ANCHOR RESOURCES

Limited

ACN 122 751 419

ASX Code: AHR

ANCHOR RESOURCES LIMITED

ANNUAL REPORT

2007

Corporate Directory

Board of Directors

John Anderson	Non-Executive Chairman
Trevor Woolfe	Managing Director
Grant Craighead	Executive Director
Gary Fallon	Non-Executive Director

Company Secretary

Ross Moller

Registered Office

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Sydney, NSW 2000
Telephone: 02 9279 1231
Facsimile: 02 9279 2727
Website: www.anchorresources.com.au
Email: admin@anchorresources.com.au

Share Registrar

Registries Limited
PO Box R67
Royal Exchange, NSW 1223
Telephone: 02 9290 9600
Facsimile: 02 9279 0664

ASX Code

AHR

Auditors

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Level 13, 122 Arthur Street, North Sydney
PO Box 1664, North Sydney, NSW 2059

Solicitors

Gadens Lawyers
Skygarden Building
77 Castlereagh Street
Sydney, NSW 2000

Banker

Westpac Banking Corporation

Corporate Advisors

Oakhill Hamilton Pty Ltd
PO Box 324
Crows Nest, NSW 1585

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Chairman's Report

Dear Fellow Shareholder

On behalf of your Board of Directors, I am pleased to present Anchor Resources Limited's ("Anchor Resources") first Annual Report to shareholders. This follows the successful listing of the Company on the Australian Securities Exchange (ASX) on 5 July 2007.

Anchor Resources was incorporated in November 2006 and, as such, during the year to 30 June 2007, was an unlisted public company. Anchor Resources' focus during the period was on the formation of a strong, diversified exploration portfolio, leading to the public offer of shares in the company via a prospectus and capital raising for $3,500,000, which closed oversubscribed.

The ceremony heralding Anchor Resources' inclusion on the ASX was a significant achievement in the Company's short history. With our exploration program underway, we are on track to deliver on the advancement of our minerals portfolio as outlined in the prospectus, dated 11 May 2007.

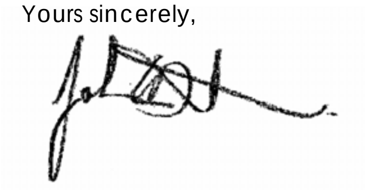
In line with Anchor Resources' objective of adding strategic exploration projects to the portfolio, your Company has submitted applications for two new Exploration Licences (Canonba and Collaroy) over ground that is highly prospective for copper-gold mineralisation, in the northwest NSW region, adjacent to the active Tritton Copper Mine. Granting of these licences is pending.

Anchor Resources is pleased to have been successful in obtaining a grant during August 2007 from the Queensland Department of Mines and Energy to proceed with a drill program at the Clayholes Dam gold prospect. The Department's "Collaborative Drilling Initiative" will provide $51,000 of funding towards our drill proposal, located on the Greenvale East project (EPM 14646).

I would like to take this opportunity to thank my fellow Directors and consultants who have worked diligently on the Company's activities during the past twelve months, particularly with the successful preparation of the recent float.

Anchor Resources looks forward to an exciting year of exploration and on behalf of your Board, I would also like to thank all shareholders for their support to date and look forward to reporting the results of our exploration over the coming year.

Yours sincerely,



John Anderson

Chairman

Review of Operations

The following Review of Operations is a summary that should be read in conjunction with the Anchor Resources Limited prospectus dated 11 May 2007.

CORPORATE ACTIVITY

Anchor Resources Limited was incorporated on 29 November 2006 with the aim of acquiring and developing mineral property assets.

The Company acquired the Bielsdown (EL6388), Blicks (EL6465), Aspiring (EPM14752) and Greenvale East (EPM14646) mineral properties (Figure 1) through the purchase of Scorpio Resources Pty Ltd and Sandy Resources Pty Ltd ("Sandy Resources") from interests associated with two of the Anchor Resources Directors – Grant Craighead and Gary Fallon - for a total of 6,000,000 shares. In January 2007, Anchor Resources acquired the Birdwood property (EL6459) from Eastmin Pty Ltd (wholly owned subsidiary of Jindalee Resources Ltd) and Norvale Pty Ltd for the consideration of 1,500,000 shares.

On 2 March 2007, through wholly owned subsidiary Sandy Resources, the Company entered into a heads of agreement with specialist uranium explorer, Northern Australian Uranium Limited, to create the Aspiring Uranium Project joint venture. Anchor Resources has a number of funding options at Aspiring including electing to reduce to a free carried interest through to completion of a bankable feasibility study.

In early 2007, private investors subscribed for $543,000 of the Company's capital as interim funding, leading to the allocation of a further 5,430,000 shares.

Anchor Resources released a prospectus dated 11 May 2007 for an initial public offering and to raise capital up to a maximum of $3,500,000 by the issue of 17,500,000 shares at 20 cents per share. The offer was successful, closing oversubscribed and early on 20 June 2007. The Company was admitted to the Official List of the ASX and began trading under the ASX code "AHR" on 5 July 2007.

Figure 1: Anchor Resources Project Locations

PROJECT UPDATE

▲ *Bielsdown EL6388* - north of Dorrigo, NSW

Anchor Resources' Bielsdown project contains an antimony resource, with possible gold credits, that is open both along strike and at depth.

In early 2007, Anchor Resources commissioned Bowral-based resource specialists – *GeoRes* – to complete a review of the old drilling data and a resource evaluation of the Wild Cattle Creek mineralisation. The resulting 3-D block model and resource estimate of the Bielsdown antimony project in accordance with the JORC* code concluded that the deposit contains 459,000 tonnes at 3.02% antimony (13,900t contained antimony metal), broken down in the following categories:

Resource Category	Sb cutoff (%)	Tonnes (t)	Sb grade (%)	Contained Sb metal (t)
Measured	1.00	0	0	0
Indicated	1.00	272,000	2.93	8,000
Inferred	1.00	187,000	3.15	5,900
Total	1.00	459,000	3.02	13,900

Table 1: Wild Cattle Creek Resource – to 875m RL – in accordance with JORC* code (GeoRes, February 2007)

Historical bulk mining indicates that the antimony mineralisation also contains gold however sporadic gold analyses within the drilling are insufficient to provide a comprehensive estimate of gold content. Silver and tungsten credits also require quantification and may result in added value.

As a consequence of our 3-D modeling and resource evaluation, Anchor Resources has identified drill targets to infill, extend and upgrade the resource (see Figure 2), with the objective of delineating a viable mining operation. Drilling is anticipated in the current financial year.

In June 2007, Anchor Resources received confirmation from the NSW Department of Primary Industries of the transfer and renewal of the Bielsdown (EL6388) licence effective from, and including, 13 June 2007 for a further term until 3 March 2009.

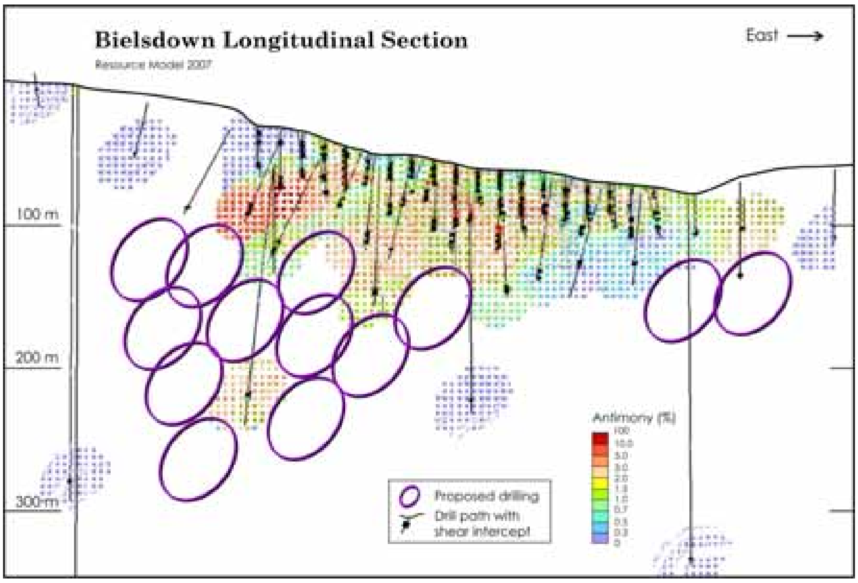


Figure 2: Wild Cattle Creek Resource Model Grade Blocks and Proposed Drilling– long section (adapted from GeoRes, February 2007)

Review of Operations

▲ *Blicks EL6465* - northwest of Dorrigo, NSW

The Blicks tenement area is highly mineralised with identified gold and copper prospects. There are historic alluvial gold workings in the area, as well as other workings and showings of gold, copper, molybdenum, bismuth, silver and arsenic.

Drilling during an exploration program in 2000 at the Tyringham prospect intersected significant, but sub-economic gold mineralisation that has yet to be adequately followed up. The previous 10 hole drill program designed to test the anomalous gold intersected wide zones of gold and copper mineralisation, including 96m at 0.23g/t gold over the entire length of TRC01, 75m at 0.21g/t gold from 35m in TRC02, 67m at 0.23g/t gold from 47m in TRC03 and 78m at 0.27g/t gold from 42m in TRC05.

Anchor Resources' re-interpretation of the geophysical and geological data from the Tyringham gold prospect has recognised more favourable gold targets than those tested in the previous exploration campaign. The Company has scheduled a new drilling program for the second half of 2007 to test these targets at Tyringham.

The Tyringham prospect is one part of a large mineralised system evident within the licence. The system has numerous metal showings which require new consideration. One example is the Dundurrabin copper mine area where an old drillhole encountered 111.25 feet (33.9 metres) at 1.27% copper and 1.25oz/ton silver below shallow old workings. Subsequent drilling did not discover extensions to this zone, but reinterpretation by Anchor Resources suggests that extensions of the copper mineralisation may exist in untested ground. Anchor Resources' immediate objective is to refine the target by geophysical methods prior to drill testing early in the current financial year.

Following the acquisition of this project, the transfer of tenure to Scorpio Resources Pty Ltd (a wholly owned subsidiary of Anchor Resources) was confirmed by the NSW Department of Primary Industries during February 2007.

▲ *Aspiring EPM14752* - east of Chillagoe, Qld

The Aspiring Uranium Project licence is in a highly prospective terrain for uranium mineralisation. Significant uranium deposits are associated with rocks of the North Queensland Volcanic and Plutonic Province, in particular the Ben Lomond and Maureen deposits.

Previous exploration late in the last century produced encouraging results in several areas and the exploration was by no means exhaustive. In particular, within the licence area hot water springs are depositing radium (Ra) in the vicinity of Fishermans Waterhole. Also at Pinchgut Pinnacle, supergene uranium minerals have been identified at the surface.

A reappraisal by Anchor Resources of the past programs, following the recent strength in uranium pricing and improved outlook for global demand, suggests high prospectivity for discovering significant uranium mineralisation in the area.

Anchor Resources attracted a joint venture partner, Northern Australian Uranium Ltd, to operate the exploration of the Aspiring Uranium Project. Subsequent to 30 June 2007, this joint venture was terminated with Anchor Resources resuming 100% control of the project's exploration. The work program includes, but is not restricted to:

- Field reconnaissance and geological mapping
- Gridded scintillometer readings and rock chip sampling
- Drill testing of delineated targets
- Further exploratory geological mapping and scintillometer grids

Following the acquisition of this project, the transfer of tenure to Sandy Resources Pty Ltd (a wholly owned subsidiary of Anchor Resources) was confirmed by the Queensland Department of Natural Resources in January 2007.

Review of Operations

▲ ***Birdwood EL6459*** **- west of Wauchope, NSW**

The Birdwood project covers a large system with copper, gold and molybdenum mineralisation. Despite some drilling in the 1960s, the mineralised system appears to have been only superficially tested. Nine diamond holes were drilled into the area in that campaign with the best result being 42 feet (~12.8m) at 0.79% copper and 4.9g/t silver. The mineralisation intersected consisted of pyrite-chalcopyrite-pyrrhotite, associated with quartz-calcite-chlorite-sericite alteration.

Anchor Resources interprets the mineralisation to be related to a complex of intrusions of which the most prospective are not exposed at the surface or in the old drill core. A new interpretation of the airborne geophysical data suggests that the most prospective area remains to be examined. The specific target envisaged is a sheeted vein system associated with an unexposed intrusion. It is noteworthy also that gold geochemical anomalies recognised in earlier programs remain to be followed up.

Anchor Resources has scheduled an airborne magnetics and radiometrics survey over the entire tenement for the second half of 2007, to better define our interpretation of the geology and structural controls on mineralisation. Targets will be refined by ground geophysics and geochemistry, accompanied by geological mapping, to focus subsequent drill testing for economic mineralisation.

Following the acquisition of this project in January 2007, the transfer of tenure to Scorpio Resources Pty Ltd (a wholly owned subsidiary of Anchor Resources) was confirmed by the NSW Department of Primary Industries during May 2007.

▲ ***Greenvale East EPM14646*** **- northeast of Greenvale, Qld**

The Greenvale East licence area contains 14 known mineralised occurrences, including old workings that have produced modest volumes of tin, tungsten and gold. Cobalt (Co) and rare earth elements (REE) have also been recorded. Prospects have been identified with encouraging geochemistry and, in some cases, coincident with geophysical anomalies.

One of these anomalies is the Clayholes Dam gold prospect. In August 2007, Anchor Resources was successful in obtaining a grant from the Queensland Department of Mines and Energy via its “Collaborative Drilling Initiative” in which it will provide $51,000 of funding towards drilling of this highly prospective coincident gold and magnetic anomaly. The drill program is tentatively scheduled for April 2008.

Anchor Resources is currently awaiting approval for renewal of EPM14646 to be confirmed by the Queensland Department of Natural Resources. Renewal of this property is subject to up to 50% relinquishment after the second anniversary of tenure, The Directors of Anchor Resources have made application for exemption from this condition.

Anchor Resources’ exploration program is scheduled to commence in the September quarter of 2007, focusing on detailed mapping, sampling and geophysics to refine early stage drill targets. Initial drilling is anticipated to commence early in 2008, following the wet season.

*** Declaration and JORC Compliance:**

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.

The information in this report that relates to Mineral Resources or Ore Reserves at Bielsdown is based on information compiled by Robin Rankin, a Member of the AusIMM, and registered as a Chartered Professional Geologist (CPGeo). Robin Rankin is Principal Geologist and operator of GeoRes. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined by JORC. He consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

NEW EXPLORATION APPLICATIONS

Anchor Resources' exploration team has recognised an important corridor of copper mineralisation in northwestern New South Wales. This is a northeast-southwest trending zone which encompasses the Canbellego, Tritton and Girilambone mines, as well as the recent Larsens copper discovery (see Figure 3).

The mineralised corridor parallels the Darling River and Cobar-Inglewood Lineaments, both prominent structural features of the Cobar Belt, as well as other mineralised structures in the region. During July 2007, Anchor Resources lodged applications with the NSW Department of Primary Industries for Exploration Licences (ELA 3218 – "Canonba" and ELA 3219 "Collaroy") to cover strategic segments of this mineralised corridor.

In addition, published data by Straits Resources Ltd indicates that much mineralisation in this region, including that of the Tritton and Girilambone mines, is associated with a quartzite horizon within the Girilambone Beds. This horizon extends into the ground for which Anchor has lodged applications. Anchor's interpretation of aeromagnetic data for the Collaroy and Canonba applications has highlighted eight anomalies with characteristics comparable to those associated with the Tritton and Girilambone mineralisation.

Anchor Resources regards the Collaroy and Canonba areas as highly prospective for copper and gold mineralisation. The company intends to use detailed geochemistry and geophysics to define drill targets.

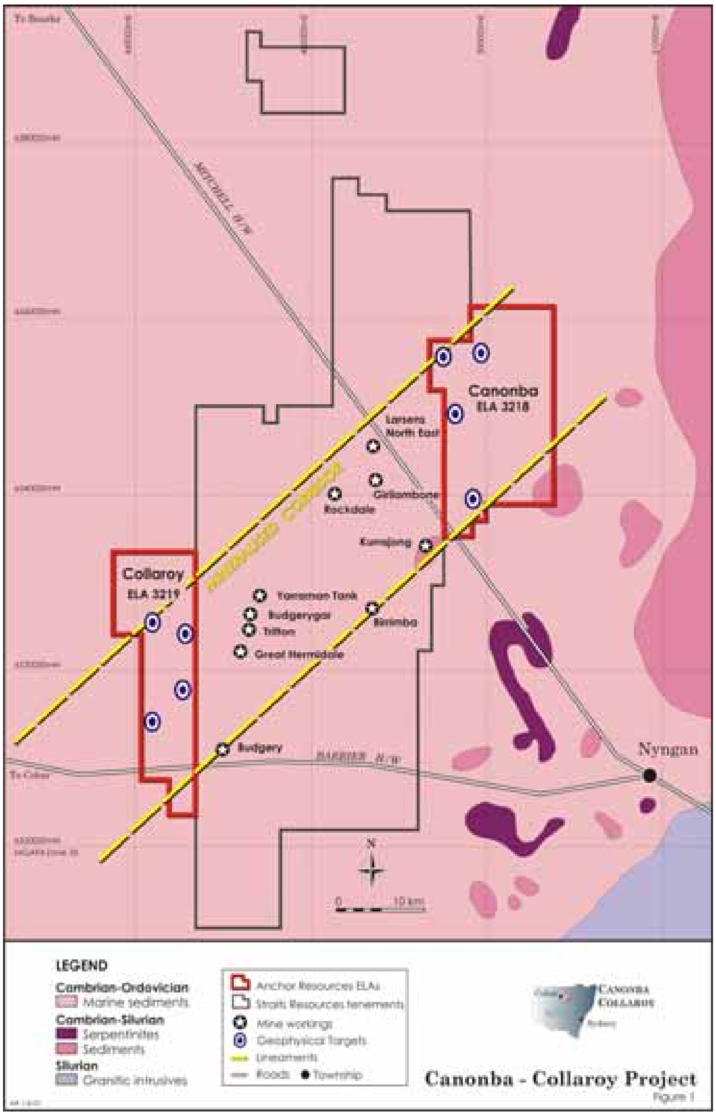


Figure 3: Anchor Resources' Exploration Licence Applications (ELAs 3218 and 3219)

Schedule of Tenements

Project	Tenement	Date Granted	Approx Area (km^2)	Anchor Equity (%)	Statutory Expenditure Commitment	Principal Target
NEW SOUTH WALES PROJECTS						
Bielsdown	EL 6388	4 Mar 05	43	100	$43,000	Wild Cattle Creek antimony resource
Blicks	EL 6465	29 Sep 05	274	100	$61,500	Tyringham – intrusion related gold, Dundurrabin – copper
Birdwood	EL 6459	8 Aug 05	330	100	$70,000	Birdwood – intrusion related gold, copper, molybdenum
Canonba	ELA 3218	Awaiting grant	300	100	TBA	Tritton/Girilambone style – copper, gold
Collaroy	ELA 3219	Awaiting grant	216	100	TBA	Tritton/Girilambone style – copper, gold
QUEENSLAND PROJECTS						
East Greenvale	EPM 14646	13 Apr 05	330	100	$96,000 (year 3)	Roberg, James, Perry Creek – tin, tungsten, Suprendre, Clayholes - gold
Aspiring	EPM 14752	27 Sep 05	330	100	$80,000 (year 2)	Uranium

As at 05 September 2007

Notes:

1. New South Wales tenements: EL – Exploration Licence; ELA – Exploration Licence Application
2. Queensland Tenements: EPM – Exploration Permit for Minerals
3. Periods of Grant: New South Wales – 2 years; Queensland - 2 to 5 years.

Directors' Report

Your Directors present the financial report of the Company and its subsidiaries ("Group") from the date of incorporation (being 29 November 2006) to 30 June 2007.

The following persons hold office as Directors at the date of this report and throughout the period. Their qualifications and experience are:

John Anderson, *Chairman*
John has over 25 years experience in the finance sector in banking, investment banking and general consulting. He has held positions of Managing Director or Chairman with a number of public and private companies in Australia. John has specialised in general financing and capital raisings, developing and implementing business plans for new and existing entities. John is Executive Director of Powersave Pty Ltd, which specialises in the provision of energy management solutions. John is also a Non-Executive Director of Admiralty Resources NL and is a member of its audit, remuneration and finance committees. Among previous positions, John was Managing Director of an Australian publicly listed mining company and was responsible for turning around its unprofitable operations and implementation of mining and operating plans.

Trevor Woolfe*, Managing Director*
Trevor is an experienced mining industry professional with extensive experience in exploration, mining and resource evaluation, and also in the financial sector. Trevor has over 12 years experience as a geologist. His fields of expertise include evaluation of exploration, mining, development and corporate projects with Placer Dome, Newcrest Mining, Great Central Mines, Metana Minerals and CRA (now Rio Tinto) throughout Australia. He was also a leading member of Placer Dome's South American exploration group for four years, primarily in Brazil and Chile, evaluating precious and poly-metallic project opportunities. He commenced work in the financial sector in 1999 as a Commodity Analyst with Sydney based AME Mineral Economics with specific responsibility for analysis of global gold mining companies and operations. He has more recently fulfilled the role of Manager-Business Development with independent research house, Stock Resource.

Grant Craighead, *Executive Director*
Grant is a geologist with extensive experience in the exploration, mining and financial sectors. He spent 16 years in the exploration and mining industry, including eight as Chief Geologist with Elders Resources NZFP Ltd. During this period he was closely associated with significant exploration and development projects including Red Dome, Selwyn, Wafi and Kidston. Grant has been working in the finance sector for the past 15 years and is a principal of Stock Resource. During this period he has been involved in equity research, commodity analysis and funds management, including five years as a Resources Analyst with Macquarie Bank Ltd where he was an Associate Director. The period with Macquarie included specific responsibility for analysis of gold mining companies. His experience covers diverse commodities including gold, copper, zinc, lead, nickel and coal, and spans localities throughout the Asia-Pacific region.

Gary Fallon*, Non-Executive Director*
Gary is a geophysicist with 22 years of mineral and coal exploration experience. He is Director and principal consultant to Geophysical Resources and Services, a geophysical contracting and consulting company. He has been involved in extensive precious, base metal and coal exploration and mining projects throughout Australia, focusing on application of geophysical techniques to operating mines. He has worked for Scintrex Consulting, Whim Creek Consolidated, Dominion Mining and MIM Exploration, providing exposure to mining via both open cut and underground methods. Utilising his project management skills, his work required the application of geophysical methods to add value to operations. Gary has submitted a Doctorate of Philosophy at the University of Queensland and was the recipient of the Bowen Basin Geology Group Leichhardt Award (2003) for the application of geophysical technology to coal operations.

Ross Moller, *Company Secretary*
Ross is a Chartered Accountant and Chartered Secretary, and is principal of the consulting firm, Rahui Resources. Ross consults to Oakhill Hamilton Pty Ltd, a company which provides company secretarial and corporate advisory services to a range of listed and unlisted companies, including Anchor Resources Limited.

Directors' Report

Directors' Interests in Shares and Options

Directors' interests in shares and options as at the date of this report are set out in the table below.

Director	Shares Directly and Indirectly Held	Options
J Anderson	Nil	500,000
T Woolfe	221,000	500,000
G Craighead	1,840,000	Nil
G Fallon	2,010,641	Nil

Activities

The continuing principal activity of the Group is the exploration for economic deposits of minerals. For the period of this report, the emphasis has been on gold, copper, antimony, uranium and to a lesser extent, tin and tungsten.

Results

The net result of operations after applicable income tax expense was a loss of $111,334.

Dividends

No dividends were paid or proposed during the period.

Review of Operations

A review of the operations of the Group during the financial period and the results of those operations are contained in pages 2 and 3 in this report.

Corporate Structure

Anchor Resources Limited is a limited company that is incorporated and domiciled in Australia.

Employees

The Group had no employees as at 30 June 2007. The Group uses contract geologists and other consultants as required.

Significant Changes

The Directors are not aware of any significant changes in the state of affairs of the Group occurring during the financial period, other than as disclosed in this report.

Matters Subsequent to the End of the Financial Period

There were at the date of this report no matters or circumstances which have arisen since 30 June 2007 that have significantly affected or may significantly affect:

i) the operations of the Group,

ii) the results of those operations, or

iii) the state of affairs of the Group.

Likely Developments and Expected Results

As the Group's areas of interest are at an early stage of exploration, it is not possible to postulate likely developments and any expected results. The Group is hoping to identify other precious and base metal exploration and evaluation targets.

Remuneration Report

The remuneration report is set out under the following main headings:

i) Principles used to determine the nature and amount of remuneration

ii) Details of remuneration

iii) Service agreements

iv) Share-based compensation.

(i) Principles used to determine the nature and amount of remuneration

The objective of the Group's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Group's limited financial resources.

Board and Senior Management
Fees and payments to the non-executive directors and senior executives reflect the demands which are made on, and the responsibilities of, the directors and the senior management. Such fees and payments are reviewed annually by the Board. The executive and non-executive directors, senior executives and officers are entitled to receive options under the Group's employee share option scheme.

(ii) Details of remuneration

Directors' and Executives' Remuneration
Directors are entitled to remuneration out of the funds of the Group but the remuneration of the Non-Executive Directors may not exceed in any year the amount fixed by the Group in general meeting for that purpose. The aggregate remuneration of the Non-Executive Directors has been fixed at a maximum of $200,000 per annum to be apportioned among the non-executive directors in such a manner as they determine (refer below). Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as directors.

The Directors have resolved that non-executive Directors fees paid for the 2007 year would be paid through the issue of 50,000 shares to Gary Fallon (which was approved by shareholders), and an annual payment of $30,000 to John Anderson.

Details of the nature and amount of each element of the remuneration of each of the directors of Anchor Resources Limited and each of the five senior executives of the Group and the consolidated entity who received the highest emoluments during the year ended 30 June 2007 are set out in the following tables.

Table 1: Director and senior executive remuneration

Directors of Anchor Resources Limited	Directors' Fees $	Salaries $	Consulting Fees $	Super-annuation Contri-bution $	Options $	Shares $	Total $
J Anderson	-	-	-	-	10,000	-	10,000
T Woolfe	-	-	44,352	-	10,000	-	54,352
G Craighead	-	-	26,532	-	-	-	26,532
G Fallon	-	-	-	-	-	5,000	5,000

(a) Options and shares do not represent cash payments to directors or senior executives and share options granted may or may not be exercised by the directors or executives

(b) Shares issued to directors are in lieu of directors fees

(c) The consolidated entity had no senior executives during the period

Table 2: Options and shares granted as part of remuneration

Options	Grant date	Grant number	Vest Date	Value per option at grant date	Exercised number	Value per option at exercise date $	Value at date option lapsed $	% of remuner-ation
J Anderson	6 Mar 07	500,000	6 Mar 07	Nil	-	0.25	-	-
T Woolfe	6 Mar 07	500,000	6 Mar 07	Nil	-	0.25	-	-

Shares	Grant date	Grant number	Issue date	Value per share at grant date $	% of remuneration
G Fallon	30 Mar 07	50,000	30 Mar 07	0.10	100

The value of the shares granted have been recognised as expenses in the financial statements and are expensed, resulting in an increase in employee benefits expense of $5,000 for the 2007 financial year.

Options granted as a part of a director and executive remuneration have been valued using a Black and Scholes option-pricing model, which takes account of factors including the option exercise price, the share price at time of grant, volatility of the underlying share price, the risk-free interest rate and the expected life of the option.

Fair value of options

The fair value of each option is estimated on the date of grant using a Black and Scholes option-pricing model with the following weighted average assumptions used for grants made on 31 March 2007:

Dividend yield	0.0%
Expected volatility	50.00%
Risk–free interest rate	5.85%
Expected life of option	4 years

The dividend yield reflects the assumption that no dividends will be paid out. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The resulting weighted average fair values per option for those options vesting after 1 July 2007 are:

Grant number	Grant date	Expiry date	Weighted average value per option
001	6 Mar 07	6 Mar 11	$0.02
002	6 Mar 07	6 Mar 11	$0.02

These fair values of the options are recognised as expenses in the financial statements and are expensed, resulting in an increase in employee benefits expense of $20,000 for the 2007 financial year. Options issued to Directors are escrowed until 6 March 2009.

(iii) Service agreements

Remuneration and other terms of employment for the directors and executives are formalised in Service/Appointment agreements.

All contracts with executives may be terminated early by either party with the stipulated number of months notice, subject to termination payments as detailed below.

John Anderson
There is no written contract with Mr Anderson, who received payments and benefits totalling $30,000 in his role as a director of the Group.

Trevor Woolfe
Mr Woolfe is contracted to the Group through the Service Agreement with Stock Resource. Six month notice by either party will be required to terminate this contract. Mr Woolfe's share of the payments and benefits are $120,000 per annum.

Grant Craighead
Mr Craighead is contracted to the Group through the Service Agreement with Stock Resource. Six month notice by either party will be required to terminate this contract. Mr Craighead's share of the payments and benefits to Stock Resource are $72,000 per annum.

Gary Fallon
There is no written contract with Mr Fallon, who has received 50,000 shares in the Company in lieu of payment and benefits in his role as a director of the Company.

(iv) Share-based compensation - options

At 30 June 2007 the Company had granted options over 1,000,000 unissued shares to directors and consultants, all issued in the 2007 financial year. These include:

John Anderson – 500,000

Trevor Woolfe – 500,000

These were granted on 6 March 2007 and expire 6 March 2011 at an exercise price of 25 cents per share. They are escrowed until 6 March 2009.

Directors' Interests
The relevant interest of each Director (including their associates) in the share capital of the Company as at 30 June 2007 are set out in note 16 to the financial statements.

Options included in directors' and executives' remuneration are treated as follows:

Fair values have been assessed using the Black and Scholes option valuation methodology which takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the options, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Share Capital and Options
A detailed breakdown of the Company's capital, including options (unquoted options and employee options) and convertible instruments is contained in Note 12 to the Financial Statements.

Meetings of Directors

Director's attendance at Directors meetings are shown in the following table:

Director	Meetings Eligible to Attend	Meetings Attended
J Anderson	5	5
T Woolfe	5	5
G Craighead	10	10
G Fallon	10	10

Non-Executive Director, John Anderson is a member of the Group's Audit Committee. The Committee will review the Group's financial systems, accounting policies, half-year and annual financial statements. There was one Audit Committee meeting during the period held on 15 June 2007

Directors, Officers, Senior Employees and Consultants Share Option Plan

The Company has established the Anchor Resources Limited Employees and Officers Share Options Plan ("the Plan") to assist in the attraction, retention and motivation of the Company's directors, officers, employees and senior consultants. No options have been granted under the Plan as at the date of this report.

A summary of the rules of the Plan is as follows. All Directors, officers, employees and senior consultants (whether full- or part-time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by the Company or its subsidiaries (or, in the case of a senior consultant, having provided consulting services to the Company or its subsidiaries on a continuous basis for at least 12 months), although the Board may waive this requirement.

The allocation of options under the Plan is at the discretion of the Board.

If permitted by the Board, options may be issued to a nominee of a director, officer, employee or senior consultant (for example, to a spouse or family company).

Each option allows the option holder to subscribe for one fully paid ordinary share in the Company and will expire five years from its date of issue. Options will be issued free. The exercise price of options will be determined by the Board subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to issue the options. The total number of shares the subject of options issued under the Plan, when aggregated with other options issued under the Plan during the previous five years must not exceed five percent of the Company's issued share capital at the time.

The Board may amend the Plan rules at any time subject to the requirements of the ASX Listing Rules.

Indemnification and Insurance of Directors and Officers

The Group has not, either during or since the end of the financial period, in respect of any person who is or has been an officer or auditor of the Group or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Environmental Performance

Anchor holds exploration licences issued by the Mines Departments of two state governments which specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the various Mines Departments' guidelines and standards. There have been no significant known breaches of the licence conditions.

Auditor's Independence and Non-Audit Services

The following non-audit services were provided by the Group's auditor, Barnes Dowell James. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. The Directors received a declaration of independence from the auditors of Anchor Resources Limited. It is located on the following page and forms part of this report.

Barnes Dowell James received or is due to receive the following amounts for the provision of non-audit services:

Independent Accountant's report: $9,000

Signed at Sydney this 5th day of September 2007 in accordance with a resolution of the Directors.

J Anderson
Chairman

Income Statement

Period from date of incorporation 29 November 2006 to 30 June 2007

	Note	Consolidated 2007 $	Parent Entity 2007 $
REVENUE	2	**12,317**	10,021
Advertising		**(1,215)**	(1,215)
ASX and ASIC fees		**(489)**	(489)
Audit and accounting services	4	**(10,400)**	(8,900)
Corporate advisory services		**(57,406)**	(57,406)
Directors Fees		**(5,000)**	(5,000)
Legal fees		**(852)**	(20)
Management fee		**(4,727)**	(4,727)
Printing and stationery		**(1,882)**	(1,882)
Share registry costs		**(499)**	(499)
Telephone		**(1,152)**	(1,152)
Travel and accommodation		**(6,228)**	(6,201)
Salaries and employee benefits expense		**(1,349)**	(1,349)
Share based payments – Options issued		**(20,000)**	(20,000)
Write down of carrying value of exploration expenditure		**(9,707)**	(8,509)
Other expenses from ordinary activities		**(2,745)**	(2,702)
		(123,651)	(120,051)
(LOSS) BEFORE INCOME TAX EXPENSE		**(111,334)**	(110,030)
INCOME TAX EXPENSE	3	-	-
(LOSS) AFTER INCOME TAX EXPENSE	13	**(111,334)**	(110,030)
NET (LOSS) ATTRIBUTABLE TO MEMBERS OF ANCHOR RESOURCES LIMITED		**(111,334)**	(110,030)
Basic loss per share (cents per share)	14	**(0.363)**	(0.359)
Diluted loss per share (cents per share)	14	**(0.363)**	(0.359)

Balance Sheet
At 30 June 2007

	Note	Consolidated 2007 $	Parent Entity 2007 $
CURRENT ASSETS			
Cash assets		**3,676,442**	3,676,442
Receivables	5	**12,331**	12,331
Other current assets		**9,363**	9,363
TOTAL CURRENT ASSETS		**3,698,136**	3,698,136
NON-CURRENT ASSETS			
Shares in controlled entities	6	**-**	201
Tenement security deposits	7	**35,000**	10,000
Plant and equipment	8	**-**	-
Deferred exploration and evaluation expenditure	9	**213,267**	46,943
Loans to controlled entities	10	**-**	192,623
TOTAL NON-CURRENT ASSETS		**248,267**	249,767
TOTAL ASSETS		**3,946,403**	3,947,903
CURRENT LIABILITIES			
Payables	11	**147,938**	147,938
TOTAL CURRENT LIABILITIES		**147,938**	147,938
TOTAL LIABILITIES		**147,938**	147,938
NET ASSETS		**3,798,465**	3,799,965
EQUITY			
Issued capital	12	**3,889,994**	3,889,994
Accumulated losses	13	**(111,529)**	(110,029)
Reserves	13	**20,000**	20,000
TOTAL EQUITY		**3,798,465**	3,799,965

Statement of Cash Flows

Period from date of incorporation 29 November 2006 to 30 June 2007

	Note	Consolidated 2007 $	Parent Entity 2007 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers and employees		**(87,713)**	(86,409)
Interest received		**12,317**	10,021
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	24	**(75,396)**	(76,388)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in subsidiaries		**-**	(201)
Expenditure on mining interests (exploration)		**(138,627)**	(46,943)
Tenement security deposits		**(15,000)**	(10,000)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(58,136)**	(57,144)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**4,043,600**	4,043,600
Equity raising expenses		**(233,626)**	(233,626)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**3,809,974**	3,809,974
Net increase in cash held		**3,676,442**	3,676,442
Add opening cash brought forward		**-**	-
CLOSING CASH CARRIED FORWARD	24	**3,676,442**	3,676,442

Statement of Changes in Equity

Period from date of incorporation 29 November 2006 to 30 June 2007

CONSOLIDATED	Attributable to the shareholders of Anchor Resources Limited			
	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
AT 29 NOVEMBER 2006	-	(195)	-	(195)
Loss for the period	-	(111,334)	-	(111,334)
Total expense for the period	-	(111,529)	-	(111,529)
Cost of share based payments taken directly to Equity	-	-	20,000	20,000
Issue of share capital	3,889,994	-	-	3889,994
AT 30 JUNE 2007	**3,889,994**	**(111,529)**	**20,000**	**3,798,465**

PARENT	Attributable to the shareholders of Anchor Resources Limited			
	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
AT 29 NOVEMBER 2006	-	-	-	-
Loss for the period	-	(110,029)	-	(110,029)
Total expense for the period	-	(110,029)	-	(110,029)
Cost of share based payments taken directly to Equity	-	-	20,000	20,000
Issue of share capital	3,889,994	-	-	3,889,994
AT 30 JUNE 2007	**3,889,994**	**(110,029)**	**20,000**	**3,799,965**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial report has been prepared on a historical cost basis except for land and buildings, which have been measured at fair value.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

This is the first financial report prepared based on AIFRS, and also the first report prepared for the Company as a listed entity and its first year of operations, thus it has no prior year comparisons. There are no reconciliations applicable to prior periods that would be affected under AIFRS.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Anchor Resources Limited (Anchor or the "Company") and its subsidiaries ("the Group") as at 30 June each year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- plant and equipment – 4 years

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(e) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(f) Intangible assets

Acquired both separately and from a business combination
Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the "administrative expenses" line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(g) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use.

(h) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Securities Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, being the date that the Group commits to purchase he asset.

(i) Exploration, evaluation, development and restoration costs

Exploration and evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area interest is aggregated within costs of development.

Exploration and evaluation – impairment
The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis, provisions would be reviewed and if appropriate, written back.

Development
Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Restoration
Provisions for restoration costs are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Remaining mine life
In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

(j) Mine property held for sale

Where the carrying amount of mine property and related assets will be recovered principally through a sale transaction rather than through continuing use, the assets are reclassified as Mine Property Held for Sale and carried at the lower of the assets' carrying amount and fair value less costs to sell – where such fair value can be reasonably determined, and otherwise at its carrying amount. Liabilities and provisions related to mine property held for sale are similarly reclassified as Liabilities – Mine Property Held for Sale and, Provisions – Mine Property Held for sale, as applicable, and carried at the value at which the liability or provisions expected to be settled.

(k) Trade and Other Receivables

Trade receivables, which generally have 5-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(l) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts, if any.

(m) Other provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Employee Entitlements

Liabilities for wages and salaries are recognised and are measured as an amount unpaid at the reporting date at current pay rates in respect of employee's services up to that date. Current employee contracts do not entitle them to annual leave and long service leave. A liability in respect of superannuation at the current superannuation guarantee rate has been accrued at the reporting date.

(o) Share-based payments

An employee share option scheme has been established where selected employees, consultants, contractors and Directors of the Company are issued with options over ordinary shares in Anchor Resources Limited. The options, issued for nil consideration, are issued in accordance with a performance review by the Directors. The options cannot be transferred and will not be quoted on the ASX. There were 1,000,000 options issued on 6 March 2006 which expire on 6 March 2011, which are exercisable at 25 cents and which have vested. Options expire if not exercised 90 days after a participant resigns from the Company. The cost of these equity-settled transactions is determined by reference to the fair value at the date at which they are granted. The fair value of the options is determined by using the Black and Scholes option pricing model.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (a) the extent to which the vesting period has expired and (b) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. The Company has applied the requirements of AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" in respect of equity-settled awards and has applied AASB 2 "Share-Based Payments" only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

(p) Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(q) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends
Revenue is recognised when the shareholders' right to receive the payment is established.

(r) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(t) Currency

Both the functional and presentation currency is Australian dollars (A$).

(u) Comparatives

There are no comparative figures as this is the Company's first year of operation.

(v) Investment in Controlled Entities

The Company's investment in its controlled entities is accounted for under the equity method of accounting in the Company's financial statements.

2. REVENUE FROM ORDINARY ACTIVITIES

	Consolidated 2007 $	Parent 2007 $
Interest received – other persons/corporation	**10,651**	10,021
Other income	**1,666**	-
	12,317	10,021

3. INCOME TAX

	Consolidated 2007 $	Parent 2007 $
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
(Over) under provision in prior years	-	-
	-	-
Income tax expense is attributable to:		
Profit from continuing operations	-	-
Aggregate income tax expense	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Losses from continuing operations before income tax expense	(111,334)	(110,030)
Tax at the Australian tax rate of 30%	(33,400)	(33,009)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Additional deductions	-	-
(Over) under provision prior year	-	-
Non-allowable deductions	-	-
Other	-	-
Income taxes not brought to account	33,400	33,009
(c) Current tax liabilities		
Balance at beginning of year	-	-
Income tax paid	-	-
Current year's income tax on profit	-	-
Under (over) provided in prior year	-	-
Balance at end of year	-	-

No provision for income tax is considered necessary in respect of the Company for the period ended 30 June 2007.

No recognition has been given to any future income tax benefit which may arise from operating losses not claimed for tax purposes. The Company has estimated its losses not claimed of $33,400. These amounts have not been brought to account in calculating any future tax benefit.

A benefit of 30% of approximately $33,400 will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised,
- the Company continues to comply with the conditions for deductibility imposed by the law, and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses, i.e. current tax legislation permits carried forward tax losses to be carried forward indefinitely.

No franking credits are available for subsequent years.

Tax consolidation

The Tax Consolidation scheme is applicable to the Company. As at the date of this report the directors have not assessed the financial effect, if any, the scheme may have on the Company and the consolidated entities, and accordingly the directors have not made a decision whether or not to be taxed as a single entity. The financial effect of the tax consolidation scheme on the Group has not been recognised in the financial statements.

	Consolidated 2007 $	Parent 2007 $
4. AUDITORS' REMUNERATION		
Total amounts receivable by the current auditors of the Company for:		
Audit of the Company's accounts	**5,200**	5,200
Other services – Independent Accountant's Report for IPO Prospectus	**5,200**	3,700
	10,400	8,900

5. RECEIVABLES – CURRENT

Interest	**-**	-
Refund for GST paid *	**12,331**	12,331
	12,331	12,331

* The refund amount of GST paid may be less than shown following advice received from the ATO regarding some items that may be classified under Financial Acquisition Threshold Legislation and forming part of the capital raising for the IPO of the Company and thus not admissible on the GST return. As at the date of this report no further details are available.

6. SHARES IN CONTROLLED ENTITIES

Sandy Resources Pty Ltd	**-**	200
Scorpio Resources Pty Ltd	**-**	1
	-	201

7. TENEMENT SECURITY DEPOSITS

Cash with government mines department	**$35,000**	$10,000

These deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements (refer to Note 19).

8. PLANT AND EQUIPMENT

Plant and equipment – at cost	**-**	-
Accumulated depreciation	**-**	-
	-	-
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year		
Carrying amount at beginning		
Additions	**-**	-
Disposals	**-**	-
Depreciation expense	**-**	-
	-	-

9. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Costs brought forward	**-**	-
Costs incurred during the period	**222,974**	55,452
Expenditure written off during period	**(9,707)**	(8,509)
Costs carried forward	**213,267**	46,943
Exploration expenditure costs carried forward are made up of:		
Expenditure on joint venture areas	**-**	-
Expenditure on non joint venture areas	**213,267**	46,943
Costs carried forward	**213,267**	46,943

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 1. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

	Consolidated 2007 $	Parent 2007 $
10. LOANS TO CONTROLLED ENTITIES	**-**	192,623

Unsecured loan to a controlled entity (interest free).

11. CURRENT LIABILITIES – PAYABLES

	Consolidated 2007 $	Parent 2007 $
Trade creditors	**142,738**	142,738
Accrued expenses	**5,200**	5,200
	147,938	147,938

12. CONTRIBUTED EQUITY

Share capital

	Consolidated 2007 $	Parent 2007 $
30,680,000 ordinary shares fully paid	**3,889,994**	3,889,994

Movements in ordinary share capital	Date	Number of shares	Issue price	$
Shares issued to initial Shareholders	29 Nov 06	40,000	$0.0001	4
Shares issued to initial Shareholders	18 Dec 06	5,960,000	$0.0001	596
Shares issued to business advisor in lieu of service fees	20 Dec 06	200,000	$0.0001	20
Shares issued to acquire tenements at a deemed value	30 Mar 07	1,500,000	$0.05	75,000
Shares issued to a director in lieu of directors fees	30 Mar 07	50,000	$0.10	5,000
Shares issued for cash to related parties and seed capitalists	30 Mar 07	5,430,000	$0.10	543,000
Shares issued for cash under the IPO	29 Jun 07	17,500,000	$0.20	3,500,000
Costs of IPO share issue	30 Jun 07	-	-	(233,626)
Balance at end of current financial period		30,680,000		3,889,994

Terms and conditions of contributed equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Option holders have no voting rights until the options are exercised.

Options

There are 1,000,000 options outstanding which expire on 6 March 2011, which are exercisable at 25 cents. These options issued during the current period.

	Consolidated 2007 $	Parent 2007 $
Options expense reserve		
Balance at 29 November 2006	**-**	-
Options transferred to reserve	**20,000**	20,000
Balance at the end of the financial year	**20,000**	20,000

	Consolidated 2007 $	Parent 2007 $
13. RESERVES		
Operating profit (loss) after income tax expense	**(111,334)**	(110,029)

14. LOSS PER SHARE

Basic loss per share (cents per share)	**0.363**	
Diluted loss per share (cents per share)	**5.238**	

Weighted average number of ordinary shares on issue used in the calculation of basic and diluted loss per share is 2,125,532.

Loss used in calculating basic and diluted loss per share	**$111,334**

Conversion, call, subscription or issue after 30 June 2007:

Since the end of the financial period there have been no other conversions to, call of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.

15. REMUNERATION AND RETIREMENT BENEFITS

(a) Directors' remuneration

The following table outlines the nature and amount of the elements of the remuneration of specified Directors of the Company for the period ended 30 June 2007.

2007	Salary $	Directors Fees $	Consulting Fees $	Superannuation Contributions $	Options $	Shares $	Total $
J Anderson	-	-	-	-	10,000	-	10,000
T Woolfe	-	-	44,352	-	10,000	-	54,352
G Craighead	-	-	26,532	-	-	-	26,532
G Fallon	-	-	-	-	-	5,000	5,000
	-	-	70,884	-	20,000	5,000	95,884

2007	Shares Number	Value of shares $	Total $
J Anderson	-	-	-
T Woolfe	-	-	-
G Craighead	-	-	-
G Fallon *	50,000	5,000	5,000
	50,000	5,000	5,000

* shares issued in lieu of Directors fees

Directors' interests in shares and options in the Company are set out in Note 16.

(b) Executive Officers' remuneration, shares and options

Other than Directors, there are no other officers who satisfy the definition of "Executive Officers" who are or were involved in, concerned with, or who take part in, the management of the affairs of AHR and/or related bodies corporate.

16. RELATED PARTY DISCLOSURES

The Directors in office during the period were J Anderson, T Woolfe, G Craighead and G Fallon.

Since the date of incorporation interests and movements in the shares and options of the Company held by Directors and their Director-related entities as at 30 June 2007:

Fully Paid Ordinary Shares
at 30 June 2007

Directors	Balance 29 Nov 06	Net changes Number	Balance 30 Jun 07
J Anderson	-	-	-
T Woolfe	-	200,000	200,000
G Craighead	-	1,700,000	1,700,000
G Fallon	-	1,825,000	1,825,000
	-	3,725,000	3,725,000

Options
at 30 June 2007

Directors	Balance 29 Nov 06	Net changes Number	Balance 30 Jun 07
J Anderson	-	500,000	500,000
T Woolfe	-	500,000	500,000
G Craighead	-	-	-
G Fallon	-	-	-
	-	1,000,000	1,000,000

Directors' interests in shares and Options includes holdings in their names and in the names of director related entities.

Remuneration options: Granted and vested during the year

During the financial year options were granted as equity compensation benefits to following specified directors as disclosed below. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid ordinary share in the entity at specified exercise prices and within the specified time prior to expiry of the options.

	Vested	Granted		Terms and Conditions for each Grant		
				Value per option at grant date	Exercise price per share	
Specified Directors	Number	Number	Grant date	$	$	Expiry date
J Anderson	500,000	500,000	6 Mar 07	0.02	0.25	6 Mar 11
T Woolfe	500,000	500,000	6 Mar 07	0.02	0.25	6 Mar 11
G Craighead	-	-	-	-	-	-
G Fallon	-	-	-	-	-	-
Total		1,000,000				

No options were granted to Directors during the current period under the Company's Employees Option Plan. Shares and options held by Directors included those held by the Directors and their Director-related entities, including the spouses of such Directors and relatives of such Directors. All shares and options, were issued or granted on terms no more favourable than to other shareholders or option holders.

Mr Craighead is an employee and Director of and has a significant financial interest in Stock Resource Pty Ltd, a company that provided technical services to the Company during the period. Services provided during the period ended 30 June 2007, which are referred to in the remuneration of Directors in Note 15, amounted to $946. Services provided by Director-related entities were under normal commercial terms and conditions. No other benefits have been received or are receivable by Directors, other than those already disclosed in the notes to the accounts.

17. JOINT VENTURES

The Company is a party to an exploration joint venture agreement to explore for uranium. Under the terms of the agreement the Company will be required to contribute towards the exploration and other costs if it wishes to maintain or increase its percentage holdings. The joint ventures are not separate legal entities. There are contractual arrangements between the participants for sharing costs and future revenues in the event of exploration success. There are no assets and liabilities attributable to the Company at balance date resulting from these joint ventures, other than exploration expenditure costs carried forward as detailed in Note 9.

Percentage equity interests in joint ventures at 30 June 2007 were as follows:

	Percentage Interest 2007
Queensland	
Aspiring Uranium Project Qld	100%

Northern Australian Uranium Ltd can earn an equity in the project by funding and managing exploration and development of the project.

Subsequent to 30 June 2007, the Aspiring Joint Venture was terminated with Anchor Resources resuming 100% control of the project's exploration.

18. FINANCIAL REPORT BY SEGMENT

The Company operates predominantly in the one business and in one geographical area, namely Australian mineral exploration and evaluation.

19. CONTINGENT LIABILITIES

The Group has provided guarantees totalling $35,000 in respect of mining tenements. These guarantees in respect of mining tenements are secured against deposits with the relative State Department of Mines (refer to Note 7). The Company does not expect to incur any material liability in respect of the guarantees.

20. EMPLOYEE ENTITLEMENTS

An employee share option plan has been established where selected officers and employees of the Company can be issued with options over ordinary shares in Anchor Resources Limited. The options, issued for nil consideration, will be issued in accordance with a performance review by the Directors. The options cannot be transferred and will not be quoted on the ASX. The Company has not yet made an issue under the Plan.

21. FINANCIAL INSTRUMENTS

Interest rate risk exposure

At balance date, the Company was exposed to a floating weighted average interest rate as follows:

	Consolidated 2007	Parent 2007
Weighted average rate of cash balances	**5.25%**	5.25%
Cash balances	**$3,676,442**	$3,676,442

Bank negotiable certificates of deposit are normally invested for 30 days and other cash at bank balances are at call. All other financial assets and liabilities are non-interest bearing.

Net fair value of financial assets and liabilities, on balance sheet and credit risk

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying value. Credit risk is minimal at balance date.

22. COMMITMENTS

Exploration licence expenditure requirements

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. These expenditure requirements will diminish as the Company joint venture project move to third parties. It is the Company's exploration strategy to farm-out where appropriate to larger companies to fund drilling programmes. In addition, the Company has commitments to expend funds towards earning or retaining an interest under the joint venture agreement.

	Consolidated	Parent
	2007	2007
	$	$
Payable not later than one year	**270,500**	270,500
Payable later than one year but not later than two years	**392,000**	392,000
	$662,500	$662,500

It is likely that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment to the Company from time to time.

23. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2007. The finalisation of the Company's ASX IPO and all applicable transactions were concluded during June 2007.

24. STATEMENT OF CASH FLOWS

Reconciliation of net cash outflow from operating activities to operating loss after income tax

(a)	Operating (loss) after income tax	**(111,334)**	(110,030)
	Share/Option based payments for services	**20,000**	20,000
	Share based payments for directors fees	**5,000**	5,000
	Change in assets and liabilities:		
	(Increase)/decrease in loans	**(115,306)**	(117,602)
	(Increase)/decrease in receivables	**(21,694)**	(21,694)
	(Decrease)/increase in trade and other creditors	**147,938**	147,938
	Net cash outflow from operating activities	**75,396**	76,388

(b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the cash management function. The Company does not have any unused credit facilities.

The balance at 30 June 2007 comprised:

Cash assets	**$3,676,442**	$3,676,442
Bank deposits (Note 6)	**-**	-
Cash on hand	**$3,676,442**	$3,676,442

25. TRANSITION TO AIFRS

The Group entity's prepared financial statements comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS"). This is the first financial report prepared based on AIFRS, and also the first report prepared for the Group as a listed entity and its first year of operations, thus it has no prior year comparatives. There are no reconciliations applicable to prior periods that would be affected under AIFRS.

The following items are noted as the main changes from previous AGAAP and AIFRS:

- Equity-based compensation in the form of shares and options will be recognised at fair value as expenses in the period during which Director, employee or consultant provides related services. The Company may issue equity based compensation to Directors, employees and consultants. The options issued under the Employee Share Option Plan (ESOP) during the period have been expensed and included in retained earnings.
- Under previous Australian GAAP exploration and evaluation expenditure carried forward is valued on a cost basis in accordance with the exploration, evaluation and development expenditure accounting policy set out in Not 1 to the Financial Statements. Under AIFRS this remains unchanged except that "pre-exploration" cost will not be recognised. Pre-exploration costs are costs incurred prior to licences being granted. Costs under "pre-exploration" cost during the period have been expensed.

The following Accounting Standards Amendments and Interpretations may have application to the Group's financial reports in future years but have not been early adopted for the purpose of this financial report;

AASB Amendment	Affected Standard (s)	Nature of change to accounting policy	Applicable date of standard	Application date for Group
2005-10	AASB 132 Financial Instruments: Disclosure and Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings per Share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First-time adoption of AIFRS, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts	Currently being assessed	1 January 2007	1 July 2007
New Standard	AASB 7 Financial Instruments: Disclosures	Currently being assessed	1 January 2007	1 July 2007

The following Accounting Standard amendments and interpretations are not applicable to the Group as at 30 June 2007 and therefore are not expected to have any impact on future financial reports.

AASB Amendment	Affected Standard	Nature of change to accounting policy	Applicable date of standard	Application date for Group
2005-1	AASB 139 Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2006	1 July 2007
2005-5	AASB 1 First-time adoption of AIFRS and AASB 139 Financial Instruments: recognition and Measurement	No change, no impact	1 January 2006	1 July 2007
2005-6	AASB 3 Business Combinations	No change, no impact	1 January 2006	1 July 2007
2006-1	AASB 121 The effects of the change in foreign exchange rates	No change, no impact	1 January 2006	1 July 2007

The following amendments are not applicable to the Group and therefore have no impact.

AASB Amendment	Affected Standard
2005-2	AASB 1023 General Insurance Contracts
2005-4	AASB 1 First-time adoption of AIFRS AASB 1023 General Insurance Contracts
2005-9	AASB 4 Insurance Contracts AASB 1023 General insurance contracts AASB 132 Financial Instruments: Disclosures and Presentation AASB 139 Financial Instruments: Recognition and Measurement

26. CORPORATE INFORMATION

The financial report of the Group for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the Directors on 5th September 2007.

Anchor Resources Limited is a company limited by shares and incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange under the ticker code “AHR”.

Directors' Declaration

In accordance with a resolution of the Directors of Anchor Resources Limited, I state that:

(1) In the opinion of the Directors:

(a) financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

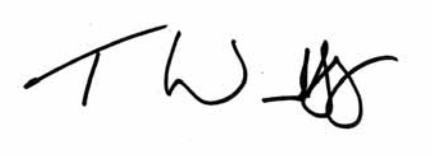
(i) giving a true and fair view of the Company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

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

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2007.

On behalf of the Board



T Woolfe

Managing Director

Sydney, 5th September 2007

Auditor's Independence Declaration

BARNES DOWELL JAMES
Incorporating P J Hennessy & Co

CHARTERED ACCOUNTANTS

Partners
C H Barnes FCA
A J Dowell CA
M W James CA
B Kolevski (Affiliate ICAA)

Associate
M A Nakkan CA

Consultant
P J Hennessy FCA

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(02) 9929 7428
email:
bdj@bdj.com.au

AJD:KG

5 September, 2007

The Directors
Anchor Resources Limited
Suite 404
25 Lime Street
SYDNEY NSW 2000

Dear Sirs,

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ANCHOR RESOURCES LIMITED

In relation to our audit of the financial report of Anchor Resources Limited for the financial year ended 30 June, 2007, to the best of our knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Yours faithfully
BARNES DOWELL JAMES

....
A.J. DOWELL
Partner

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BARNES DOWELL JAMES
Incorporating P J Hennessy & Co

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To the members of Anchor Resources Limited

Scope

We have audited the financial report of Anchor Resources Limited for the financial year ended 30 June 2007 as set out on pages 14 to 34. The Company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken for form and opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.
The audit opinion expressed in this report has been formed on the above basis.

Independence

We are independent of the company, and have met the independence requirements of Australian Professional ethic pronouncement and the Corporation Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration.

Audit Opinion

In our opinion, the financial report of Anchor Resources Limited is in accordance with:

(a) The Corporations Act 2001, including:
- (i) Giving a true and fair view of the company's financial position as at 30 June 2007 and its performance for the year ended on that date; and
- (ii) Complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) Other mandatory professional reporting requirements in Australia.

Barnes Dowell James
Chartered Accountants
Level 13, 122 Arthur Street
NORTH SYDNEY NSW 2060

Anthony Dowell
Partner
5 September, 2007

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Corporate Governance Statement

The Board of Directors of Anchor Resources is responsible for corporate governance and strives for high standards in this regard. The Board monitors the business and affairs of Anchor Resources on behalf of the Shareholders by whom they are elected and to whom they are accountable. The Board draws on relevant best practice principles particularly those issued by the ASX Corporate Governance Council in March 2003. At a number of its meetings the Board examined the Anchor Resources corporate governance practices and the progress towards a review of its practice compared to the best practice principles proposed by the ASX Corporate Governance Council. While Anchor Resources is attempting to adhere to the principles proposed by ASX, it is mindful that there may be some instances where compliance is not practicable for a company of Anchor Resources' size.

The March 2003 ASX Corporate Governance Council publication "Principles of Good Corporate Governance and Best Practice Recommendations" is for guidance purposes, however all listed companies are required to disclose the extent to which they have followed the recommendations; to identify any recommendations that have not been followed; and reasons for not doing so. The Company's Board of Directors has reviewed the recommendations. In many cases the Company was already achieving the standard required. In other cases the Company will have to consider new arrangements to enable compliance. In a limited number of instances, the Company may determine not to meet the standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for a company of this size.

A set of Revised Principles were issued by ASX in August 2007. Anchor will be reviewing these in the 2007-08 year with a view to reporting against the eight revised principles in the following year.

The following paragraphs set out the Company's position relative to each of the 10 principles contained in the ASX Corporate Governance Council's report.

Principle 1: Lay solid foundations for management and oversight

The Company formalised and disclosed the functions reserved to the Board and those delegated to management. The Company has a small Board of four Directors (two Non-Executive Directors plus the Managing Director and an Executive Director) and a small team of people, so roles and functions have to be flexible to meet specific requirements.

Principle 2: Structure the Board to add value

The Company complies with most of the recommendations within this area as the Chairman is independent; separate from the Managing Director. The Company does not comply with the recommendation that a majority of Directors are independent, because one is Managing Director and another is an Executive Director. Mr Gary Fallon, although a Non-Executive Director, is a substantial shareholder. The Company has a Remuneration and Board Nomination Committee.

One of the Company's four Directors is the Non-Executive Chairman of Directors and he has not undertaken "material" consultancy work for the Company within the past three years. Each Director of the Company has the right to seek independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

Principle 3: Promote ethical and responsible decision-making

The Company has a policy concerning trading in its securities by Directors, management, staff and significant consultants which is set out below. The Company does not have a formal code of conduct, again reflecting the Company's size and the close interaction of individuals throughout the organisation.

Principle 4: Safeguard integrity in financial reporting

The Company periodically reviews its procedures to ensure compliance with the recommendations set out under this principle.

Senior management will confirm that the financial reports represent a true and fair view and are in accordance with relevant accounting standards. The Managing Director and the Company Secretary will state in writing to the Board that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards.

The Company has an Audit and Risk Management Committee and has a written charter which has been approved by the Board.

The Audit and Risk Management Committee consists of the Non-Executive Director Mr Anderson and the Executive Director Mr Craighead (as Committee Chairman). These Directors have applicable expertise and skills for the Audit and Risk Management Committee. This structure does not meet the ASX's guidance regarding independence, in that it should have a majority of independent Directors and have at least three members and the Committee Chairman should not be the Chairman of the Board. The Audit and Risk Management Committee reports to the Board after each Committee meeting. In conjunction with the full Board, the Committee reviews the performance of the external auditors (including scope and quality of the audit).

Principle 5: Make timely and balanced disclosure
The Company, its Directors and staff are very aware of the ASX's continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. The Company has formal written policies regarding disclosure and it uses strong informal systems underpinned by experienced individuals.

Principle 6: Respect the rights of shareholders
All significant information disclosed to the ASX will be posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation will be released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

Whilst the Company does not have a communications strategy to promote effective communication with shareholders, as it believes this is excessive for small companies, the Company does communicate regularly with shareholders. The Company will request the external auditor to attend general meetings.

Principle 7: Recognise and manage risk
The Company is a small, exploration company and does not believe that there is significant need for formal policies on risk oversight and management of risk. Risk management arrangements are the responsibility of the Board of Directors, the Audit and Risk Management Committee and senior management collectively and Risk Factors is a standing agenda item at Board meetings.

Principle 8: Encourage enhanced performance
The Company has a Remuneration and Board Nomination Committee of Messrs Anderson and Craighead which meets as and when required, to review performance matters and remuneration. There has been no formal performance evaluation of the Board during the past financial period, although its composition will be reviewed at a Board meeting at least annually. The Directors work closely with management and have full access to all the Company's files and records.

Principle 9: Remunerate fairly and responsibly
Directors believe that the size of the Company makes individual salary and contractor negotiation more appropriate than formal remuneration policies. The Remuneration and Board Nomination Committee will seek independent external advice and market comparisons as necessary. In accordance with Corporations Act requirements, the Company will disclose the fees or salaries paid to all Directors, plus the five highest paid officers. The Company has an Employee Share Option Plan that was introduced in February 2007.

Principal 10: Recognise the legitimate interests of stakeholders
The Company has adopted a formal code of conduct to guide compliance with legal and other obligations. The Board of Directors will continue to review the situation to determine the most appropriate and effective operational procedures.

Ethical Standards
The Board's policy is for the Directors and management to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Securities Trading and Trading Windows
Directors, employees and key consultants must consult with the Chairman of the Board or the Managing Director before dealing in shares of the Company. Purchases or sales in the Company's shares by Directors, employees and key consultants may not be carried out other than in the "window", being the period commencing one day following the date of an ASX announcement leading, in the opinion of the Board, to an informed market. However, Directors, employees and key consultants are prohibited from buying or selling Anchor Resources shares at any time if they are aware of price sensitive information that has not been made public.

Shareholder Information

Information relating to shareholders at 27 August 2007 (per ASX Listing Rule 4.10)

Substantial Shareholders	**Shareholding**
Fallon Nominees Pty Ltd	1,960,641
Troppo Resources Pty Ltd	1,775,000
St Jude Exploration Pty Ltd	1,550,000

Distribution of Shareholders

Number of ordinary shares held	**Number of Holders**	**Ordinary Shares**
1 – 1,000	3	30
1,001 – 5,000	18	73,405
5,001 – 10,000	101	995,390
10,001 – 100,000	310	13,070,534
100,001 – and over	46	16,540,641
	478	**30,680,000**

At the prevailing market price of 17 cents per share, there are eight shareholders with less than a marketable parcel of $500.

Top 20 Shareholders of Ordinary Shares as at 27 August 2007	**Shares**	**% Shares issued**
Fallon Nominees Pty Ltd	1,960,641	6.39
Troppo Resources Pty Ltd	1,775,000	5.79
St Jude Exploration Pty Ltd	1,550,000	5.05
Gage Resources Pty Ltd <Craighead Family A/C>	1,500,000	4.89
Eastmin Pty Ltd	1,200,000	3.91
Rossdale Superannuation Fund	500,000	1.63
Yellowrock Pty Ltd	418,000	1.36
Moller Corporation Ltd	350,000	1.14
Gage Resources Pty Ltd <Craighead Super Fund A/C>	340,000	1.11
Symington Pty Ltd	300,000	0.98
Mr George Olah and Mrs Karin Christa Olah	300,000	0.98
Norvale Pty Ltd	300,000	0.98
Foresight Pty Ltd	260,000	0.85
Taycol Nominees Pty Ltd	250,000	0.82
Jopan Management Pty Ltd	250,000	0.82
Mr Chesley Taylor	250,000	0.82
AMH Nominees Pty Ltd	250,000	0.82
Mr Tom Kolovos	250,000	0.82
Ms Joanne Holland	230,000	0.75
Trevor Ian Woolfe	221,000	0.72
Total of top 20 holdings	12,454,641	40.63
Other holdings	18,225,359	59.37
Total fully paid shares issued	30,680,000	100.00

Shareholder Information

Voting rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

Employee Share Option Plan

At a General Meeting held in February 2007, shareholders approved the adoption of the Company's Employee Share Option Plan.

Other Options

There are three holders of the 1,500,000 options as at 27 August 2007. John Anderson holds 500,000, Trevor Woolfe holds 500,000 and Taylor Collison Limited holds 500,000.

Restricted Securities

The number and class of restricted securities and securities subject to voluntary escrow that are on issue, and the date that the escrow period ends are as follows:-

6,750,000 shares with an ASX escrow of 24 months from 5 July 2007, 1,500,000 shares with an ASX escrow of 12 months from 29 January 2007, 2,215,000 shares with an ASX escrow of 12 months from 30 March 2007; 1,500,000 options exercisable at 25 cents with an ASX escrow of 24 months from 5 July 2007.

Audit Committee

At the date of the Report of the Directors, the Company has a committee of one Non-Executive Director which meets with the Company's external auditors at least once during each half-year. These meetings will take place prior to the finalisation of the half-year financial statements and Annual Report and prior to the signing of the Audit Report.

Statement under ASX Listing Rule 4.10.19

From the date of admission of the Company's shares on ASX (5 July 2007) to the date of this Annual Report, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. Expenditures have been in line with Prospectus estimates.