ANCHOR RESOURCES LIMITED

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

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE LISTING MANUAL – EMPHASIS OF MATTER BY THE AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. EMPHASIS OF MATTER BY THE AUDITORS

Pursuant to Rule 704(4) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the board of directors (the "**Board**") Anchor Resources Limited (the "**Company**" and together with its subsidiaries, (the "**Group**") wishes to announce that the Company's independent auditors, BDO LLP, have without modifying their opinion, included in the Independent Auditor's Report an emphasis of matter in respect of the Group's ability to continue as a going concern on the audited financial statements of the Group for financial year ended 31 December 2017 (the "**Audited Financial Statements**"). A copy of the extracted Independent Auditor's Report and an extract of Note 4 *Going Concern Assumption* of the Audited Financial Statements are attached to this announcement. Shareholders of the Company are advised to read the Audited Financial Statements in its annual report 2017 ("**FY2017 Annual Report**"), which will be despatched by 13 April 2018.

2. OPINION OF THE BOARD

The Board has assessed the relevant disclosure as set out in Note 4 *Going Concern Assumption* and is satisfied that the above steps proposed by the management of the Company have been carefully considered, and while a material uncertainty exists, are achievable as discussed in Point 3 below. The Board therefore supports the steps proposed by the management of the Company. The Board is confident that the Group will be able to raise sufficient funds necessary to fund the Group's operational requirements for the next 12 months, and the Board supports the decision to adopt the going concern assumption in preparing the accompanying Audited Financial Statements for the FY2017 Annual Report.

3. BASIS OF THE BOARD'S OPINION

The Board has reviewed the Group's cash flow requirements for the next 12 months by the management and believe that although uncertainties exist, there are reasonable grounds to believe that the Group will be able to raise sufficient funds to fund its operations for the next 12 months. The basis for making this statement is as follows:

(a) The guaranteed non-convertible bonds issued in April 2018 are guaranteed by a Director;

(b) The exercise of the warrants by the subscribers of the guaranteed non-convertible bonds issued in April 2018 prior to their maturity, raising proceeds of approximately S$4.38 million;

(c) The Group will collect the balance receivables of approximately S$1.55 million (equivalent to RM4.66 million) from an interior fit-out project under the granite business segment; and

(d) The Group had entered into off-take agreement with Beijing Fuhaihua Import & Export Corp. Ltd. for the sale of semi-processed gold concentrated ore, with its first shipment of the concentrated ore in March 2018.

In addition, the management continues to evaluate various strategies to improve profitability and generate positive cash flows from the Group's current business activities. These strategies include, *inter alia*, obtaining more projects for our granite mining segment; working with business partners to expand business operations and expedite the plan to achieve the revenue base and simultaneously reducing our operating and capital commitment.

Accordingly, the Board is of the view that the above initiatives, along with the other measures described in the Note 4 *Going Concern Assumption* in the Audited Financial Statements, will ensure that the assets of the Group are utilised properly and the Group will be able to raise sufficient funds for the next 12 months.

4. ORDERLY TRADING

The Board (i) is of the opinion that sufficient material information has been disclosed for trading of the Company's securities to continue in an orderly manner; and (ii) confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

5. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully and to exercise caution when trading or dealing in their shares of the Company. Shareholders and potential investors should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubts about the actions they should take.

By Order of the Board
ANCHOR RESOURCES LIMITED

Dr Wilson Tay Chuan Hui
Lead Independent Director and Non-Executive Chairman

9 April 2018

Note 4
Going concern assumption

The Company's current liabilities exceeded its current assets by approximately RM3,092,000 as at 31 December 2017. The Group incurred a net loss of approximately RM19,537,000 (2016: RM32,912,000) and had negative cash flows from operating activities of approximately RM19,250,000 (2016: RM12,602,000) for the financial year ended 31 December 2017.

As at 31 December 2017, the Group and the Company has cash and cash equivalents of approximately RM7,817,000 and RM1,611,000 respectively. To meet the short-term financial requirements of the Group and the Company, the Company has entered into two agreements in March 2018 to issue two tranches of bond of S$1,500,000 (“First Tranche Bond”) and S$3,310,000 (“Second Tranche Bond”) (equivalent to RM14,430,000) ("Principal Amount").

First Tranche Bond of S$1,500,000 (equivalent to RM4,500,000) will mature in March 2019, with a subscription price at 100% of the principal amount, and carries fixed interest rate of 20% per annum with interest payable semi-annually in advance and is supported by a deed of guarantee from a Director of the Company. As at the date of this report, the Group has received the proceeds from the First Tranche Bond. Subscribers of the First Tranche Bond is entitled to 47,000,000 free transferable warrants (“First Tranche Warrants”) with an exercise price of S$0.032 which can be exercised during the period of 24 months from the date of issue of the First Tranche Warrants. Assuming the free warrants are exercised entirely, total proceed is S$1,504,000. Any proceeds received from the exercise of the First Tranche Warrants will be fully utilised for repayment of the outstanding liabilities (including, but not limited to, borrowings). In the event there are no outstanding borrowings to be paid, the proceeds from the exercise of the First Tranche Warrants will be fully utilised as working capital of the Group as part of the Group’s cash flow management strategy.

Second Tranche Bond of S$3,310,000 (equivalent to RM9,930,000) will mature in March 2019, with a subscription price at 89.86% of the principal amount (equivalent to S$2,875,000), carries fixed interest rate of 10% per annum with interest payable semi-annually in advance and is supported by a deed of guarantee from a Director of the Company. The net proceeds from the Second Tranche Bond has been used to offset the existing bond which matured on 3 April 2018 with maturity amount of S$2,875,000, the Company is deemed to have satisfied in full its payment obligations under existing bond. Subscribers of the Second Tranche Bond is entitled to 90,000,000 free transferable warrants with an exercise price of S$0.032 which can be exercised during the period of 24 months from the date of issue of the Second Tranche Warrants. Assuming the free warrants are exercised entirely, total proceed is S$2,880,000. Any proceeds received from the exercise of the Second Tranche Warrants will be fully utilised for repayment of the outstanding liabilities (including, but not limited to, borrowings). In the event there are no outstanding borrowings to be paid, the proceeds from the exercise of the Second Tranche Warrants will be fully utilised as working capital of the Group as part of the Group’s cash flow management strategy.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern, which is highly

dependent on the Group's ability to generate sufficient cash flows from its operations and the exercise of the warrants by the subscribers prior to their maturity.
Nevertheless, the Directors of the Company are of the opinion that it is appropriate for the financial statements to be prepared using a going concern basis of accounting based on the following factors:

(i) Management has prepared a cash flow forecast which shows that the Company and the Group will have adequate funds for its operational needs and to meet its debt obligations as and when they fall due for at least 12 months from the end of the financial year which include the following assumptions:

(a) The guaranteed non-convertible bonds issued in April 2018 are guaranteed by a Director;

(b) The exercise of the warrants by the subscribers of the guaranteed non-convertible bonds issued in April 2018 prior to their maturity, raising proceeds of approximately S$4.38 million;

(c) The Group will collect the balance receivables of approximately S$1.55 million (equivalent to RM4.66 million) from an interior fit-out project under the granite business segment; and

(d) The Group had entered into off-take agreement with Beijing Fuhaihua Import & Export Corp. Ltd. for the sale of semi-processed gold concentrated ore, with its first shipment of the concentrated ore in March 2018.

(ii) Management continues to evaluate various strategies to improve profitability and generate positive cash flows from the Group's current business activities. These strategies include, *inter alia*, obtaining more projects for our granite mining segment; working with business partners to expand business operations and expedite the plan to achieve the revenue base and simultaneously reducing our operating and capital commitment.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the consolidated statement of financial position of the Group. In addition, the Group may need to reclassify non-current assets and non-current liabilities to current assets and current liabilities respectively. No such adjustments have been made to these financial statement.