



Anchor Resources Limited

ABN: 49 122 751 419

ASX Code: AHR

Website: anchorresources.com

26th July 2016

QUARTERLY ACTIVITY REPORT – JUNE 2016

During the June Quarter Anchor carried out a field program of soil sampling and geological mapping at the Liberty prospect in the Blicks project in the Southern New England Orogen.

A zone of anomalous copper and molybdenum was defined by portable XRF analysis. It is planned to confirm the soil anomaly using conventional assay techniques at a commercial laboratory.

Blicks Project, EL 6465 and EL 8100 (Anchor 100%) New South Wales - molybdenum, tungsten, copper & gold

The Blicks project is located in the Southern New England Orogen in northeast New South Wales, 90km northeast of the major regional center of Armidale. Anchor's key target areas and reported historic mineral occurrences within the Blicks project are shown in Figure 1.

During the June Quarter field exploration consisted of a geological mapping and soil sampling program at the Liberty prospect.

Liberty Copper-Molybdenum Prospect

The Liberty Cu-Mo prospect is centered on an elongate magnetic low that transgresses a magnetic ridge underlain by a felsic intrusion (tonalite) containing up to 2% fine-grained disseminated pyrrhotite and sparsely disseminated chalcopyrite with molybdenite generally found on fractures. The magnetic low correlates with a younger intrusion.

Reconnaissance grass roots exploration undertaken at the Liberty Cu-Mo prospect incorporated concurrent grid based -80 mesh B-C horizon soil sampling and detailed geological mapping. During the previous Quarter ending 31 March 2016 five rock samples were collected for petrographic investigation to assist in rock identification on the variety of rock types in the area.

Soil samples were collected from the base of the B-horizon soil profile just above weathered bedrock at 40m centres along east-west grid lines spaced 160m apart. Samples were analysed using the Company's handheld Niton™ XRF analyser. An orientation line of B-C horizon soil samples across an area with sparsely disseminated chalcopyrite and molybdenite was also completed with samples sent to ALS Laboratories in Brisbane for assay. ALS assay results for copper and molybdenum reconciled consistently lower than the portable Niton™ XRF analytical results however results are considered geochemically anomalous using both methods. Notwithstanding these results, the handheld XRF analyser is used, and considered an appropriate exploration tool, for first pass copper-molybdenum exploration at the Liberty prospect to identify areas of anomalous soil geochemistry. Follow up analytical work is planned to confirm the core of anomalous Niton™ results. Existing soil samples will be taken from storage and sent to ALS Laboratories in Brisbane for analysis using the four acid digest and ME-MS61 method. Results will be reported upon completion of this work.

Tuting Molybdenum-Tungsten±Copper Prospect

The Tuting prospect is a large molybdenum-tungsten soil geochemical anomaly coincident with an underlying elongate polyphase biotite monzogranite intrusion prospective for molybdenum, tungsten and ±copper.

Tyringham Gold Prospect

The Tyringham prospect is an intrusion-related-gold-system.

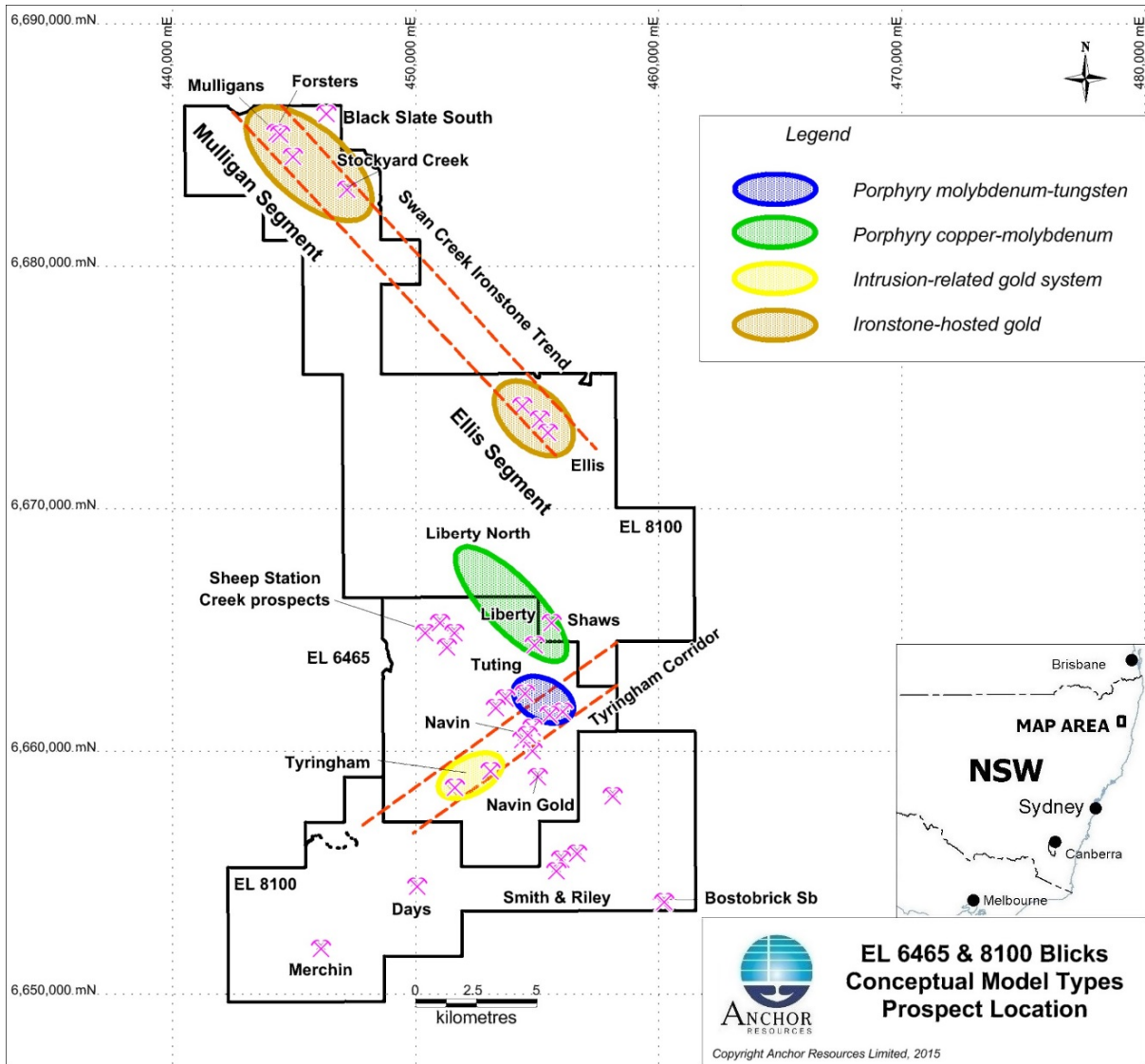


Figure 1: Blicks project showing Anchor's priority target areas and reported mineral occurrences

**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. The EL area is considered prospective for Cobar-type base metal deposits.

Blue Mountain Prospect

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 2,200m defined by previous RAB drilling. The anomalous multi-element Zn-Pb-Cu geochemistry and anomaly footprint, sphalerite-galena-chalcopyrite association seen in drill core, 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

A field program of prospect identification, mapping and validation of historic data is planned for the Blue Mountain prospect in the coming Quarter.

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

The Bielsdown Land Access Arbitration has been 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.

No field work was carried out during the Quarter.

Birdwood Project, EL 6459 and EL 8295 (Anchor 100%) New South Wales – copper & molybdenum

The Birdwood project is located in the Southern New England Orogen in northeast New South Wales, centered 50km west of Port Macquarie. It is prospective for porphyry copper-molybdenum style mineralisation.

No field work was carried out during the Quarter.

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

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

EPM 25958 (Walsh River) covers approximately 162.4 km² and provides Anchor with strategic access to an area contiguous with its current EPM 19447 that is geologically prospective for the development of mineralisation with evidence inferred from historic reports recording gold and copper mineralisation associated with hydrothermal alteration systems close to the current Anchor EPM boundary.

A field program of prospect identification, mapping and validation of historic data is planned for the Walsh River project in the coming Quarter.

New Ventures

The generally subdued level of exploration activity has continued throughout Australia and Anchor continues to review opportunities to acquire an interest in new ventures.

Corporate

During the quarter, the Company entered into a new Loan Agreement with its major shareholder, China Shandong Jinshunda Group Co., Ltd to extend the finance facility.

The new Loan Agreement which has a facility amount of \$13 million extends the repayment date to 31 March 2019. All other terms remain unchanged.

Ian L Price
Director
Anchor Resources Limited

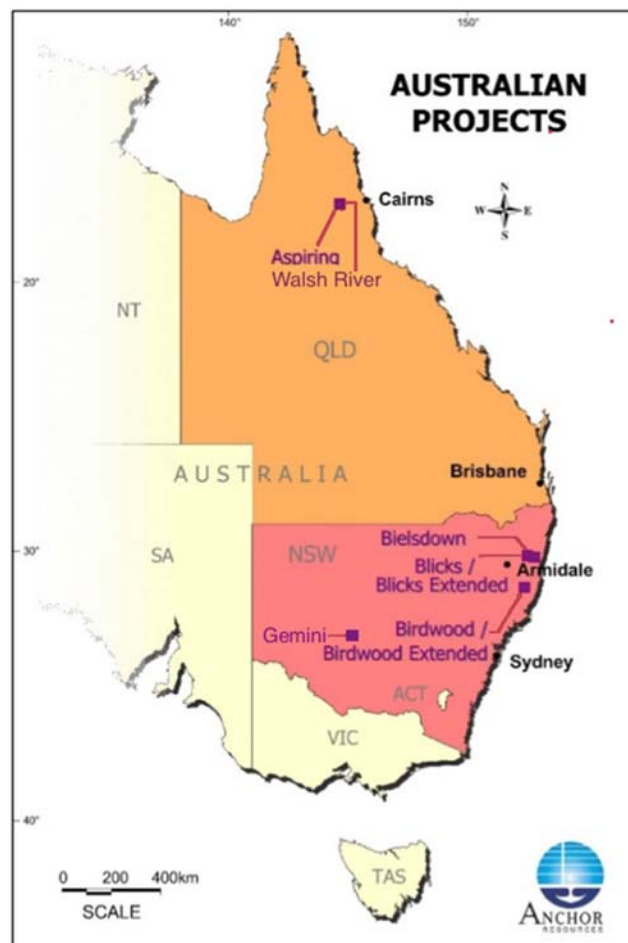
Competent Person Statement

The information relating to the Exploration Results and geological interpretation for the Blicks project, Bielsdown project, Birdwood project and Aspiring project 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 26 July 2016

TENEMENT NUMBER	NAME	LOCATION	HOLDER	DATE OF FIRST GRANT	DATE RENEWED	TERM	AREA km ²
EL 6388	BIELSDOWN	NSW	Anchor Resources Limited	04.03.05	08.07.13	3 Years	35
EL6465	BLICKS	NSW	Scorpio Resources Pty Ltd	29.09.05	06.11.13	3 Years	80
EL 8100	BLICKS EXTENDED	NSW	Scorpio Resources Pty Ltd	11.06.13	-	3 Years	299
EL 6459	BIRDWOOD	NSW	Scorpio Resources Pty Ltd	08.08.05	30.10.13	2 Years	36
EL 8295	BIRDWOOD EXTENDED	NSW	Scorpio Resources Pty Ltd	12.08.14	-	2 Years	293
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	-	3 Years	291
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



Rule 5.3

Appendix 5B**Mining exploration entity quarterly report**

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

ANCHOR RESOURCES LIMITED

ABN

Quarter ended ("current quarter")

49 122 751 419**30 June 2016****Consolidated statement of cash flows**

	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration & evaluation	(161)	(703)
(b) development		
(c) production		
(d) administration	(182)	(732)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	7	14
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	(336)	(1,421)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects		
(b) equity investments		
(c) other fixed assets		(5)
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (security deposit)		(10)
Net investing cash flows	-	(15)
1.13 Total operating and investing cash flows (carried forward)	(336)	(1,436)

1.13	Total operating and investing cash flows (brought forward)	(336)	(1,436)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	450	1,800
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other - Share issue costs		
	Net financing cash flows	450	1,800
	Net increase (decrease) in cash held	114	364
1.20	Cash at beginning of quarter/year to date	697	447
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	811	811

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

		Current quarter
		\$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	48
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors fees, salaries, and consulting fees on normal terms and conditions.	43
Payroll tax liability paid to related entity	5

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available*Add notes as necessary for an understanding of the position.*

	Amount available	Amount used
	\$A'000	\$A'000
3.1 Loan facilities		
Loan facility with China Shandong Jinshunda Group	13,000	11,250
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	222
4.2 Development	Nil
4.3 Production	Nil
4.4 Administration	210
Total	432

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter	Previous quarter
	\$A'000	\$A'000
5.1 Cash on hand and at bank	61	47
5.2 Deposits at call	750	650
5.3 Bank overdraft	-	-
5.4 Other (bills receivable and bank accepted bills)	-	-
Total: cash at end of quarter (item 1.22)	811	697

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed			
6.2 Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter	Nil			
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities	52,535,296	52,535,296		
7.4 Changes during quarter	Nil			
(a) Increases through issues - exercise of options				
(b) Decreases through returns of capital, buy-backs				
7.5 Convertible debt securities (description)	Nil			
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
- Unquoted Options (ESOP)	1,395,000	Nil	\$0.305	20 Nov 2016
7.8 Issued during quarter				
- Unquoted Options (ESOP)	Nil	Nil		
7.9 Exercised during quarter				
- Unquoted Options (ESOP)	Nil	Nil		
7.10 Expired during quarter				
- Unquoted Options (ESOP)	Nil	Nil		
7.11 Debentures (totals only)	Nil			
7.12 Unsecured notes (totals only)	Nil			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date:

26-Jul-16

(Director/Company Secretary)

Print name: Grahame Clegg

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.