ANCHOR RESOURCES LIMITED

(Company Registration No.: 201531549N)
(Incorporated in the Republic of Singapore on 12 August 2015)

Unaudited Financial Statement Announcement For Half Year Ended 30 June 2017

*This announcement has been prepared by Anchor Resources Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Josh Tan, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Background

The Company is engaged in the business of exploration, mining and production of gold for sale in Malaysia. Shareholders have approved the proposed acquisition of GGT Manufacturing Sdn. Bhd., which is in the granite business, and the proposed acquisition is pending completion.

The Company was incorporated on 12 August 2015 under the Singapore Companies Act as a private limited company under the name of Anchor Resources Pte. Ltd.. The Group was incorporated pursuant to the restructuring exercise ("**Restructuring Exercise**") as disclosed in the Company's offer document dated 9 March 2016 (the "**Offer Document**"). On 30 September 2015, the Company was converted to a public limited company and changed its name to Anchor Resources Limited. Please refer to the Offer Document for further details on the Restructuring Exercise.

For the purpose of this announcement, the financial results of the Group for the half year ended 30 June 2017 ("**1H2017**") and the comparative financial results of the Group for the half year ended 30 June 2016 ("**1H2016**"), have been prepared on the assumption that the Group's structure, following the completion of the Restructuring Exercise, had been in place or in existence since 1 January 2015.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Six Months Ended		
	30 June 2017 RM'000 (Unaudited)	30 June 2016 RM'000 (Unaudited)	Increase/ (Decrease) %
Revenue	721	966	(25.36)
Other income	53	14	278.57
Raw materials and consumables used	(102)	(441)	(76.87)
Change in inventories of work-in-progress	(68)	(45)	51.11
Contractor expenses	(644)	-	n.m
Royalty fee expenses	(476)	(128)	271.88
Depreciation and amortisation expenses	(763)	(810)	(5.80)
Employee benefits expenses	(3,233)	(2,670)	21.09
Operating lease expenses	(130)	(226)	(42.48)
Other expenses	(3,694)	(15,362)	(75.95)
Finance costs	(492)	(389)	26.48
Loss before income tax	**(8,828)**	**(19,091)**	**(53.76)**
Income tax expense	-	-	-
Loss for the financial period, representing total comprehensive for the financial period	**(8,828)**	**(19,091)**	**(53.76)**
Loss attributable to owners of the parent	**(8,828)**	**(19,091)**	**(53.76)**
Total comprehensive income attributable to owners of the parent	**(8,828)**	**(19,091)**	**(53.76)**

n.m - not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Group		
	Six Months Ended		
	30 June 2017 RM'000 (Unaudited)	30 June 2016 RM'000 (Unaudited)	Increase/ (Decrease) %
Loss for the period is stated at after (charging) / crediting the following:			
Other income	53	14	278.57
Depreciation and amortisation expenses	(763)	(810)	(5.80)
Share based payment expenses	(212)	(329)	n.m
Operating lease expenses	(130)	(226)	(42.48)
Foreign exchange gain/(loss), net	89	(281)	(131.67)
Finance costs	(492)	(389)	26.48
Loss on disposal of property, plant and equipment	-	(19)	n.m
IPO listing expenses	-	(13,541)	n.m

n.m - not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 June 2017 RM'000 (Unaudited)	31 December 2016 RM'000 (Audited)	30 June 2017 RM'000 (Unaudited)	31 December 2016 RM'000 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	14,283	15,774	3	4
Exploration and evaluation assets	50	50	-	-
Mining properties	13,955	13,687	-	-
Investment in subsidiaries	-	-	51,599	51,599
	28,288	**29,511**	**51,602**	**51,603**
Current assets				
Inventories	253	289	-	-
Non-trade receivables	409	706	-	-
Prepayments	328	107	296	74
Amount due from a subsidiary	-	-	8,190	3,117
Cash and cash equivalents	3,680	7,591	2,033	3,965
	4,670	**8,693**	**10,519**	**7,156**
Total assets	**32,958**	**38,204**	**62,121**	**58,759**
EQUITY AND LIABILITIES				
Equity				
Share capital	106,092	106,092	106,092	106,092
Merger reserve	15,645	15,645	-	-
Share based payment reserve	906	694	906	694
Accumulated losses	(102,765)	(93,937)	(53,473)	(48,938)
Total equity	**19,878**	**28,494**	**53,525**	**57,848**
LIABILITIES				
Current liabilities				
Trade and other payables	5,039	9,407	827	911
Loans and borrowings	7,836	64	7,769	-
Total current liabilities	**12,875**	**9,471**	**8,596**	**911**
Non-Current liabilities				
Loans and borrowings	205	239	-	-
Total non-current liabilities	**205**	**239**	**-**	**-**
Total liabilities	**13,080**	**9,710**	**8,596**	**911**
Total equity and liabilities	**32,958**	**38,204**	**62,121**	**58,759**

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2017		As at 31 December 2016	
Secured RM'000 (Unaudited)	Unsecured RM'000 (Unaudited)	Secured RM'000 (Audited)	Unsecured RM'000 (Audited)
7,836	-	64	-

Amount repayable after one year

As at 30 June 2017		As at 31 December 2016	
Secured RM'000 (Unaudited)	Unsecured RM'000 (Unaudited)	Secured RM'000 (Audited)	Unsecured RM'000 (Audited)
205	-	239	-

Details of any collateral

The Group's secured borrowings as at 30 June 2017 comprised a guaranteed non-convertible bond and finance lease liabilities. The guaranteed non-convertible bonds due in 2018 of an aggregate principal amount of S$2,875,000 is guaranteed by our Managing Director, Mr. Lim Chiau Woei. Finance lease liabilities, which were secured on the Group's motor vehicles with a net carrying amount of RM364,516 as at 30 June 2017 (31 December 2016: RM411,405).

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Six Months Ended	
	30 June 2017 RM'000 (Unaudited)	30 June 2016 RM'000 (Unaudited)
Operating activities		
Loss before income tax	(8,828)	(19,091)
Adjustments for:		
Depreciation of property, plant and equipment	601	601
Amortisation of mine properties	162	209
Share based payment expenses	212	329
Loss on disposal property, plant and equipment	-	19
Interest expenses	492	389
Interest income	(3)	(3)
Foreign exchange gain	(252)	(519)
Operating cash flows before working capital changes	(7,616)	(18,066)
Working capital changes:		
Inventories	36	96
Non-trade receivables	448	(382)
Prepayments	(221)	(5,149)
Trade and other payables	(3,320)	7,145
Net cash used in operating activities	**(10,673)**	**(16,356)**
Investing activities		
Additions to mine properties	(430)	(196)
Proceeds from disposal of property, plant and equipment	-	53
Interest received	3	3
Purchase of property, plant and equipment	(103)	(686)
Net cash used in investing activities	**(530)**	**(826)**
Financing activities		
Interest paid	(12)	(1)
Proceeds from issuance of non-convertible loan	7,403	-
Proceeds from issuance of new ordinary shares	-	21,534
Share application money pending allotment	-	9,632
Share issues expenses	-	(8,118)
Repayment of hire purchase payables	(31)	6
Net cash from financing activities	**7,360**	**23,053**
Net change in cash and cash equivalents	(3,843)	5,871
Effect of exchange rate changes	(68)	-
Cash and cash equivalents at beginning of financial period	7,491	1,155
Cash and cash equivalents at end of financial period	**3,580**	**7,026**

Cash and cash equivalents comprised of:

	Group	
	Six Months Ended	
	30 June 2017 RM'000 (Unaudited)	30 June 2016 RM'000 (Unaudited)
Fixed deposit(1)	100	100
Cash and bank balances	3,580	7,026
Cash and cash equivalents as per statements of financial position(2)	3,680	7,126
Fixed deposit pledged(3)	(100)	(100)
Cash and cash equivalents as per consolidated statement of cash flows	3,580	7,026

Notes:

(1) The effective interest rate of fixed deposit was 0.05% to 2.95% (1H2016: 3.15%) per annum during 1H2017 and with maturity of 12 months (1H2016: 6 months). The Group's fixed deposit is readily convertible to cash at minimal cost.

(2) Inclusive of RM1.25 million of trust deposit placed with a Malaysian law-firm for the purpose of the mining agreement dated 18 May 2017 with Great Aims Resources Sdn. Bhd.

(3) A fixed deposit amounting to RM0.10 million was pledged to a bank to secure banker's guarantee facility amounting to RM0.10 million.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital RM'000	Share application money pending allotment(1) RM'000	Merger reserve RM'000	Share based payment reserve RM'000	Accumulated losses RM'000	Total equity RM'000
(Unaudited)						
Balance at 1 January 2017	106,092	-	15,645	694	(93,937)	28,494
Loss for the financial period	-	-	-	-	(8,828)	(8,828)
Total comprehensive loss for the financial period	-	-	-	-	(8,828)	(8,828)
Contributions by owners:						
Share based payment expenses	-	-	-	212	-	212
Total transactions with owners	-	-	-	212	-	212
Balance at 30 June 2017	**106,092**	**-**	**15,645**	**906**	**(102,765)**	**19,878**
(Unaudited)						
Balance at 1 January 2016	51,853	-	15,645	-	(65,425)	2,073
Loss for the financial period	-	-	-	-	(19,091)	(19,091)
Total comprehensive loss for the financial period	-	-	-	-	(19,091)	(19,091)
Contributions by owners:						
Issuance of new ordinary shares	53,491	-	-	-	-	53,491
Share issue expenses	(8,118)	-	-	-	-	(8,118)
Share application money pending allotment	-	9,632	-	-	-	9,632
Total transactions with owners	45,373	9,632	-	-	-	55,005
Balance at 30 June 2016	**97,226**	**9,632**	**15,645**	**-**	**(84,516)**	**37,987**

Company	Share capital RM'000	Share application money pending allotment(1) RM'000	Share based payment reserve RM'000	Accumulated losses RM'000	Total equity RM'000
(Unaudited)					
Balance at 1 January 2017	106,092	-	694	(48,938)	57,848
Loss for the financial period	-	-	-	(4,535)	(4,535)
Total comprehensive loss for the financial period	-	-	-	(4,535)	(4,535)
Contributions by owners:					
Share based payment expenses	-	-	212	-	212
Total transactions with owners	-	-	212	-	212
Balance at 30 June 2017	**106,092**	**-**	**906**	**(53,473)**	**53,525**
(Unaudited)					
Balance at 1 January 2016	51,853	-	-	(27,519)	24,334
Loss for the financial period	-	-	-	(16,255)	(16,255)
Total comprehensive loss for the financial period	-	-	-	(16,255)	(16,255)
Contributions by owners:					
Issuance of new ordinary shares	53,491	-	-	-	53,491
Share issue expenses	(8,118)	-	-	-	(8,118)
Share application money pending allotment	-	9,632	-	-	9,632
Total transactions with owners	45,373	9,632	-	-	55,005
Balance at 30 June 2016	**97,226**	**9,632**	**-**	**(43,774)**	**63,084**

Notes:

(1) Share application money pending allotment of RM9,632,000 relates to the Placement Proceeds placed with the escrow agent on 21 June 2016. The Proposed Placement was completed on 22 July 2016.

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of shares	Share capital (S$'000)	Share capital (RM'000)
As at 30 June 2017 and 31 December 2016	**310,500,000**	**34,741**	**106,092**

The Company did not have any outstanding convertibles as at 30 June 2017 and 30 June 2016.

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2017 and 30 June 2016.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company As at 30 June 2017 (Unaudited)	Company As at 31 December 2016 (Audited)
Total number of issued shares	310,500,000	310,500,000
Treasury shares	-	-
Total number of issued shares, excluding treasury shares	310,500,000	310,500,000

The Company did not have any treasury shares as at 30 June 2017 and 31 December 2016.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the Issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on as in the Company's most recently audited financial statements for the financial year ended 31 December 2016.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted the new/revised Financial Reporting Standards ("**FRS**") that are relevant to its operations and are effective in the current financial periods beginning on or after 1 January 2017. The adoption of these new or revised FRS, where relevant, has no material financial impact on the Group's accounting policies or the financial statements for the current financial period reported on.

6. **Loss per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	Six Months Ended	
	30 June 2017 RM'000 (Unaudited)	30 June 2016 RM'000 (Unaudited)
Loss attributable to owners of the Group (RM'000)	(8,828)	(19,091)
Weighted average number of ordinary shares	310,500,000	251,339,649(1)
Basic loss per ordinary share:		
- RM sen(2)	(2.84)	(7.60)
- S$ cent(2)	(0.91)	(2.54)
Adjusted weighted average number of ordinary shares(2)	310,500,000	251,339,649(1)
Diluted loss per ordinary share:		
- RM sen(2)	(2.84)	(7.60)
- S$ cent(2)	(0.91)	(2.54)

Notes:

(1) The calculation is based on the weighted average number of ordinary shares of the Company in issue during 1H2016, on the assumption that the share split of each share in the Company into 11.99 ordinary shares on 8 March 2016 has occurred since the beginning of 1H2016.

(2) Translated at an exchange rate S$ 1:RM 3.1184 and S$ 1:RM 2.9886 for 1H2017 and 1H2016, respectively.

(3) There were no other dilutive potential ordinary shares in issue for 1H2017 and 1H2016, respectively.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**
(a) current period reported on; and
(b) immediate preceding financial year

	Group		Company	
	30 June 2017 (Unaudited)	**31 December 2016 (Audited)**	**30 June 2017 (Unaudited)**	**31 December 2016 (Audited)**
Net asset value(1) (RM'000)	19,878	28,494	53,525	57,848
Number of Shares at the end of the period	310,500,000	310,500,000	310,500,000	310,500,000
Net asset value per share:				
- RM sen	6.40	9.18	17.24	18.63
- S$ sen(2)	2.05	2.96	5.53	6.01

Notes:

(1) Net asset value represents total assets less total liabilities.

(2) Translated at an exchange rate of S$ 1:RM 3.1184 and S$ 1:RM 3.1006 as at 30 June 2017 and 31 December 2016, respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors;

The following review of the performance of the Group is in relation to 1H2017 as compared to 1H2016.

Revenue

The Group recorded revenue of RM0.72 million with sale of gold of 126.04 ounces in 1H2017 (which included 15.38 ounces of gold in the production circuit carried forward from 31 December 2016) as compared to revenue of RM0.97 million with sale of gold of 184.04 ounces in 1H2016. Revenue decrease of RM0.25 million (25.36%) was mainly due to (1) decrease in gold production in view of the site handover preparation to Great Aims Resources Sdn Bhd ("**GAR**") to undertake underground mining in connection with the mining agreement announced by the Company on 18 May 2017; and (2) lower average realised gold price.

The average realised gold price for 1H2017 was RM5,091.57 per ounce (equivalent to US$1,156.87 per ounce translated based on the average exchange rate of US$1:RM4.4012) as compared to RM5,248.85 per ounce (equivalent to US$1,312.21, translated based on the average exchange rate of US$1:RM4) for 1H2016.

Other Income

Other income comprised interest income on fixed deposit, rental income, shared service fee and admin fee charges. The increase in other income was mainly due to the shared service fee and admin fee charges of RM0.03 million.

Operating expenses

Operating expenses comprised raw materials and consumables used, change in inventories of work-in-progress, contractor expenses, royalty fee expenses, depreciation and amortisation expenses, employee benefits expenses, operating lease expenses, other expenses and finance costs.

Total operating expenses decreased by RM10.47 million (52.17%) from RM20.07 million in 1H2016 to RM9.60 million in 1H2017. The decrease in total operating expenses was mainly due to the following:-

- Decrease in raw materials and consumables used by RM0.34 million (76.87%) as we focused on hard rock production in 1H2017 which does not consume chemical as compared to the previous tailing production. Hard rock production was temporary suspended since 1 June 2017 to prepare the handover of site for GAR to undertake underground mining.

- Contractor expenses of RM0.64 million in 1H2017 mainly due to outsource of blasting and mining activities for hard rock production.

- Increase in royalty fee expenses for the sale of gold by RM0.35 million (271.88%) due to commencement of minimum payment of RM0.08 million per month from May 2016 to April 2017 and RM0.06 million per month from May 2017 to June 2017.

- Increase in employee benefits expense by RM0.56 million (21.12%) mainly due to increase in directors' remuneration and directors' fees of RM0.23 million and compulsory separation scheme compensation of RM0.23 million, respectively. Compulsory separation scheme compensation is termination benefits paid to staff due to redundancy arising from the outsourcing of mining operations at Lubuk Mandi Mine to GAR.

- Decrease in other expenses by RM11.67 million (75.95%) for 1H2017 mainly due to the absence of the one-off IPO expenses of RM13.54 million incurred in 1H2016, and offset by expenses in relation to the acquisition of GGT Manufacturing Sdn. Bhd. ("**GGTM**") which constitutes a Very Substantial Acquisition ("**VSA**") under Chapter 10 of the Catalist Listing Manual amounted to RM1.73 million.

- Increase in finance cost by RM0.10 million for 1H2017 mainly due to RM0.48 million of interest incurred for the guaranteed non-convertible bond.

The Group incurred net losses of RM8.83 million and RM19.09 million in 1H2017 and 1H2016 respectively.

For illustrative purposes, assuming the following one-off and non-recurring expenses are excluded:

- VSA expenses of RM1.73 million in 1H2017
- IPO listing expenses of RM13.54 million in 1H2016
- Finance cost on equity for anti-dilution holder of RM0.38 million in 1H2016,

the net losses of Group would have been RM7.10 million and RM5.17 million for 1H2017 and 1H2016 respectively.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

<u>The following review of the financial position of the Group is in relation to 30 June 2017 as compared to 31 December 2016.</u>

<u>Assets</u>

Property, plant and equipment decreased by RM1.49 million mainly due to depreciation expense of RM0.60 million and reversal of RM0.99 million of overprovision of construction costs for tailing machinery. The corresponding reversal is reflected in trade and other payables.

Mine properties increased by RM0.27 million mainly due to capitalisation of RM0.43 million for dewatering costs of the main pit of the Lubuk Mandi Mine in preparation of hard rock mining and offset by amortisation expense of RM0.16 million.

Non-trade receivables decreased by RM0.30 million mainly due to capitalisation of deposit paid for the purchase of machinery and chemicals of RM0.13 million and refund of Goods and Services Tax claimable of RM0.17 million, respectively.

Prepayments increased by RM0.22 million mainly due to the prepayment for professional fees relating to the continuing listing of the Company.

<u>Equity</u>

As at 30 June 2017, total equity amounted to RM19.88 million, comprising share capital of RM106.09 million, merger reserve of RM15.65 million, share based payment reserve of RM0.91 million and accumulated losses of RM102.77 million.

Merger reserve represents the difference between the consideration paid and the share capital of subsidiary acquired. For the purpose of consolidated financial statements, the aggregation of the Group's share in the paid-up capital of its subsidiaries have been entirely eliminated, this results in a merger reserve of RM15.65 million.

Share based payment reserve of RM0.91 million is accrual of compensation shares for an Executive Director pursuant to his service agreement. The reserve will be reserved upon issuance of the compensation shares and credited to share capital account.

The equity decreased by RM8.62 million mainly due to increase in share based payment reserve by RM0.21 million and accumulated losses of RM8.83 million.

<u>Liabilities</u>

Total liabilities of the Group increased by RM3.37 million mainly due to issuance of guaranteed non-convertible bond and its accrued interest of RM7.77 million (approximately S$2.49 million based on exchange rate of S$1: RM3.1184) and offset by a decrease in trade and other payables of RM4.37 million. Decrease in trade and other payables was mainly due to (1) reversal of overprovision of construction cost for tailing machinery of RM0.99 million and (2) delivery of gold against RM2.76 million of deposit placed by customers for gold sale as at end of 31 December 2016.

<u>Negative working capital</u>

The Group recorded negative working capital of RM8.20 million as at 30 June 2017, mainly due to issuance of the guaranteed non-convertible bonds and accrued interest of RM7.77 million.

Notwithstanding, the Board is of the view that the Group is able to operate as a going concern for the next twelve months from the date of this announcement due to the following:

1) The cash balance of the target of the VSA, GGTM, amounting to approximately RM7.17 million as at 18 June 2017 (based on the latest practicable date in the Company's circular dated 30 June 2017 in relation to the VSA) following the completion of the VSA;
2) The receipt of S$2.0 million from the issuance of exchangeable bonds upon completion of the VSA; and
3) The entry into settlement agreement with Sinomine Resource Exploration Co.,Ltd to settle RM1.45 million (US$337,136.28) via issuance of such number of new Company's shares to be agreed between parties as announced by the Company on 18 May 2017. The Group is also in the midst of negotiating the settlement of debt amounting to RM0.54 million with another creditor by way of issuance of new Company's shares. With the settlement and capitalisation of the foregoing debt, the Group's cashflow and working capital position will improve.

The Company is working towards the completion of VSA by end of August 2017. The Group is expected to be in a net current asset position upon the completion of all the above corporate activities.

Cash flows

Net cash used in operating activities

In 1H2017, the Group recorded a net cash outflow for operating activities of RM10.67 million. The net operating cash outflow was mainly due to operating losses before working capital changes of RM7.62 million, adjusted for working capital outflow of RM3.06 million, mainly attributable to the increase in prepayments of RM0.22 million and the decrease in trade and other payables of RM3.32 million.

Net cash used in investing activities

In 1H2017, the Group recorded a net cash outflow for investing activities of RM0.53 million. This was mainly due to the purchase of property, plant and equipment of RM0.10 million and the addition of mining properties of RM0.43 million for the Lubuk Mandi Mine.

Net cash generated from financing activities

In 1H2017, the Group recorded a net cash inflow from financing activities of RM7.36 million. This mainly comprised of the proceeds of RM7.40 million from issuance of a guaranteed non-convertible bond, repayment of finance lease of RM0.03 million and interest payment of RM0.01 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

On 18 May 2017, the Group announced the entry into mining agreement with GAR on an exclusive basis to carry out gold mining works at the Group's Lubuk Mandi Mine. The scope of work includes the provision by GAR of (a) underground gold mineral mining services by building up tunnels and/or shafts into the earth, and (b) hard rock gold mineral mining and tailings processing services based on the current and prospective gold mineral resources and reserves at the Lubuk Mandi Mine. As announced on 1 August 2017, GAR had on the same day formally taken over the mining operations at Lubuk Mandi Mine.

On 27 June 2016, the Group announced the VSA to diversify into the new business of mining and quarry extraction of dimension stone granite as well as architectural stone and interior fit-out. The VSA and the proposed diversification were approved by the shareholders during the Extraordinary General Meeting held on 19 July 2017. The Group is expected to complete the VSA and issuance of S$2 million of exchangeable bonds to Luminor Pacific Fund 2 Ltd by end of August 2017.

The Group has entered into settlement agreement with Sinomine Resource Exploration Co. Ltd to settle debt of RM1.45 million by issuance of such number of new shares in the Company to be agreed between the parties. The Group is also in the midst of negotiating the settlement of debt amounting to RM0.54 million with another creditor by new shares issuance. Barring any unforeseen circumstances, we expect to complete the issuance by fourth quarter of 2017.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been declared for 1H2017.

(b) Amount per share (cents) and previous corresponding period (cents).

No applicable. No dividend has been declared for 1H2016.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommend for 1H2017.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

During 1H2017, the Group did not enter into any IPT of more than S$100,000.

Following the end of 1H2017, the Group had obtained a general mandate from its shareholders for IPT pursuant to the VSA at an extraordinary general meeting held on 19 July 2017. For details, please refer to the Company's circular dated 30 June 2017 in connection with the VSA.

14. (i) Use of IPO proceeds

As at 30 June 2017, the status on the use of the IPO proceeds was as follows:

Purpose	Amount allocated S$'000	Amount Utilised S$'000	Balance S$'000
Further exploration at the Lubuk Mandi Mine and the Bukit Panji Property	300	-	300
Development of the Lubuk Mandi Mine and the Bukit Panji Property and investment in mining-related infrastructure and equipment	800	625	175
Expansion of our gold processing capacity	1,600	1,427	173
Expansion of our business and operations	300	300	-
General working capital (1)	1,600	1,600	-
Listing expenses	2,600	2,600	-
Total	**7,200**	**6,552**	**648**

Note:
(1) For general corporate and administrative expenses

(ii) Use of Placement Proceeds

As at 30 June 2017, the status on the use of the placement proceeds from the Proposed Placement completed on 22 July 2016 was as follows:

Purpose	Amount allocated S$'000	Amount Utilised S$'000	Balance S$'000
Acquisition expenses	387	387	-
General working capital (1)	2,613	2,613	-
Fund raising expenses	200	200	-
Total	**3,200**	**3,200**	**-**

Note:
(1) For general corporate and administrative expenses

15. Additional Disclosure Required for Mineral, Oil and Gas companies

15a. Rule 705(6)(a) of the Catalist Listing Manual

i. Use of funds/cash for the quarter :-

For the previous quarter (financial period from 1 April 2017 to 30 June 2017 ("**2Q2017**"), funds/cash was mainly used for the following production activities:-

Purpose	Amount (RM'000) Actual Usage	Amount (RM'000) Projected Usage	Amount (RM'000) Variance	Remarks
Payment for property, plant and equipment	62	100	(38)	(1)
Payment for mining related infrastructure and equipment	226	310	(84)	(2)
Royalty	320	480	(160)	(3)
Acquisition expenses	1,159	1,714	(555)	(4)
General working capital	4,694	3,905	789	(5)
Total	**6,461**	**6,509**	**(48)**	

(1) Actual payment for property, plant and equipment was lower than the projected payment by RM0.04 million as the delivery and payment for the plant and equipment for hard rock mining was delayed to the next immediate quarter.

(2) Actual payment for mining related infrastructure and equipment was lower than expected by RM0.08 million as further construction of the waste water facilities is expected to commence in next immediate quarter.

(3) Actual payment of royalty was lower than the projected amount by RM0.16 million due to lower actual sale of gold as compared to projection.

(4) Actual acquisition expenses were lower than projected due to timing difference between invoices received and process of payments.

(5) Actual payment of general working capital was higher than the projected amount by RM0.79 million was mainly due to higher general corporate and administrative expenses.

ii. Projection on the use of funds/cash for the next immediate quarter, including principal assumptions:-

The following projection on the use of funds/cash is based on the assumption that the VSA is to be completed by end of August 2017.

For the next immediate quarter (financial period from 1 July 2017 to 30 September 2017 ("**3Q2017**"), the Group's use of funds/cash for development and production activities is expected to be as follows:-

Purpose	**Amount (RM'000)**
Payment for property, plant and equipment	185
Payment for mining related infrastructure and equipment	240
Royalty	452
Acquisition expenses	2,704
General working capital	13,434
Total	**17,015**

The above projected use of funds/cash relates to the Group's development and production plans at the Bukit Chetai quarry and Lubuk Mandi Mine, as well as the interior fit-out business of GGTM for 3Q2017 as follows: -

a. payments for Bukit Chetai quarry site equipment and dewatering of our Lubuk Mandi Mine main pit;

b. payments of professional fees in relation to the VSA;

c. payments under general working capital are mainly payment to contractors for interior fit-out project of RM8.93 million (based on the expected advance collection of RM9.45 million from customers), RM0.23 million for gold mining contractor at Lubuk Mandi Mine and RM2.54 million of general corporate and administrative expenses.

15b. Rule 705(6)(b) of the Catalist Rules

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the information provided in this announcement to be false or misleading in any material aspect.

16a. Rule 705(7)(a) of the Catalist Rules

Details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanation for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated;

In 2Q2017, there was no capitalisation for exploration and evaluation expenditures as there was no exploration and mining development activity being carried out by the Company.

However, we had carried out activities related to site preparation for the contractor GAR to develop underground mining.

16b. Rule 705(7)(b) of the Catalist Rules

Update on its reserves and resources, where applicable, in accordance with the requirements set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.

The Company had disclosed an updated summary of reserves and resources as at 31 December 2016 (being the effective date of the Independent Qualified Person's Report (the **"IQPR"**)) in its annual report for the financial year ended 31 December 2016 (the **"AR2016"**) to update shareholders on its reserves and resources information. The IQPR is contained in the AR2016. A soft copy of the AR2016 is available for download on the SGXNET. As at 30 June 2017, the Company has no material updates on the IQPR.

17. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Listing Manual.

18. Confirmation Pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the half year ended 30 June 2017 to be false or misleading in any material aspect.

By Order of the Board
ANCHOR RESOURCES LIMITED

Lim Chiau Woei Managing Director	Chan Koon Mong Executive Director

11 August 2017