Anchor Resources Limited

ACN 122 751 419

Interim Financial Report

31 December 2018

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DIRECTORS' REPORT

Your directors submit the Interim Financial Report of the Group for the half-year ended 31 December 2018. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Jianguang Wang	Non-Executive Chairman
Ian Leslie Price	Managing Director
Vaughan Webber	Non-Executive Director
Ronald Norman (Sam) Lees	Non-Executive Director

Company Secretary/Chief Financial Officer

Guy Robertson

Review and Results of Operations

The results of the operations of the Company and the consolidate entity during the financial half year were as follows:

	Consolidated	
	2018	2017
	$	$
Loss after income tax	(404,722)	(1,343,996)
Other comprehensive income/(expense)	-	-
Comprehensive loss after income tax	(404,722)	(1,343,996)

Exploration

Anchor Resources Limited (Anchor) continues to explore its projects in eastern Australia that are prospective for gold, copper, lead, zinc, antimony, tungsten and molybdenum. The location of Anchor's projects is shown in Figure 1.

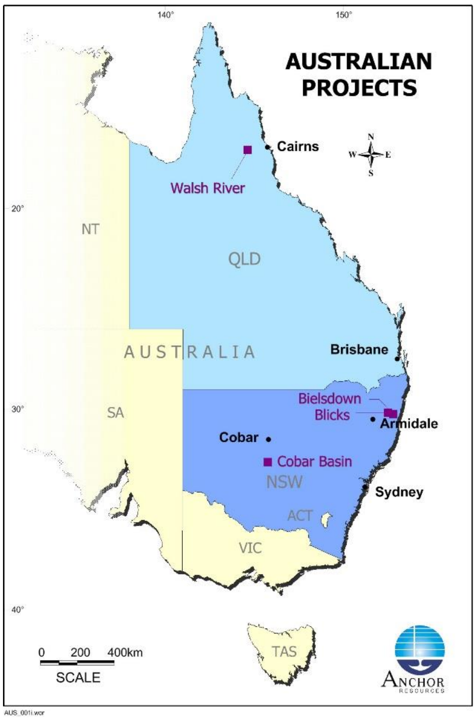


Figure 1: Location of Anchor's projects in eastern Australia

The major activities that have been undertaken during the first half of the year have been:

Cobar Basin Project, EL 8398 (Gemini), EL 8723 (Libra), EL 8724 (Leo), EL 8725 (Taurus), EL 8743 (Aquarius), EL 8795 (Aries), ELA 5754 and ELA 5755 (Anchor 100%), New South Wales – copper, lead, zinc, gold, & silver

The Cobar Basin is one of the most important metalliferous regions in Australia and contains some of the largest base metal deposits in New South Wales. It has a long history of continuous mineral discoveries since the discovery of the Great Cobar copper deposit in 1869 confirming its potential as a world class mineral province prospective for major new discoveries. Cobar-type deposits are a distinct class of large, high grade, polymetallic mineral systems, viable under a wide range of economic conditions. Cobar-type deposits consist of multiple clusters of steeply plunging massive to semi-massive sulphide lodes, often extending to great depth, and with only a small surface footprint, typically 250-300 metres long and 5-20 metres wide.

Anchor has built a substantial portfolio of highly prospective exploration tenements in the Cobar Basin. The Company holds six exploration licences in the Cobar Basin, including EL 8398 Gemini, EL 8723 Libra, EL 8724 Leo, EL 8725 Taurus, EL 8743 Aquarius and EL 8795 Aries. In addition, Anchor applied for two new exploration licences ELA 5754 and ELA 5755 within the Cobar Basin. ELA 5755 is a competing application with another company. The granted exploration licences are partly contiguous and located within the southern and central part of the Cobar Basin (Figure 2).

Figure 2: Location of Anchor's Cobar Basin tenements

Exploration has focused on ***EL 8398 (Gemini)*** where an IP program covering three priority targets, Blue Mountain, Jaguar and Cypress (Figure 3), was completed during the December 2018 Quarter. A total of 18 lines covering 59 line kilometres of IP surveying was undertaken at Blue Mountain (12 lines for 39.30 kilometres), Jaguar (5 lines for 16.50 kilometres) and Cypress (1 line for 3.20 kilometres). The data was interrogated using 2D and 3D IP inversion software and then interpreted.

At Blue Mountain a strong IP anomaly was defined. The IP anomaly was interrogated in more detail and two parallel IP zones (Main Trend and West Trend) were defined. These IP anomalies are coincident with a strong multi-element geochemical anomaly. The 3D model shows the sulphide mineralisation intersected in two historic drill holes is associated with the top of the modelled Main Trend, while no existing drilling appears to have tested the West Trend.

The IP anomaly remains open to the north and weakens to the south. Interpreted 3D modelling indicates the IP anomalies plunge gently south.

At Jaguar an IP anomaly was detected on the northern grid line where it is concealed by transported overburden estimated to be at least 3-4 metres thick.

At Cypress results indicate a weak, but distinct, IP anomaly is coincident with a low resistivity anomaly in an area of transported overburden.

Detailed geological mapping over the Blue Mountain area has commenced. Results from this work will provide information on the geological and tectonic settings, and possible vectors towards higher grade base metal mineralisation. Outcomes will be subsequently integrated into the geophysical interpretation of magnetic, gravity and IP data to optimize drill hole targeting.

A map showing IP lines completed at Blue Mountain, Jaguar and Cypress prospects is shown in Figure 3.

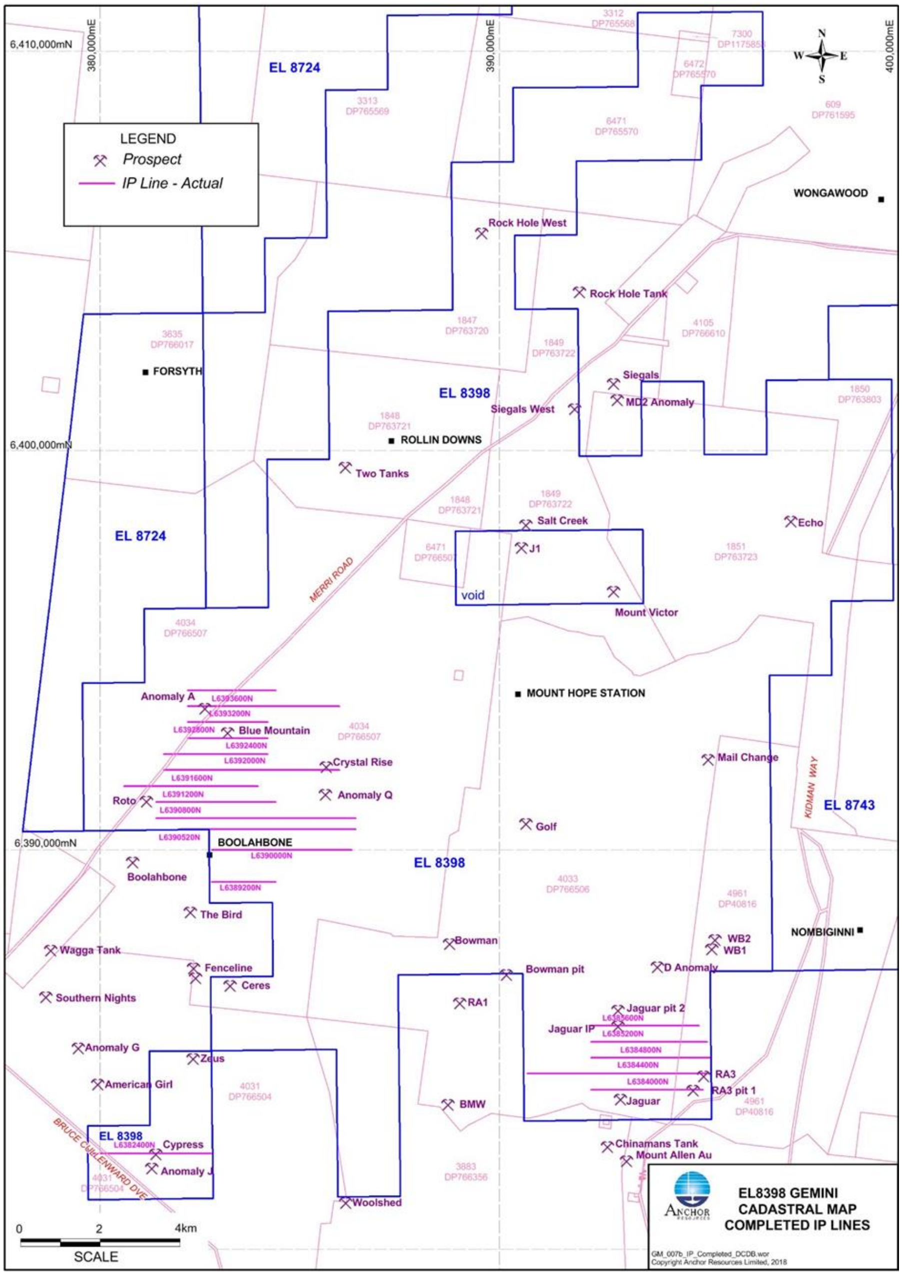


Figure 3: Map showing IP lines completed at Blue Mountain, Jaguar and Cypress prospects

Hodgkinson Province Project, EPM 25958 (Walsh River)
(Anchor 100%) North Queensland – gold, silver, copper, lead & zinc

The Walsh River tenement is located in the Chillagoe mining district, which forms part of the larger Hodgkinson Province in Far North Queensland. Historically the Chillagoe mining district is the most productive region in the Hodgkinson Province.

The Walsh River project is close to known porphyry and skarn-related gold-copper-silver mineralisation with a mineral inventory in excess of 3.5 Moz Au, 335,000 tonnes Cu and 39 Moz Ag. Work last year by Anchor identified epithermal gold-silver mineralisation in the Fluorspar area. Epithermal gold-silver deposits are often found in regions of porphyry gold-copper mineralisation where they form an upper level continuum of porphyry systems.

Exploration within EPM 25958 Walsh River is focused on low sulphidation epithermal gold systems in the recently discovered Fluorspar epithermal gold camp, and granite-related polymetallic-gold mineralisation (Figure 5).

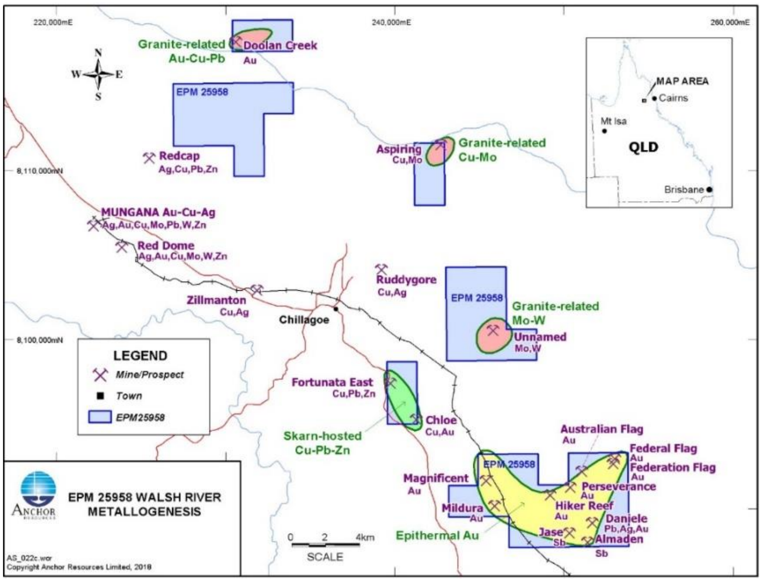


Figure 5: EPM 25958 Walsh River prospects

Field work is suspended until the end of the north Australian wet season with access is expected to be available by May 2019. Recent exploration by Anchor has identified two prospective mineral systems warranting detailed follow up work:

- Epithermal style gold-silver mineralisation in the Fluorspar area. Quartz textures and multi-element geochemistry suggest the current level of exposure is near, or above, the boiling zone in a low sulphidation epithermal system and higher gold and silver values may be present at depth.
- Encouraging gold-base metal granite-related mineralisation has been discovered in a greisen-sulphide alteration zone and a nearby fault system at the Doolan prospect.

The Fluorspar epithermal gold camp and Doolan greisen-sulphide alteration zone are within EPM 25958 (Walsh River) and located 33 km apart. The prospects are genetically and geochemically different. The Fluorspar epithermal gold camp is considered to be a low sulphidation epithermal gold-silver target while Doolan greisen-sulphide alteration zone and nearby fault-controlled gold-polymetallic mineralisation is considered to be a granite-related gold-silver-copper-lead target.

A program of reverse circulation (RC) drilling is planned to test each of the Mildura-Magnificent structure and the Perseverance structure approximately 150 vertical metres below surface with two holes per section. The target is the conceptual higher grade gold zone where boiling has occurred below the epithermal vapour zone which has been identified in quartz textures at surface along each structure (Figure 6 and Figure 7).

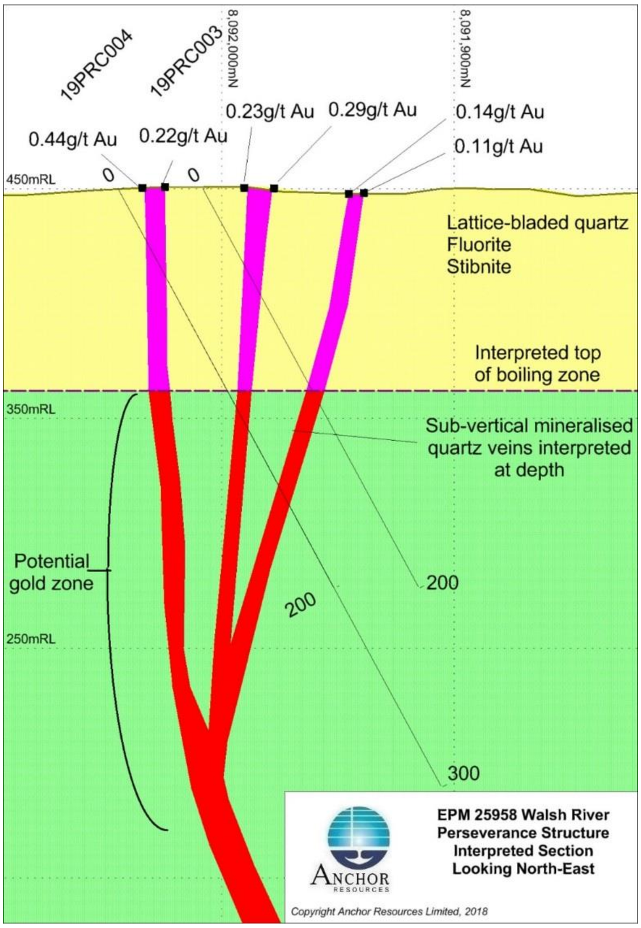


Figure 6: Perseverance Structure – interpreted section and planned drill holes

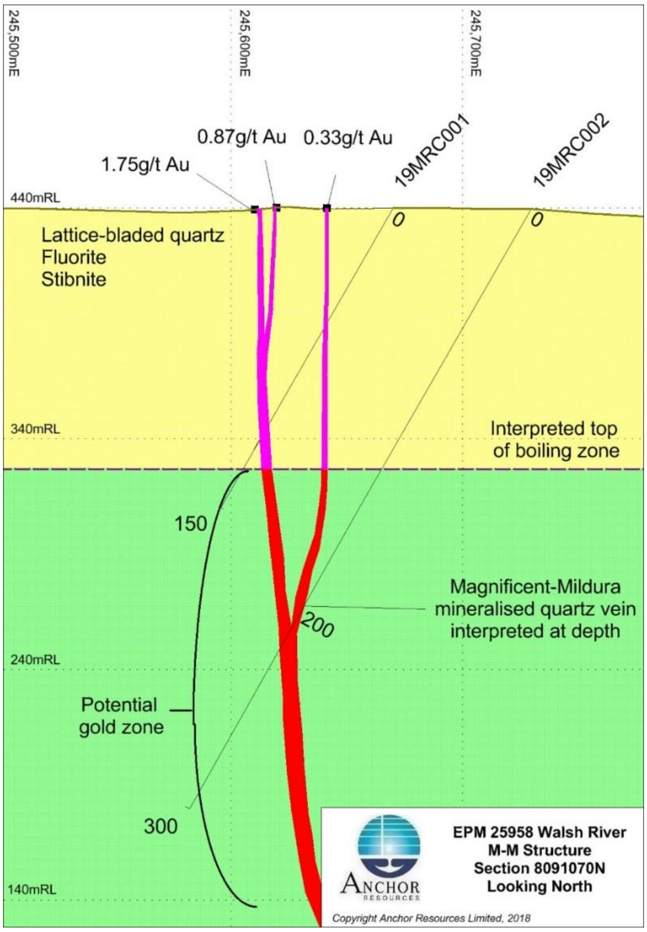


Figure 7: Mildura/Magnificent Structure – interpreted section and planned drill holes

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

The **Blicks project** (EL 6455 & EL 8100) is located in the Southern New England Orogen in northeast New South Wales, 90km northeast of the major regional centre of Armidale. The project's main prospects are the Tyringham gold prospect (intrusion-related gold system), Tuting molybdenum-tungsten prospect (granite-related molybdenum-tungsten), Liberty copper-molybdenum prospect (granite-related copper-molybdenum) and Navin (gold). A technical review of the project by an international expert specialising in these mineral systems is in progress with the objective of assisting future exploration and drill hole targeting.

BIELSDOWN PROJECT, EL 6388 (Anchor 100%)

New South Wales – antimony

The New England district in New South Wales hosts numerous small to medium sized antimony deposits. Anchor's Bielsdown project is located 12 km north of Dorrigo in the New England district. The project includes the Wild Cattle Creek antimony mine, which was discovered in the late 1800s and mined intermittently on a small scale until the most recent mining ceased in the early 1970s.

No field work was carried out during the past 6 months.

Further details of the Company's exploration results have been published in its Quarterly Reports and which are available at its website www.anchorresources.com.au

Competent Person's Statement

The information relating to the Exploration Results and geological interpretation for the Blicks project, Bielsdown project, Birdwood project, Gemini project and Aspiring/Walsh River 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.

Corporate

Mr R N (Sam) Lees was re-elected as a Director at the Company's Annual General Meeting on 20 November 2018.

As at the end of the half year the Company had cash on hand of $1.185 million.

Subsequent Events

On 8 March 2019, the Company received a Bidder's Statement from Phoenix Bridge International Holdings Group Investment Co., Limited (a company incorporated in Hong Kong) (**Phoenix**) for an off-market takeover bid to acquire all of the shares in Anchor Resources Limited for A$0.02 per share (**Phoenix Offer**).

The Board advises all Anchor Resources Limited securityholders to take no action until the board has considered the Phoenix Offer and made a recommendation, which will be contained in Anchor Resources Limited's Target Statement.

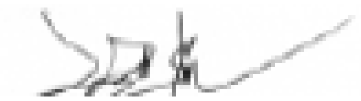
Other than as outlined above, the directors are not aware of any significant changes in the state of affairs of the Company occurring since the end of the half-year.

Auditor's Independence Declaration

The independence declaration of the auditor is on page 9 and forms part of this report.

Signed at Sydney this 14th day of March 2019 in accordance with a resolution of directors.

On Behalf of the board



Jianguang Wang

Chairman 14 March 2019

bdjpartners
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G W Cliffe CA
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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 2018 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

5 March 2019

Liability limited by a scheme approved under Professional Standards Legislation.
Please refer to the website for our standard terms of engagement.

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

TAX PRACTITIONERS BOARD REGISTERED
Tax agent
36730000

ONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated 31 December 2018 $	Consolidated 31 December 2017 $
Continuing operations			
Interest income		18,005	18,193
Administration expenses		(84,453)	(71,822)
Corporate expenses		(29,104)	(35,497)
Depreciation		(7,236)	(16,254)
Employee benefits expense		(128,389)	(158,575)
Exploration expenditure written off		-	(928,406)
Finance costs		(173,545)	(151,635)
Loss before income tax benefit	2	**(404,722)**	**(1,343,996)**
Income tax benefit		-	-
Net loss for the period		**(404,722)**	**(1,343,996)**
Other comprehensive income, net of income tax		**-**	**-**
Total comprehensive loss for the period		**(404,722)**	**(1,343,996)**
Basic and undiluted loss per share (cents per share)		0.77	2.56

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Consolidated	
		31 December 2018	30 June 2018
	Note	$	$
Assets			
Current Assets			
Cash and cash equivalents		1,184,660	1,860,991
Trade and other receivables		40,325	28,889
Other current assets		17,364	26,563
Total Current Assets		1,242,349	1,916,443
Non-Current Assets			
Tenement security deposits		160,500	150,000
Property, plant and equipment		49,515	56,751
Deferred exploration and evaluation expenditure	3	10,208,012	9,380,828
Total Non-Current Assets		10,418,027	9,587,579
Total Assets		**11,660,376**	**11,504,022**
Liabilities			
Current Liabilities			
Trade and other payables		156,964	177,380
Total Current Liabilities		156,964	177,380
Non-Current Liabilities			
Loans		17,065,619	16,492,074
Provisions		28,113	21,766
Total Non-Current Liabilities		17,093,732	16,513,840
Total Liabilities		17,250,696	16,691,220
Net Assets/(Liabilities)		**(5,590,320)**	**(5,187,198)**
Equity			
Issued capital	4	7,915,883	7,915,883
Reserve	5	4,200	2,600
Accumulated losses		(13,510,403)	(13,105,681)
Total Equity		**(5,590,320)**	**(5,187,198)**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Consolidated	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance at 1 July 2018	7,915,883	(13,105,681)	2,600	(5,187,198)
Loss for the period	-	(404,722)	-	(404,722)
Total comprehensive loss for the period	-	(404,722)	-	(404,722)
Share based payments	-	-	1,600	1,600
Balance at 31 December 2018	7,915,883	(13,510,403)	4,200	(5,590,320)

Consolidated	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance at 1 July 2017	7,915,883	(11,328,090)	-	(3,412,207)
Loss for the period	-	(1,343,996)	-	(1,343,996)
Total comprehensive loss for the period	-	(1,343,996)	-	(1,343,996)
Share based payments	-	-	2,600	2,600
Balance at 31 December 2017	7,915,883	(12,672,086)	2,600	(4,753,603)

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Consolidated	
	31 December 2018	31 December 2017
	$	$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(252,349)	(253,644)
Interest received	13,702	18,193
Net cash (used in) operating activities	**(238,647)**	**(235,451)**
Cash flows from investing activities		
(Payments for)/refund of tenement security deposit	(10,500)	10,000
Payments for exploration and evaluation expenditure	(827,184)	(569,107)
Net cash (used in) investing activities	**(837,684)**	**(559,107)**
Cash flows from financing activities		
Proceeds from borrowings	400,000	550,000
Net cash provided by financing activities	**400,000**	**550,000**
Net increase/(decrease) in cash held	(676,331)	(244,558)
Cash and cash equivalents at the beginning of the period	1,860,991	1,503,803
Cash and cash equivalents at the end of the period	**1,184,660**	**1,259,245**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Anchor Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Adoption of new and revised accounting standards

In the half year ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2018.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued not yet adopted that are relevant to the Company and effective for half-year reporting periods beginning on or after 1 January 2018. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the company's accounting policies and the key estimates of uncertainty were consistent with those applied for the year ended 30 June 2018.

Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Directors have considered capitalised exploration expenditure as at 31 December 2018 and are satisfied that no impairment indicators exist. The ultimate recoupment of value is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business

As disclosed in the financial statements, the consolidated entity incurred losses of $404,722, had net cash outflows from operating activities of $238,647 and investing activities of $837,684 for the half year ended 31 December 2018, and had negative net assets as at 31 December 2018 of $5,590,320.

These factors indicate significant uncertainty as to whether the Company and consolidated entity will continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the company and consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The consolidated entity has cash at bank at balance date of $1,184,660;
- The Company has a loan of $15.5 million from its major shareholder, China Shandong Jinshunda Group Co. Limited JSD, who have undertaken not to call the loan before its expiry date.
- As outlined in the subsequent events note the Group is currently subject to a takeover offer. The offeror has indicated that it will, on the basis the conditions of the offer are met, provide the Group with $150,000 in immediate funding should this be required, and provide funding for the ongoing and potentially expanded operations of the Group;
- The ability of the consolidated entity to further scale back certain parts of their activities that are non-essential so as to conserve cash; and
- The consolidated entity retains the ability, if required, to wholly or in part dispose of interests in mineral exploration and development assets.

Accordingly, the Directors believe that the company and consolidated entity will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity do not continue as going concerns.

NOTE 2: LOSS BEFORE INCOME TAX BENEFIT

	Consolidated	
	Half Year Ended 31 December 2018 $	Half Year Ended 31 December 2017 $
The following expenses are included in employee benefits and are relevant in explaining the financial performance for the half-year:		
Employment expenses		
Base salary and fees	236,515	252,452
Superannuation	22,469	28,816
Directors fees	73,710	50,877
Payroll tax	3,252	1,161
Leave entitlement expenses	14,684	14,149
Share based payments	1,600	2,600
Other employee expenses	-	(5,072)
Total employment expenses	352,230	344,983
Less amounts capitalised to exploration costs	(223,841)	(186,408)
Total employment expense	128,389	158,575

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	Half Year Ended 31 December 2018 $	Year Ended 30 June 2018 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	9,380,828	9,274,038
Exploration expenditure	827,184	1,046,625
Write off of exploration expenditure	-	(939,835)
Total deferred exploration and evaluation expenditure	10,208,012	9,380,828

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 4: ISSUED CAPITAL

	Consolidated	
	Half Year Ended 31 December 2018 $	Year ended 30 June 2018 $
Ordinary shares - Issued and fully paid		
Opening balance, 52,535,296 ordinary fully paid shares	8,308,423	8,308,423
Less issue costs	(392,540)	(392,540)
Closing balance, 52,535,296 ordinary fully paid shares	7,915,883	7,915,883

NOTE 5: RESERVES

	Consolidated	
	Half Year Ended 31 December 2018 $	Year ended 30 June 2018 $
Opening balance	2,600	-
Share based payments[1]	1,600	2,600
	4,200	2,600

[1]2,500,000 unlisted options exercisable at 2.5 cents per share before 31 October 2020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

NOTE 6: SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment being exploration for mineral resources on the eastern seaboard of Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

NOTE 7: DIVIDENDS

The Directors of the Company have not declared an interim dividend.

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

On 8 March 2019, the Company received a Bidder's Statement from Phoenix Bridge International Holdings Group Investment Co., Limited (a company incorporated in Hong Kong) (**Phoenix**) for an off-market takeover bid to acquire all of the shares in Anchor Resources Limited for A$0.02 per share (**Phoenix Offer**).

The Board advises all Anchor Resources Limited securityholders to take no action until the board has considered the Phoenix Offer and made a recommendation, which will be contained in Anchor Resources Limited's Target Statement.

Other than as outlined above, no event has occurred subsequent to the end of the period that would have a material effect on the company's financial statements at 31 December 2018.

DIRECTORS' DECLARATION

In the opinion of the Directors of Anchor Resources Limited ('the Group'):

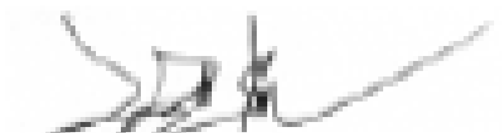
1. The financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

    a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    b. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year then ended; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.



Jianguang Wang

Non-Executive Chairman

14 March 2019

bdjpartners
CHARTERED ACCOUNTANTS

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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 2018, the consolidated statement of profit or loss and other 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 2018 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.

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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 2018 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 14 March 2019

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