



ANCHOR RESOURCES LIMITED

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Quarterly Report - December 2007

Report to shareholders for the three months ended 31 December 2007

ASX code: AHR

HIGHLIGHTS

Exploration

- * Percussion (RC) rig share agreement finalised for drilling of 3 Anchor prospects in NSW commencing late in first quarter 2008
 - * A second RC rig has been confirmed for the Greenvale East (Qld) project for April 2008
 - * Canonba / Collaroy (copper-gold) licences near Cobar (NSW) and Hot Springs (uranium) licence near Chillagoe (Qld) now granted
 - * Outstanding reconnaissance sampling results returned from Greenvale East (Qld):
 - Perry Creek: 19 metres @ 170ppm W (surface channel sample)
 - 5 metres @ 419ppm Sn (surface channel sample)
 - Jacks Creek : 6.22g/t Au + 17.7g/t Ag + 13.35% Sb (rockchip sample)
 - 6.38g/t Au + 18.1g/t Ag + 9.98% Sb (rockchip sample)
 - 2.04g/t Au + 7.0g/t Ag + 38.9% Sb (rockchip sample)
- (Note : Ag = silver, Au = gold, Sb = antimony, Sn = tin and W = tungsten)

Corporate

- * Acquisition of Andromeda Ventures Ltd completed
- * Issue of Options raised \$153,046 cash for Anchor
- * As at 31 December, Anchor Resources had \$3.07m in cash

Managing Director, Trevor Woolfe, commented that "Anchor is looking forward to a highly active exploration phase, including drilling on at least four of its prospects, during the first half of 2008. In addition, recent reconnaissance results from Greenvale East have provided encouragement for multi-commodity opportunities. Exploration on Canonba/Collaroy (copper-gold) projects near Nyngan will also commence in the first quarter of 2008."

ANCHOR PROJECTS

Anchor Resources is a diversified explorer with projects targeting copper, gold, uranium, antimony, tin and tungsten.



Figure 1: Anchor Resources Project Locations

NEW SOUTH WALES

Blinks Project (Cu-Au-Mo) (EL 6465) 100% Anchor

The Blinks copper-gold project is located in the New England Fold Belt region of northeastern New South Wales (see Figure 1). The tenement area is highly mineralised with identified gold and copper prospects. Historical drilling identified anomalous gold mineralisation at the Tyringham prospect and copper mineralisation at the Dundurrabin prospect.

Anchor Resources' re-interpretation of the geophysical and geological data from the Tyringham gold prospect has recognised favourable gold targets not tested in the previous exploration campaign. The Company has scheduled a new drilling program for the March quarter to test the targets at Tyringham.

Reinterpretation of the Dundurrabin copper zone 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 and soil sampling prior to planned **drill testing in the March quarter**.

During the December quarter, leading up to the proposed drilling campaigns, activities included:

- Signing of landholder access agreements;
- Awaiting approval for Review of Environmental Factors;
- Finalisation of a percussion drill (RC) rig sharing agreement commencing first quarter 2008; and
- Planning ground magnetics and soil sampling programs over Dundurrabin copper prospect.

Despite submission of a Review of Environmental Factors to the NSW Department of Primary Industries (DPI) in early November 2007, Anchor is still awaiting the relevant approval. Meanwhile Anchor has planned a detailed **ground magnetometer survey and soil sampling program** over the Dundurrabin copper prospect to further refine proposed drillhole locations to test extensions to historical drill results that included 33.9m at 1.27% copper.

Reconnaissance mapping some 300m west-northwest of the Dundurrabin prospect has revealed more evidence of old workings. **Narrow structures have been identified** at surface and are believed to be along strike from the main Dundurrabin deposit. Initial grab sampling (5 samples) from dumps returned anomalous silver, copper, zinc and lead results. Further mapping and sampling is scheduled for the coming quarter.

A partial relinquishment of EL 6465 was approved by the NSW DPI. The licence area has now been reduced from 83 blocks to 54 blocks as shown in Figure 2.

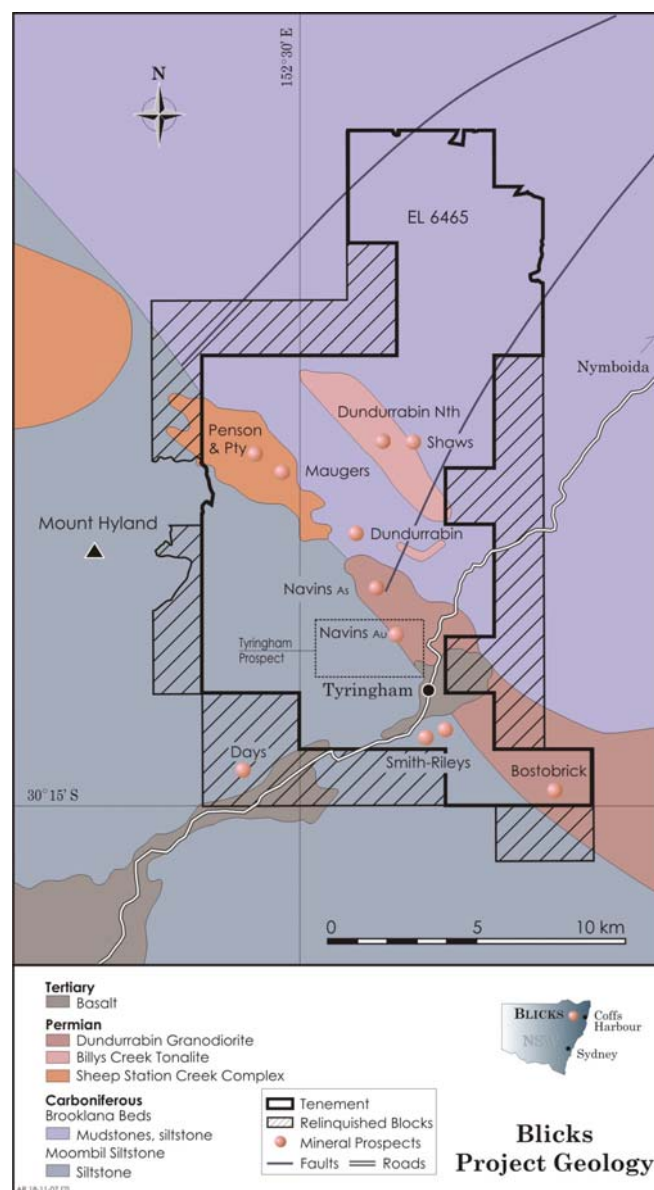


Figure 2: Blinks Project geology and location after partial relinquishment

Canonba & Collaroy Projects (Cu-Au) (ELs 6928 & 6929) 100% Anchor

Anchor Resources' exploration team has recognised an **important corridor of copper-gold mineralisation** to the north and west of Nyngan (Figure 3) in northwestern New South Wales. This is a northeast-southwest trending zone which encompasses the Canbelego, Tritton and Girilambone mines, as well as the recent Larsens copper discovery where decline development has recently commenced by Straits Resources.

During the December quarter:

- The NSW DPI granted Exploration Licences EL 6928 – “Canonba” and EL 6929 “Collaroy” to Anchor;
- Consultants completed land status searches over the two new licences – providing information on exclusions, native title, environment, landholder contacts, aboriginal and cultural heritage;
- A literature search of previous exploration has been completed;
- Data was acquired to complete a geophysical review and target definition; and
- Anchor commenced landholder contact and field reconnaissance.

Anchor has continued to acquire further geophysical data covering the project areas. Interpretation of the data for Collaroy and Canonba is currently being reviewed by a technical committee. Identified targets will now be prioritised for field follow up during the March quarter to refine drill targets. Within the Canonba licence, Anchor has earmarked the Windella prospect as a priority drill target with **RC drilling scheduled for the first half of 2008**.

Anchor Resources regards the Collaroy and Canonba areas as highly prospective for copper and gold mineralisation.

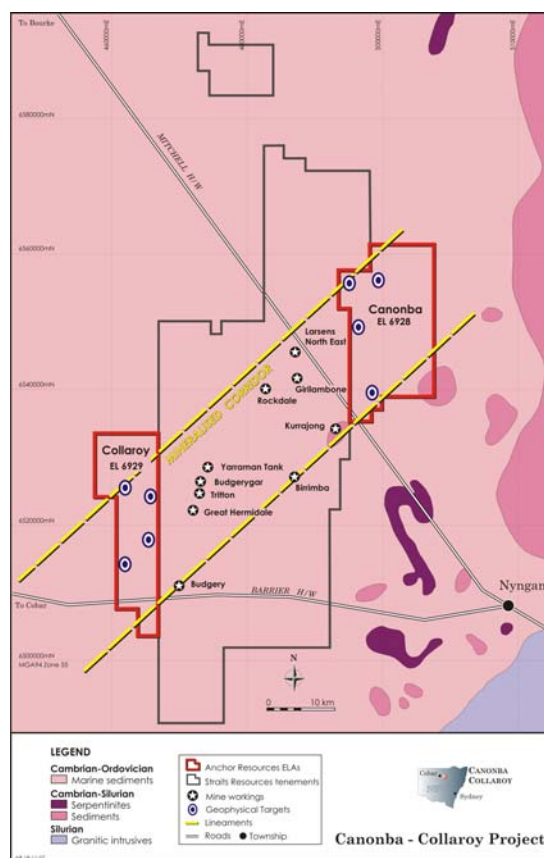


Figure 3: Anchor Resources' granted Exploration Licences (ELs 6928 and 6929) and geology

Birdwood Project (Cu-Au-Mo) (EL 6459) 100% Anchor

The Birdwood copper-gold-molybdenum project is located in the New England Fold Belt region of northeastern New South Wales (see Figure 1). Drilling in the 1960s superficially tested the mineralised system. 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.

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.

During the September quarter, Anchor Resources completed a 2,234 line kilometre **heli-borne magnetics and radiometrics survey** over the Birdwood tenement area. The preliminary report from our consulting geophysicist – GRS Consulting – has now been received. Once finalised, this report will undergo a technical review by Anchor personnel to **prioritise target zones**. These targets will be further refined by follow-up ground geochemistry (soil, stream and rockchip sampling) and geophysics during 2008, to focus a drilling campaign for later in 2008. An example of the improved resolution achieved by the latest survey is shown in the figure from GRS below.

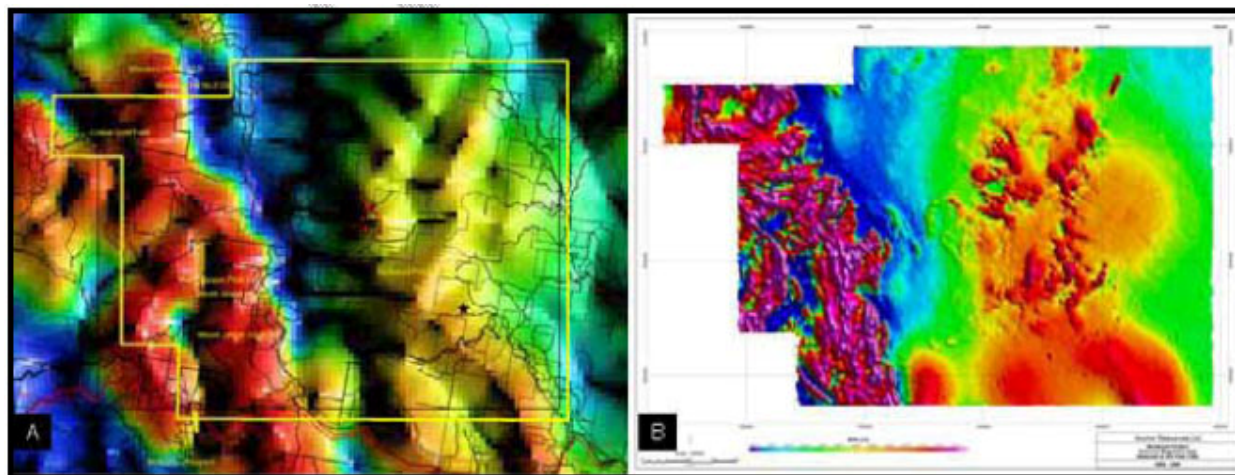


Figure 4: Existing regional RTP magnetics (A) and Anchor’s recently acquired RTP magnetics (B)

Bielsdown Project (Sb-Au) (EL 6388) 100% Anchor

The Bielsdown antimony project is located in the New England Fold Belt region of northeastern New South Wales (see Figure 1). The exploration licence was first granted in March 2005, with the NSW DPI subsequently renewing the licence for a further term until 3 March 2009.

Early in 2007, Anchor completed a resource estimation study, in accordance with JORC standards, of the Wild Cattle Creek antimony deposit at Bielsdown. The study concluded a total resource (Indicated and Inferred) of 459,000 tonnes at 3.0% antimony, using a 1.0% cutoff grade, and highlighted the scope for resource expansion by further drilling, both along strike and down dip.

During the December quarter, leading up to a proposed drilling campaign, activities concentrated on:

- Landholder communication related to access agreements;
- A percussion (RC) drill rig sharing agreement for the first half of 2008; and
- Data review and drill target planning.

Anchor is optimistic that it will be in a position to **commence its infill and extension drilling** program in the first half of 2008.

QUEENSLAND

Greenvale East Project (Au-Sn-W)

(EPM 14646)

100% Anchor

The Greenvale East gold (Au) – tin (Sn) – tungsten (W) project is located 170km west-northwest of Townsville in northern Queensland (Figure 1). The licence area contains 14 known mineralised occurrences (Figure 5), including old workings that have produced modest volumes of tin, tungsten and gold. Antimony (Sb), 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, on a 50:50 basis, towards drilling of this highly prospective coincident gold and magnetic anomaly. A percussion (RC) drill rig has been confirmed to carry out this program around April 2008, following the wet season.

During the December quarter, activities included:

- Initial stream sediment, soil and rockchip sampling over the known mineralised occurrences (apart from Wolfram Hill – due to access difficulties);
- Revision of previous exploration programs; and
- Field checking of proposed drillhole locations at Clayholes Dam.

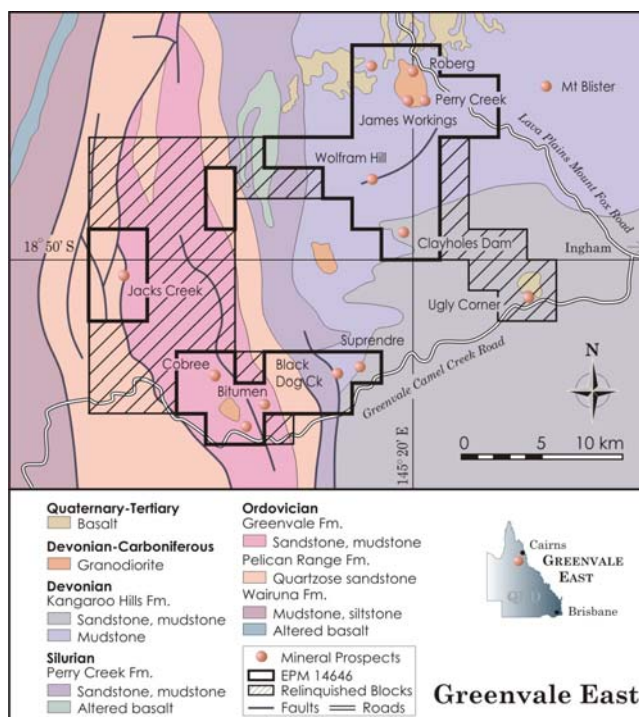


Figure 5: Greenvale East (EPM 14646) Geology and Location

Sampling from the region of the granitoid in the northern part of the licence area confirmed the prospectivity of this feature for tin and tungsten mineralisation, particularly at the Roberg, Perry Creek, and James Workings prospects.

Perry Creek - In particular, surface channel sampling of weathered granitoid (?greisen) at the Perry Creek prospect shows evidence of **important primary tin and tungsten mineralisation** in an area where historic mining activity had concentrated on Tertiary alluvial deposits. A 20m section of outcrop was channel sampled at 1m intervals and returned:

19m at 170ppm W and 144ppm Sn

including 5m at 226ppm W and 419ppm Sn

A sample of alluvial mineralisation from Perry Creek returned 7.81% Sn and 0.28% W

South of Roberg – Samples from a zone more than 600m to the south of the Roberg scheelite (tungsten) line of workings returned anomalous values in tungsten (up to 1.06% W), tin (to 0.86% Sn), copper (to 1480ppm) and silver (to 5g/t). These samples were all quartz vein rockchips associated with the granitoid body or its margins.

At the **Jacks Creek** prospect, on the western edge of the licence area (Figure 5), a number of reconnaissance rockchip samples were found to contain quartz veining within strongly altered sediments. Silver-coloured sulphides – most likely stibnite – were found associated both within the quartz veining and also disseminated in the sedimentary wall rock. **Encouraging gold - silver - antimony** rockchip sample results were as follows:

6.22g/t Au + 17.7g/t Ag + 13.35% Sb (GVE 228A)

6.38g/t Au + 18.1g/t Ag + 9.98% Sb (GVE 257)

2.04g/t Au + 7.0g/t Ag + 38.9% Sb (GVE 256)

The next phase of field work will target these anomalous prospects with detailed mapping and sampling. This is not likely until after the northern wet season, which is expected to be around March/April 2008.

Following the recent exploration campaigns, a reduction of EPM 14646 was approved by the Qld Department of Mines and Energy. The licence area has now been reduced from 100 sub-blocks to 50 sub-blocks as shown in Figure 5.

Chillagoe Uranium Project (U) (EPM 14752/15631/15987) 100% Anchor

The Chillagoe Uranium Project was formed by the addition of the recently acquired projects of Andromeda Ventures Limited (summarised in our September 2007 quarterly report) to Anchor's existing Aspiring uranium project. The Aspiring uranium project (EPM 14752) is located some 8km north and east of Chillagoe, northern Queensland (Figure 6). Andromeda Ventures Ltd was acquired in October 2007 for the uranium potential of its Featherbeds (EPM 15631) and Hot Springs (EPM 15987) projects located on highly prospective contiguous ground to the east of the Aspiring project.

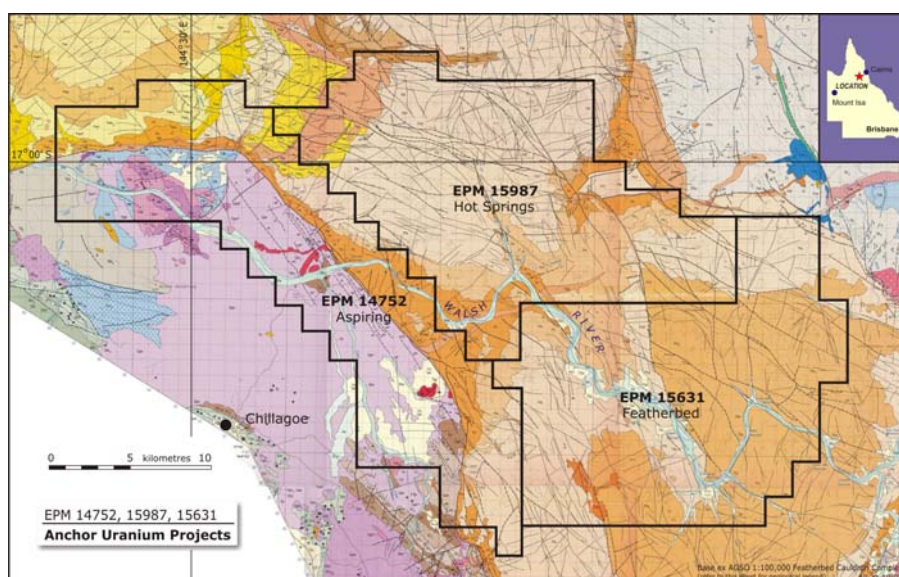


Figure 6: Chillagoe Uranium Project - Location and Geology

The combined Chillagoe Uranium Project 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. Exploration since the late 1970s produced encouraging results in several areas. In particular, 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.

During the December quarter, activities included:

- Review of rockchip, soil sampling and stream sediment sampling results over the Pinchgut Pinnacle uranium prospect;
- Review of reconnaissance scintillometer testing and soil sampling at the Eileen uranium prospect; and
- Acquisition and processing of geospectral satellite (ASTER imagery) data over the 3 licence areas.

Subsequent to the completion of the December quarter 2007, the Queensland Department of Mines and Energy approved the grant of EPM 15987 (Hot Springs) to Anchor Resources.

The Pinchgut Pinnacle prospect (EPM 14752) has historically yielded uranium minerals at surface along with disseminated pyrite. Some fluorite, galena and chalcopyrite are also recorded. Previous drilling by Afmeco and PNC obtained numerous, spotty >100ppm U results (peak value 780ppm U).

A program of **soil sampling and radiometric surveying** at the Pinchgut Pinnacle prospect was completed during the previous quarter with the objective of locating uranium pathfinder elements or radiometric signatures close to known uranium occurrences. Soil sampling on the -80# fraction was carried out at 25m intervals, along two north-south lines spaced 250m apart. The lines were placed to the east and west of known uranium occurrences. Samples were submitted for a suite of 50 elements, as well as fire assay analysis for Au, and fusion analysis for F.

Geochemical results from the sampling campaign in conjunction with scintillometer testing, at Pinchgut Pinnacle and also at the Eileen prospect, have provided significant encouragement for Anchor to **expand its geochemical sampling grids**. This will be carried out when the field season gets underway following the northern wet season.

CORPORATE REVIEW

Following a successful *non-renounceable Options entitlement* offer last quarter, and a subsequent shortfall allocation, the Company now has 15,304,688 Options listed on the ASX and trading under the **ASX code "AHRO"**. The Options are exercisable at 25 cents each by the expiry date of 31 March 2010. Anchor Directors were delighted with the response to the offer of Options, which has added a total of \$153,046 to cash reserves.

As at 31 December, cash at bank was \$3.07 million.

