



ANCHOR RESOURCES LIMITED

ABN 49 122 751 419
Suite 505, 35 Lime St, NSW 2000 Australia
Phone: +61 2 9279 1231 Fax: +61 2 9279 2727
www.anchorresources.com.au

Quarterly Report - March 2011

Report to shareholders for the three months ended 31 March 2011
ASX code: AHR

HIGHLIGHTS

EXPLORATION

Bielsdown Antimony Project (NSW)

Scoping study evaluation of the Wild Cattle Creek deposit successfully completed, indicating positive financial returns are achievable

Base case centred on an operating scale of 150,000tpa and antimony price of US\$12,000/tonne (current spot price US\$16,250/tonne)

Planning for further drilling well advanced, aimed at doubling the resource size

Tyringham Gold Prospect (NSW)

Large scale gold target defined at Tyringham West, to be tested by deep drilling in the near term

CORPORATE

Takeover bid received from China Shandong Jinshunda Group Co Ltd (Jinshunda)

Bid at \$0.28/share, increasing to \$0.305 if Jinshunda achieves 35.46% shareholding

Bid now unconditional and scheduled to close 5 May 2011

Directors recommend shareholders **Reject** the bid as it currently stands

Potential alternate transactions being examined

As at 31 March, Anchor held \$1.4 million in cash and equivalents

CEO, Grant Craighead, commented that "Anchor has completed a positive scoping evaluation of the Bielsdown antimony project at a time when the specialty metals sector is being buoyed by very strong pricing conditions. This has no doubt been a catalyst for the unsolicited \$0.28 per share takeover proposal from Jinshunda, which your directors believe undervalues the strategic value of the company's assets."



Bielsdown Project (antimony-tungsten) (EL 6388) 100% Anchor

Scoping study indicates positive returns

The Bielsdown project, located 12kms north of Dorrigo in northeastern NSW, is the key to Anchor’s regional antimony focus – and is in close proximity to the Hillgrove antimony-gold mine owned by Straits Resources. The Bielsdown project includes the historic Wild Cattle Creek antimony mine, first drilled in the 1960s and then later in the mid 1990s.

Anchor has now completed two drilling campaigns at the Wild Cattle Creek deposit, in 2009 and 2010, as well as compiling extensive historical data. The drilling programs have successfully defined and extended the target breccia structure, which hosts strong stibnite (antimony) mineralisation and is surrounded by a broad zone of stringer vein type mineralisation. The stringer zone includes encouraging antimony, tungsten and gold values.

Following the 2010 drilling campaign, Anchor commissioned independent international mining industry consultant, SRK Consulting, to complete an updated 3-D model and JORC compliant resource estimate and these were critical inputs to a scoping study completed in February 2011 (and released to the market on 24 February 2011). In the scoping study the Company utilised SRK Consulting for the high level mining and financial components, and Core Process Engineering for the metallurgical components.

Results from the scoping study indicate that positive financial returns are achievable from the project, and will be significantly enhanced if the forthcoming 2011 exploration program delineates additional high grade resources. Antimony deposits commonly occur in clusters and display strong depth persistence. Accordingly, Anchor believes there is significant potential for major resource increases within the Bielsdown project area.

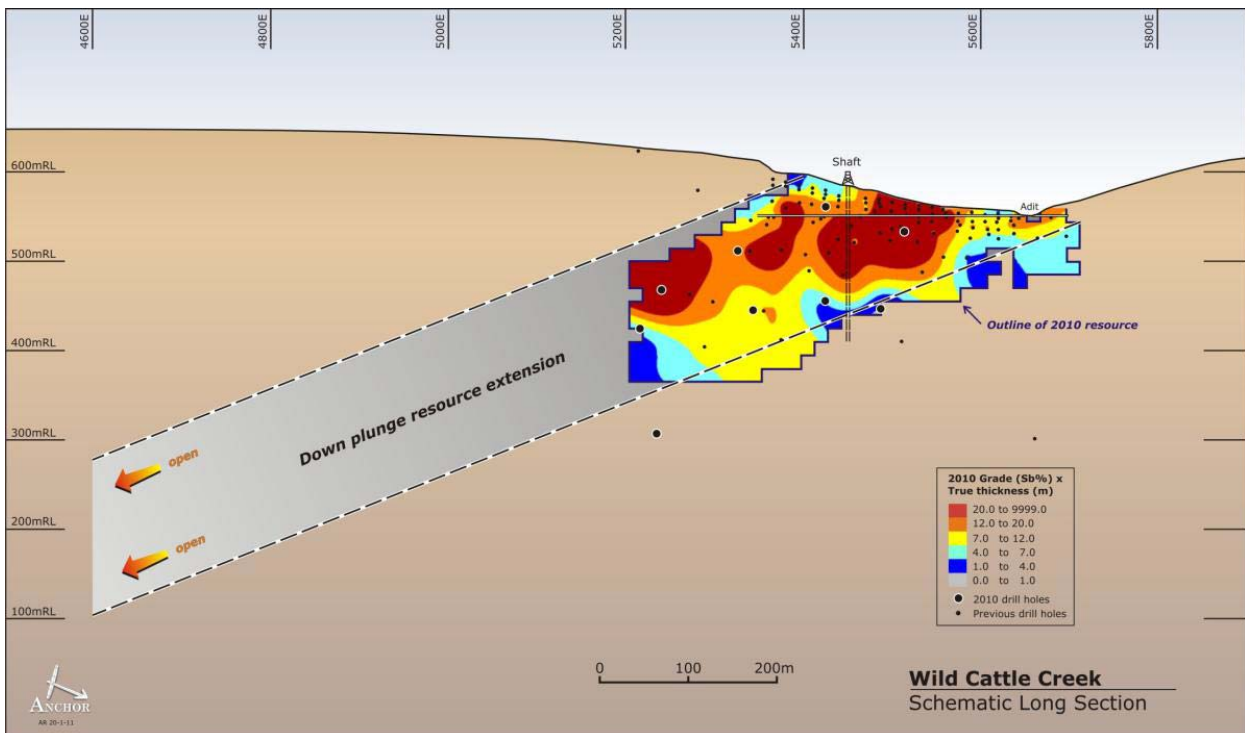


Figure 1 Wild Cattle Creek – Interpreted down plunge resource extension

A broad range of mining and processing alternatives, and commodity price scenarios, were considered in the scoping study – centred on a base case operating scale of 150,000tpa and antimony price of US\$12,000/tonne (current spot price US\$16,250/tonne).

Quarterly Report March 2011

Under the base case scale, 12 scenarios were considered and indicated gross operating margins were achievable in a range from A\$28/t to A\$112/t - which equates to a \$4.2m to \$16.8m range for annual operating cash flow. Gross operating margins of up to A\$375/t are potentially available under more aggressive scenarios also considered (that are contingent on delineation of higher tonnages and grades in future exploration), reflecting up to \$112.5m annual operating cash flow.

Overall, the scoping study results indicate that:

- ✓ Mining options - The optimal mining schedule for existing resources comprises open cut extraction of shallow mineralisation, followed by underground extraction of deeper resources.
- ✓ Product quality - A marketable antimony product can be produced from Wild Cattle Creek mineralisation by conventional flotation technology, with processing recoveries of +90% and a concentrate grade of +60% antimony likely to be achievable.
- ✓ Upside potential - The potential financial returns from the project will be significantly enhanced by delineation of additional high grade mineralisation – with down plunge extensions and a parallel high grade antimony-tungsten zone to be tested in the 2011 exploration program.
- ✓ By-product credits - Additional metallurgical evaluation is required to optimise by-product (tungsten and gold) recoveries and suppress deleterious minerals (mercury and arsenic), with treatment strategies to be refined once further exploration provides a better understanding of their geological distribution.

Project economics will also benefit from existing on-site infrastructure such as grid power to the old mine site and sealed roads to the property gate.

Planning for the next phase of exploration at Bielsdown is now well advanced, aimed at:

- Doubling resources at the main Wild Cattle Creek deposit
- Testing the extent and continuity of the high grade shoot discovered in 2010
- Identifying and testing new shoots with potential to increase the overall scale of Bielsdown

Antimony prices continue to surge

The antimony price extended its record breaking performance during the March quarter – reaching a high of US\$16,800/tonne (US\$7.62/lb) by period end. This was 38% above the level on 20 December 2010, when Jinshunda announced its intention to make a 28 cents per share takeover bid for Anchor, and 12% above the ‘upside case’ considered in the Wild Cattle Creek scoping study.

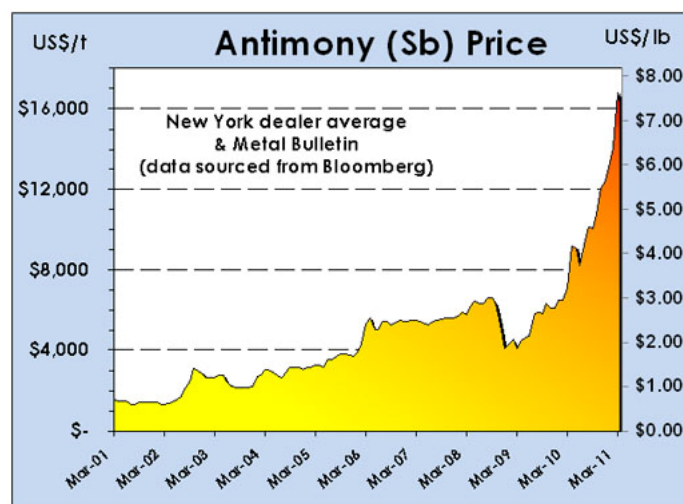


Figure 2 Antimony – ten year price graph

Anchor believes that the recent rise reflects the increasing strategic importance of antimony – with its combination of high supply risks and simultaneously growing demand driven by the growth of developing economies and emerging technologies.

Thunderbolts & Munga (antimony) (ELs 7184 & 7185) 100% Anchor

Fieldwork preparations commence

The Thunderbolts and Munga projects cover historic antimony producing areas located in northeastern NSW and are complementary to Anchor's broader antimony objectives in the New England region of NSW.

During the March quarter a review of historic work and production was undertaken - along with site visits to various antimony prospects that are to be further evaluated in 2011. Landowner discussions were also initiated.

Blicks Project (copper-gold) (EL 6465) 100% Anchor

Major gold target to be drill tested

The Blicks project is located in the New England Fold Belt region of northeastern NSW. Past explorers have discovered significant gold mineralisation (Tyringham) and copper mineralisation (Dundurrabin) in the area, although only limited drilling has been undertaken to date. Anchor has also achieved encouraging surface sampling results from the nearby Navins deposit.

A major review of the large scale Tyringham prospect was completed during the quarter. The Tyringham prospect is interpreted to represent a large reduced intrusion-related gold system - a class of deposit that was not recognised at the time of its discovery in 1999. Deposits of this type include multi-million ounce gold mines such as Fort Knox, Pogo and Donlin Creek (Alaska) and Kidston (Australia).

Past exploration at Tyringham has defined two spatially separate gold-in-soil geochemical anomalies (Tyringham East and West), which have been partially tested by 11 shallow inclined RC drill holes, to a maximum depth of around 125m below surface - with encouraging gold results in 9 of the 11 holes.

Tyringham West contains a higher grade geochemical "hot spot" which has only been partially tested by 4 shallow RC holes with encouraging results - including TRC-02 (75m at 0.20g/t gold from 45m to the bottom of the hole) and TRC-03 (63m at 0.24g/t gold from 51m to the bottom of the hole). Importantly, the gold mineralisation remains open at depth.

Anchor's plan is to drill a deep diamond core hole to a depth of around 500m to test the down-dip continuation of the gold system, including the potential for discovery of higher grade mineralisation. This drilling will be undertaken as an extension of the forthcoming drilling program at the nearby Wild Cattle Creek deposit.

Other Projects 100% Anchor

Joint Venture discussions in progress

Anchor has undertaken limited field activities at its remaining projects during the quarter. These include the Canonba copper project (EL6298), the Birdwood copper-gold-molybdenum project (EL6459), the Greenvale East gold-tin-tungsten project (EPM 14646) and the Chillagoe uranium project (EPM 14752).

Discussions and field visits are in progress with potential joint venture partners on several of these properties to advance exploration activities.

CORPORATE ACTIVITY

Jinshunda's takeover offer struggles to gain traction

On 20 December 2010, China Shandong Jinshunda Group Co Ltd., through its wholly owned subsidiary Sunstar Capital Pty Ltd, (Jinshunda), announced an unsolicited, conditional, off-market takeover bid for all the issued shares in Anchor Resources Limited for consideration of \$0.28 per Anchor share - equating to a market capitalisation of just \$14 million for Anchor. Jinshunda also stated that it intends to make a separate offer for all Anchor options as at the closing date of the offer.

Jinshunda's formal Bidders Statement was released on 14 February 2011 and on 9 March 2011 Anchor released its formal response in a Target Statement, concluding that shareholders should reject the offer.

Jinshunda has subsequently waived or satisfied each of the conditions associated with its initial bid – declaring it unconditional in a Fourth Supplementary Bidders Statement released on 19 April 2011. The Supplementary Bidders Statement also stated that the \$0.28 per share offer consideration would be increased to \$0.305 per share if Jinshunda's voting power in Anchor increased to 35.46% before the close of its revised offer on 5 May 2011.

Jinshunda has stated that it "does not propose" to further extend its offer. Accordingly, unless it increases its offer price or achieves a voting power in Anchor of greater than 50%, it cannot further extend its offer beyond the offer closing date of 5 May 2011.

As at 9am on 28 April 2011, Jinshunda's voting power in Anchor was 10.51%, with the vast majority of these shares bought on market and only minor shares acquired via acceptance of the \$0.28 per share offer.

Anchor's directors believe that the Jinshunda offer undervalues the strategic value of its assets and reaffirms its recommendation that shareholders reject the Jinshunda offer as it currently stands. The Board continues to pursue alternate transaction opportunities and believes that the outlook for the company is bright.

Management Changes

Earlier this month Anchor farewellled its inaugural Managing Director Mr Trevor Woolfe. The Board wishes to thank Trevor for his management of the company through its successful IPO in 2007 and the subsequent implementation of exploration strategy and corporate development. We're sure he will enjoy further success in his next endeavours.

The management team has been restructured, with Mr Grant Craighead assuming the role of Chief Executive Officer and Mr Graeme Rabone being appointed Exploration Manager.

Grant has been an Executive Director of Anchor since its formation and brings a wealth of mining and financial industry experience to the CEO role, including senior positions with Elders Resources and Macquarie Bank. During his geology career he has been closely associated with numerous exploration, development and mining projects including the Red Dome and Selwyn gold-copper mines, the Kidston gold mine, the Wafi gold-copper project, and the Glendell and Nardell collieries.

Graeme is a geologist with 37 years experience in mineral exploration, evaluation and mining in Australia, Mexico and New Caledonia. He has extensive experience in most types of gold deposits plus copper, base metal and tin deposits. He has been with Anchor since 2009 and during that time has managed all field activities at Bielsdown, as well as building familiarity with other projects in the Company's portfolio. Graeme has worked in technical and management roles for major international and smaller Australian companies.

Corporate Information

Board Members

John Anderson	Chairman
Grant Craighead	CEO & Director
Gary Fallon	Non-executive Director
Ross Moller	Company Secretary

Registered and Principal Office

ABN 49 122 751 419

Suite 505, 35 Lime Street
Sydney, NSW, Australia 2000

Telephone: +61 (0)2 9279 1231
Fax: +61 (0)2 9279 2727
Email: info@anchorresources.com.au
Website: www.anchorresources.com.au

Share Registry

Registries Limited
Level 7, 207 Kent St
Sydney, NSW, Australia 2000

Telephone: +61 (0)2 9290 9600
Fax: +61 (0)2 9279 0664
Website: www.registries.com.au

Stock Exchange Listing

Ordinary shares ASX code: AHR

Issued Share Capital

At 27 April 2011, issued capital was:

50,765,296	ordinary shares
660,000	unlisted options

Substantial Shareholders (at 27 April 2011)

N K Watson and Associates	11.23%
China Shandong Jinshunda & Assoc	10.51%
G N Fallon and Associates	8.88%
G A Craighead and Associates	6.37%
Eastmin Pty Ltd	5.02%

Quarterly Price Activity

AHR - Ordinary shares

High:	33 cents
Low:	25 cents
Last (27/4/11):	30 cents

Declaration: The information in this report relating to exploration results is based on information compiled by Grant Craighead (BSc), MAusIMM. Mr Craighead is the Chief Executive Officer of Anchor Resources Limited. Mr Craighead 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 Craighead consents to the inclusion of the information in the report in the form and context in which it appears.

Any forward looking statements included in this document involve subjective judgement and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and maybe unknown to, Anchor. In particular, they speak only as of the date of this document, they assume the success of Anchor's strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements are based.

Date released: 28 April 2011

For further information contact Grant Craighead on 02 9279 1231 or by email to:
grantc@anchorresources.com.au

An electronic version of this report, and further company details, are available at:
www.anchorresources.com.au