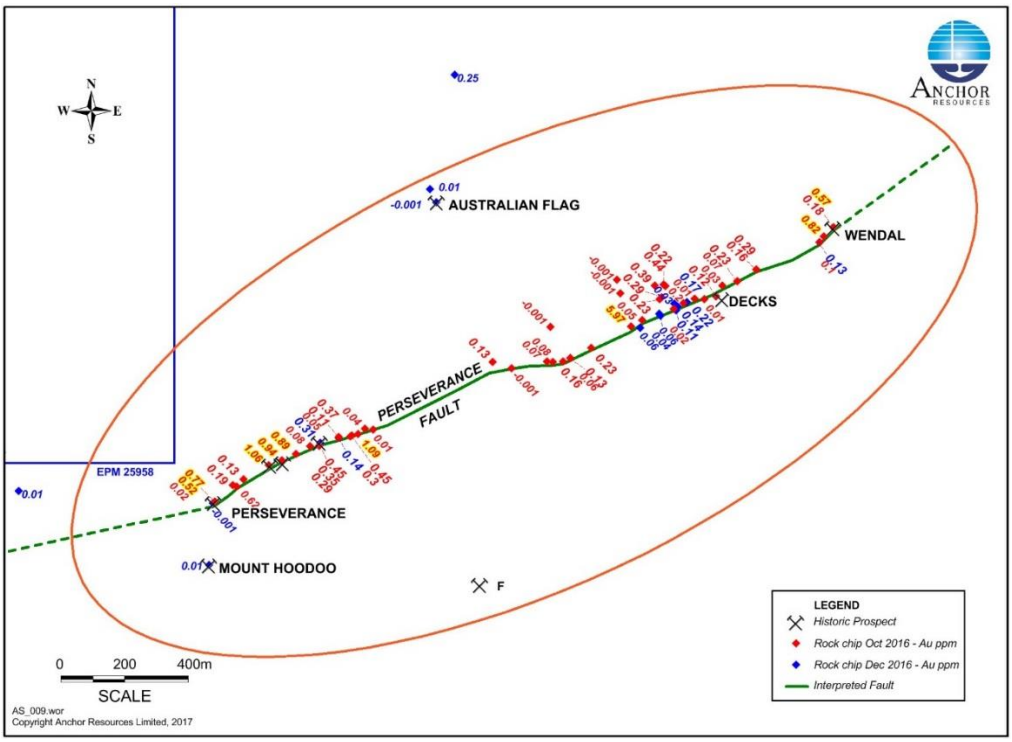


Figure 9: Fluorspar Group workings rock chip gold geochemistry

Textures in quartz are typical of formation in an epithermal environment and have been confirmed by petrology. Textures include lattice (pseudomorphic replacement of coarse bladed carbonate), plumose, encrustation, quartz replacing chalcedony, growth zoning in coarser quartz grains and crystals, and sub-radiating textures. Multiple veining events have been recognized including cross cutting quartz and separate stibnite veins.

Conceptually the combination of quartz textures, presence of fluorite and stibnite, very low copper, lead and zinc geochemical values, and strongly anomalous lithium values suggest higher grade gold and silver mineralisation could exist at depth where boiling, confirmed by recent petrological investigations, has occurred in the hydrothermal system.

Typical quartz pseudomorphing coarse blades of carbonate (probably calcite) forming a lattice bladed texture is shown in Figure 10. These textures are interpreted as indicative of the chalcedonic, vapour phase zone at, or near, the top of an epithermal vein system.

Figure 10: Platy, lattice textured quartz with fluorite along vein selvedge at Perseverance Lode, Fluorspar Group workings

At ***Doolan***, recent composite rock chip sampling of a greisen-sulphide alteration zone yielded high values for numerous metals, including gold up to 8.5g/t (Figure 11), silver up to 274g/t (8.8oz/t), copper up to 1.56%, lead up to 1.06%, arsenic up to 28.3%, bismuth up to 0.88%, and antimony up to 0.31%. Nearby, a mineralised polymetallic quartz vein was discovered having similar geochemistry to the greisen-sulphide zone, with gold values up to 7.9g/t, silver up to 448g/t (14.4oz), copper up 0.5%, lead up to 9.5%, arsenic up to 10.0%, bismuth up to 0.25%, and antimony up to 0.33% Sb in rock chip samples.

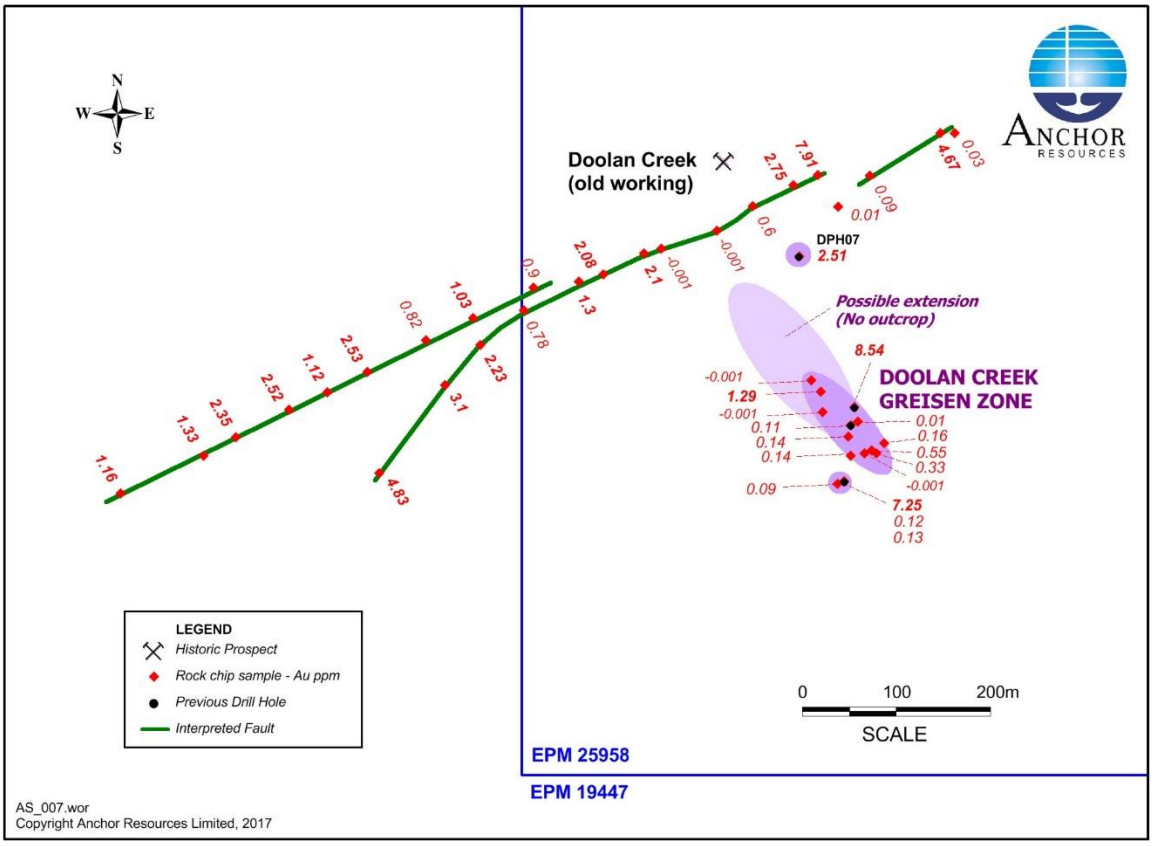


Figure 11: Doolan greisen-sulphide zone and polymetallic quartz vein rock chip gold geochemistry

In 2014, systematic grass roots exploration within the adjoining EPM 19447 identified five gold-base metal anomalous prospects (Fairhaven, North Walsh West, North Walsh Main, Grenough and Doolan North West) coincident with regional structures (see Anchor ASX Quarterly Activity Report dated 23 January 2015). A further five geochemically anomalous areas have also been identified with many being also coincident with structures. Most structures trend north-easterly except for the northwest trending Grenough structure. Rock chip sampling along these structures returned high gold, silver, lead, arsenic, bismuth and antimony values, and sporadic high copper values. The highest gold values are associated with quartz veins controlled by northeast trending structures. These mesothermal gold-polymetallic quartz veins typically have a gold-silver-copper-lead-arsenic-bismuth-antimony association suggestive of granite-related mineralisation.

At Doolan petrographic investigations identified a coarse leucocratic monzogranite has been subject to strong hydrothermal greisen style alteration with replacement by sericite-muscovite and sulphide aggregates, with traces of carbonate and rutile. Parts of the greisen contain considerable disseminated sulphide, including arsenopyrite, pyrite, chalcopyrite, galena, and minor sphalerite, while a mesothermal polymetallic quartz vein contains arsenopyrite, galena, chalcopyrite, pyrite and sphalerite.

The Doolan greisen is located towards the centre of the Doolan Creek Cauldron, a structure rimmed by sub-aerial ignimbrites and intruded by the Bungabilly Granite. Felsic

volcanic rocks and related granitoids associated with caldera collapse structures or ring complexes have long been recognised as prospective areas for a variety of mineral deposits, including greisen, skarn, stockwork and veins.

The greisen zone contains strongly anomalous to ore grade Au-Ag-Cu-Pb-As ±Bi-Sb geochemistry in selected composite rock chip samples. Numerous gold-bearing polymetallic quartz veins with similar geochemistry to the greisen-sulphide alteration zone are found within a 2 km radius of the greisen suggesting the greisen-sulphide alteration zone and polymetallic veins are part of a larger mineral system (Figure 12).

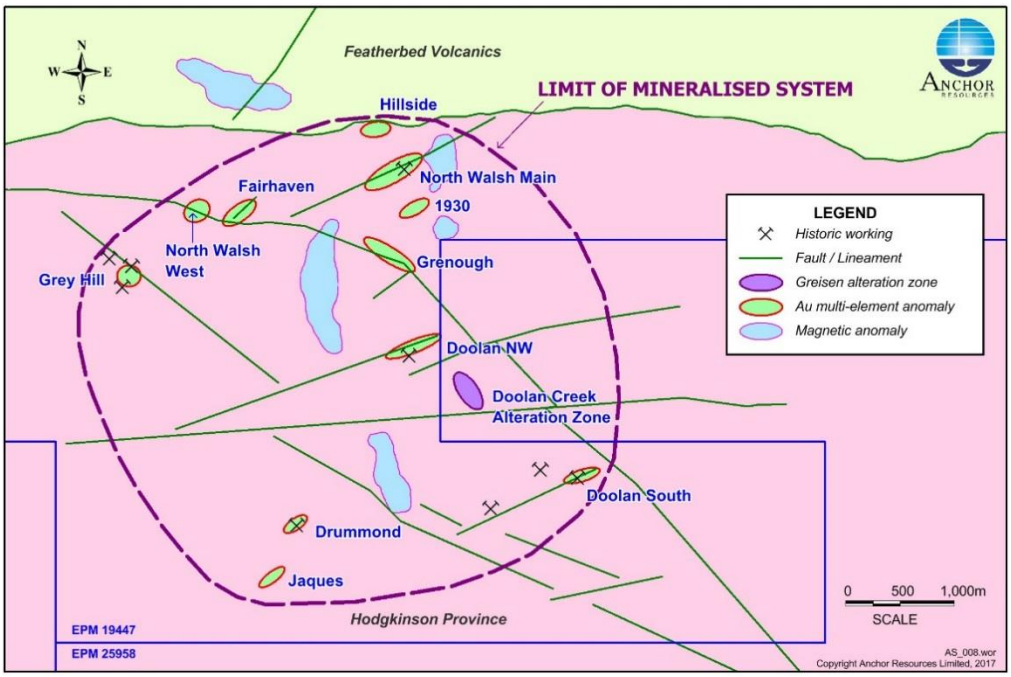


Figure 12: Doolan greisen-sulphide zone and peripheral polymetallic quartz forming a major mineralised system

The Doolan greisen and vein geochemistry strongly supports a granite-related metal association. The greisen zone may be linked to a high level, shallowly buried cupola, temporally and genetically related to the intrusion of the late stage Bungabilly Granite, or possibly the nearby, but temporally later, Long Gully Granite. This geological setting is considered to offer potential for the development of large mineral deposits.

Results from the Fluorspar Group of workings and Doolan are considered very encouraging.

In June 2017 a field crew completed further geological mapping, and soil and rock chip sampling at Fluorspar and Doolan to define targets for RC drilling. Follow up reconnaissance work along the possible southwest extensions to the Fluorspar Group workings discovered two sub-parallel epithermal-style quartz veins 1.5 km southwest of the Perseverance Lode. These veins are orthogonal to the main Perseverance Fault. Sampling of these veins yielded weakly anomalous gold and silver values up to 0.07g/t Au and 3.58g/t Ag from dump material adjacent to a shallow prospecting pit and 0.09g/t

Au and 1.01g/t Ag from epithermal textured quartz 1 km to the north-northwest of the prospecting pit (Figure 13). A rock chip sample from the sub-parallel epithermal quartz vein assayed 0.05g/t Au and 0.86g/t Ag. Although the gold values are low, the discovery of epithermal style quartz veins in the broader area suggests epithermal-style quartz veining is considerably more widespread than previously known. Furthermore, all epithermal quartz samples yielded high lithium values, ranging from 270 ppm to 600 ppm, with values consistently anomalous at levels similar to results along the gold-silver anomalous Perseverance Lode reported previously (see ASX announcement dated 6 June 2017).

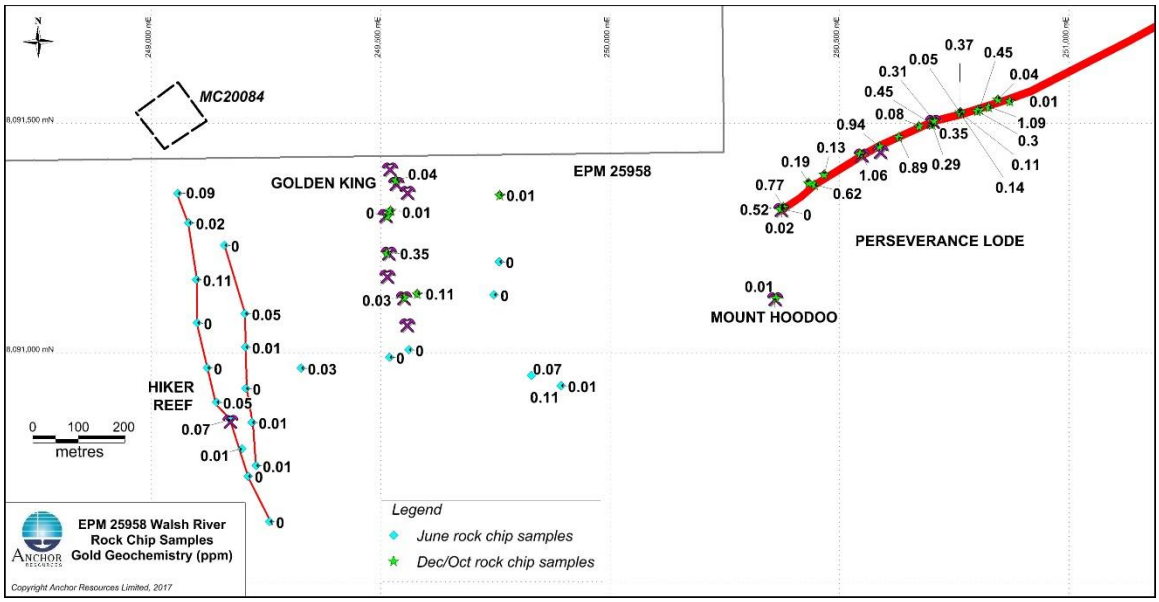


Figure 13: Fluorspar (Perseverance Lode) southwest extension rock chip gold geochemistry

Follow up work was also completed at the Doolan greisen zone where previous rock chip sampling confirmed the greisen was strongly anomalous in arsenic. A grid-based soil survey using a portable Niton analyser was completed over an area of shallow residual soils with no outcrop to the north of the outcropping greisen alteration zone. The Niton soil survey defined an arsenic anomaly coincident with the outcropping greisen alteration zone and extending beyond the outcrop area into the soil covered area to the north. The arsenic geochemical anomaly is approximately 220 metres long and 40 metres wide (Figure 14). The soil arsenic geochemical anomaly is open to the south where it is covered by transported alluvial material unsuitable for Niton measurements. The soil Niton analyser results were confirmed by an orientation soil sampling program with soil samples sent to ALS Townsville for geochemical analysis. ALS arsenic assay results are comparable with the Niton analyser arsenic results. This work is considered to validate the Niton-defined arsenic anomaly.

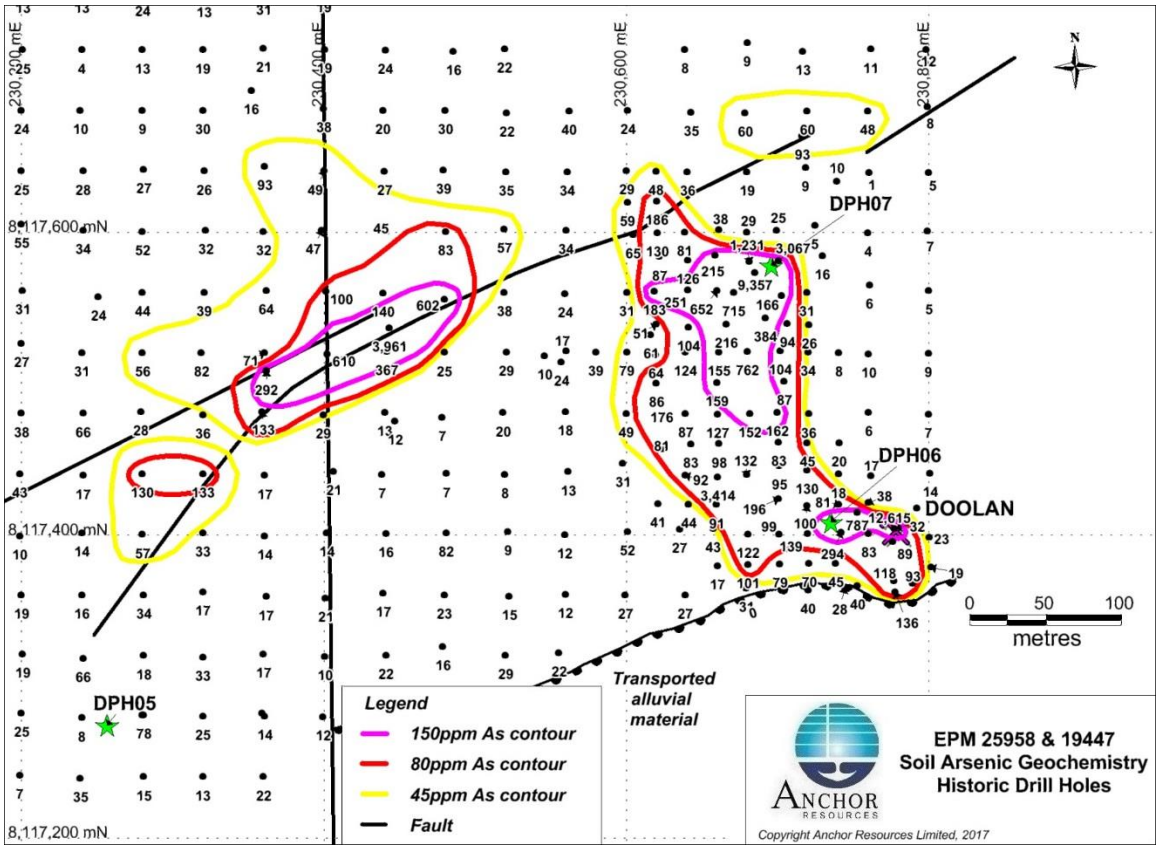


Figure 14: Doolan soil arsenic geochemistry

Reconnaissance prospecting north of the greisen alteration zone sampled a northeast trending quartz vein which returned highly anomalous results for gold (0.67 to 6.02g/t), silver (11.4 to 268ppm), arsenic (0.68% to 5.22%), lead (0.36% to 6.09%) and antimony (156ppm to 3870ppm).

Results from the rock chip sampling program are shown in Figure 15.

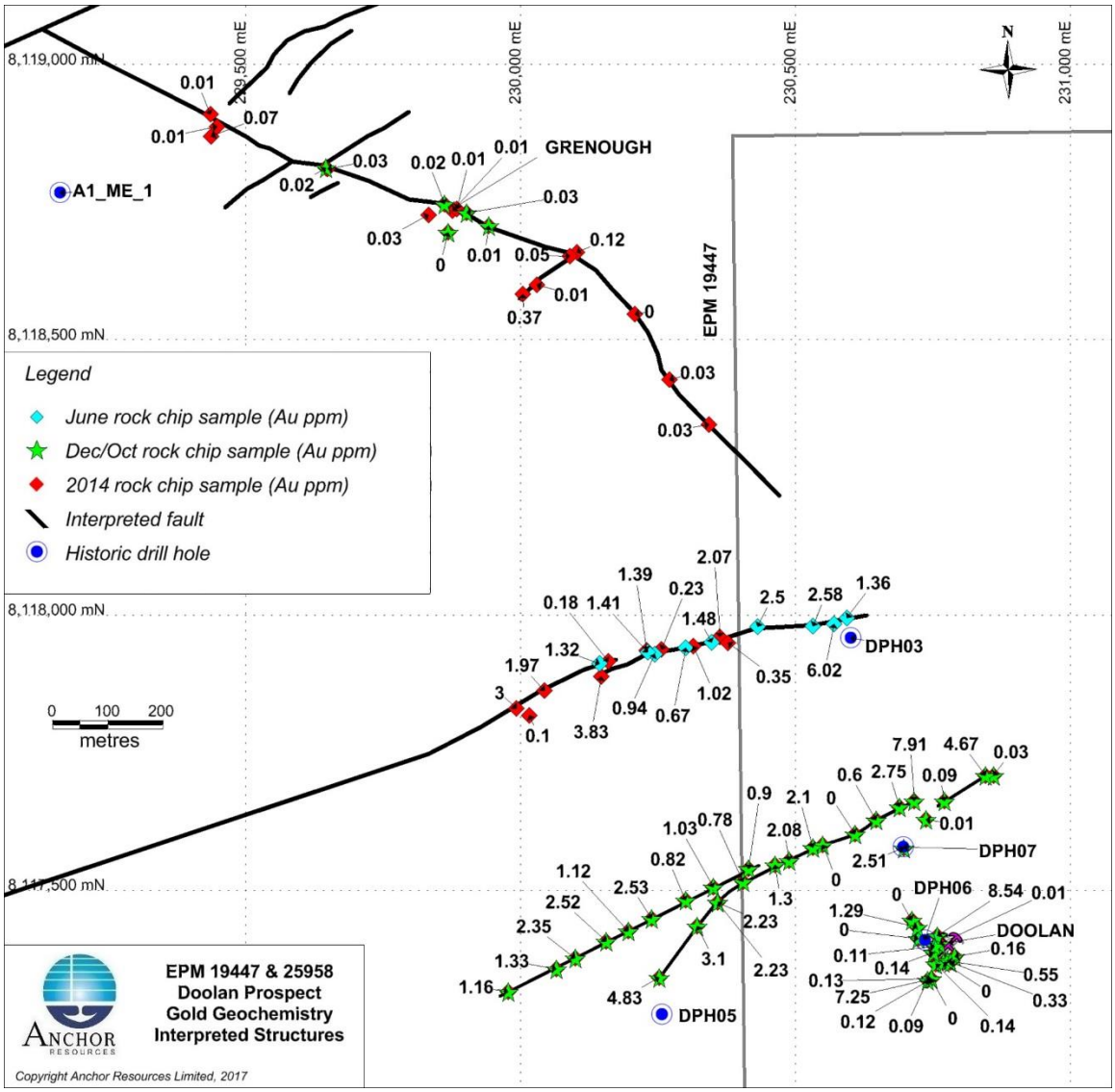


Figure 15: Doolan rock chip gold geochemistry

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

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

No field work was carried out during the Quarter.

Corporate

On 31st May 2017 Anchor executed a revised loan agreement with China Shandong Jinshunda Group Co., Ltd., its major shareholder, to increase the facility by $A1.5M and the repayment date extended to 30th September 2020. These additional funds will be applied to further exploration and for general working capital expenses. The total facility amounts to $A14.5M and at 31st May 2017 was drawn down to $A13.0M.

Anchor's Directors are considering further fund raising opportunities to enable exploration and drilling to proceed at a faster pace.

Ian L Price
Executive Director
Anchor Resources Limited

Contact: +61 438 937 644
Email: ian.price@anchorresources.com.au

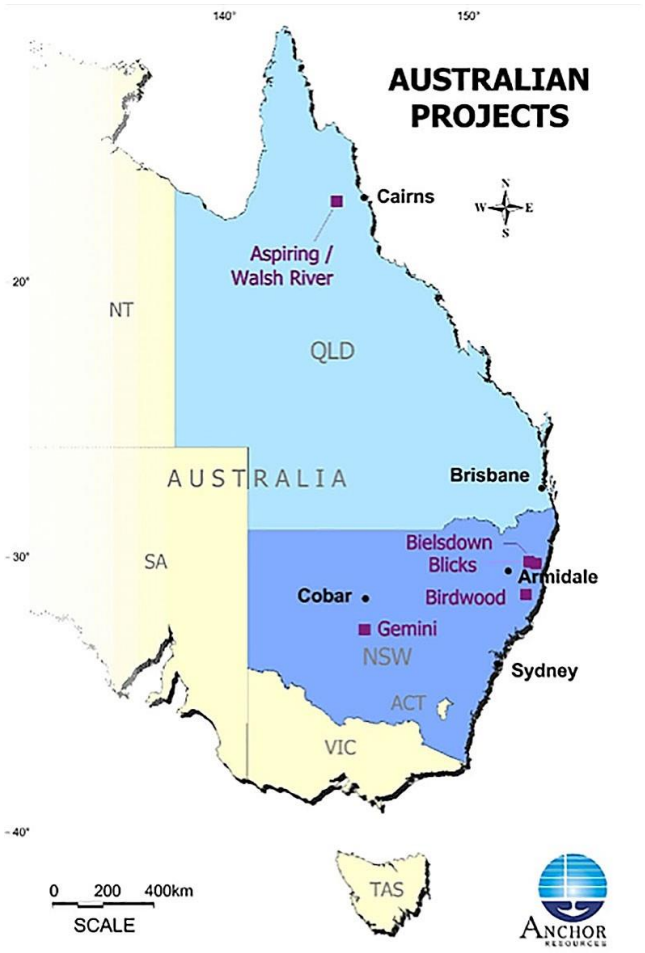
Competent Person Statement

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

TENEMENT SCHEDULE as at 30 June 2017

TENEMENT NUMBER	NAME	LOCATION	HOLDER	DATE OF FIRST GRANT	DATE RENEWED	TERM	AREA km²
EL 6388	BIELSDOWN	NSW	Anchor Resources Limited	04.03.05	4.3.16	3 Years	35
EL6465	BLICKS	NSW	Scorpio Resources Pty Ltd	29.09.05	December 2016	3 Years	80
EL 8100	BLICKS EXTENDED	NSW	Scorpio Resources Pty Ltd	11.06.13	11.6.16	3 Years	150
EL 6459	BIRDWOOD	NSW	Scorpio Resources Pty Ltd	08.08.05	07.8.16	2 Years	36
EL 8398	GEMINI	NSW	Scorpio Resources Pty Ltd	07.10.15	-	3 Years	290
EPM 19447	ASPIRING	QLD	Sandy Resources Pty Ltd	08.07.13	-	5 Years	144
EPM 25958	WALSH RIVER	QLD	Sandy Resources Pty Ltd	07.12.15	-	5 Years	190

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



Reporting of Exploration Results – EPM 19447 (Aspiring Extended) and EPM 25958 (Walsh River) Project, Queensland

JORC Code, 2012 Edition – Table 1 Report

The following section is provided to ensure compliance with the JORC (2012) requirements for the reporting of Exploration Results for the Aspiring Extended-Walsh River project.

Section 1 - Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• Rock chip samples were selected on the basis of lithology and visible mineralisation for standard analysis at a commercial laboratory to identify prospective areas where further work is warranted. • Soil samples were analysed at 40m intervals along east-west grid lines spaced 40m apart. Sample information was recorded onsite in hard copy with locations established using a handheld Garmin GPS instrument. Sampling was undertaken only in areas of residual soil profile development and not undertaken over areas of transported overburden or gully filled alluvium. Soil samples were analysed after scuffing the surface vegetation away to expose a clean soil exposure of the B horizon soil profile. Samples were analysed in duplicate at each field site. Samples were analysed using the Company's portable Niton™ XRF analyser. The analytical work was undertaken by a geologist and field technician who had completed a certified training course on the operation of the portable XRF analyser and duly held a current Qld licence to operate the instrument. One line of soil sampling across the main geochemical anomaly was sampled conventionally with each sample consisting of ~250 gram B-horizon soil sent to ALS Townsville for analysis using the techniques described below.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Rock chip samples are representative of mineralisation styles and host lithology and collected in a consistent manner at each sample location. Each rock chip sample represents many sub-samples of visually similar material. • Soil samples were collected on a rectangular grid with sample spacing considered appropriate for defining geochemical anomalies attributed to bulk tonnage granite-related mineralization. Samples were analysed in a consistent manner at each location by an experienced field technician under supervision by a qualified exploration geologist. • Rock chip sampling is useful as a preliminary exploration tool for gold and base metal mineralisation to identify areas of interest for further investigation.

Criteria	JORC Code Explanation	Commentary
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Soil surveys are useful to define geochemical anomalies for drilling. • 'Industry standard' sampling has been completed. Samples were collected and pulverised to produce a 30g charge for fire assay and also additional elements were analysed following 'near total' digestion for multi-element analysis.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• n/a.
Drill sample recovery *Drill sample recovery (continued)*	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• n/a. • n/a. • n/a.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Rock chip samples are routinely qualitatively described by an experienced exploration geologist at the point of sample collection. Rock chip samples of high interest are collected for further petrographic investigation by a consultant. • n/a. • n/a.

Criteria	JORC Code Explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• n/a.
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• n/a.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Rock chip samples are dried at 105°C, crushed and pulverised in the laboratory prior to sample dissolution for assay.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Field QAQC procedures involve the selection of samples representative of rock types in the area.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• Sampling is considered representative of the style of mineralisation present. No field duplicate rock chip samples have been collected.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample size is considered appropriate given the style of mineralisation and previous success in discovering gold mineralisation in bedrock at this region.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• ALS, Townsville and Brisbane. ALS Geochemistry is a leading full-service provider of analytical geochemistry services to the global mining industry. ALS Geochemistry is accredited to ISO/IEC 17025:2005 and ISO 9001:2001 standards. Procedure for rock chip samples: log sample into tracking system, dry, weigh, crush to nominally >70% passing -6mm, then pulverise to 85% passing 75 µm with gold determination on a 30 gram fire assay with ICP-AES finish (ALS Au-AA25 Method), and 48 other elements determined following a four acid “near total” digestion on a sample size of 0.25 gram with ICP-AES finish (ALS ME-MS61 Method). Over range assay results confirmed using ALS “ore grade” methods, including ALS Methods ME-OG62 for Ag, As, Cu and Pb, and ME-GRA05/ME-XRF15b for Sb. The 30 gram fire assay/AAS finish method paired with the four acid ME-MS61 method is considered to be ideally suited for exploration purposes.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• For the soil sampling program a Niton XL3t 950 GOLDD+ hand-held XRF analyser was used for quantitative geochemical analysis of metal values. The Niton was used in soils mode with a run time of 20 sec on each filter for a total of 60 sec per sample.
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack*	• For rock chip samples no Company certified reference materials (CRMs) or blanks used. ALS routinely run internal certified reference materials (standards)

Criteria	JORC Code Explanation	Commentary
	of bias) and precision have been established.	and report results to the Company. Precision and accuracy of the CRMs is within specified error limits which provide confidence in results provided by ALS. The quality control data for historic drilling has not been assessed. • For Niton samples the xrf analyser is tested 3 times a day against a variety of certified reference material from Ore Research and Exploration for internal QA/QC and machine reliability.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Graeme Rabone & Associates Pty Ltd supervised the rock chip and soil sampling program. • n/a. • Primary data is recorded electronically into a hand held GPS unit and downloaded onto a PC each day. Data back-up is completed on a routine basis. • No adjustments are made to assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample points located using a Garmin GPS with a ±5 meter error. • Anchor data is in MGA94 Zone 55. • Coordinate information includes easting, northing and elevation.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Rock chip sampling focused on old workings and outcrop in the vicinity of the old workings. • Rock chip sampling is designed to establish the style of mineralisation present in the area and detection of large mineralised systems for potential further work. • No sample compositing has been undertaken.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Rock chip sampling along veins and structures used to determine potential of veins and structures to host mineralisation. Rock chip sampling also focused on hydrothermally altered rocks mapped as greisen. • There is insufficient drilling data to date to determine whether there is a sampling bias in historic data.

Criteria	JORC Code Explanation	Commentary
Sample security	• *The measures taken to ensure sample security.*	• Chain of custody is managed by Anchor staff. Samples are stored in a company vehicle which is locked at night. Samples are then delivered directly by Anchor staff to ALS (Townsville). Samples are submitted to the laboratory using a standard "ALS Sample Submittal Form".
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audit or review of sampling techniques or the data management system has been carried out.

Section 2 – Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• Exploration Permit for Minerals 19447 (Aspiring Extended) and Exploration Permit for Minerals 25958 (Walsh River) are held 100.0% by Sandy Resources Pty Ltd, a wholly owned subsidiary of Anchor Resources Limited. The tenements are located 200 km west of Cairns. The small village of Chillagoe lies within 15km of the tenement boundary. The main areas of interest are located on a 30 year rolling term lease extended to 31/03/2048. The Company has current Notices of Entry and a signed Conduct and Compensation Agreement with the landowner and land occupier which is sufficient for the type of work undertaken. There are no registered native title interests or historical sites covering the work areas.
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Tenements are current and in "good standing" with no impediments known to exist.
Exploration done by other parties	• *Acknowledgement and appraisal of exploration by other parties.*	• Historic prospecting activities, early mining for fluorspar at the Perseverance Lode, geological mapping by the Queensland Geological Survey, and exploration, including drilling, by Samedan of Australia. No resources were identified. Current tenure explored by Anchor with no other parties involved.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Conceptual low sulphidation epithermal gold-silver and granite-related gold-base metal mineralisation system exploration models.

<table>
<tr><th>Criteria</th><th>JORC Code Explanation</th><th>Commentary</th></tr>
<tr><td>Drill hole Information</td><td>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
○ easting and northing of the drill hole collar
○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
○ dip and azimuth of the hole
○ down hole length and interception depth
○ hole length.

• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td><td>• Historic 1994 drilling results from the Doolan Creek prospect held under ATP 3645M by Samedan of Australia are reported in CR 14321 below. Two open hole percussion holes were drilled at the Doolan Creek greisen prospect.

<table><tr><th>Hole_ID</th><th>East_MGA</th><th>North_MGA</th><th>Elevation</th><th>Azi</th><th>Dip</th><th>Depth</th></tr><tr><th></th><th>Zone 55</th><th>Zone 55</th><th>m</th><th></th><th></th><th>m</th></tr><tr><td>DPH06</td><td>230735</td><td>8117409</td><td>298</td><td>0</td><td>-90</td><td>100</td></tr><tr><td>DPH07</td><td>230696</td><td>8117578</td><td>298</td><td>0</td><td>-90</td><td>50</td></tr></table>
<table><tr><th>Hole ID</th><th>From</th><th>To</th><th>Interval</th><th>Au</th><th>Cu</th><th>As</th></tr><tr><th></th><th>m</th><th>m</th><th>m</th><th>g/t</th><th>%</th><th>%</th></tr><tr><td>DPH6</td><td>72</td><td>100</td><td>28</td><td>0.22</td><td>0.3</td><td>1.19</td></tr><tr><td>DPH7</td><td>44</td><td>50</td><td>6</td><td>0.31</td><td>0</td><td>1.06</td></tr></table>
• There is no exclusion of information. Recent exploration is “grass roots” in nature.</td></tr>
<tr><td>Data aggregation methods</td><td>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.

• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.

• The assumptions used for any reporting of metal equivalent values should be clearly stated.</td><td>• Historic drilling reported 2 metre sample interval lengths only. Length weighted averages not applied. No top-cutting of high grade results applied. No cut-off grades applied.

• n/a.

• No metal equivalents used.</td></tr>
<tr><td>Relationship between mineralisation widths and intercept lengths</td><td>• These relationships are particularly important in the reporting of Exploration Results.

• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.

• If it is not known and only the down hole lengths are reported, there should be a</td><td>• Not known. Drilling limited to 2 holes.

• Geometry of mineralised zones currently not known due to insufficient drilling.

• Down hole lengths reported, true width of mineralisation not known.</td></tr>
</table>

Criteria	JORC Code Explanation	Commentary
	clear statement to this effect (e.g. 'down hole length, true width not known').	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Plan of work area shown in current report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Reporting of exploration results is balanced and comprehensive.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Rock chip sampling used to identify areas of interest in stage 1 exploration. Soil sampling has proved to be a successful technique in locating gold and base metals in bedrock elsewhere in the area. Geological mapping and structural analysis are used in conjunction with soil geochemical results and are important factors in selecting potential targets.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Follow up work is planned to determine the prospectivity of the preliminary targets identified. Detailed geological mapping together with rock and soil sampling are planned. • Insufficient work completed to determine possible mineralisation extensions however Doolan Creek may extend into an area of soil cover and no outcrop. Extensions to the Fluorspar Group gold-silver mineralisation along the Perseverance Fault in both directions are yet to be determined by further work.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Anchor Resources Limited

ABN	**Quarter ended ("current quarter")**
49 122 751 419	30 June 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(226)	(767)
	(b) development		
	(c) production		
	(d) staff costs	(68)	(234)
	(e) administration and corporate costs	(41)	(340)
1.3	Dividends received (see note 3)		
1.4	Interest received	5	25
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(330)**	**(1,316)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment		(2)
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**		**(2)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings	500	2,000
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**500**	**2,000**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,323	811
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(330)	(1,316)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	500	2,000
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**1,493**	**1,493**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	643	473
5.2	Call deposits	850	850
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,493**	**1,323**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	58
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Salary and director fees paid to directors and director related entities.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Payroll tax liability paid to related entity

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	14,500	13,250
8.2	Credit standby arrangements		
8.3	Other (please specify)		

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

The finance facility is provided by China Shandong Jinshunda Group Co Limited, the company's major shareholder. The facility has a maximum drawdown of $14,500,000 and is repayable by 30 September 2020. The finance facility bears interest at the Commonwealth Government Bond Yield (GSBE19 maturing 21 November 2020) + 250 bps per annum.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	150
9.2	Development	
9.3	Production	
9.4	Staff costs	50
9.5	Administration and corporate costs	100
9.6	Other (provide details if material)	
9.7	**Total estimated cash outflows**	**300**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: .....28/7/17.....
(Director/Company secretary)

Print name: Guy Robertson.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.