



ANCHOR RESOURCES LIMITED

ACN 122 751 419

ASX Code: AHR

**Half-Year Financial Report
31 December 2014**

ANCHOR RESOURCES LIMITED

Corporate Directory

Board of Directors

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

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

Company Secretaries

Guy Robertson
Grahame Clegg

Registered Office

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Website: www.anchorresources.com.au
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Share Registrar

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Level 7, 207 Kent Street, Sydney, NSW 2000
Telephone: 02 9290 9600
Facsimile: 02 9279 0664

ASX Code: AHR

Auditors

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

Solicitors

Gadens Lawyers
Skygarden Building
77 Castlereagh Street, Sydney, NSW 2000

Bankers

Bank of Western Australia
Westpac

ANCHOR RESOURCES LIMITED

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ANCHOR RESOURCES LIMITED

DIRECTORS REPORT

Your directors submit their report for the half-year ended 31 December 2014.

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 and Chief Executive Officer
Steven Jiayi Yu	Non-Executive Director
Vaughan Webber	Non-Executive Director
Ronald Norman (Sam) Lees	Non-Executive Director

Review and Results of Operations

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

	Consolidated	
	2014	2013
	\$	\$
Loss after income tax	(557,494)	(603,793)
Other comprehensive income / (expense)	-	-
Comprehensive loss after income tax	<u>(557,494)</u>	<u>(603,793)</u>

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

Corporate Matters

Anchor's major shareholder, China Shandong Jinshunda Group Co. Limited (Jinshunda), continues its commitment to the development of the Company and its projects.

Jinshunda's, total shareholding is 97.6% of Anchor.

The company is listed on ASX (code AHR).

Financial

A Finance Facility was entered into with Jinshunda Group on 1 August 2012. The purpose of the Facility is to provide funding to the Company to carry out exploration and ancillary activities. The facility has a maximum drawdown of \$13,000,000 and is repayable on 31 March 2017. The finance facility bears interest at Australian Government Bond GSBC17 + 250 bps per annum.

ANCHOR RESOURCES LIMITED

DIRECTORS REPORT

Review and Results of Operations (continued)

Exploration

Anchor has a number of exploration projects along the east coast of Australia that are prospective for gold, copper, antimony and molybdenum. All of these metals are in high demand and each continues to maintain high prices. The Company is continuing with a program of assessment and exploration across all its projects.

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

At the **Birdwood** project in NSW a new exploration model was recognised. This model is for a porphyry copper, molybdenum and gold system similar to Northparkes type mineralisation. The Birdwood North copper-molybdenum target has been defined based upon a strong magnetic anomaly favourable geology and strong copper and molybdenum geochemistry. The Company was awarded a grant by the NSW Government to support drilling of this target and this will be done subject to obtaining regulatory and Board approvals. Further similar porphyry targets have been identified in the exploration area that require follow up.

At the **Blicks** project in NSW the discovery of the Tuting porphyry molybdenum-tungsten target, which is defined by very strong surface geochemistry and favourable geology, along with the more recent identification of a large copper- molybdenum geochemical target at the Liberty anomaly, has significantly broadened the potential for the Blicks project area to be host to large mineralising systems. Exploration of the Tyringham Intrusion-related Gold System (IRGS) that the Company has identified continued with additional soil sampling to better define deeper drilling targets.

Planning is underway for drilling of both the Tuting and Tyringham targets. Mapping and soils sampling is being planned for the Liberty area.

At the **Aspiring** project in Far North Queensland a program of field work was carried out in 2014 that identified several targets for vein hosted gold and copper.

At the **Bielsdown** project in NSW the major activity has been negotiating land access to carry out remediation work and to allow commencement of a deep diamond drilling program to test the down plunge extension of the veined antimony mineralisation.

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 16 and forms part of this report.

Signed at Sydney this 11th day of March 2015 in accordance with a resolution of the directors.

On behalf of the board



IAN PRICE

Managing Director

Sydney, 11th March 2015

ANCHOR RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Note	Half Year ended	
		31-Dec-14	31-Dec-13
		\$	\$
REVENUE FROM ORDINARY ACTIVITIES	2	8,226	6,901
Administration Expenses		(139,561)	(106,138)
Corporate Expenses		(55,620)	(58,019)
Depreciation		(26,625)	(15,488)
Employment Expenses		(152,730)	(291,206)
Exploration Expenditure Written Off		(18,670)	(1,350)
Finance Expenses		(114,265)	(73,003)
Investor and Public Relations Expenses		(13,967)	(12,575)
Occupancy Expenses		-	(311)
Project development Expenses		(42,188)	(51,964)
Other Expenses		(2,094)	(640)
(LOSS) BEFORE INCOME TAX EXPENSE		(557,494)	(603,793)
INCOME TAX EXPENSE		-	-
(LOSS) AFTER INCOME TAX EXPENSE		(557,494)	(603,793)
OTHER COMPREHENSIVE INCOME AFTER INCOME TAX:			
OTHER COMPREHENSIVE INCOME FOR THE YEAR, BEFORE TAX		-	-
Income tax (expense) benefit		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO MEMI		(557,494)	(603,793)
Basic loss per share (cents per share)		(1.06)	(1.15)
Diluted loss per share (cents per share)		(1.02)	(1.12)

ANCHOR RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	31-Dec-14 \$	30-Jun-14 \$
CURRENT ASSETS			
Cash and cash equivalents		395,782	819,096
Receivables		43,927	67,915
Other current assets		19,070	24,149
TOTAL CURRENT ASSETS		458,779	911,160
NON-CURRENT ASSETS			
Tenement security deposits		120,000	110,000
Property, plant and equipment		184,353	210,327
Deferred exploration and evaluation expenditure	3	8,729,413	8,051,665
TOTAL NON-CURRENT ASSETS		9,033,766	8,371,992
TOTAL ASSETS		9,492,545	9,283,152
CURRENT LIABILITIES			
Payables		148,522	152,079
TOTAL CURRENT LIABILITIES		148,522	152,079
NON CURRENT LIABILITIES			
Loans		9,007,196	8,242,945
Provisions		21,071	14,878
TOTAL NON CURRENT LIABILITIES		9,028,267	8,257,823
TOTAL LIABILITIES		9,176,789	8,409,902
NET ASSETS		315,756	873,250
EQUITY			
Issued capital	4	7,915,883	7,915,883
Accumulated losses		(7,803,078)	(7,245,584)
Reserves		202,951	202,951
TOTAL EQUITY		315,756	873,250

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ANCHOR RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Attributable to the shareholders of Anchor Resources Limited			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
AT 1 JULY 2013	7,915,883	(6,170,439)	166,186	1,911,630
Share based payments reserve	-	-	31,726	31,726
Loss for the period	-	(603,793)	-	(603,793)
AT 31 DECEMBER 2013	<u>7,915,883</u>	<u>(6,774,232)</u>	<u>197,912</u>	<u>1,339,563</u>
AT 1 JANUARY 2014	7,915,883	(6,774,232)	197,912	1,339,563
Share based payments reserve	-	-	5,039	5,039
Loss for the period	-	(471,352)	-	(471,352)
AT 30 JUNE 2014	<u>7,915,883</u>	<u>(7,245,584)</u>	<u>202,951</u>	<u>873,250</u>
AT 1 JULY 2014	7,915,883	(7,245,584)	202,951	873,250
Loss for the period	-	(557,494)	-	(557,494)
AT 31 DECEMBER 2014	<u>7,915,883</u>	<u>(7,803,078)</u>	<u>202,951</u>	<u>315,756</u>

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ANCHOR RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half Year ended	
	31-Dec-14	31-Dec-13
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment to suppliers and employees	(374,471)	(528,240)
Interest received	8,226	6,901
Research & Development Tax Offset Rebate received	-	-
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	<u>(366,245)</u>	<u>(521,339)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	(651)	(102,562)
Expenditure on mining interests (exploration)	(696,418)	(1,110,070)
Tenement security deposits (paid) refunded	(10,000)	20,000
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	<u>(707,069)</u>	<u>(1,192,632)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	650,000	2,000,000
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>650,000</u>	<u>2,000,000</u>
NET (DECREASE) INCREASE IN CASH HELD	(423,314)	286,029
Add opening cash brought forward	<u>819,096</u>	<u>281,955</u>
CLOSING CASH CARRIED FORWARD	<u>395,782</u>	<u>567,984</u>

ANCHOR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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 2014 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 2014, together with any public announcements made during the half-year.

The financial statements were authorised for issue by the directors on 11 March 2015.

Accounting Policies

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

Going Concern	31 December 2014	30 June 2014
The financial report has been prepared on a going concern basis.	\$	\$
Net loss for the half-year	(557,494)	(603,793)
Negative cash flows from operations for the half-year	(366,245)	(521,339)
Net assets as 31 December 2014 (30 June 2014)	315,756	873,250
Cash balances as at 31 December 2014 (30 June 2014)	395,782	819,096
Amounts received from shareholders during the half-year	650,000	2,000,000

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 \$315,756 (30 June 2014 - \$873,250). The Company has a loan of \$8,550,000 (30 June 2014 - \$7,900,000) due to China Shandong Jinshunda Group Co. Limited (Jinshunda), the major shareholder of the company.

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

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

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

Jinshunda has committed to supporting the Group until such time as the refinancing of the Group is attained.

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

ANCHOR RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

2 REVENUE FROM ORDINARY ACTIVITIES

	31-Dec-14	31-Dec-13
	\$	\$
Interest received – other persons/corporations	8,226	6,901
Other income	-	-
Total Revenue	8,226	6,901

3 NON-CURRENT ASSETS

Deferred exploration and evaluation expenditure

	31-Dec-14	31-Dec-13
	\$	\$
Costs brought forward	8,051,665	5,808,957
Costs incurred during the half-year	696,418	1,110,070
Expenditure written off during the half-year	(18,670)	(1,350)
Costs carried forward	8,729,413	6,917,677

4 ISSUED CAPITAL

	31-Dec-14	30-Jun-14
	\$	\$
Share capital		
52,535,296 ordinary shares fully paid as at 1 July 2014	8,308,423	8,308,423
Shares issued	-	-
	8,308,423	8,308,423
Issue costs	(392,540)	(392,540)
52,535,296 ordinary shares fully paid as at 31 December 2014	7,915,883	7,915,883

5 OPTIONS

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

20,000 options exercisable at 25 cents each expired on 27 September 2014.

No options were exercised during the period.

6. CONTINGENT ASSETS AND LIABILITIES

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

7. FINANCIAL REPORTING BY SEGMENTS

Identification of reportable segments

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

The Group is managed primarily on the basis of exploration in Australia.

Operating segments are therefore determined on the same basis.

ANCHOR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

7 FINANCIAL REPORTING BY SEGMENTS (CONTINUED)

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Inter-segment transactions

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

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

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

Segment assets

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

Segment liabilities

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

Unallocated items

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

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

ANCHOR RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

7 FINANCIAL REPORTING BY SEGMENTS (CONTINUED)

Six months ended 31-December 2014

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

Six months ended 31-December 2013

	Head Office	Exploration Australia	Intersegment Eliminations	Total
	\$	\$	\$	\$
Segment performance				
Interest received	6,901	-	-	6,901
Other income	-	-	-	-
Total revenue	<u>6,901</u>	<u>-</u>	<u>-</u>	<u>6,901</u>
Operating result				
Segment loss before tax	(484,452)	(45,834)	-	(530,286)
Reconciliation of segment result to group net profit/loss before tax:				
Amounts not included in segment result but reviewed by the Board:				
— corporate charges				(58,019)
— depreciation and amortisation				<u>(15,488)</u>
Net loss before tax				<u>(603,793)</u>
Segment Assets	4,230,337	7,030,176	(3,403,260)	7,857,253
Unallocated assets				-
Group assets				<u>7,857,253</u>
Segment Liabilities				
	6,517,690	4,415,067	(4,415,067)	6,517,690
Unallocated liabilities				-
Group liabilities				<u>6,517,690</u>

ANCHOR RESOURCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

8. SUBSEQUENT EVENTS

No event has occurred subsequent to 31 December 2014 requiring disclosure in, or amendment to, these financial statements.

9. FAIR VALUE MEASUREMENT

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

ANCHOR RESOURCES LIMITED

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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



IAN PRICE
Managing Director
Sydney,
11th March 2015

partners

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

associate

M A Nakkan CA

consultant

C H Barnes FCA

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Anchor Resources Limited and Controlled Entities

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2014 there have been:

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

BDJ Partners
Chartered Accountants



Gregory W Cliffe
Partner

10 March 2015

partners

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

associate

M A Nakkam CA

consultant

C H Barnes FCA

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Independent Auditor's Review Report

To the members of Anchor Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Anchor Resources Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Anchor Resources Limited (the company) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of the consolidated entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

partners

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

associate

M A Nakkam CA

consultant

C H Barnes FCA

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Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Economic Dependence

Without modifying our conclusion, we draw attention to Note 1 "Going concern" which indicates the economic dependence of the company on China Shandong Jinshunda Group Co. Limited (Jinshunda). Due to the continuing financial support of Jinshunda, there is nothing to indicate that the consolidated entity will not be able to pay its debts as and when they fall due.

BDJ Partners
Chartered Accountants



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Gregory W Cliffe
Partner

Dated 11 March 2015