



ACN 122 751 419

ASX Code: AHR

Half-Year Financial Report

31 DECEMBER 2009

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

Suite 404, 25 Lime Street
Sydney, NSW 2000
Telephone: +61 2 9279 1231
Facsimile: +61 2 9279 2727
Website: www.anchorresources.com.au
E-mail: info@anchorresources.com.au

Share Registry

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

Auditors

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

Bankers

Westpac Banking Corporation

Stock Exchange Listing

Listed on Australian Stock Exchange Limited
ASX Code: AHR and AHRO

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2009.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

John Anderson (Non-Executive Chairman)

Trevor Woolfe (Managing Director)

Grant Craighead (Executive Director)

Gary Fallon (Non-Executive Director)

Review and Results of Operations

The net result of operations after applicable income tax expense for the half-year was a loss of \$345,756 (2008 – \$195,992).

Throughout 2009, Anchor's Board of Directors maintained its prudent strategy of conserving its cash position while continuing to focus exploration on its highest priority projects. This strategy positioned the Company well as the Global Financial Crisis began to ease. Despite the widespread pessimism, 2009 was a successful year for the Company.

Anchor completed its maiden drill program on the flagship Bielsdown antimony project, located in northeastern NSW, in the second half of 2009. With only ten drillholes, the Company was able to report an expanded JORC compliant resource for the Wild Cattle Creek deposit, while also identifying gold and tungsten mineralisation that has the potential to add to the project economics.

In addition, exploration around the Wild Cattle Creek deposit has highlighted a number of different prospects with encouraging antimony-gold-tungsten results from surface sampling.

As a result of the work done at Bielsdown in the second half of 2009, Anchor has designed a follow-up drill program to further expand the Wild Cattle Creek resource as well as drill testing new mineralisation at the Jezebel prospect. This program is currently under way.

Field investigations at the Greenvale East project in northern Queensland have highlighted drill targets on four prospects, testing for gold-copper, tin-tungsten and gold-antimony mineralised systems. It is anticipated that this project will be advanced further once the current "wet season" passes, around April 2010.

Shareholder loyalty has been rewarded during this active period in which the Anchor share price rose from 5c per share on June 30 2009 to a recent record high of 28c per share.

With economic conditions improving in the second half of 2009, the markets became more amenable to capital raising, allowing many junior explorers to add to their cash reserves. In December 2009, Anchor completed an oversubscribed rights issue raising approximately \$1 million.

The Anchor team continues to evaluate project opportunities, both within Australia and offshore, with the potential to move the company closer to producer status. New Caledonia has been identified as a country with significant mineral wealth and project opportunities. Anchor is currently evaluating a number of project opportunities on the Pacific island nation.

Financial

At the Company's Annual General Meeting (on 13 November 2009), the Company's shareholders approved the allocation of 675,000 options to the Company's directors under the terms of the Employee Share Option Plan. The options were issued at nil value; they will expire on 13 March 2014 and are exercisable at 18 cents each. The fair value of each option is estimated on the grant date

Directors' Report

using a Binomial option-pricing model and valued at 16.91 cents each. These fair values of the options are recognised as expenses in the financial statements and are expensed.

Also at the Company's Annual General Meeting, the Company's shareholders approved the issue of 214,286 shares to Mr. Gary Fallon for directors' fees for the year ended 30 June 2010. The value of these shares is \$15,000 representing an issue price of 7 cents per share. The value of the issue of these shares is recognised as an expense in the financial statements.

The cash balance as at 31 December 2009 was \$1,354,038.

Subsequent Events

The directors are not aware of any other significant changes in the state of affairs of the Company occurring since the end of the half-year.

Auditor's Independence Declaration

The independence declaration of our auditor is on page 16 and forms part of this report.

Signed at Sydney this 12th day of March 2010 in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'John Anderson', with a stylized flourish at the end.

JOHN ANDERSON
Chairman

Consolidated Income Statement

Half-year ended 31 December 2009

	Note	31 Dec 09 \$	31 Dec 08 \$
REVENUE FROM ORDINARY ACTIVITIES	2	16,514	66,086
Advertising		-	(640)
ASX and ASIC fees		(2,781)	(8,470)
Audit and accounting services		(24,831)	(21,711)
Conferences and training		(8,939)	(7,859)
Corporate advisory services		(30,435)	(22,093)
Depreciation		(6,364)	(6,725)
Directors Fees		(36,000)	(16,500)
Insurances		-	(12,629)
Legal fees		-	(2,261)
Management fee		(84,950)	(79,950)
Motor vehicle expenses		-	(1,195)
Printing and stationery		(1,410)	(960)
Share registry costs		(27,211)	(9,253)
Telephone		(1,491)	(958)
Travel and accommodation		(3,131)	(7,334)
Salaries and employee benefits expense		(13,606)	(2,025)
Share / Option based payments		(114,143)	(20,790)
Write down of carrying value of exploration expenditure		(5,300)	(26,406)
Other expenses from ordinary activities		(1,678)	(14,319)
		(362,270)	(262,078)
(LOSS) BEFORE INCOME TAX EXPENSE		(345,756)	(195,992)
INCOME TAX EXPENSE		-	-
(LOSS) AFTER INCOME TAX EXPENSE		(345,756)	(195,992)
NET (LOSS) ATTRIBUTABLE TO MEMBERS OF ANCHOR RESOURCES LIMITED		(345,756)	(195,992)
Basic loss per share (cents per share)		1.115	0.636
Diluted loss per share (cents per share)		0.404	0.636

Consolidated Balance Sheet

as at 31 December 2009

	Note	31 Dec 09 \$	30 Jun 09 \$
CURRENT ASSETS			
Cash and cash equivalents		1,354,038	1,218,572
Receivables	3	28,880	43,632
Other current assets		12,825	12,826
TOTAL CURRENT ASSETS		\$1,395,743	\$1,275,030
NON-CURRENT ASSETS			
Tenement security deposits		106,660	106,560
Fixed assets		18,037	24,401
Deferred exploration and evaluation expenditure	4	2,576,605	2,004,414
TOTAL NON-CURRENT ASSETS		\$2,701,302	\$2,135,375
INTANGIBLE ASSETS			
Goodwill on acquisition		2,000	2,000
TOTAL INTANGIBLE ASSETS		\$2,000	\$2,000
TOTAL ASSETS		\$4,099,045	\$3,412,405
CURRENT LIABILITIES			
Payables		63,502	169,206
TOTAL CURRENT LIABILITIES		\$63,502	\$169,206
TOTAL LIABILITIES		\$63,502	\$169,206
NET ASSETS		\$4,035,543	\$3,243,199
EQUITY			
Issued capital	5	4,986,556	3,962,599
Accumulated losses		(1,185,741)	(839,985)
Reserves	6	234,728	120,585
TOTAL EQUITY		\$4,035,543	\$3,243,199

Statement of Consolidated Cash Flows

Half-year ended 31 December 2009

	31 Dec 09	31 Dec 08
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payment to suppliers and employees	(317,715)	(430,995)
Interest received	12,857	66,086
Miscellaneous income	3,657	0
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	(301,201)	(364,909)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant and equipment	0	0
Expenditure on mining interests (exploration)	(572,190)	(361,674)
Tenement security deposits	(100)	(20,000)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES	(572,290)	(381,674)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,020,478	0
Equity raising expenses	(11,521)	0
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,008,957	0
NET INCREASE (DECREASE) IN CASH HELD	135,466	(746,583)
Add opening cash brought forward	1,218,572	2,347,098
CLOSING CASH CARRIED FORWARD	\$1,354,038	\$1,600,515

Statement of Changes in Equity

Half-year ended 31 December 2009

	Attributable to the shareholders of Anchor Resources Ltd			
	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
AT 1 JULY 2008	3,949,999	(357,750)	109,375	3,701,624
Option expense reserve			8,190	8,190
Loss for the period		(195,992)		(195,992)
Issue of share capital, net of transaction costs	12,600			12,600
AT 31 DECEMBER 2008	\$3,962,599	(\$553,742)	\$117,565	\$3,526,422
AT 1 JANUARY 2009	3,962,599	(553,742)	117,565	3,526,422
Option expense reserve			3,020	3,020
Loss for the period		(286,243)		(286,243)
AT 30 JUNE 2009	\$3,962,599	(\$839,985)	\$120,585	\$3,243,199
AT 1 JULY 2009	3,962,599	(839,985)	120,585	3,243,199
Option expense reserve			114,143	114,143
Loss for the period		(345,756)		(345,756)
Issue of share capital, net of transaction costs	1,023,957			1,023,957
AT 31 DECEMBER 2009	\$4,986,556	(\$1,185,741)	\$234,728	\$4,035,543

Notes to the Half-Year Financial Statements

31 December 2009

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Anchor Resources Ltd as at 30 June 2009, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by Anchor Resources Ltd during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis and available-for-sale financial assets that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of Compliance

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

This half-year financial report is prepared based on AIFRS along with comparatives for the half-year ended 31 December 2008 and full-year ended 30 June 2009. A summary of the significant accounting policies of the Company under AIFRS is disclosed in Note 1(c) below.

(c) Summary of Significant Accounting Policies

From 01 July 2009 the Company has adopted the following Standards and Interpretations, mandatory for all annual periods beginning on or after 01 January 2009. Adoption of these standards and interpretations did not have any effect on the financial position or the performance of the Company.

AASB 2	Revised Vesting Conditions and Cancellations
AASB 8	Operating Segments
AASB 101	Revised Presentations of Financial Statements
AASB 132	Revised Puttable Financial Instruments and Obligations Arising on Liquidation
AASB 123	Revised Borrowing Costs

The following amending standards have also been adopted from 01 July 2009:

AASB 2007-3	Amendment to Australian Accounting Standards arising for AASB 8.
AASB 2007-6	Amendment to Australian Accounting Standards arising for AASB 123.
AASB 2007-8	Amendment to Australian Accounting Standards arising for AASB 101.
AASB 2008-1	Amendment to Australian Accounting Standards Share-based Payments: Vesting.

Notes to the Half-Year Financial Statements

31 December 2009

AASB 2008-2	Amendment to Australian Accounting Standards – Puttable Financial Instruments and Cancellations.
AASB 2008-5	Amendment to Australian Accounting Standards arising from the Annual Improvements Project.
AASB 2008-6	Amendment to Australian Accounting Standards arising from the Annual Improvements Project.
AASB 2008-7	Amendment to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.
Interpretation 11	IFRS 2- Group and Treasury Share Transactions.
Interpretation 12	Service Concession Arrangements.
Interpretation 13	Customer Loyalty Programmes.
Interpretation 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Interpretation 16	Hedges of a Net Investment in a Foreign Operation.

The Company has elected not to early adopt any new standards or amendments.

(i) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

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

- Plant and equipment – shorter of applicable asset life or depending upon the nature of the asset between 3 to 15 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.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(ii) Recoverable Amount of Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company 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. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Half-Year Financial Statements

31 December 2009

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(iii) 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:

- (a) such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- (b) 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.

Accumulated costs in respect of areas of interest are written off 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.

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

(iv) 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.

(v) 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 Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(vi) Provisions

Provisions are recognised when the Company 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 Company 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.

Notes to the Half-Year Financial Statements

31 December 2009

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.

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

(vii) 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.

(viii) 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.

(ix) Income Tax

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

Notes to the Half-Year Financial Statements

31 December 2009

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.

(x) 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.

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Anchor Resources Ltd (Anchor or the "Company") and its subsidiaries ("the Group") as at 31 December 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.

Notes to the Half-Year Financial Statements

31 December 2009

Subsidiaries are fully consolidated from the 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.

2. REVENUE FROM ORDINARY ACTIVITIES

	31 Dec 09	31 Dec 08
Interest received – other persons/corporations	12,857	66,086
Other income	3,657	0
Total Revenue	<u>\$16,514</u>	<u>\$66,086</u>

3. RECEIVABLES - CURRENT

	31 Dec 09	30 Jun 09
Other receivables	<u>\$28,880</u>	<u>\$43,632</u>

4. NON-CURRENT ASSETS

Deferred exploration and evaluation expenditure

Costs brought forward	2,004,414	1,429,944
Costs incurred during the half-year	577,491	746,141
Expenditure written off during the half-year	(5,300)	(171,671)
Costs carried forward	<u>\$2,576,605</u>	<u>\$2,004,414</u>

5. ISSUED CAPITAL

Share capital

30,820,000 ordinary shares fully paid as at 01 July 2009	5,171,698	4,136,220
Options issued	153,047	153,047
Issue costs	(338,189)	(326,668)
37,724,137 ordinary shares fully paid as at 31 December 2009	<u>\$4,986,556</u>	<u>\$3,962,599</u>

6. OPTIONS

675,000 options were issued to the Company's directors on 13 November 2009 following approval by shareholders at the Company's Annual General Meeting. They are exercisable at 7 cents each and expire on 13 March 2014.

7. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no change of any contingent liabilities or contingent assets.

8. SEGMENT INFORMATION

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

Notes to the Half-Year Financial Statements

31 December 2009

9. SUBSEQUENT EVENTS

No event has occurred subsequent to 31 December 2009 requiring disclosure in, or amendment to, these financial statements.

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Directors' Declaration

In accordance with a resolution of the directors of Anchor Resources Ltd, I state that:

In the opinion of the directors:

- a) the financial statements and notes of the Company:
 - i) give a true and fair view of the Company's financial position as at 31 December 2009 and the performance for the half-year ended on that date; and
 - ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" 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.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'John Anderson', with a stylized flourish at the end.

JOHN ANDERSON

Chairman

Sydney, 12th March 2010

Independent Review Report

BARNES DOWELL JAMES

CHARTERED ACCOUNTANTS

Partners

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

Associate

M A Nakkan CA

North Sydney

Level 13, 122 Arthur St
North Sydney NSW 2060

Manly

Level 5, 22 Central Ave
Manly National Building
Manly NSW 2095

Correspondence

PO Box 1664
North Sydney NSW 2059

Telephone

(02) 9956 8500

Facsimile

(02) 9929 7428

Email:

bdj@bdj.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Anchor Resources Limited,

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Anchor Resources Limited, which comprises the consolidated balance sheet as at 31 December 2009, and the consolidated income statement, statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134

Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Anchor Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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Please refer to the website for our standard terms of engagement

Website: www.bdj.com.au

Independent Review Report

BARNES DOWELL JAMES

CHARTERED ACCOUNTANTS

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Anchor Resources Limited on 1 February, 2010, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Anchor Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BARNES DOWELL JAMES
Chartered Accountants



Anthony J Dowell
Partner

12th March 2010.



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Website: www.bdj.com.au

Auditor's Independence Declaration

BARNES DOWELL JAMES

CHARTERED ACCOUNTANTS

AJD:SR

1 February, 2010

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

Partners

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

Associate

M A Nakkas CA

North Sydney

Level 13, 122 Arthur St
North Sydney NSW 2060

Manly

Level 5, 22 Central Ave
Manly National Building
Manly NSW 2095

Correspondence

PO Box 1664
North Sydney NSW 2059

Telephone

(02) 9956 8500

Facsimile

(02) 9929 7428

Email:

bdj@bdj.com.au

Dear Board of Directors,

ANCHOR RESOURCES LIMITED

We declare that to the best of our knowledge and belief, during the half year ended 31 December, 2009 there have been:

- i. No contraventions of auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit review and,
- ii. No contraventions of any applicable code of professional conduct in relation to the audit review.

Kind regards,
BARNES DOWELL JAMES



Anthony Dowell
Partner



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ANCHOR RESOURCES LTD

ABN 49 122 751 419

ASX CODE: AHR

Suite 404, 25 Lime Street, Sydney, NSW, 2000, Australia

Telephone: +61 2 9279 1231 Facsimile: +61 2 9279 2727

Email: info@anchorresources.com.au Website: www.anchorresources.com.au