



ANCHOR RESOURCES LIMITED

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LETTER TO SHAREHOLDERS

FRIDAY, 21 DECEMBER 2007

Anchor Resources to accelerate drilling activity

Anchor Resources Limited (ASX Code: AHR) is pleased to provide the following exploration update for its shareholders. In addition we outline Anchor's aggressive exploration plans for the New Year.

"Anchor is currently trading at little more than its cash backing" commented MD Trevor Woolfe. "The Company is about to enter a highly active exploration phase including drilling on at least four of its prospects."

- *Drilling to commence in the first quarter 2008 at Tyringham (gold) and Dundurrabin (copper-gold) prospects, with Bielsdown (antimony-gold) expected to follow*
- *Drilling at Clayholes Dam (gold) is planned for April, after the northern Queensland wet season*
- *Canonba and Collaroy (copper-gold) licences near Cobar (NSW) have now been granted*
- *Excellent tin (up to 7.81% Sn) and tungsten (up to 1.06% W) results reported from Greenvale East rockchip sampling*

DRILLING SCHEDULE 2008

Anchor confirms that its **drilling programs will commence in the first quarter of 2008**. Anchor has gained access to a percussion (reverse circulation) rig for its northeastern NSW projects via a rig-sharing agreement with other exploration companies in the region.

It is anticipated that drilling at both the **Tyringham (gold)** and **Dundurrabin (copper-gold)** prospects will commence in late February-March.

At the **Bielsdown (antimony-gold)** deposit, successful access negotiations by Anchor could lead to infill and extensional resource drilling commencing in the first half of 2008. This program may also take advantage of the rig-sharing agreement.

At the Greenvale East project in Queensland, drilling of the **Clayholes Dam (gold)** prospect is scheduled for April, as previously advised. Funding for this program is being supported by the Queensland Department of Mines and Energy's Collaborative Drilling Initiative. Drilling will be undertaken by a company based in the region. Drillhole locations have been confirmed and site preparation is planned to take place as soon as is practical following the wet season.



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EXPLORATION UPDATE

Blicks Project (NSW – AHR 100%)

Recent field reconnaissance has identified further old workings along strike from the *Dundurrabin* copper-gold prospect. The interpreted strike length of the structure thought to host the mineralisation is now extended to at least 400m. Initial samples from these old workings have been submitted for analysis.

A Review of Environmental Factors is awaiting final approval from the regulatory body, and is expected after the New Year break. A program of ground magnetics and soil sampling will be undertaken in order to refine targets to be drilled in late February-March.

Good progress has been made confirming access and compensation agreements for drilling at both Tyringham and Dundurrabin. As part of Anchor's policy of releasing less prospective ground, Anchor recently submitted a proposal to reduce the size of the Blicks licence (EL 6465) from 83 to 54 blocks.

Greenvale East (Qld – AHR 100%)

At the Greenvale East project, Anchor recently completed its first phase of exploration since listing on the ASX. Rockchip, soil and stream sediment sampling was undertaken along with general reconnaissance and geological mapping. Initial sampling results have been received with one rock sample at the Perry Creek workings assaying 7.01% tin (Sn) and 0.28% tungsten (W). A quartz vein rockchip sample from a new prospect returned 1.06% W.

The second phase of sampling has been submitted for multi-element analysis with results expected in mid-January. Anchor has recently submitted a proposal to reduce the size of the EPM 14646 licence by 50%. Further details will be provided in the December 2007 quarterly report.

Canonba/Collaroy (NSW – AHR 100%)

The Canonba (EL 6928) and Collaroy (EL 6929) licences have now been granted to a 100% subsidiary of Anchor. Re-capping, these two licences are adjacent to the Tritton-Girilambone copper-gold camp, between Nyngan and Cobar (NSW).

Landholder, environmental, native title and cultural heritage searches over the licences are currently being fast-tracked for exploration to commence in January-February 2008.

In-house reinterpretation of existing geophysical and geological data over these project areas has identified over 30 exploration targets. Anchor will be prioritising these targets for detailed mapping, ground geophysical testing and shallow geochemical drilling in the first quarter of 2008. The Windella anomaly (on EL 6928) already represents an immediate drilling target.



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Bielsdown (NSW – AHR 100%)

Anchor continues to progress discussions with key landholders at the Bielsdown antimony-gold project. Recent negotiations indicate that Anchor could commence its exploration program as soon as January 2008.

As noted above, subject to initial exploration outcomes and landholder negotiations, infill and extensional drilling could commence during the first half of 2008 and may take advantage of the Company's rig-sharing agreement.

Chillagoe Uranium Project (Qld – AHR 100%)

Recent multi-element results from sampling at the Pinchgut Pinnacle and Eileen uranium prospects are extremely encouraging. Assessment is ongoing and will be detailed in the December quarterly report.

After incorporation of the Featherbeds and Hot Springs projects into Anchor's uranium holdings, an overall exploration strategy is being devised to outline drill targets.

Birdwood (NSW – AHR 100%)

An airborne geophysical survey consisting of 2,234 line kms was completed in September. Anchor's geophysical consultant is now in possession of the survey data from the contractor and is co-ordinating the processing and interpretation of results. We expect to have further updates on target generation in the December quarterly report.

Further details and maps of these projects can be found on our website at www.anchorresources.com.au For more information contact Anchor Resources Limited in Sydney on 02 9279 1231.

Yours sincerely
ANCHOR RESOURCES LIMITED

Trevor Woolfe
Managing Director

***Declaration:** The information in this report relating to Exploration Results is based on information compiled by Trevor Woolfe BSc(Hons), MAusIMM. Mr Woolfe is Managing Director and consultant to Anchor Resources Limited. Mr Woolfe has sufficient experience relevant to the assessment of this style of mineralisation to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code". Mr Woolfe consents to the inclusion of the information in the report in the form and context in which it appears.*