



# ANCHOR RESOURCES LIMITED

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## Quarterly Report - September 2010

Report to shareholders for the three months ended 30 September 2010  
**ASX code: AHR**

### HIGHLIGHTS

#### EXPLORATION

- \* **Wild Cattle Creek Deposit (NSW)**
  - o Resource estimate update imminent
  - o Metallurgical testwork well advanced
  - o Scoping study due for completion in fourth quarter
  - o Antimony price remains near record levels – up ~70% in 2010
- \* **Blicks Project (NSW)**
  - o Encouraging gold-silver results from Navins prospect
- \* **Greenvale East Project (Qld)**
  - o Strong tungsten in rockchips (up to 1.16% WO<sub>3</sub>) at Wolfram Hill

#### CORPORATE

- \* As at 30 September, Anchor held \$412,000 in cash and equivalents

**Managing Director, Trevor Woolfe, commented that** "Despite some unforeseen delays, the long awaited resource update for the Wild Cattle Creek antimony deposit is imminent. A positive preliminary metallurgical review has indicated that the antimony is amenable to recovery via flotation, whilst further testwork is underway to assess the recovery of tungsten and gold via gravity methods. The scoping study is due for completion in the fourth quarter."



## NEW SOUTH WALES

### Bielsdown Project (antimony-tungsten)

(EL 6388)

100% Anchor

The Bielsdown project is located 12kms north of Dorrigo in NE New South Wales. It is the key to Anchor's antimony focus in that region, in close proximity to the Hillgrove antimony-gold mine, recently developed by Straits Resources.

#### Background

The Bielsdown project includes the old Wild Cattle Creek antimony mine which was first drilled in the 1960s and then later in the mid 1990s. A compilation of historical data by Anchor in 2007 led to the first round of resource drilling by Anchor Resources in 2009. Tungsten and gold are accessories associated with the antimony mineralisation.

The mineralisation consists of a quartz-stibnite rich **high grade breccia core**, and is surrounded by an envelope of stringer stibnite-wolframite (a tungsten mineral) vein type mineralisation. This **stringer zone** also contains encouraging antimony values (>1%).

Following Anchor's initial ten-hole drilling campaign at Wild Cattle Creek (WCC) in 2009, SRK Consulting completed a 3D model and antimony (Sb) resource estimate focused only on the main antimony-bearing breccia zone, as detailed in an ASX announcement dated 23 November 2009. The current main zone resource is reported in accordance with the JORC Code (2004) and is outlined in Table 1 at various cut-off grades.

Cutoff grade (%Sb)	Tonnes (t)	Grade (%Sb)	Contained Sb (t)
0.5	880,000	1.99	17,500
1.0	718,000	2.27	16,300
1.5	546,000	2.59	14,100

**Table 1 Wild Cattle Creek Inferred Resource (SRK, 2009)**

During the **September quarter**, activities included:

- Resource modelling and estimation
- Review of previous metallurgical tests
- New metallurgical tests including assessment of tungsten recovery
- Commencement of scoping study

#### 2010 drilling – Wild Cattle Creek

All holes in the 2,000 metre 2010 program intersected the target mineralised breccia confirming the robustness and continuity of the host structure and continuing to improve the confidence in the geological model formulated by Anchor's technical team.

In addition to the main stibnite breccia zone, a new high grade antimony-tungsten zone was discovered in the upper part of hole 10WRD16, including **1.4m at 17.1% Sb and 2.2% WO<sub>3</sub>**. This new high grade zone is interpreted to be sub-parallel to the main breccia mineralisation however this will be determined by follow up drilling. The new zone lies approximately 35 metres to the north of the main breccia and remains open at depth and along strike.

Best results from the 2010 program were previously reported in the June Quarterly Report.

#### Resource update

Internal geological interpretation and modelling was completed by Anchor during the quarter.

Previous resource modelling, including Anchor's latest estimate in November 2009, focused primarily on the main core breccia zone hosting antimony mineralisation, however the discovery by Anchor of tungsten, lower grade antimony and gold in the peripheral "stringer" zone immediately adjacent to the main zone led to its incorporation into the current model to assess its potential economic benefit.

SRK Consulting is well advanced with the update of the independent, JORC compliant, 3-D model and resource estimation for the Wild Cattle Creek deposit. Due to a range of issues, the final resource update by SRK Consulting has not been completed at the time of writing, but is imminent.

#### Metallurgical review and testwork

Various phases of metallurgical testwork have previously been undertaken on the deposit by Dundee (in the 1960s) and Allegiance (1990s). Anchor's metallurgical consultant (CORE Process Engineering) has reviewed available data from the previous work.

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Historical studies focused on producing an antimony concentrate via flotation technology, with the Allegiance work providing additional downstream assessment of a hydrometallurgical process for antimony trioxide production.

The review of historical work concluded that an antimony concentrate can be produced using flotation. Recoveries of around 90% can be expected to a saleable concentrate of approximately 60% Sb. No previous testwork on tungsten or gold recovery has been reported.

Anchor has subsequently commissioned CORE to undertake a range of tests using drill core from selected 2010 Anchor drillholes. The chosen material is a blend of different mineralised zones within the Wild Cattle Creek deposit aiming at an average head grade of 2-3% Sb and tungsten in the 0.04 to 0.1% W range.

Objectives of the metallurgical study include:

- Replicate stibnite flotation
- Test alternate stibnite float collectors
- Determine gold-tungsten recovery into gravity concentrate

- Assess impurity levels in stibnite concentrate
- Determine grinding parameters (eg. SMC test and Bond ball mill work index)

Testwork is well advanced and results are expected during the fourth quarter of 2010.

### Scoping study

In tandem with the resource modeling and estimation, SRK Consulting has commenced the scoping study based on possible development of the Wild Cattle Creek deposit. The study is designed to evaluate facets of the geology, mining and process options, and provide indicative capital and operating cost structures. It will also incorporate the metallurgical review and testwork carried out by CORE (see above).

While geological modeling and metallurgical testwork are well advanced, the bulk of the scoping study will follow completion of those studies. Anchor anticipates completion of the scoping study during the fourth quarter of 2010.

### Record antimony prices

The antimony price extended its record breaking performance during the September quarter. Since early April prices leapt from around US\$7,000/t with some recent trades reaching **around US\$10,500/t**, equivalent to ~US\$4.80/lb. This is up an impressive 73% since the start of 2010 (Figure 1).

These record levels were a response to tightness in the physical market after a number of mine closures in China. However it was expected that some of these mines would eventually come back online which is likely to result in some price softening from record highs in the short to medium term.

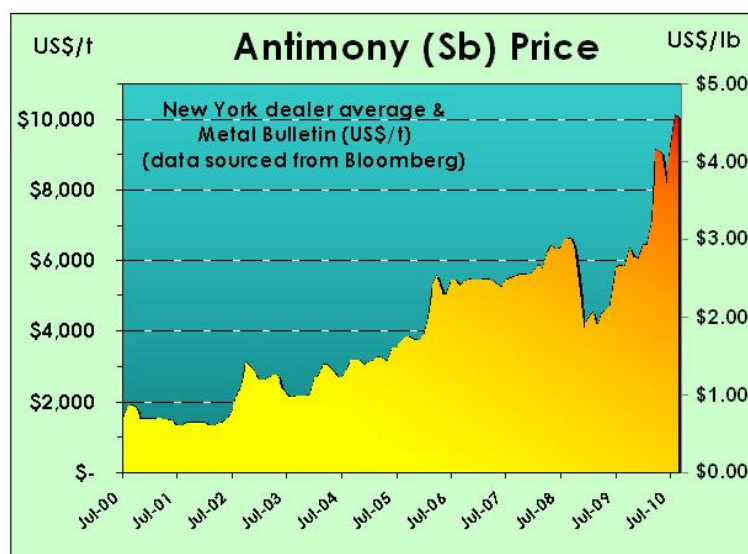


Figure 1 Antimony – ten year price graph

## Blicks Project (copper-gold)

(EL 6465)

100% Anchor

The highly prospective Blicks copper-gold project is located in the New England Fold Belt region of northeastern New South Wales.

During the **September quarter**:

- Field reconnaissance of the Tyringham (Au), Dundurrabin (Cu) and Navins (Au-As) deposits was carried out
- Encouraging gold-silver rockchip results were received from the Navins deposit
- A review of previous exploration was initiated

A short field reconnaissance exercise was undertaken on the Blicks Project in August. In addition to site reviews of Tyringham and Dundurrabin, samples around old workings were collected from the Navins (arsenic) deposit, located in the close vicinity of the other two deposits (Figure 2).

Rockchips from the **Navins deposit** returned the following encouraging results:

- ❖ Gold – up to 3.19 g/t
- ❖ Silver – up to 146 g/t
- ❖ Copper – up to 0.3%
- ❖ Bismuth – up to 0.1%

A review of previous exploration on the Blicks Project, by both Anchor and earlier explorers, was initiated during the quarter. Significant gold (at Tyringham) and copper (at Dundurrabin) have previously been outlined by a small number of drillholes. This, combined with encouraging

results from the nearby Navins deposit, will lead to increased exploration activity over coming months.

Discussions are underway with **potential joint venture partners** to advance the drilling phase of this large scale gold and copper system.

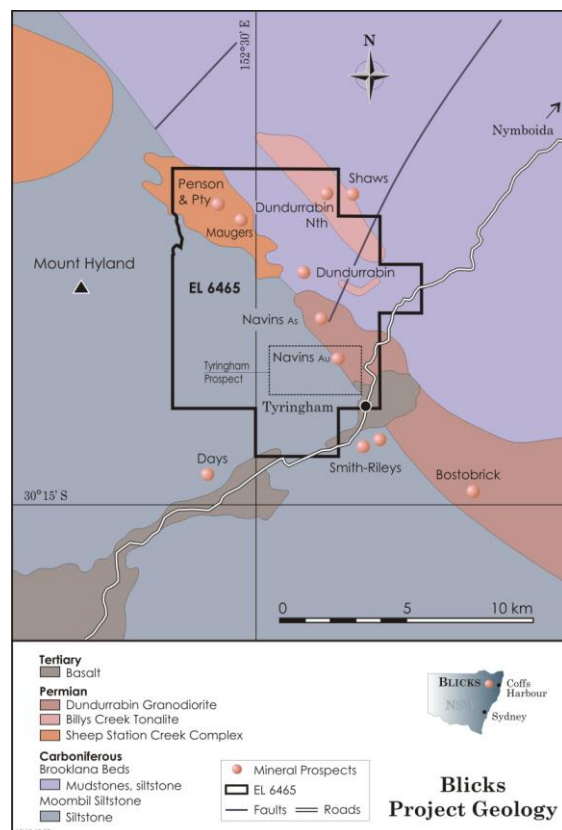


Figure 2 Blicks prospect locations

## Thunderbolts & Munga (antimony) (ELs 7184 & 7185)

100% Anchor

The Thunderbolts and Munga projects are held 100% by Anchor and cover old antimony producing areas of northeastern NSW and, as such, are highly prospective for antimony.

During the **September quarter**:

- No field work was undertaken on these projects.

A surface mapping and soil sampling program is expected to commence in early 2011 to delineate the lateral extent of the structures hosting the mineralisation and any potential along strike extensions to the antimony-rich zones. These projects complement Anchor's focus on developing its antimony inventory in the New England region of New South Wales.

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### Canonba Project (copper-gold) (EL 6928) 100% Anchor

The Canonba licence is situated in a corridor of copper-gold mineralisation to the north and west of Nyngan in northwestern New South Wales that also includes Straits Resources' Tritton and Girilambone copper operations.

During the **September quarter**:

- No field work was carried out during the period.

Anchor has identified numerous geophysical targets on the Canonba tenement. These are being prioritised for follow-up during the current financial year in order to refine drill targets.

### Birdwood Project (copper-gold-molybdenum) (EL 6459) 100% Anchor

The Birdwood copper-gold-molybdenum project is located in the New England Fold Belt region of northeastern New South Wales. Anchor Resources interprets the mineralisation to be related to a complex of sediment-hosted intrusions.

During the **September quarter**:

- No field work was undertaken during the period.

A large mineralising system has been interpreted, related to a multi-phase acid intrusive system, forming a mineralised breccia pipe with sheeted veins in the Birdwood North prospect area. Prospective drill sites have been identified to test Anchor's reinterpretation.

**Potential joint venture partners are being sought** to advance the drilling phase of this large scale target.

## QUEENSLAND

### Greenvale East Project (gold-tin-tungsten) (EPM 14646) 100% Anchor

The Greenvale East gold-tin-tungsten project is located 170km west-northwest of Townsville. The licence contains numerous old workings that have produced modest volumes of tin, tungsten and gold.

During the **September quarter**, activities included:

- Rockchip sampling at Wolfram Hill (tungsten)
- Soil and rockchip sampling at Jacks Creek (gold-antimony)
- Field reconnaissance at Surprende (gold)
- Multi-element geochemical analyses
- Discussions with potential joint venture partners

A field exploration campaign was conducted during the quarter on three prospects at Greenvale East – Wolfram Hill, Jacks Creek and Surprende (Figure 4).

Previous campaigns identified shallow historical workings at the **Wolfram Hill** tungsten prospect focused on outcropping quartz veins either side of a prominent hill (Figure 3). While early rockchip sampling confirmed the existence of wolframite associated with the veins, the latest campaign included more detailed assessment of the veins, their surface extent and structural orientations.

A northeast-southwest trending fault is interpreted along the ridge of Wolfram Hill with old workings located on the southeast and northwest slopes of the hill (Figure 3).



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The latest sampling concentrated on increasing the understanding of the exposed workings. The southeast workings have now been traced over a length of approximately 200m to the bottom of the hill (Figure 5), with encouraging assays received consistently within the 500–8,000ppm W range.

The northwest workings are poorly developed and hence the understanding of the system in this location is only in its early stages. However samples containing up to 3,700ppm W have been collected from this zone.

The Wolfram Hill prospect is shaping up to be a promising tungsten target. Focused on a prominent hill, and an initial total strike length of at least 500m, initial drilling is expected to provide further support for the continuity of the system below surface.

Already a number of **drill targets** have been identified and are expected to be programmed for testing later in the current financial year.

Discussions are underway with **potential joint venture partners** to advance to the next drilling phase of this prospective project.

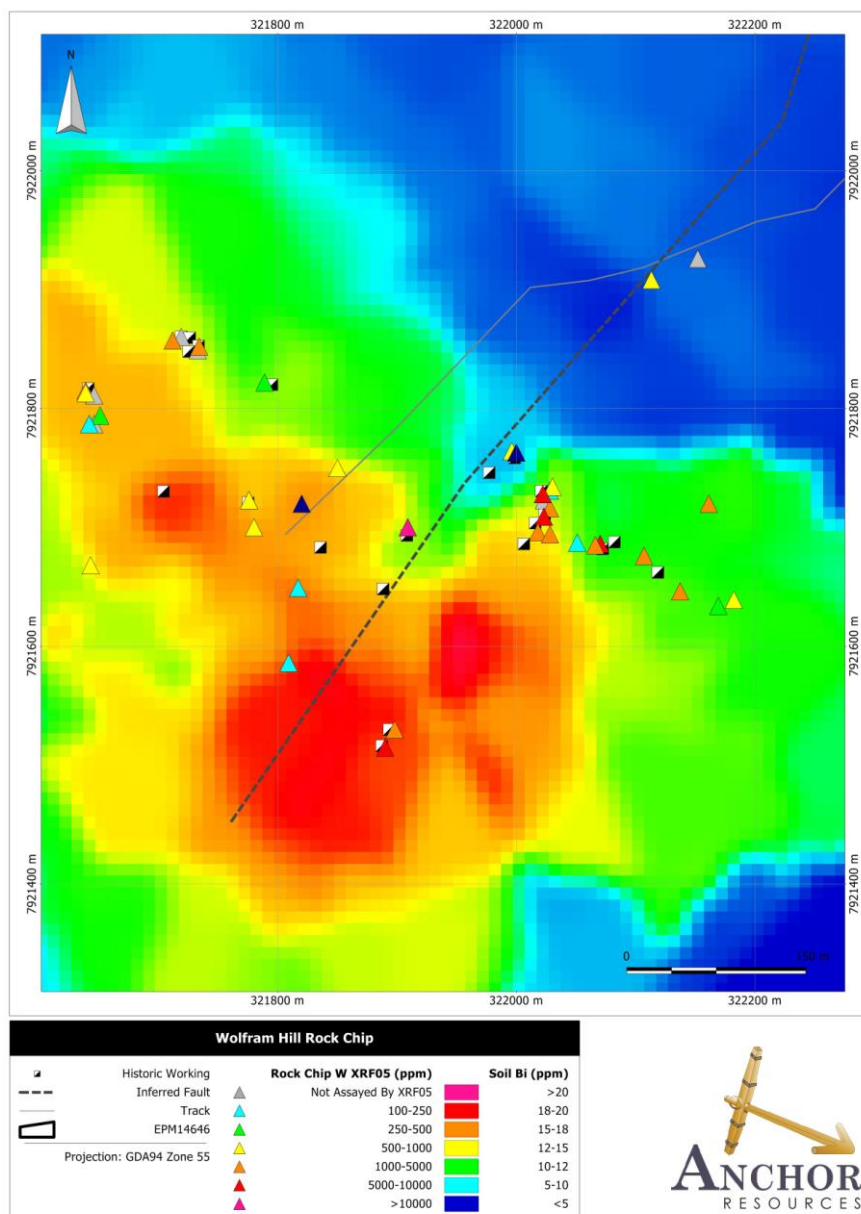


Figure 3 Wolfram Hill – Rockchip samples (W ppm) and soil contours (Bi ppm)

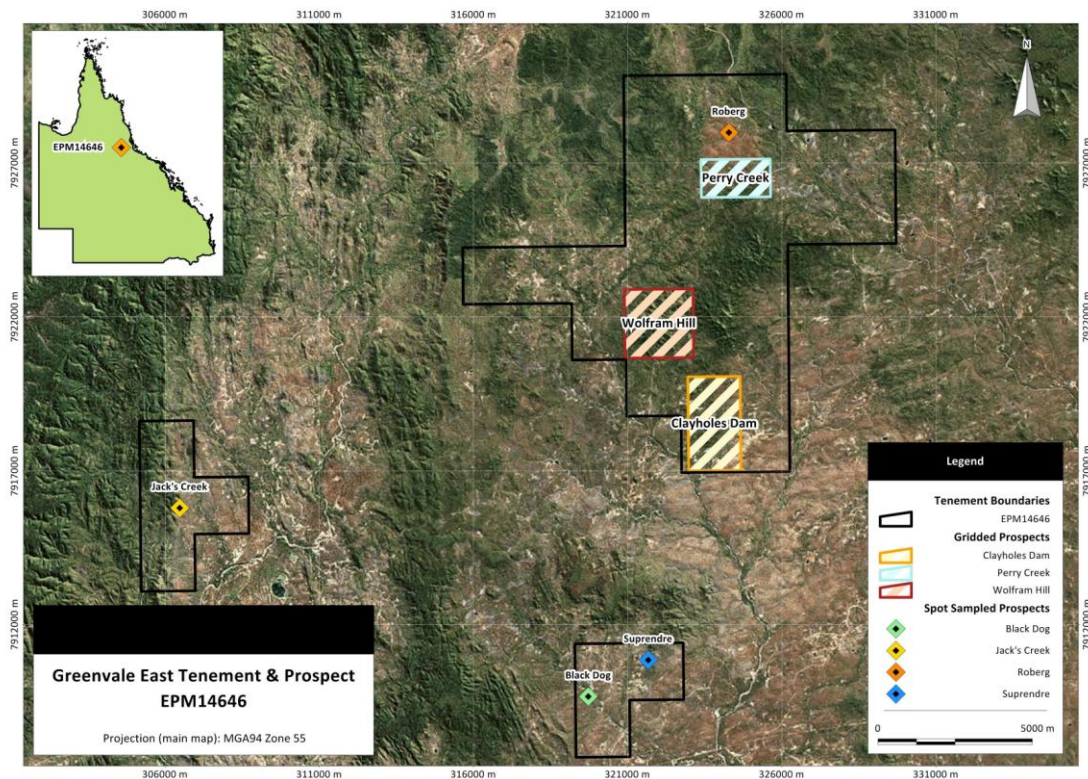


Figure 4 Greenvale East prospect locations

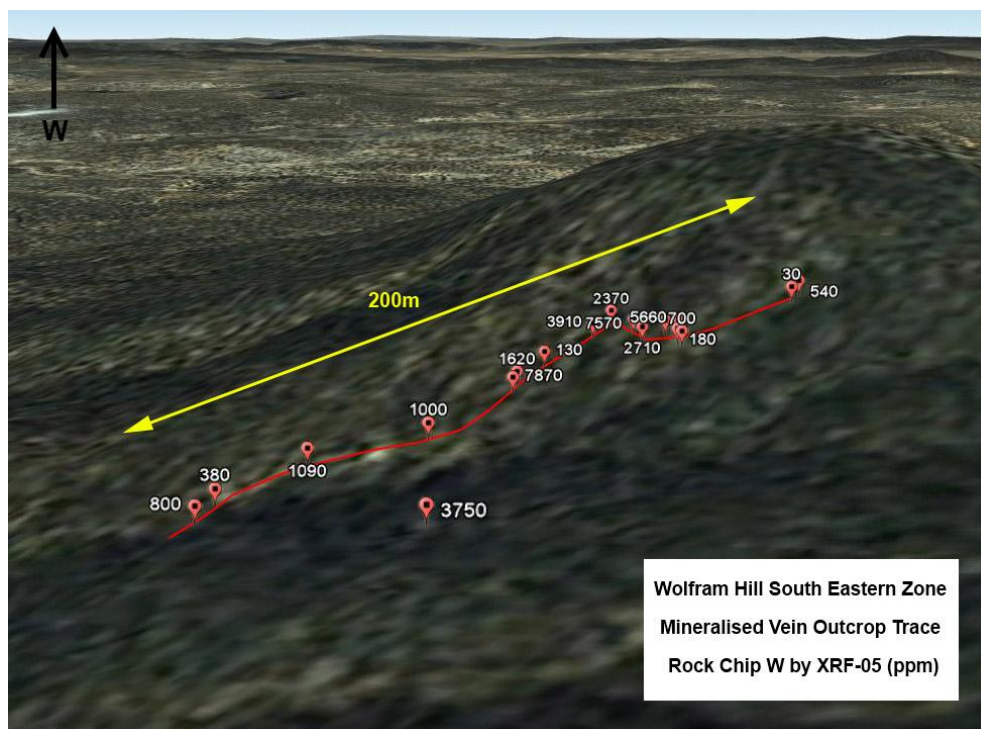


Figure 5 Wolfram Hill – SE Zone workings: tungsten results

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### Chillagoe Uranium Project (uranium) (EPM 14752) 100% Anchor

The Chillagoe Uranium Project comprises the Aspiring (EPM 14752) licence, located in far north Queensland.

During the **September quarter**:

- The licence was renewed for a further two years.
- No field work was undertaken during the period.

The Featherbeds Complex is highly prospective for uranium (U) of the U-molybdenum-fluorite deposit type. This deposit type is well known globally with significant local examples including Ben Lomond and Maureen, also in Queensland.

Potential **joint venture partners are being sought** to advance this project with drilling of the various identified uranium targets.

### CORPORATE REVIEW

During the quarter, Anchor has been conserving its financial resources while resource and scoping studies have been pursued at its Wild Cattle Creek antimony deposit, particularly as the antimony price continues to be around record levels. The company continues the search for quality joint venture partners to unlock the value of lower priority projects in the portfolio. Positive discussions are continuing with a number of groups on this front.

The Anchor team is advancing its strategy to pursue **advanced project opportunities**, both within Australia and offshore, with the potential to move the company closer to producer status. Anchor has submitted applications for an advanced project opportunity in **New Caledonia** that awaits approval via a competitive process. New Caledonia is renowned as one of the world's top nickel producing nations.

As at 30 September, Anchor Resources held **\$412,000 in cash** and equivalents.



## Corporate Information

### Board Members

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

Ross Moller	Company Secretary
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### Registered and Principal Office

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### Share Registry

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Website: [www.registries.com.au](http://www.registries.com.au)

### Stock Exchange Listing

Ordinary shares ASX code: AHR

### Issued Share Capital

At 30 September 2010, issued capital was:

39,984,237	ordinary shares
1,575,000	unlisted options

### Major Shareholders (at 30 September 2010)

G N Fallon and Associates	10.02%
N K Watson and Associates	8.06%
G A Craighead and Associates	7.28%
Eastmin Pty Ltd	5.10%
St Jude Exploration Pty Ltd	4.65%

### Quarterly Price Activity

AHR - Ordinary shares

High:	18 cents
Low:	12 cents
Last (28/10/10):	15 cents

**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 the Mineral Resources estimation approach at Wild Cattle Creek is based on information compiled by Mr Danny Kentwell, MSc, MAusIMM. Mr Kentwell is a Principal Consultant and full time employee of SRK Consulting (Australasia) Pty Ltd. 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 in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code". He consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Date released: 29 October 2010

For further information contact Trevor Woolfe on 02 9279 1231 or by email to:

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An electronic version of this report, and further company details, are available at:

[www.anchorresources.com.au](http://www.anchorresources.com.au)