



Anchor Resources Limited

(Registration No. 201531549N)
(Incorporated in the Republic of Singapore)

SUSTAINABILITY REPORT

FOR

FINANCIAL YEAR ENDED

31 DECEMBER 2018

*This sustainability report 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 relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this sustainability report.*

This sustainability report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this sustainability report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this sustainability report.

The contact person for the Sponsor is Ms Lam Siew Hwa, Vice President at 8 Anthony Road, #01-01 Singapore 229957, telephone (65) 6590 6881.

CONTENTS

Page

Board Statement	4
Sustainability Governance Structure	5
Key Stakeholder Engagement	6
Group Structure	7
Key Material Topics	7
Environmental Topics:	8 to 12
<u>Material Topic:</u> Energy (Diesel and Electricity)	8 to 12
<u>Material Topic:</u> Water and Effluents	12
Our People	13 to 14
Procurement Practices	15
<u>Material Topic:</u> Occupational Health & Safety	15
Corporate Social Responsibility Management	16
Governance	16
GRI Content Index	17 to 18



Waste water dam for recycling purposes at Lubuk Mandi Gold Mine



New multi-blade block cutters with more efficient operations at Bukit Chetai Granite Quarry

BOARD STATEMENT

The Board of directors (“**Board**”) is pleased to present Anchor Resources Limited’s (the “**Company**” or “**ARL**”) sustainability report for financial year ended 31 December 2018 (“**FY2018**”).

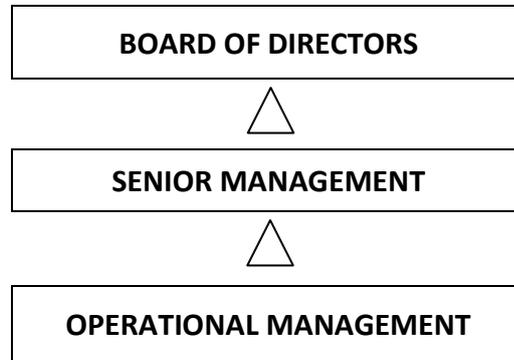
This report covers data and information from 1 January 2018 to 31 December 2018 and has been prepared in accordance with the widely recognised Global Reporting Initiative (“**GRI**”) Standards: Core Option as well as on a “Comply and Explain” basis pursuant to Rule 711A, 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The data and information provided have not been verified by an independent third party.

With the full support from the Board, the management establishes the policies and practices to address and manage the material environment, social and governance (“**ESG**”) factors. The Board has considered sustainability issues as part of its strategic formulation, has determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

ARL is involved in both gold mining and granite quarrying in Terengganu, Malaysia. ARL is proud to state that we are the pioneer to engage in underground gold mining in Malaysia. As one of the major players in the mining and quarrying industries, ARL strives to enhance shareholder value and maintain cordial relationships with local communities in the areas that ARL operates in. With our continuous efforts in sustainable operating model, ARL looks forward to sustainable growth for our businesses in the coming years.

SUSTAINABILITY GOVERNANCE STRUCTURE

ARL supports ethical and sustainable business practices leading to a healthy corporate culture. We recognise the importance of a strong sustainability governance structure. Our sustainability governance structure is as depicted below.



The roles of each level of the structure are as follows:

Board:

The Board oversees the formation of sustainability strategies and their implementation.

Senior Management:

ARL senior management comprises of the Managing Director and the Chief Financial Officer. They set the strategies and action plans relating to sustainability topics to be presented to the Board for approval.

Operational Management:

The operational management team consists of the various heads of department. The team implements and executes the approved strategies and the day-to-day operations and meets on a monthly basis where sustainability topics are discussed alongside other operational matters. The team also reports the results of operational activities and sustainability topics to Senior Management.

KEY STAKEHOLDER ENGAGEMENT

ARL noted that different stakeholders are important to the Company to varying degrees. While some stakeholders can influence the actions of the Company, there are also others that have less or little influence on the Company and yet are impacted by the actions of the Company. ARL considers it to be important for the Company to actively engage all its stakeholders and to receive feedback of the impacts or potential impacts of the Company's actions.

Having assessed the stakeholders in terms of their impacts on the Company as well as the impact or potential impacts upon the stakeholders by the actions of the Company, ARL identified the key stakeholders, the methods of engagement and addressed their concerns as tabulated below.

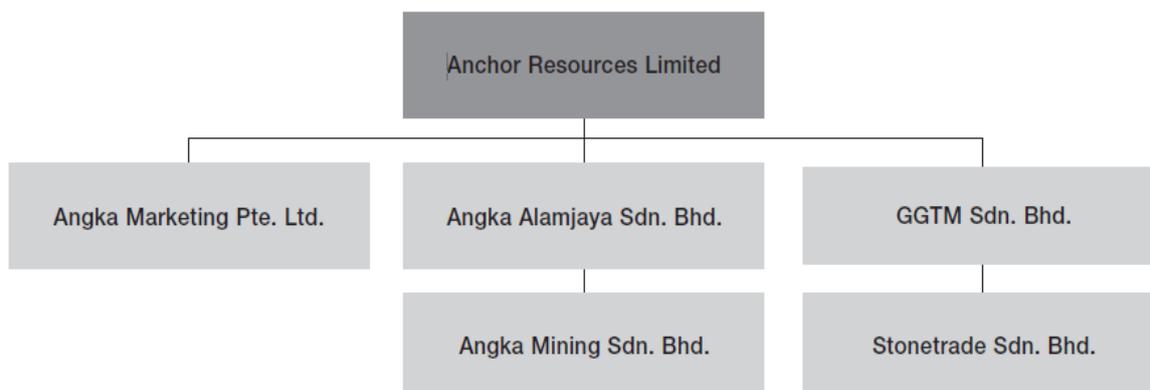
Stakeholder	Method of Engagement	Key Concerns	Key Concerns addressed in the following sections
Government / Authorities / Regulators / Municipals & other Government Linked Bodies	<ul style="list-style-type: none"> • Third party consultants • Meetings when necessary • Correspondences 	<ul style="list-style-type: none"> • Environmental impacts • Regulatory Compliance 	<ul style="list-style-type: none"> • Environmental topics
Shareholders	<ul style="list-style-type: none"> • AGM • Annual Reports • Announcements 	<ul style="list-style-type: none"> • Financial performance 	<ul style="list-style-type: none"> • Annual Report 2018
Employees	<ul style="list-style-type: none"> • Meetings • Health and Safety Activities 	<ul style="list-style-type: none"> • Workplace health & safety • Employee diversity 	<ul style="list-style-type: none"> • Our people • Occupational Health & Safety
Local Communities	<ul style="list-style-type: none"> • Corporate Social Responsibility (“CSR”) Activities 	<ul style="list-style-type: none"> • Employment • Financial support 	<ul style="list-style-type: none"> • Social – Corporate Social Responsibility Management
Suppliers& Contractors	<ul style="list-style-type: none"> • Meetings • Evaluations 	<ul style="list-style-type: none"> • Local procurement • Workplace health & safety 	<ul style="list-style-type: none"> • Procurement practices • Occupational Health & Safety

MATERIAL TOPICS AND BOUNDARIES

ARL, in the study and identification of the material topics, is guided by the GRI Reporting framework and reflects the Group’s commitments. The interests of the key stakeholders were considered along with the overall operations of the Company. ARL determined the materiality of its sustainability topics solely based on the level of ARL’s impact on the environmental, social and governance of its areas of operations and surroundings. The material topics are expanded upon in the various sections.

ARL’s mining and quarrying operations have potential impacts on the land, air, water and ecosystems of the surrounding areas as well as significant economic, social and cultural impacts on the local communities in the areas that ARL operates in. Based on the above, ARL has identified “Environmental Topics – Energy and Water & Effluents” and “Social – Occupational Health & Safety” as its Key Material Topics.

ARL Group Structure



Note: Details of ARL subsidiaries are provided in AR2018, page 9.

Key Material Topics

Material Topics	Boundaries (Country or Entity)
ENVIRONMENTAL	
GRI 302: Energy	Malaysian Entities
GRI 303: Water & Effluents	
SOCIAL	
GRI 403: Occupational Health & Safety	Malaysian Entities

This report focuses on the entities engaged in the mining and quarrying operations which are Angka Alamjaya Sdn. Bhd. (“**AASB**”) and GGTM Sdn. Bhd. (“**GGTM**”).

ENVIRONMENTAL TOPICS

ARL works closely with the environmental consultant to minimise any impact on the environment and to be in compliance with the guidelines from the Department of Environment, Terengganu (“DOE”).

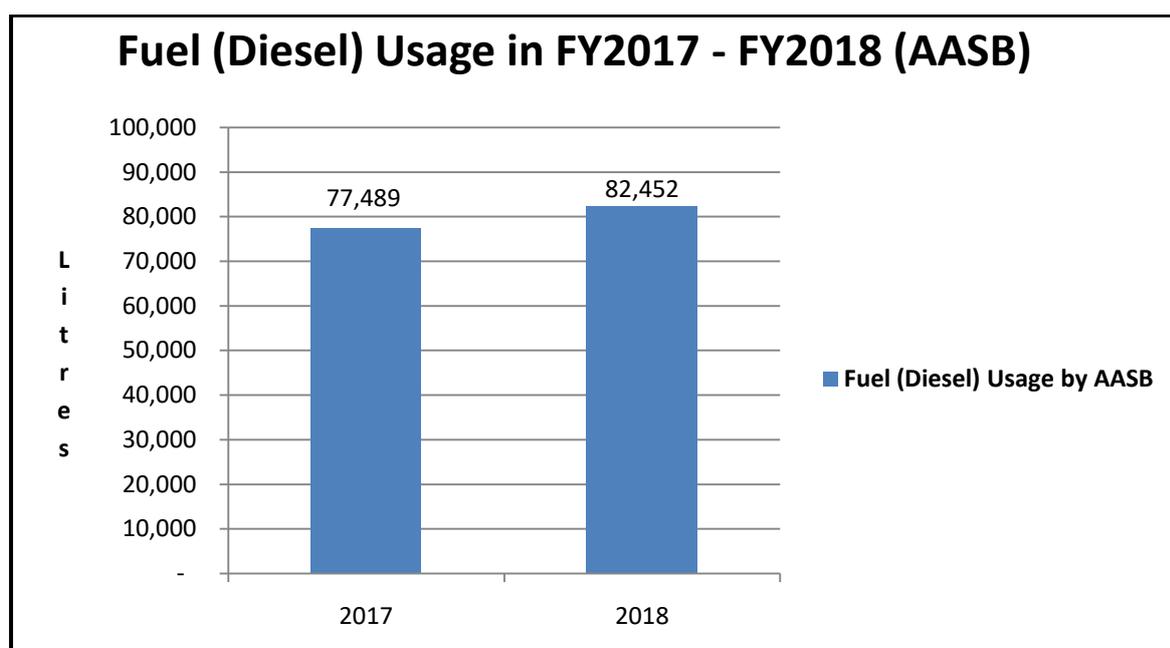
Energy – Diesel and Electricity

ARL’s gold mining and granite quarrying operations are energy intensive and both utilise diesel and electricity (electricity supplied by Tenaga Nasional Bhd). The usage of diesel and electricity for the mine and quarry during FY2017 and FY2018 are shown in the charts below. However, as the activities of the mine and quarry are significantly different for FY2017 and FY2018 as shown below, a direct comparison is not practical. The differences in the activities of AASB and GGTM during FY2017 and FY2018 are listed in “Main Activities in Gold Mine (FY2017 & FY2018) and “Main Activities in Granite Quarry (FY2017 & FY2018)”.

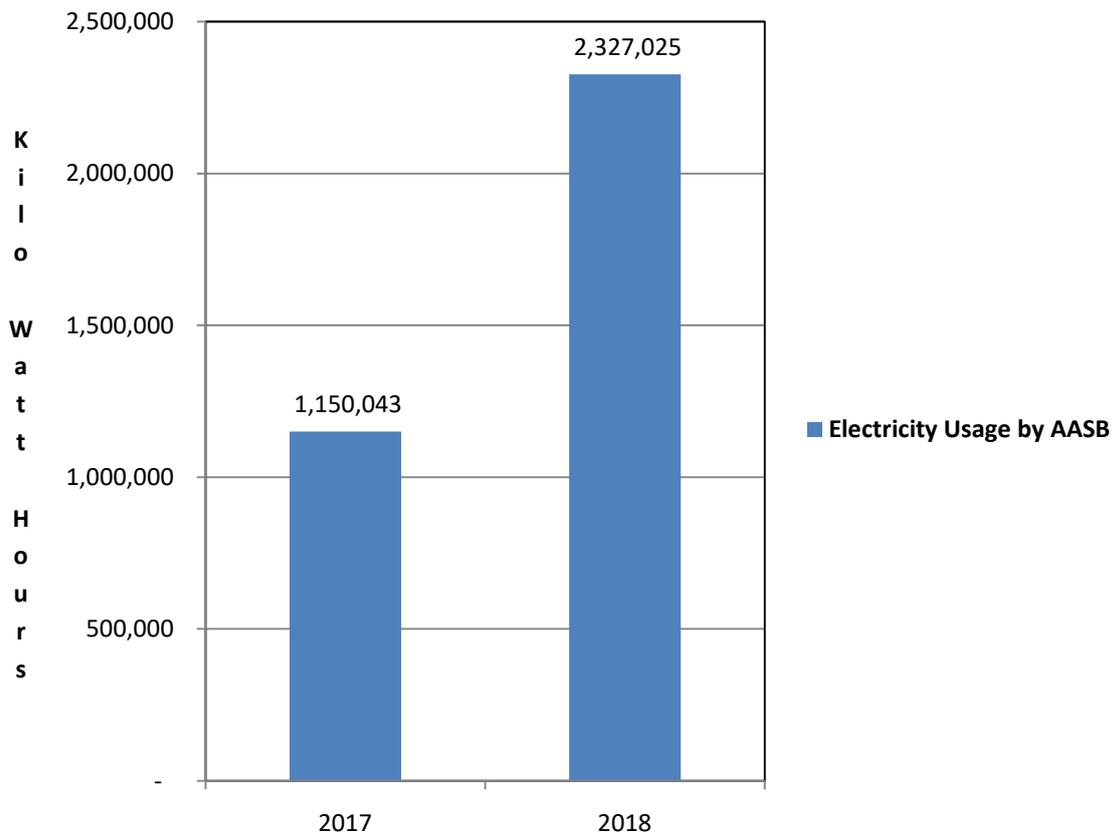
Fuel Usage in Gold Mine: AASB

Main Activities in Gold Mine (FY2017 & FY2018)

- Production of free gold from January 2017 to May 2017
- Addition of new equipment and modifications to existing plant; and construction of a new pilot plant from June 2017
- Infrastructure improvement works to mine, including construction of the tunnel complex for underground mining and dewatering of the old mining pit in FY2017 and FY2018
- Change in production process from producing free gold in FY2017 to producing gold ore concentrate in FY2018
- Gold ore concentrate processing plant was in operations in FY2018



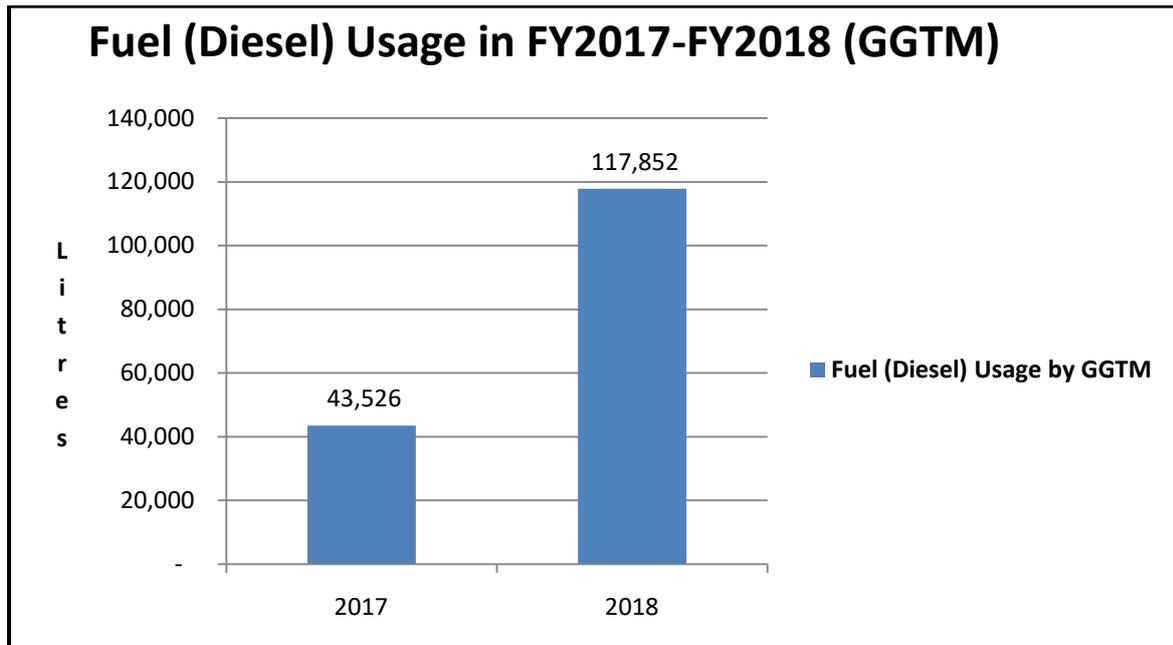
Electricity Usage in FY2017 - FY2018 (AASB)

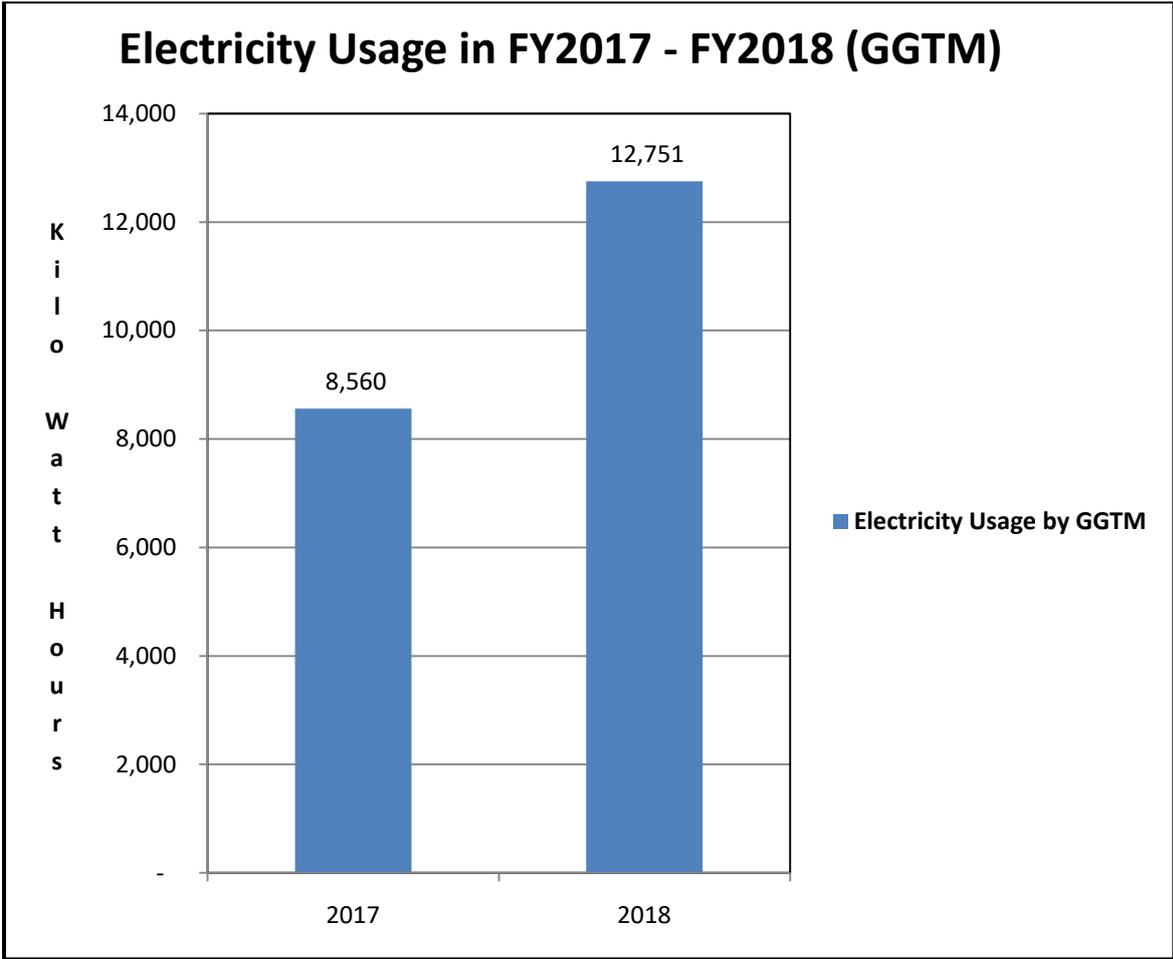


Fuel Usage in Granite Quarry: GGTM

Main Activities in Granite Quarry (FY2017& FY2018)

- Opening of new granite production face including clearing of overburden in FY2017. Excavation works of rocks from the new production face commenced from August 2017.
- Infrastructure improvement works to quarry, including preparing land for construction of new plant extension, water recycling systems and storage structure (for finished and semi-finished goods) in FY2018
- Installation of new machinery in plant extension in FY2018
- Excavation of rocks and operations of processing plant in FY2018





FY2018 performance review:

While ARL has tried to minimise the energy consumption in FY2018, fuel and electricity usage has increased due to a higher scale of operations

AASB

The usage of electricity in the gold mine increased 102% from FY2017 to FY2018 as the processing plant was operational in FY2018 to produce gold ore concentrate, while the plant was under modification works from June 2017. There was a 10% increase in the usage of diesel.

GGTM

There was a 49% increase in electricity usage, for lighting purposes, at the new plant extension at the granite quarry. The usage of diesel increased 171% from FY2017 to FY2018 with the increase in the excavation of rocks and the running of the existing and new plant machinery.

Target for FY2019:

ARL did not set a target for the usage of diesel and electricity for FY2019 as there are planned changes to the operations of the mine and the quarry in FY2019. Hence, ARL will relook at the expected usage and set targets once the operations in the mine and the quarry have been stabilised. Please refer to the announcements dated 16 April 2018 and 16 January 2019 for details.

Water & Effluents:

In order not to adversely impact the environment, the gold mining and granite quarrying operations of ARL recycle the water that the operations utilise in closed water systems. Effluents from both the gold mining and the granite quarrying operations are stored within the mine and the quarry.

Water used for the activities of AASB and GGTM are as follows:

Lubuk Mandi Gold Mine (AASB)	Bukit Chetai Granite Quarry (GGTM)
<ul style="list-style-type: none"> • Tunnelling works to facilitate underground mining of hard rocks • Operations of processing plant to produce gold concentrate ore • Hygiene purposes 	<ul style="list-style-type: none"> • Excavation of granite rocks and production of granite blocks • Cutting granite blocks to granite strip-slabs and cutting strip-slabs to granite tiles • Hygiene purposes

FY2018 performance review:

AASB used 26,794 m³ of water (FY2017: 22,373 m³) supplied by Syarikat Air Terengganu Sdn. Bhd. while GGTM captures and utilises rainfall runoff only. ARL utilised closed water systems and stored the effluents within the mine and the quarry to minimise water withdrawal and to avoid discharging waste water or effluents into the surrounding waterways.

Target for FY2019:

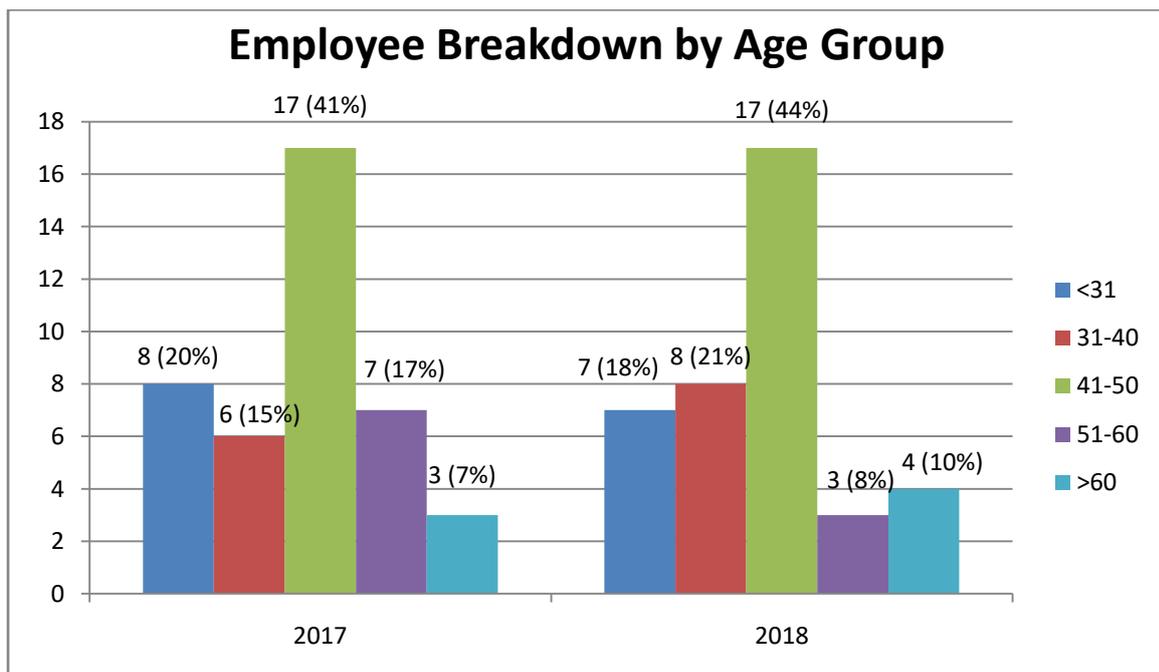
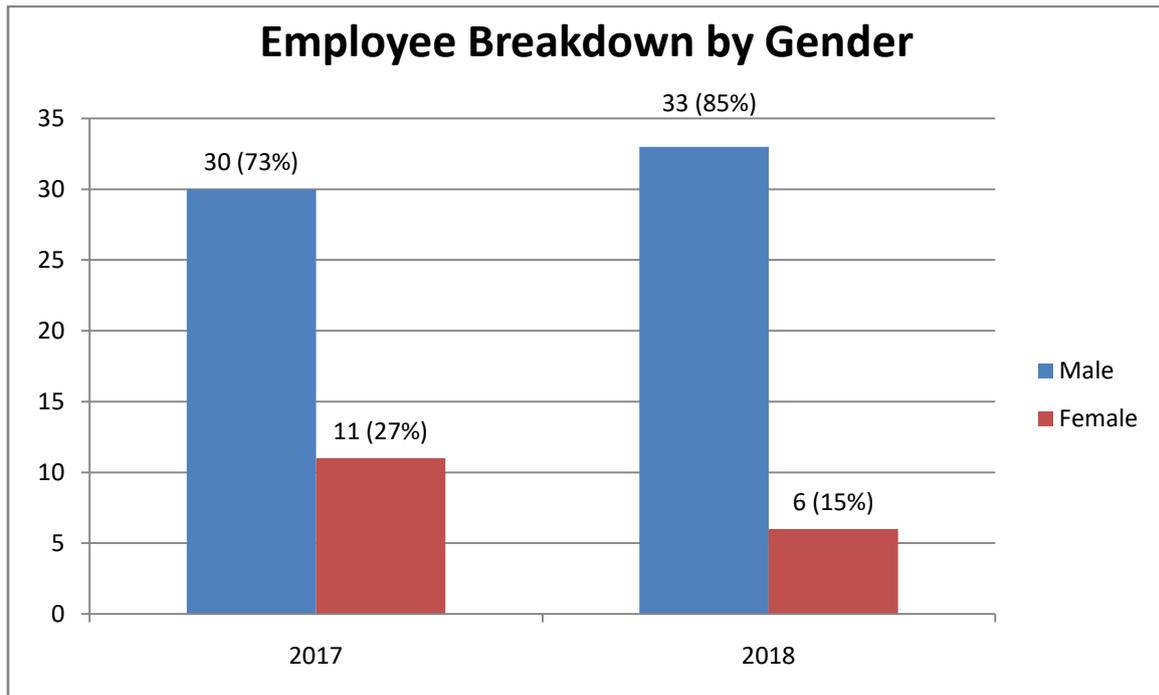
ARL is committed to maintain the closed water systems and to continue to store effluents within the mine and the quarry so as to ensure zero discharge of any waste water or effluents into the surrounding waterways. ARL did not set a target for the usage of water for FY2019 as there are planned changes to the operations of the mine and the quarry in FY2019. Hence, ARL will relook at the expected usage and set targets once the operations in the mine and the quarry have been stabilised. Please refer to the announcements dated 16 April 2018 and 16 January 2019 for details.

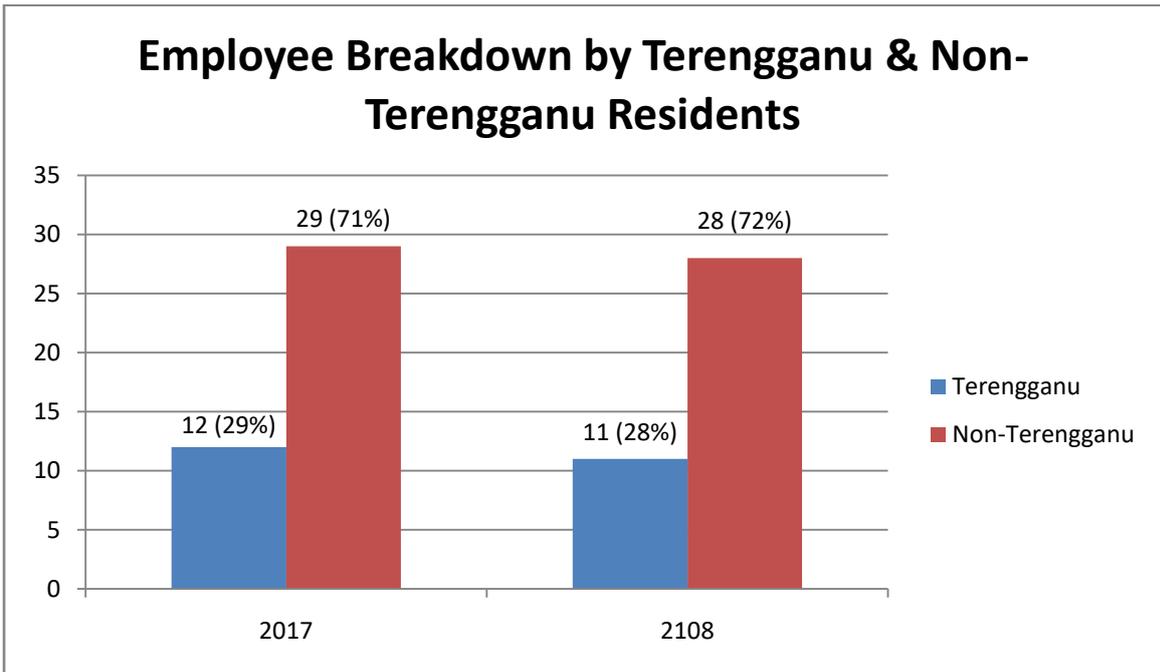
OUR PEOPLE

Employment

ARL provides equal employment opportunities without discriminating gender, ethnicity, colour, religion, age and nationality. This includes hiring and employment practices such as wages, promotions, rewards and access to training.

During FY2017 and FY2018, the employee profiles by gender, age group and Terengganu residents are as follows:





FY2018 performance review:

ARL maintained non-discriminatory practices in recruitment process to provide equal employment opportunities in FY2018 and the employment profile are as per the charts provided above. As the environments in mine and quarry are considered “tough” with high ambient temperatures, ARL currently has more male employees.

Target for FY2019:

ARL aims to maintain the non-discriminatory practices in recruitment as these practices serve the best interests of the Group.

PROCUREMENT PRACTICES

ARL is supportive of local businesses and strive to obtain supplies and services from local merchants, contractors and consultants provided that local merchants are able to offer competitive prices and commercial terms; and that the local contractors and consultants are able to provide competent services or consultancy.

ARL is guided by the Group's "Policies and Procedures for Procurement" to achieve cost-effective, efficient and sustainable procurement.

FY2018 performance review:

During FY2018, ARL has, whenever possible, procured from local businesses and in relation to the mine and the quarry, the percentage of procurement by ARL from Terengganu suppliers and consultants is 21.7% (FY2017: 29.3%).

Target for FY2019:

ARL will maintain its current procurement practices.

OCCUPATIONAL HEALTH AND SAFETY

ARL strives to provide a safe and healthy work environment to the employees as it minimises medical issues, which would benefit the Company with higher productivity. This emphasis on safety and health extends to all visitors and suppliers' workers who enter the mine or the quarry.

All new workers, visitors and suppliers' workers are given a safety briefing by either the certified safety officer or safety supervisors before they are allowed into the mining or quarrying areas and/or the processing plants. Refresher briefings for the employees are also carried out on, at least, an annual basis. Appropriate personal protective equipment ("PPE") are provided to both our employees and our visitors. Suppliers' workers are required to be equipped with the appropriate PPE. ARL employs safety officers or safety supervisors to maintain safety measures, including putting up safety signage to remind the workers of the safety matters. On an annual basis, AASB and GGTM report the Safety and Health status of the mine and the quarry to the Department of Occupational Safety and Health.

FY2018 performance review:

There were zero Fatalities and zero Lost Time Injuries during FY2018 (FY2017: zero Fatalities and three days Lost Time Injuries).

Target for FY2019:

ARL is committed to maintain the safe and healthy work environment with the various initiatives and to maintain the zero Fatality and zero Lost Time Injury records for FY2019.

SOCIAL

Corporate Social Responsibility Management

ARL places importance in maintaining good relations with the local communities. Whenever possible, ARL will assist the local communities through provision of financial supports.

FY2018 performance review and target for FY2019:

In FY2018, ARL provided some financial support to the local police force in their National Police Championships in basketball and sepak takraw events. In FY2019, ARL aims to continue to engage with the local communities with such support.

GOVERNANCE

Anti-Corruption and Whistle-Blowing Policies

In accordance to good corporate governance, ARL has zero tolerance for any form of financial misconduct including bribery and corruption and ARL has put in place the following policies, approved by the Managing Director of the Company;

- Whistle-blowing policy

The Company has put into place whistle-blowing framework endorsed by the Audit Committee, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to drwilsonstay@gmail.com.

- Malaysian Anti-Corruption Commission (MACC) Policy (No-Gift Policy (inclusive of Anti-Bribery and Corruption))

The Company is committed to conduct its business in the highest standard of integrity and good governance. The objectives of the No Gift Policy are to avoid a conflict of interest and demonstrate ARL's commitment to provide equal treatment to all individuals or organisations that the Company is in contact with for its business.

Target for FY2019:

ARL aims for zero fraudulent activities for FY2019.

GRI CONTENT INDEX – CORE OPTION

SR – Sustainability Report

AR2018 – Annual Report for financial year ended 31 December 2018

GRI Standard	Disclosure Number and Title		Section Reference
GRI 102: General Disclosures 2016	102-1:	Name of the organisation	Note 1 to the Financial Statements in AR2018
	102-2:	Activities, brands, products and services	Financial Review, Operations Review, Group Structure in AR2018
	102-3:	Location of headquarters	Note 1 to the Financial Statements in AR2018
	102-4:	Location of operations	Note 1 to the Financial Statements in AR2018
	102-5:	Ownership and legal form	Note 1 to the Financial Statements in AR2018
	102-6:	Markets served	Note 32 to the Financial Statements in AR2018
	102-7:	Scale of the organization	Financial Review, Operations Review in AR2018 Our People in SR
	102-8:	Information on employees and other workers	Our People in SR
	102-9:	Supply chain	Procurement Practices in SR
	102-10:	Significant changes to the organisation and its supply chain	Milestone Achieved in AR2018
	102-11:	Precautionary principal or approach	Corporate Governance Report in AR2018
	102-12:	External initiatives	Board Statement in SR
	102-13:	Membership of associations	None
	102-14:	Statement from senior decision maker	Board Statement in SR
	102-16:	Values, principles, standards and norms of behaviour	Board of Directors, Corporate Governance Report in AR2018 and Board Statement in SR
	102-18:	Governance structure	Corporate Governance Report in AR2018
	102-40:	List of stakeholder groups	Key Stakeholder Engagement in SR
	102-41:	Collective bargaining agreements	N.A.
	102-42:	Identifying and selecting stakeholders	Key Stakeholder Engagement in SR
	102-43:	Approach to stakeholder engagement	Key Stakeholder Engagement in SR
102-44:	Key topics and concerns raised	Key Material Topics in SR	
102-45:	Entities included in the consolidated financial statements	Note 1 to the Financial Statements in AR2018	
102-46:	Defining report content and topic boundaries	Board Statement in SR	

GRI Standard	Disclosure Number and Title		Section Reference
	102-47:	List of material topics	Material Topics in SR
	102-48:	Restatements of information	No Restatement of Information
	102-49:	Changes in reporting	No Changes in Reporting
	102-50:	Reporting period	1 January 2018 to 31 December 2018
	102-51:	Date of most recent report	28 December 2018
	102-52:	Reporting cycle	Annually
	102-53:	Contact point for questions regarding this report	office@anchorresources.com.sg
	102-54:	Claims of reporting in accordance with the GRI Standards	Board Statement in SR
	102-55:	GRI content index	This section
	102-56:	External assurance	No external assurance
GRI 302: Energy 2016	DMA	Disclosure of Management Approach	Energy – Diesel and Electricity in SR
	302-1:	Energy consumption within the organization	
GRI 303: Water and Effluents 2018	DMA	Disclosure of Management Approach	Water and Effluents in SR
	303-2:	Management of water discharge-related impacts	
GRI 403: Occupational Health and Safety 2018	DMA	Disclosure of Management Approach	Occupational Health & Safety in SR
	403-1:	Occupational health and safety management system	