



Anchor Resources Limited

ABN: 49 122 751 419

ASX Code: AHR

Website: anchorresources.com

26th October 2016

QUARTERLY ACTIVITY REPORT – SEPTEMBER 2016

- In October, a field program of prospect identification and validation of historic data was carried out at Anchor's Aspiring/Walsh River Project in Queensland. All objectives were successfully accomplished during the program. Currently rock chip samples are being assayed with data compilation and assessment planned for the next Quarter.
- At the Blicks Project in New South Wales, soil sampling across the Liberty prospect has defined a copper anomaly 700m long and 430m wide using a 200ppm copper contour. A coincident soil molybdenum geochemical anomaly is also defined using a 40ppm molybdenum contour. Follow up work on the Blicks Project involves investigating and assessing the geological setting of multiple prospects found along the Tyringham Corridor, identified by Anchor as a major northeast trending transverse structural zone.

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. The project's main prospects are the Tyringham prospect (Intrusion-related gold systems), Tuting prospect (Granite-related molybdenum-tungsten), Liberty prospect (Granite-related copper-molybdenum) and Mulligan-Forster prospect (Orogenic quartz-gold veins).

Results of recent exploration work carried out on the Liberty prospect were reported in detail in the Company's ASX announcement of 29th August 2016.

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

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

Soil samples were collected from the base of the B-horizon soil profile just above weathered C-horizon bedrock at 40m centres along east-west grid lines spaced 160m apart. Samples were also collected along road reserves. Samples were analysed using the Company's handheld Niton™ XRF analyser as a first pass analytical method to determine approximate copper and molybdenum concentrations in the soil. Samples with Niton™ copper values above 200ppm clustered over a significant area were then sent to ALS in Brisbane for analysis using techniques (ALS Code ME-MS61) considered near total extraction methods. ALS copper assay results consistently reported approximately 30% lower than the portable Niton™ XRF analytical values. ALS Mo assay values also consistently reported approximately 30% lower.

The soil sampling survey defined a copper anomaly 700m long and 430m wide using a 200ppm Cu contour (Figure 1) based on ALS assay results. A coincident soil Mo geochemical anomaly is also defined using a 40ppm Mo contour (Figure 2) based on ALS results. The 200ppm Cu contour correlates closely with an underlying poorly outcropping porphyritic biotite microtonalite containing minor interstitial pyrrhotite, pyrite and sparse chalcopyrite and molybdenite. Sulphide textures suggest the formation of scattered pyrrhotite aggregates and a little chalcopyrite is contemporaneous with the host rock. Molybdenite is mostly found as rare coatings on insipient fracture planes. Fracturing and quartz stockwork veining are poorly developed. The 200ppm Cu contour correlates closely with a strong elongate magnetic 'low' (Figure 3).

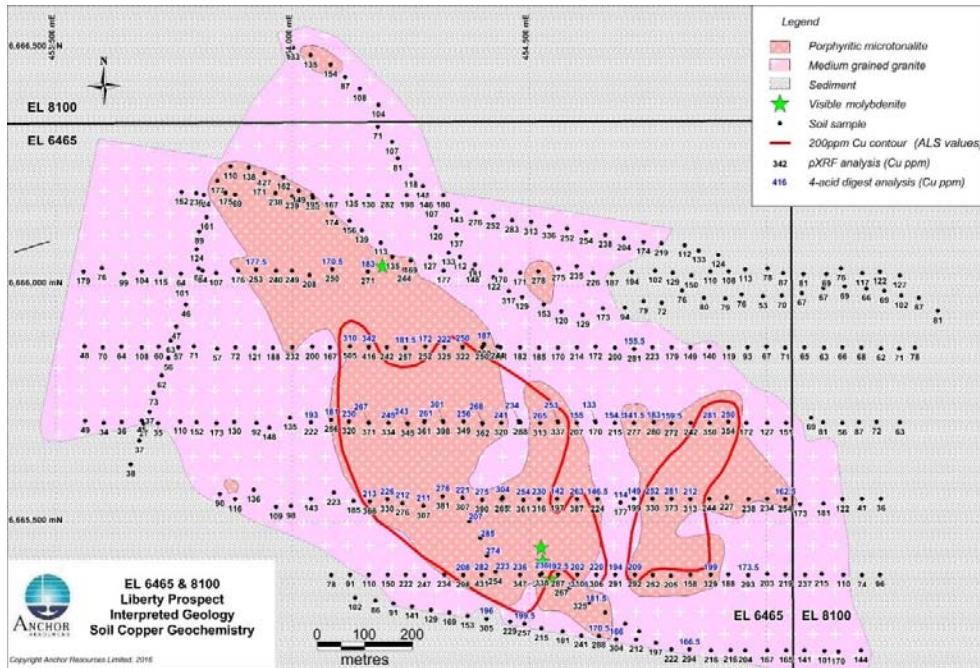


Figure 1: Liberty -80# BC horizon soil copper anomaly defined by the 200ppm Cu contour

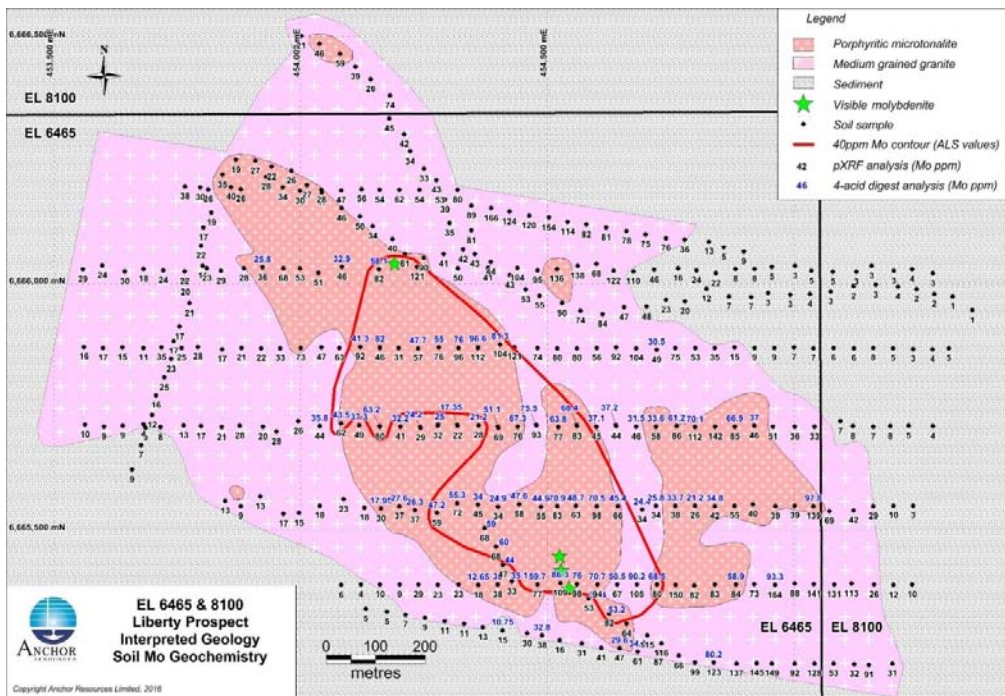


Figure 2: Liberty -80# BC horizon soil molybdenum anomaly defined by the 40ppm Mo contour

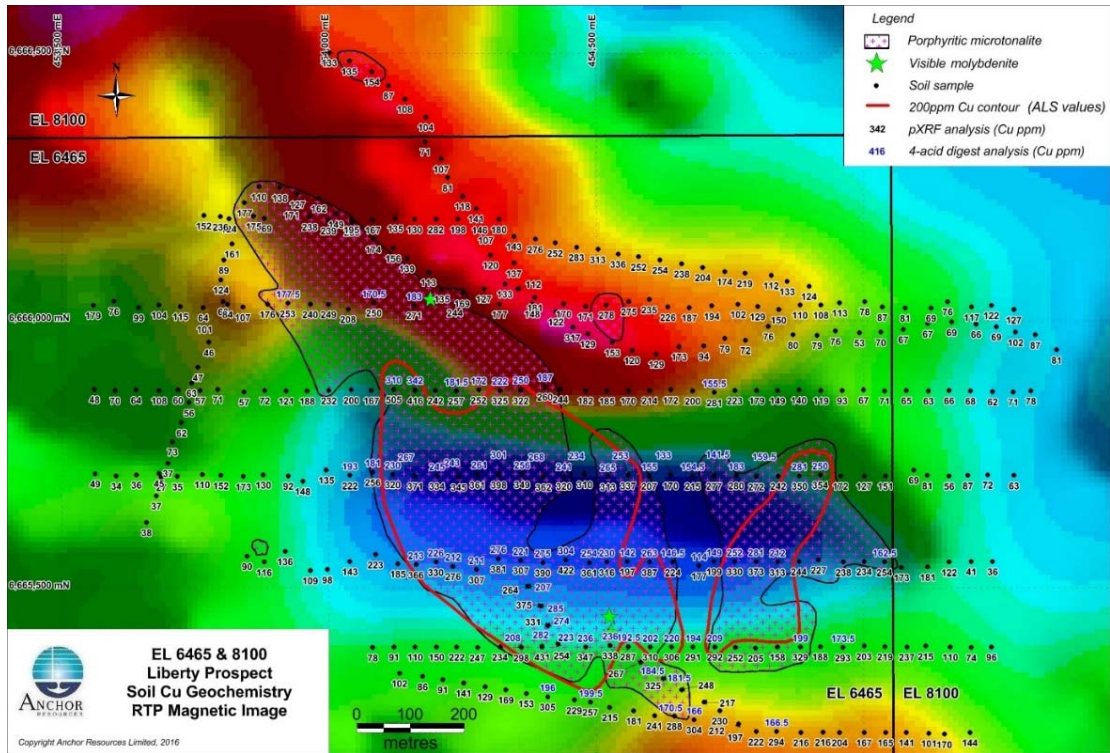


Figure 3: Liberty reduced-to-pole (RTP) magnetic image showing magnetic 'low' overlain by a soil copper anomaly contoured at 200ppm Cu based on ALS assay values

Follow up work on the Blicks Project will investigate and assess the geological setting of the Liberty copper-molybdenum prospect in respect of the previously defined Tuting molybdenum-tungsten prospect, Navin arsenic-tin prospect and Tyringham gold ±tungsten prospects which are all located along the Tyringham Corridor (Figure 4). Anchor has identified the Tyringham Corridor as a major northeast trending transverse structural zone.

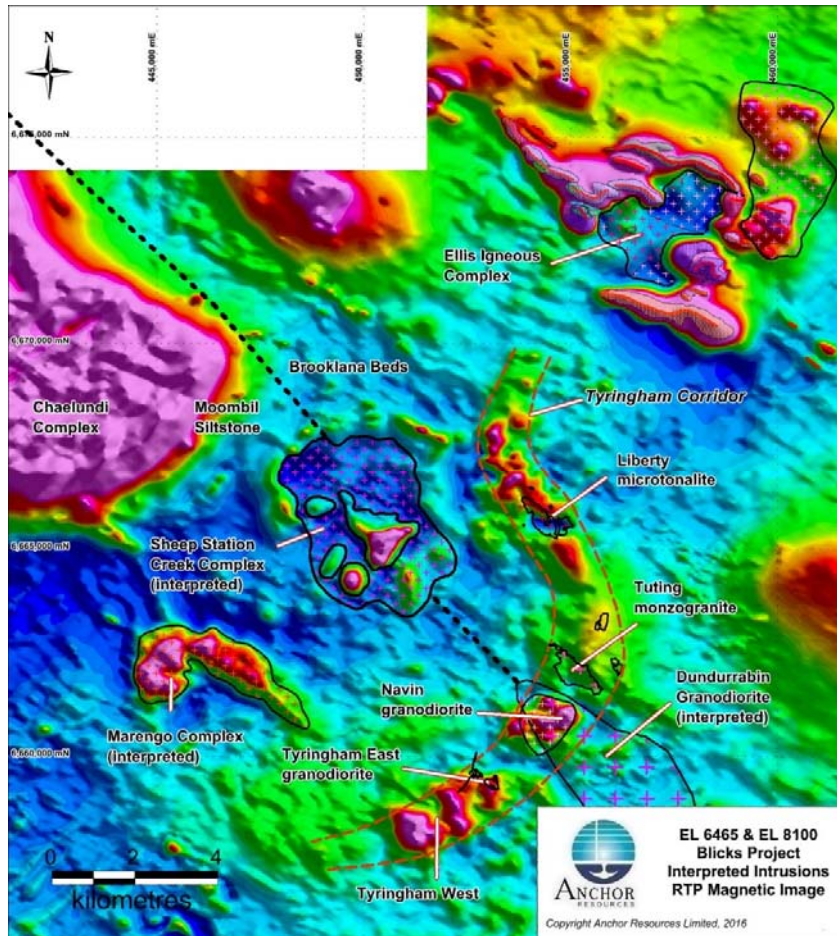


Figure 4: Tyringham Corridor overlain on reduced-to-pole (RTP) magnetic image

Exploration Licence EL 8100 was renewed in October 2016 for a period of three years with a statutory reduction in area of 50%. An application was lodged for the renewal of Exploration Licence EL 6465 with no reduction in area.

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.

During the September Quarter a field program of prospect identification and validation of historic data was planned for the Gemini project area however ground access was restricted due to high seasonal rainfall and the program was temporarily suspended. Anchor is currently planning to complete the program later in the year when more favourable conditions prevail.

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.

The exploration licence for the Bielsdown project (EL 6388) was renewed in August 2016 for a further three year term.

No fieldwork was carried out during the Quarter.

BIRDWOOD PROJECT, EL 6459 (Anchor 100%) New South Wales – copper & molybdenum

Birdwood Extended Exploration Licence (EL 8295) was relinquished following a detailed assessment of open file data that indicated the area has low prospectivity for intrusive-related-gold systems and porphyry copper deposits. These conceptual exploration models were originally applied to areas of reported historic mineral occurrences which were considered to be the principal targets. Other small historic mineral occurrences appear to have limited potential to host large scale deposits and were not considered to warrant further exploration.

No fieldwork 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 (Figure 5).

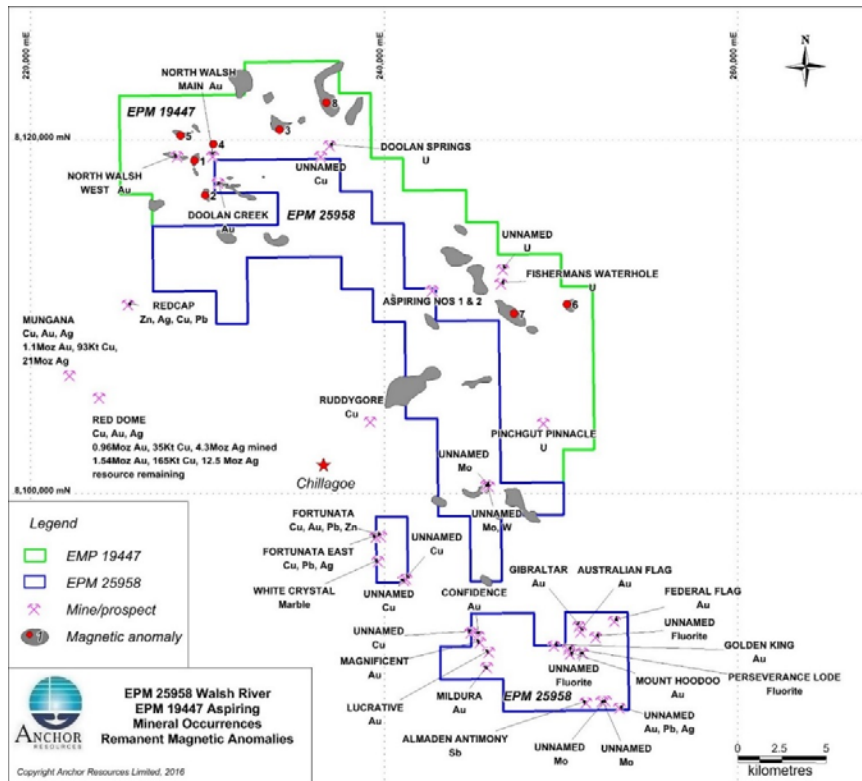


Figure 5: Aspiring project showing known prospect and remanent magnetic anomalies

A field program of prospect identification and validation of historic data during the September Quarter was completed in October with all objectives successfully accomplished. Rock chip samples are currently being assayed. Data compilation and assessment will take place in the next 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.

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 October 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	4.3.16	3 Years	35
EL6465	BLICKS	NSW	Scorpio Resources Pty Ltd	29.09.05	Renewal application pending	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



Appendix 5B

Rule 5.5

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, 17/12/10, 01/05/13, 01/09/16.

Name of entity

ANCHOR RESOURCES LIMITED

ABN

49 122 751 419

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows

	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
1 Cash flows related to operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(159)	(159)
(b) development	-	-
(c) production	-	-
(d) staff costs	(71)	(71)
(e) administration and corporate costs	(132)	(132)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
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	(359)	(359)
2 Cash flows related to investing activities		
2.1 Payment for purchases of:		
(a) property, plant and equipment	(2)	(2)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
2.2	Proceeds from sale 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)	(2)
3 Cash flows related to 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	550	550
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	550	550
4 Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	811	811
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(359)	(359)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	550	550
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,000	1,000
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	Cash on hand and at bank	100	61
5.2	Deposits at call	900	750
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,000	811

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	43
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	
	Directors fees, salaries, and consulting fees on normal terms and conditions.	43

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	4
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	4

8 Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available	Amount used
	\$A'000	\$A'000
8.1 Loan facilities		
Loan facility with China Shandong Jinshunda Group	13,000	11,800
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 \$13,000,000 and is repayable by 31 March 2019. The finance facility bears interest at the Commonwealth Government Bond Yield (GSBE19 maturing 15 March 2019) + 250 bps per annum.

9 Estimated cash outflows for next quarter

	\$A'000
9.1 Exploration and evaluation	192
9.2 Development	-
9.3 Production	-
9.4 Staff costs	60
9.5 Administration	71
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	323

10 Changes in tenements
(items 2.1(b) and 2.2(b) above)

	Tenement reference	Nature of interest (note (2))	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: 26-Oct-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 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.