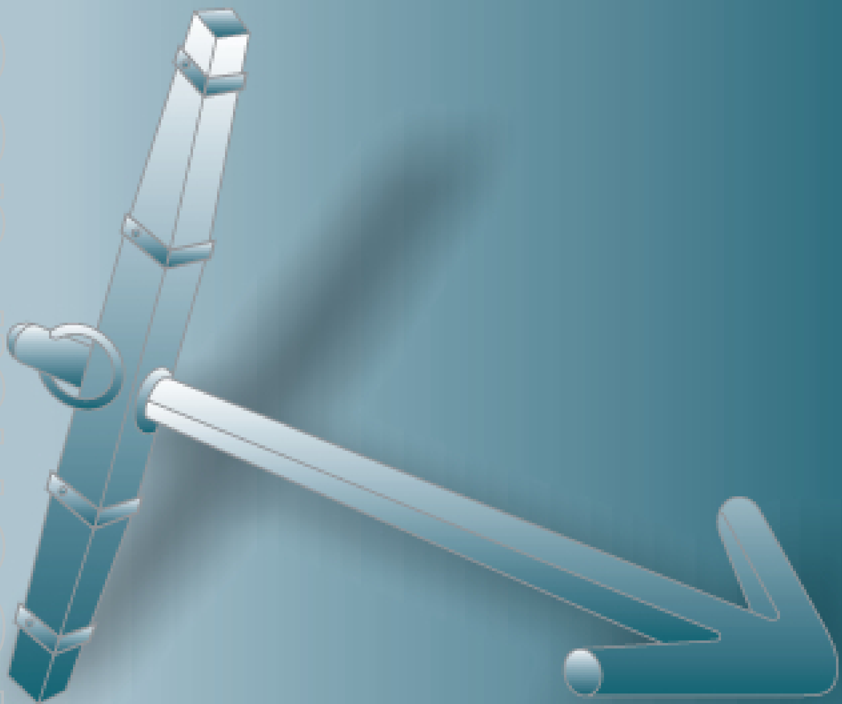
ANCHOR
RESOURCES LIMITED
ACN 122 751 419



ANNUAL REPORT
2010

Important Information:
This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisors.

ASX Code: AHR

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 505, 35 Lime Street,
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

Auditors

Barnes Dowell James
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

ASX Code: AHR

Table of Contents

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
CHAIRMAN'S REPORT

Dear Fellow Shareholder

On behalf of your Board of Directors, I am delighted to present the fourth Annual Report to shareholders and followers of Anchor Resources Limited ("Anchor Resources").

While the mining industry has been a key to the resilience of the Australian economy throughout the recent Global Financial Crisis, investors in resources companies have had to endure erratic market conditions and a scarcity of funds for investment. This, combined with the spectre of an increased impost on the Australian resources sector through the federal Government's proposed MRRT, has meant another **challenging year for junior explorers**.

Your Board of Directors has maintained a **responsible spending strategy** throughout the year, conserving cash where possible while continuing to advance the flagship project – the emerging Wild Cattle Creek antimony resource, near Dorrigo in northeastern New South Wales.

Following on from last year's maiden Anchor drill program, an **inferred resource estimate was completed** in late 2009. This study expanded the previous resource inventory at the Wild Cattle Creek antimony deposit to 718,000 tonnes at 2.3% antimony, or 16,300 tonnes of contained antimony metal. This resource estimate is compliant with guidelines as defined in the JORC Code (2004), and is based on a 1% antimony cutoff grade.

The three dimensional deposit model created by SRK Consulting identified numerous additional areas for further drilling given that the mineralisation was open at depth and along strike. Anchor Resources' **second successful drilling campaign** was completed at Wild Cattle Creek during the first half of 2010, consisting of a further 12 holes.

Exceptional antimony and tungsten results were encountered in the latest drilling, with a potentially new high grade antimony-tungsten zone identified just 35 metres north of the main deposit. This is in addition to expanding the resource down plunge.

An updated resource estimate is eagerly anticipated at the time of writing, with a **scoping study** to assess the development potential and key mining and processing parameters of the Wild Cattle Creek antimony deposit expected later in 2010.

Anchor Resources has been significantly encouraged by the mood of the global antimony market. While demand for the metal has increased over recent years, supply has been less reliable pushing prices to record levels. At the commencement of the 2010 Financial Year trades were at US$4,800 per tonne (or US$2.20 per pound) but by mid September 2010 the price had reached a record US$10,325/t (or US$4.68/lb), reflecting **a rise of 115% in the antimony price**.

With an evolving recovery in the resource sector since the Global Financial Crisis, Anchor Resources continues to pursue and evaluate external project opportunities that have the potential to move the Company closer to producer status. This includes submission of a number of applications over an **advanced project in New Caledonia** for which Anchor Resources is awaiting determination.

I once again take this opportunity to thank my fellow Directors, our consultants and employees who have worked diligently on the Company's progress over the past year.

On behalf of your Board of Directors, I would like to thank all shareholders for their ongoing support. Anchor Resources anticipates an exciting year of mineral discovery and is privileged to have loyal shareholders on board for the journey.

Yours sincerely,

John Anderson

Chairman

CORPORATE ACTIVITY

Anchor Resources Limited was incorporated on 29 November 2006 with the aim of acquiring and developing mineral property assets. The Company raised funds via an IPO and subsequently listed on the Australian Securities Exchange (ASX) on 5 July 2007 based on a diversified portfolio of 100% owned mineral projects.

Through both acquisitions and licence applications, Anchor Resources has built up a portfolio of exploration licences covering highly prospective areas for antimony, copper-gold, tin-tungsten and uranium mineralisation. These projects are located on the eastern seaboard of Australia (Figure 1).

With Anchor Resources' primary exploration focus over the past year on the Bielsdown antimony project, the Company continues to search for quality joint venture partners to be introduced into other projects in the portfolio. This will allow Anchor Resources to minimise its direct costs while continuing to advance its exploration objectives.

As part of the Board's strategy over recent years, Anchor Resources has identified a number of project opportunities that have the potential to move the Company closer to producer status. Last year the Company highlighted New Caledonia as a region with significant mineral wealth and outstanding credentials to contain attractive resource opportunities. After incorporating a local subsidiary – Anchor Resources Nouvelle Calédonie SARL (ARNC) – in 2008, ARNC has submitted applications over an area of highly prospective ground that contains significant previous exploration. Anchor is currently awaiting the outcome of this competitive process.

During the past year, Anchor Resources moved into new corporate headquarters in Sydney.

Figure 1: Anchor Project Locations

PROJECT UPDATES

Bielsdown Project (antimony-tungsten-gold) (AHR 100%)

During the past year, Anchor Resources has made significant progress at the old Wild Cattle Creek antimony mine site in northeastern NSW (Figure 1). In 2009, the Company completed its first exploration drilling campaign to test the theoretical geological model and undoubted resource potential of the **Wild Cattle Creek deposit**. Initial drill results were reported in the 2009 Annual Report. The program was highly successful confirming excellent continuity of the mineralised structure and significant widths and grades of antimony bearing stibnite mineralisation. The drilling program confirmed the theoretical geological model for antimony mineralisation but, importantly, also encountered significant associated tungsten and gold.

Following the success of Anchor Resources' initial ten hole drilling program in 2009, the Company engaged SRK Consulting to undertake a resource estimation incorporating the new drilling into the existing database which contained over 80 historical drillholes from exploration campaigns in the 1960s and 1990s.

The resulting **3-dimensional block model and inferred resource** for Wild Cattle Creek, compliant with guidelines as defined in the JORC Code (2004), confirmed an increase in the resource to 718,000 tonnes at 2.27% antimony (16,300 tonnes of contained antimony metal), using a conservative 1.0% antimony cutoff grade, as outlined in Table 1. Due to insufficient data, tungsten and gold mineralisation was not incorporated into the 2009 resource model, however the indicative grades and widths provided significant encouragement for future exploration campaigns.

Cutoff grade (%Sb)	Tonnes (t)	Grade (%Sb)	Contained Sb metal (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

Table1: Wild Cattle Creek inferred resource – in accordance with JORC* code (SRK Consulting, Nov 2009)

The resource model completed in 2009 confirmed that the mineralisation remained open at depth and along strike. Consequently, Anchor Resources completed its **second round of drilling at Wild Cattle Creek** in the first half of 2010. Drillholes in Anchor's latest program targeted down plunge extensions to the main breccia mineralisation (Figure 2) with the objective of expanding/deepening the known resource, and demonstrated a robust and continuous system. In addition to testing the down plunge positions, selected areas previously drilled in the 1960s and 1990s were also targeted to provide greater confidence in historical drill analyses, as well as quantifying gold and tungsten levels, the latter having been discovered in the 2009 Anchor campaign.

Drilling of the ten-hole combined diamond and reverse circulation (RC) campaign commenced in February 2010, and was completed by May. The 2,200 metre program also included two additional RC holes drilled into the nearby Jezebel prospect. Further excellent widths and grades were encountered in the 2010 drilling campaign, not only for antimony but also in accessory tungsten and gold. These commodities are both currently in high demand and could provide an uplift in the economic potential of the deposit. Best assay results are shown in Table 2.

In addition to the resource expansion drilling, a **new high grade antimony/tungsten shoot** was intersected approximately 35 metres to the north of the Wild Cattle Creek main breccia zone. It is open at depth and along strike to the west. Drillholes 10WRD16 and 10WRD16W encountered extremely high grade antimony (up to 17.07% Sb) and tungsten (up to 2.23% WO_3), as shown in Table 2. Anchor is encouraged that this may be the beginnings of a rich new additional resource that is currently open down dip and along strike.

Drillhole	From (m)	To (m)	Interval	Antimony (Sb %)	Tungsten ($W0_3$ %)	Gold (Au g/t)
10WDD11	39.5	58.2	18.7m	4.46	0.10	0.10
(incl.)	44.6	48.5	3.9m	3.88	0.24	-
	51.4	56.6	5.2m	9.83	-	0.21
and	58.2	64.5	6.3m	0.31	0.18	-
10WDD12	36.3	50.4	14.1m	2.31	-	0.22
(incl.)	44.2	48.9	4.7m	4.73	-	0.52
10WRD13	105.0	106.0	1.0m	1.03	-	0.20
10WDD14	165.0	168.0	3.0m	2.38	-	0.94
	202.4	203.4	1.0m	8.22	-	0.19
10WRD15	154.8	206.0	51.2m	1.69	-	-
(incl.)	174.6	192.6	18.0m	3.27	-	0.29
(incl.)	182.5	188.0	5.5m	4.80	-	0.44
and	189.6	197.3	7.7m	-	0.61	-
10WRD16	133.3	137.7	4.4m	5.83	0.78	-
(incl.)	134.3	135.7	1.4m	17.07	2.23	-
	348.8	353.0	4.2m	-	-	0.89
10WRD16W	133.5	135.5	2.0m	14.45	1.06	-
10WRD17	106	114	8m	2.75	-	-
(incl.)	106	110	4m	0.86	0.31	-
and	111	114	3m	6.14	-	0.60
10WRD18	154.1	158.8	4.7m	-	-	0.21
10WRD19	169.3	171.85	2.55m	1.61	-	1.28
10WRD20	216.3	219.4	3.1m	1.15		0.31
	226.9	234.0	7.1m	-	-	0.49
	238.0	241.0	3.0m	-	0.12	-

Table 2: Wild Cattle Creek drilling (2009) – best assay intervals

A schematic longitudinal section displaying the distribution of the mineralisation is shown in Figure 2, with the "antimony grade x deposit thickness" (a measure of the antimony metal content) contours within the 2009 resource outline. In addition, the piercepoints of the mineralisation from the Anchor Resources 2010 drill program, along with significant results, are displayed.

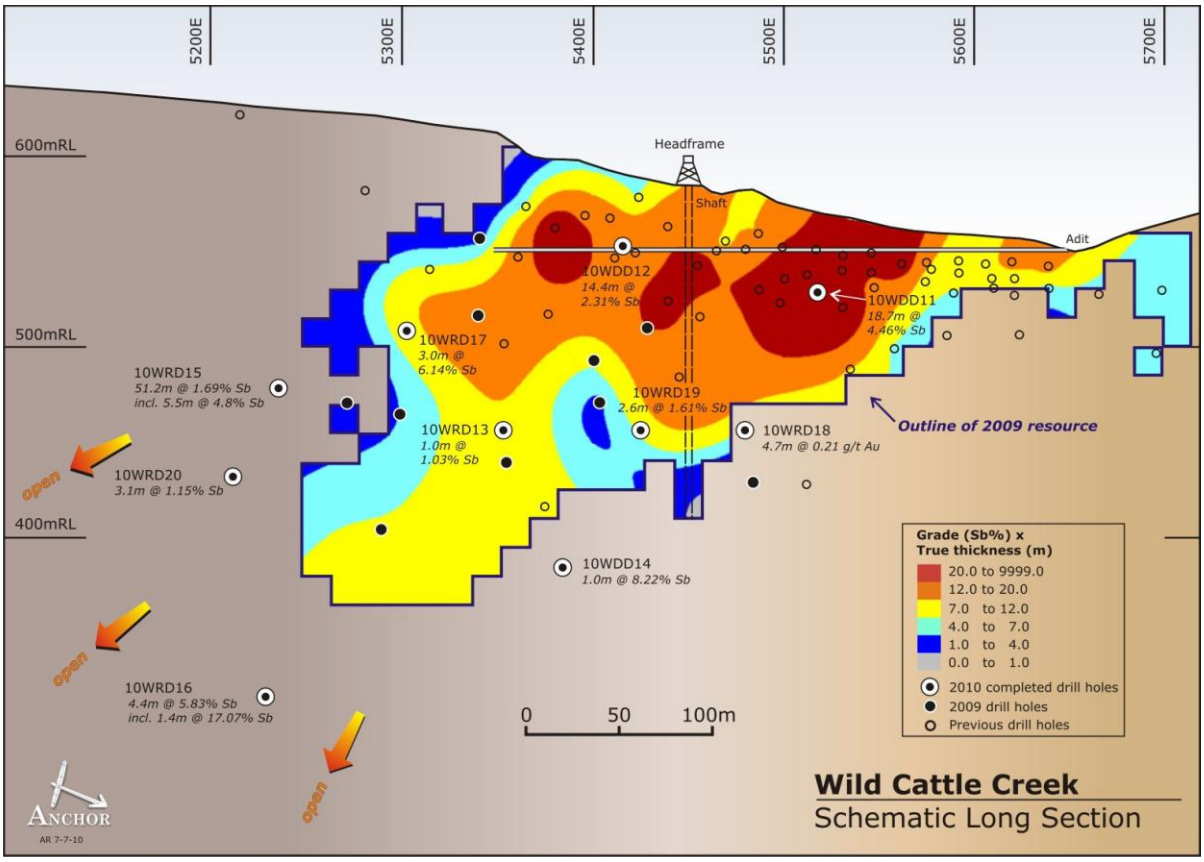


Figure 2: Wild Cattle Creek – Anchor Resources drill results and historical antimony grade x thickness contours

The results from the 2010 drilling program provide justification for a **re-appraisal of the JORC compliant resource** contained in the Wild Cattle Creek deposit. A number of holes successfully expanded the known mineralisation, while further confidence in results from old holes has been provided by recent drill checking.

SRK Consulting has once again been commissioned to provide an update of the 3-dimensional block model and expanded resource. While the prime focus of the study will be the robust core of breccia-hosted antimony mineralisation, the Company will also evaluate data indicating potential economic upside from peripheral "stringer" mineralisation that incorporates tungsten and gold as well as antimony. This work is currently underway with results expected to be available shortly.

Anchor, in conjunction with SRK Consulting, has now **commenced a scoping study** based on possible development of the Wild Cattle Creek deposit. The study is designed to evaluate all facets of the geology, mining and process options, and provide indicative capital and operating cost structures. It will also incorporate a review of historical metallurgical testwork with new testing aimed at assessing a broader range of economic products including antimony, tungsten and gold. Anchor anticipates the scoping study will be completed during the fourth quarter of 2010.

In 2010, Anchor also commenced its regional exploration campaign in the vicinity of Wild Cattle Creek. The **Jezebel prospect** is located 400m to the east, and along strike from, the main Wild Cattle Creek deposit. The Jezebel prospect was identified during Anchor's first reconnaissance surveys of historical antimony showings east and west of the Wild Cattle Creek deposit, that are prospective for the discovery of further antimony mineralisation. Surface rockchip sampling up to 3 kilometres away returned encouraging first results for antimony, gold and tungsten. These areas will be followed up in greater detail in the coming year.

Antimony pricing

Anchor Resources continues to be buoyed by surging global antimony prices. The antimony price continued its record breaking performance during the past year. Since July 1 2009, the antimony price had risen a staggering 115% from US$4,725 per tonne, to be trading at US$10,325 per tonne by mid September 2010, as reflected in Figure 3. This is equivalent to ~US$4.68 per pound. To put antimony pricing into context, by mid September 2010, copper was trading on the London Metals Exchange at around $3.50/lb, up 54% from July 1 2009.

The rise in antimony price is aided by a positive demand outlook for the metal and antimony trioxide, while supplies have been reduced by changes in China to the production quota, as well as mine closures resulting from stricter environmental and safety regulations.

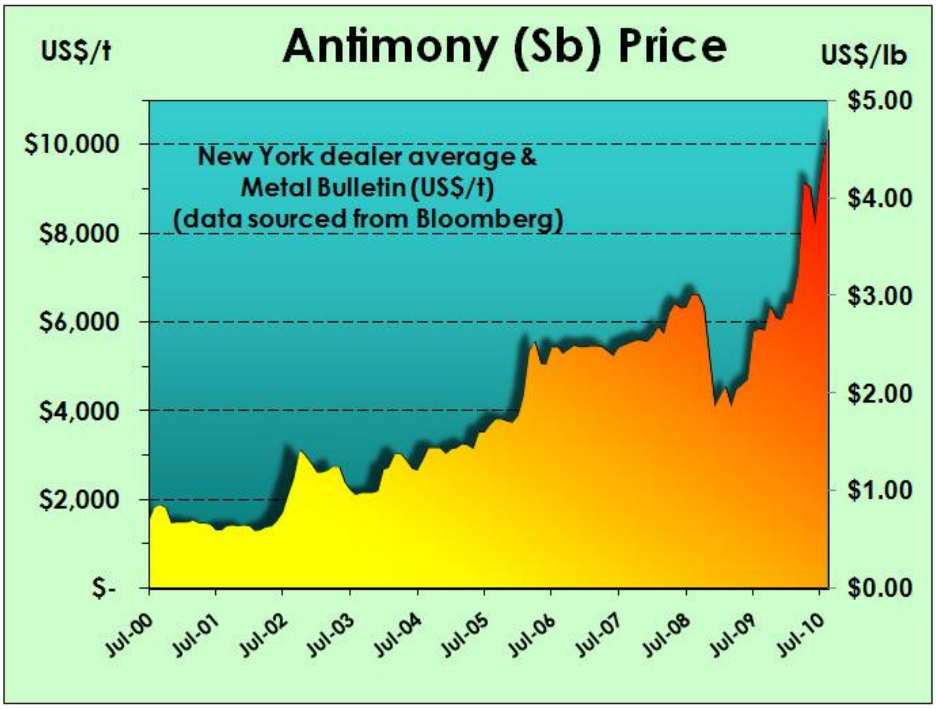


Figure 3 Antimony price history – ten years

European Commission report – In mid June 2010, an expert group chaired by the European Commission released results of a study indicating that the European Union is facing a shortage of 14 critical raw materials needed for mobile phones and emerging technologies such as solar panels and synthetic fuels.

Antimony was highlighted as one of these critically undersupplied commodities. Specifically it states that the emerging technologies that are driving demand for antimony are the use of antimony tin oxide (application in LCD displays and photovoltaic cells) and micro-capacitors.

The study indicated that a key factor behind the shortages was a concentration of production sources. For example in the case of antimony, over 90% is produced from China, which also has the capacity to regulate supply to the remainder of the world. In addition the supply risk is compounded by low substitutability and low recycling rates.

Other commodities facing critical shortage in the report include tungsten, rare earths, indium, tantalum and cobalt.

Greenvale East (gold-copper-tin-tungsten) (AHR 100%)

The Greenvale East licence area in northern Queensland (Figure 1) contains known mineralised occurrences and targets, including old workings that have historically produced modest volumes of tin, tungsten and gold.

During the past year, exploration has focused on producing a strong foundation of ground based geological mapping and soil and rockchip sampling over the principal prospects of:

- Jacks Creek (gold – antimony)
- Wolfram Hill (tungsten)
- Clayholes Dam (gold – copper)
- Perry Creek (tin – tungsten)

A number of drill targets with good prospectivity have been identified and will be scheduled into the upcoming exploration campaigns.

Other Projects (AHR 100%)

As outlined earlier in this report, since the Global Financial Crisis, Anchor Resources has focused its financial and human resources primarily on its highest priority projects. Consequently, exploration programs for the following list of projects were reduced to conserve the Company's financial position. At the same time, the Company has been seeking potential joint venture partners for some of these projects. This will allow Anchor Resources to minimise its direct costs while continuing to advance exploration objectives.

▲	Blicks (NSW)	(gold – copper)
▲	Thunderbolts (NSW)	(antimony)
▲	Munga (NSW)	(antimony)
▲	Canonba (NSW)	(gold-copper)
▲	Birdwood (NSW)	(gold-copper-molybdenum)
▲	Chillagoe (Qld)	(uranium)

**** 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.

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

The directors of Anchor Resources Limited submit herewith the annual financial report for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and positions of the directors and company secretary of the company during or since the end of the financial year are:

John Anderson, Non-Executive Chairman ***B Com, MBA, GAICD***

John has over 30 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 was until recently the Executive Director of Admiralty Resources NL and was a member of its audit, remuneration and finance committees. Among other 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 ***BSc (Hons), Grad Cert App Fin (FINSIA), MAusIMM, GAICD***

Trevor is a geologist with extensive experience in exploration, mining and resource evaluation, as well as in the financial sector. Trevor has almost 20 years experience in the resources industry. 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 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 was a Commodity Analyst with Sydney based AME Mineral Economics with specific responsibility for analysis of global gold mining companies and operations. He was Manager-Business Development and Analyst with independent research house, Stock Resource, before being appointed to the role of Managing Director of Anchor Resources since early 2007.

Grant Craighead, Executive Director ***B Sc, MAusIMM, GAICD***

Grant is a geologist with extensive experience in the exploration, mining and financial sectors. He spent 17 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 18 years. He is Managing Director of research group Stock Resource and a Director of fund manager Lime Street Capital and of corporate advisors Breakaway Investment Group. 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 ***B App Sc, ASEG, SEG, MAusIMM, GAICD***

Gary is a geophysicist with 25 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 globally, 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, and has been involved in other private exploration ventures. Utilising his project management skills, his work required the application of geophysical methods to add value to operations. Gary 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 ***B Com, Grad Dip AppCorpGov, CA, ACIS, NZICA, ICSA***

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.

Principal 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, tin-tungsten and to a lesser extent, uranium.

Review of Operations

A full review of operations is presented at page 3 of this report.

Results of Operations

The results of the operations of the company and the consolidated entity during the financial year were as follows:

	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$
Loss after income tax	(503,490)	(482,234)	(674,175)	(325,167)
Other comprehensive income / (expense)	(2,866)	-	(8,294)	-
Comprehensive loss after income tax	(506,356)	(482,234)	(682,469)	(325,167)

Changes in State of Affairs

There was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Post Balance Date Events

There were at the date of this report no matters or circumstances which have arisen since 30 June 2010 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

Future Developments

Disclosure of information other than that disclosed elsewhere in this report regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

Anchor Resources 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.

Dividends

No dividends have been paid or declared since the start of the financial year. The directors do not recommend the payment of a dividend in respect of the year ended 30 June 2010.

Share Options

During the financial year 675,000 share options were granted to directors, employees and consultants. Since the end of the financial year no further options have been issued.

A detailed breakdown of options outstanding at 30 June 2010 is contained in Note 19 to the Financial Statements.

Indemnification of Officers And Auditors

The company has not, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Auditors' Independence Declaration

The auditors' declaration of independence is attached to this directors report on page 15.

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.

Barnes Dowell James received or is due to receive the following amounts for the provision of non-audit services:	Consolidated		Parent	
	2010	2009	2010	2009
	$	$	$	$
Independent Accountant's report:	-	10,000	-	10,000

Directors' Meetings

The following table sets out the number of directors' meetings and committee meetings held during the financial year and the number of meetings attended by each director (while they were a director).

	Board of Directors		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
John Anderson	14	12	2	2	1	1
Trevor Woolfe	14	14	-	-	-	-
Grant Craighead	14	13	2	2	1	1
Gary Fallon	14	14	-	-	1	1

REMUNERATION REPORT (AUDITED)

Key Management Personnel

The key management personnel of the company comprise the directors only. The directors are :

John Anderson
Trevor Woolfe
Grant Craighead
Gary Fallon

Remuneration policy

The remuneration policy of Anchor Resources Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of Anchor Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

Executive remuneration objective and structure

The Board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated group is as follows:

- The remuneration policy is to be developed by the remuneration committee and approved by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options.
- Incentives paid in the form of options or rights are intended to align the interests of the directors and company with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The remuneration committee reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement.

All remuneration paid to key management personnel is valued at the cost to the company and expensed.

Non - executive remuneration objective and structure

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Shareholders have approved an aggregate remuneration of $200,000 per year.

The non-executive directors do not receive retirement benefits.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Options issued to Key Management personnel

Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share and is valued using the binomial methodology.

Performance-based Remuneration

No portion of the remuneration is performance based.

Details of key management personnel and non-executive directors' remuneration

Year ended 30 June 2010

	Short term benefits			Post employment benefits	Equity based benefits		
	Salary	Director's Fees	Consulting Fees	Superannuation	Options	Total	Performanc related
Paid by Anchor Resources Limit	$	$	$	$	$	$	%
Key management personnel							
Trevor Woolfe	-	-	150,000	-	38,280	188,280	0.00%
Grant Craighead	-	-	72,000	-	19,140	91,140	0.00%
Non-executive directors							
John Anderson	-	36,000	-	-	9,570	45,570	0.00%
Gary Fallon (see note 1 below)	-	15,000	-	-	19,140	34,140	0.00%
	-	51,000	222,000	-	86,130	359,130	
Paid by Anchor Resources Limited - Group							
Key management personnel							
Trevor Woolfe	-	-	150,000	-	38,280	188,280	0.00%
Grant Craighead	-	-	72,000	-	19,140	91,140	0.00%
Non-executive directors							
John Anderson	-	36,000	-	-	9,570	45,570	0.00%
Gary Fallon (see note 1 below)	-	15,000	-	-	19,140	34,140	0.00%
	-	51,000	222,000	-	86,130	359,130	

Note 1 The directors fees paid to Gary Fallon were paid by an issue of 214,286 shares in lieu of cash.

Year ended 30 June 2009

Paid by Anchor Resources Limited							
Key management personnel							
Trevor Woolfe	-	-	144,000	-	3,640	147,640	0.00%
Grant Craighead	-	-	72,000	-	1,820	73,820	0.00%
Non-executive directors							
John Anderson	-	34,500	-	-	910	35,410	0.00%
Gary Fallon (see note 1 below)	-	12,600	-	-	1,820	14,420	0.00%
	-	47,100	216,000	-	8,190	271,290	
Paid by Anchor Resources Limited - Group							
Key management personnel							
Trevor Woolfe	-	-	144,000	-	3,640	147,640	0.00%
Grant Craighead	-	-	72,000	-	1,820	73,820	0.00%
Non-executive directors							
John Anderson	-	34,500	-	-	910	35,410	0.00%
Gary Fallon (see note 1 below)	-	12,600	-	-	1,820	14,420	0.00%
	-	47,100	216,000	-	8,190	271,290	

Note 1 The directors fees paid to Gary Fallon were paid by an issue of 144,000 shares in lieu of cash.

REMUNERATION REPORT (CONTINUED)

Service agreements

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

Key Management Personnel

Trevor Woolfe
Mr Woolfe is contracted to the Group through the Service Agreement with Stock Resource. Six months notice by either party will be required to terminate this contract. Mr Woolfe's share of the payments and benefits are $150,000 per annum.

Grant Craighead
Mr Craighead is contracted to the Group through the Service Agreement with Stock Resource. Six months 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.

Non-executive Directors

John Anderson
There is no written contract with Mr Anderson.

Gary Fallon
There is no written contract with Mr Fallon. His remuneration is paid by an issue of shares in the Company in lieu of payment and benefits in cash.
Over the past 12 months the Company has contracted Geophysical Resources & Services Pty Ltd (a company partially owned by interests fo Gary Fallon) to provide geophysical consultancy services. A service agreement has been entered into under normal commercial terms and conditions.

Full details of related party transactions are contained in Note 25.

Share-based compensation - options

The Company issued options to directors during the year under the Company's Employee Share Option Plan in part compensation for their contribution to the business during the year.

	2010	**2009**
John Anderson	75,000	50,000
Trevor Woolfe	300,000	200,000
Grant Craighead	150,000	100,000
Gary Fallon	150,000	100,000

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.

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.

The allocation of 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.

REMUNERATION REPORT (CONTINUED)

Directors' Interests

	J Anderson	T Woolfe	G Craighead	G Fallon
Ordinary Shares of Anchor Resources Ltd				
Direct	-	573,000	-	594,286
Indirect	-	-	2,745,476	3,162,510
Options issued by Anchor Resources Ltd				
Expiry 6.3.2011, exercise price 25c				
Direct	500,000	500,000	-	-
Indirect	-	-	-	-
Expiry 14.3.2013, exercise price 18c				
Direct	50,000	200,000	100,000	100,000
Indirect	-	-	-	-
Expiry 13.3.2014, exercise price 7c				
Direct	75,000	300,000	150,000	150,000
Indirect	-	-	-	-

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate or in the interest of any other registered scheme.

Signed in accordance with a resolution of the directors made pursuant to s. 298(2) of the Corporations Act 2001.

On behalf of the Directors

T I WOOLFE
Director
Sydney, 27 September 2010

BARNES DOWELL JAMES

CHARTERED ACCOUNTANTS

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

Associate
M A Nakkan CA

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AJD:RC

27 August 2010

The Board of Directors
Anchor Resources Limited
Level 5
35 Lime Street
SYDNEY NSW 2000

Dear Board of Directors,

ANCHOR RESOURCES LIMITED

We declare that to the best of our knowledge and belief, during the year ended 30 June, 2010 there have been:

i. No contraventions of auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

ii. No contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully,
BARNES DOWELL JAMES
Chartered Accountants

....
Anthony Dowell
Partner

BARNES DOWELL JAMES

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ANCHOR RESOURCES LIMITED ABN 49 122 751 419 AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANCHOR RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying Financial Report of Anchor Resources Limited (the company) and Anchor Resources Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 27 August 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

a. the financial report of Anchor Resources Limited and Anchor Resources Limited and Controlled Entities is in accordance with the Corporations Act 2001, Including:
   i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the report of the directors for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of The Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Anchor Resources Limited for the year ended 30 June 2010, complies with s 300A of the Corporations Act 2001.

BARNES DOWELL JAMES
CHARTERED ACCOUNTANTS

....
Anthony Dowell
Partner

27 September, 2010

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

The directors of the company declare that:

1 The financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, and

(a) Comply with Accounting Standards; and

(b) Give a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2010 and of the performance for the year ended on that date .

2 The Chief Executive Officer and the Chief Finance Officer have each declared that:

(a) The financial records of the company for the financial year have been properly maintined in accordance with s 286 of the Corporations Act 2001, and

(b) The financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity comply with the Accounting Standards; and

(c) The financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity give a true and fair view.

3 In the directors' opinion there are reasonable grounds to believe that the company and the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors

T I WOOLFE
Director

Sydney, 27 September 2010

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	Consolidated		Parent	
		2010	**2009**	**2010**	**2009**
		$	$	$	$
Revenue and other income	4	**35,258**	98,846	**35,257**	98,846
Administration expenses		**(207,680)**	(103,470)	**(203,437)**	(100,323)
Corporate costs		**(115,157)**	(35,313)	**(114,521)**	(32,341)
Depreciation and amortisation expense	5	**(16,147)**	(13,418)	**(16,147)**	(13,418)
Diminution investments in and loans to subsidiaries	5	**-**	-	**(183,194)**	-
Employee benefits expense	5	**(142,813)**	(87,732)	**(142,813)**	(75,285)
Exploration expenses		**(15,880)**	(320,971)	**(8,249)**	(182,811)
Marketing expenses		**(9,623)**	(9,131)	**(9,623)**	(9,131)
Occupancy expenses		**(27,273)**	-	**(27,273)**	-
Other expenses		**(4,175)**	(11,045)	**(4,175)**	(10,704)
Loss before income tax (expense)/benefit		**(503,490)**	(482,234)	**(674,175)**	(325,167)
Income tax (expense)/benefit	6	**-**	-	**-**	-
Net loss after related income tax (expense)/benefit	20	**(503,490)**	(482,234)	**(674,175)**	(325,167)
		-		1	
Other comprehensive income					
Foreign currency translation gains/(losses)		**(2,866)**	-	**(8,294)**	-
Other comprehensive income before income tax expense		**(2,866)**	-	**(8,294)**	-
Income tax expense		**-**	-	**-**	-
Other comprehensive income for period		**(2,866)**	-	**(8,294)**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(506,356)**	(482,234)	**(682,469)**	(325,167)
Total comprehensive income attributable to members of Anchor Resources Ltd		**(506,356)**	(482,234)	**(682,469)**	(325,167)
Basic loss per share (cents per share)	7	**(1.46)**	(1.56)		
Diluted loss per share (cents per share)	7	**(1.05)**	(1.00)		
					-

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated		Parent	
		2010	**2009**	**2010**	**2009**
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	9	**626,559**	1,218,572	**625,648**	1,217,347
Trade and other receivables	10	**75,041**	36,744	**1,950,390**	1,877,114
Other current assets	11	**14,926**	19,714	**14,926**	19,714
TOTAL CURRENT ASSETS		**716,526**	1,275,030	**2,590,964**	3,114,175
NON-CURRENT ASSETS					
Trade and other receivables	12	**100,000**	106,560	**65,000**	66,560
Other financial assets	13	**-**	-	**-**	1,730
Property, plant and equipment	14	**18,716**	24,401	**18,716**	24,401
Exploration expenditure	15	**3,477,207**	2,004,414	**1,637,769**	379,652
Intangible assets	16	**2,000**	2,000	**2,000**	2,000
TOTAL NON-CURRENT ASSETS		**3,597,923**	2,137,375	**1,723,485**	474,343
TOTAL ASSETS		**4,314,449**	3,412,405	**4,314,449**	3,588,518
CURRENT LIABILITIES					
Trade and other payables	17	**98,052**	169,206	**98,052**	169,206
TOTAL CURRENT LIABILITIES		**98,052**	169,206	**98,052**	169,206
TOTAL NON-CURRENT LIABILITIES		**-**	-	**-**	-
TOTAL LIABILITIES		**98,052**	169,206	**98,052**	169,206
NET ASSETS		**4,216,397**	3,243,199	**4,216,397**	3,419,312
EQUITY					
Issued capital	18	**5,378,158**	3,962,599	**5,378,158**	3,962,599
Reserves	20	**181,714**	120,585	**184,580**	120,585
Accumulated losses	21	**(1,343,475)**	(839,985)	**(1,346,341)**	(663,872)
TOTAL EQUITY		**4,216,397**	3,243,199	**4,216,397**	3,419,312

The above statements of financial position should be read in conjunction with the accompanying notes.

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

CONSOLIDATED	**Equity**	**Reserves**	**Accumulated losses**	**Total attributable to equity holders of the entity**
	$	**$**	**$**	**$**
Balance at 1 July 2008	3,949,999	109,375	(357,751)	3,701,623
Shares issued during year	12,600	-	-	12,600
Amounts added to share based payments reserve	-	11,210	-	11,210
Share issue costs	-	-	-	-
(Loss) for the year	-	-	(482,234)	(482,234)
Balance at 30 June 2009	3,962,599	120,585	(839,985)	3,243,199
Shares issued during year	1,419,253	-	-	1,419,253
Share issue costs	(25,829)	-	-	(25,829)
Amounts added to share based payments reserve	-	86,130	-	86,130
Amounts transferred from share based payments reserve	22,135	(22,135)	-	-
(Loss) for the year	-	-	(503,490)	(503,490)
Other comprehensive income/(loss) for year	-	(2,866)	-	(2,866)
Balance at 30 June 2010	**5,378,158**	**181,714**	**(1,343,475)**	**4,216,397**
PARENT				
Balance at 1 July 2008	3,949,999	109,375	(338,705)	3,720,669
Shares issued during year	12,600	-	-	12,600
Share issue costs	-	-		-
Amounts added to share based payments reserve	-	11,210	-	11,210
(Loss) for the year	-	-	(325,167)	(325,167)
Balance at 30 June 2009	3,962,599	120,585	(663,872)	3,419,312
Shares issued during year	1,419,253	-	-	1,419,253
Share issue costs	(25,829)	-	-	(25,829)
Amounts added to share based payments reserve	-	86,130	-	86,130
Amounts transferred from share based payments reserve	22,135	(22,135)	-	-
(Loss) for the year	-	-	(674,175)	(674,175)
Other comprehensive income/(loss) for year	-	-	(8,294)	(8,294)
Balance at 30 June 2010	**5,378,158**	**184,580**	**(1,346,341)**	**4,216,397**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	Consolidated		Parent	
		2010	2009	2010	2009
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**-**	-	**-**	-
Payments to suppliers and employees		**(503,477)**	(636,655)	**(504,170)**	(478,670)
Interest received		**35,258**	98,846	**35,257**	98,846
Other income		**-**	-	**-**	-
Net cash used in operating activities	32 (c)	**(468,219)**	(537,809)	**(468,913)**	(379,824)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		**(10,461)**	(3,005)	**(10,461)**	(3,005)
Payments for exploration expenditure		**(1,487,900)**	(576,470)	**(1,266,366)**	(300,902)
Proceeds from sale of investments		**(10,417)**	-	**(10,417)**	-
Payments for tenement security deposits		**(3,440)**	(56,560)	**(3,440)**	(56,560)
Tenement security deposits refunded		**10,000**	-	**5,000**	-
Payments for investment in subsidiaries		**-**	-	**-**	(1,489)
Loans (to)/from subsidiaries		**-**	-	**(215,526)**	(433,249)
Net cash provided by/(used in) investing activities		**(1,502,218)**	(636,035)	**(1,501,210)**	(795,205)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds of share issues		**1,404,253**	-	**1,404,253**	-
Share issue costs		**(25,829)**	-	**(25,829)**	-
Net cash provided by/(used in) financing activities		**1,378,424**	-	**1,378,424**	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(592,013)**	(1,173,844)	**(591,699)**	(1,175,029)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**1,218,572**	2,392,416	**1,217,347**	2,392,376
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	32 (a)	**626,559**	1,218,572	**625,648**	1,217,347

The above statements of cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

This financial report includes the consolidated financial statements and notes of Anchor Resources Ltd and its controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Anchor Resources Ltd as an individual parent entity ('Parent Entity').

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements were authorised for issue by the directors on 27 September 2010.

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Accounts Payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(b) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts, if any.

(e) Comparative amounts

Where necessary, comparative amounts have been changed to reflect changes in disclosures in the current year.

(f) Depreciation

Depreciation is provided on property, plant and equipment.
Depreciation provided on computer and office equipment is calculated on a straight line basis, and on small equipment on a diminishing value basis, so as to write off the net cost or other revalued amount of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation.

- Computer software	2-3 years
- Computer equipment	2-3 years
- Plant and equipment	6-7 years
- Motor vehicles	4-5 years

(g) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, and long service leave expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of other employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(h) Exploration for and Evaluation of Mineral Resources

For each area of interest, expenditures incurred in the exploration for and evaluation of mineral resources are expensed as incurred unless the rights to tenure of the area of interest are current and either:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

If either of the above conditions are met, expenditures are partially or fully capitalised, and recognised as an exploration and evaluation asset.

Exploration and evaluation assets are measured at cost on recognition.

Expenditures typically recognised as exploration and evaluation assets include:

(a) acquisition of rights to explore;
(b) topographical, geological, geochemical and geophysical studies;
(c) exploratory drilling;
(d) trenching;
(e) sampling; and
(f) activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation or alternative sale of the relevant area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an impairment loss is recorded.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. The Group does not use derivative financial instruments in economic hedges of currency or interest rate risk. The Group has not classified any of its financial assets as held to maturity.

Other receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally though the sale of assets and GST receivable. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Available for sale
Non-derivative financial assets not included in the above categories are classified as available for sale. They are carried at fair value with changes in fair value recognised directly in the available for sale reserve. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the income statement. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available for sale reserve. On sale, the amount held in the available for sale reserve associated with that asset is removed from equity and recognised in the statement of comprehensive income.

(j) Financial Instruments issued by the company

Debt and Equity Instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual agreement.
Interest
Interest is classified as an expense consistent with the statement of financial position classification of the related debt or equity instruments.

(k) Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost. The Group does not use derivative financial instruments in economic hedges of currency or interest rate risk.

These financial liabilities include the following items:

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Borrowings from shareholders are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. These borrowings are non interest bearing liabilities which are subsequently measured at amortised cost using the effective interest rate method.

(l) Foreign Currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.
Exchange differences are recognised in profit or loss in the period in which they arise except that exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(m) Functional and Presentation Currency

The functional and presentation currency of Anchor Resources Limited and its Australian subsidiaries is Australian dollars (A$). The New Caledonian subsidiary's functional currency is the Pacific franc (XPF) which is translated to the presentation currency upon consolidation.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or

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

(o) Impairment of Assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed. Recoverable amount is the higher 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(p) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

<u>Tax consolidation</u>

The company and all its wholly-owned Australian resident entities have not entered into a tax consolidated group under Australian taxation law.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(q) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of the business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is not amortised but is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

(r) Leased Assets

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(s) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the group, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 3 Business Combinations. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the group are eliminated in full.

Subsidiaries are accounted for at cost in the separate financial statements of Anchor Resources Ltd less any impairment charges.

(t) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(u) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(v) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current assets exceeds recoverable amount. Recoverable amount is determined as the undiscounted amount expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the non-current assets.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(w) Revenue Recognition

Sale of Goods and Disposal of Assets
Revenue from the sale of goods and disposal of assets is recognised when the consolidated entity has passed the risks and rewards of the goods or assets to the buyer.

Rendering of Services
Revenue from a contract to provide services is recognised on completion of the contract.

Interest Income
Interest income is recognised as it is accrued using the effective interest rate method.

Other Income
Other income is recognised as it is earned.

(x) 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 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 binomial 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 expense recognised for equity-settled transactions is transferred to the share based payments reserve. When options are exercised the value is transferred from the share based payments reserve to equity. Where the options expire or lapse the value remains in the share based payments reserve.

(y) Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

The Group is not subject to any externally imposed capital requirements.

Changes in accounting policies

Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Anchor Resources Ltd.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Adoption of New and Revised Accounting Standards (continued)

AASB 3: Business Combinations

In March 2008 the Australian Accounting Standards Board revised AASB 3 and as a result, some aspects of business combination accounting have changed. The changes apply only to business combinations which occur from 1 July 2009. The following is an overview of the key changes and the impact on the Group's financial statements.

Recognition and measurement impact

Recognition of acquisition costs

The revised version of AASB 3 requires that all costs associated with a business combination be expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination.

Measurement of contingent considerations

The revised AASB 3 requires that contingent considerations associated with a business combination be included as part of the cost of the business combination. They are recognised at the fair value of the payment calculated having regard to probability of settlement. Any subsequent changes in the fair value or probability of payment are recognised in the statement of comprehensive income except to the extent where they relate to conditions or events existing at acquisition date, in which case the consideration paid is adjusted. The previous version of AASB 3 allowed such changes to be recognised as a cost of the combination impacting goodwill.

Measurement of non-controlling interest

For each business combination, the acquirer must measure any non-controlling interest in the acquiree either at the fair value of the non-controlling interest (the *full goodwill method*) or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Under the previous version of AASB 3 only the latter option was permitted.

Recognition of contingencies

The revised AASB 3 prohibits entities from recognising contingencies associated with a business combination, unless they meet the definition of a liability.

Business combinations achieved in stages

The revised AASB 3 requires that where a business combination is achieved in stages, any previously held equity interest is to be remeasured to fair value and the resulting gain or loss, being the difference between fair value and historical cost, is to be recognised in the statement of comprehensive income. The previous version of AASB 3 accounted for each exchange transaction separately, using cost and fair value information at the date of each exchange to determine the amount of any goodwill associated with the acquisition. It was therefore possible to compare the cost of each individual investment with the fair value of identifiable net assets acquired at each step.

There has been no current year impact on the statement of comprehensive income in respect of any of the above.

Disclosure impact

The revised AASB 3 contains a number of additional disclosure requirements not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Adoption of New and Revised Accounting Standards (continued)

Measurement impact

Identification and measurement of segments
AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Impairment testing of the segment's goodwill

AASB 136: Impairment of Assets, para 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer's CGUs, or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements (refer note 29).

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Terminology changes
The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity
The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income
The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income
The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Adoption of New and Revised Accounting Standards (continued)

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB	Summary	Application date	Impact on group	Application date for group
AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project	These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.	01-Jan-10	No changes are expected to materially affect the Group.	01-Jul-10
AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2]	These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments.	01-Jan-10	These amendments are not expected to impact the Group.	01-Jul-10
AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1]	These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome.	01-Jan-10	These amendments are not expected to impact the Group.	01-Jul-10
AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132]	These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments.	01-Feb-10	These amendments are not expected to impact the Group.	01-Jul-10
AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19.	01-Jul-10	This standard is not expected to impact the Group.	01-Jul-10

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods (continued)

AASB	Summary	Application date	Impact on group	Application date for group
AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred.	01-Jul-10	This Interpretation is not expected to impact the Group.	01-Jul-10
AASB 124: Related Party Disclosures	This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.	01-Jan-11	No changes are expected to materially affect the Group.	01-Jul-11
AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052	This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	01-Jan-11	These amendments are not expected to impact the Group.	01-Jul-11

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods (continued)

AASB	Summary	Application date	Impact on group	Application date for group
AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.	01-Jan-11	This standard is not expected to impact the Group.	01-Jul-11
AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9	The changes made to accounting requirements include: - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair - simplifying the requirements for embedded derivatives; - removing the tainting rules associated with held-to-maturity assets; - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; - reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.	01-Jan-13	Implementation may be required	01-Jul-13

No other new or proposed accounting standards or interpretations are expected to have a material impact on the group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk predominantly arising from currency exposures to the Pacific franc (XPF) on its loans to its New Caledonia subsidiary. Currency protection measures may be deemed appropriate in specific commercial circumstances and are subject to strict limits laid down by the Board. The Group has not entered into any foreign currency hedging contracts during the year.

(b) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. There is negligible credit risk on financial assets of the Group since there is limited exposure to individual customers and the economic entity's exposure is limited to the amount of cash, short term deposits and receivables which have been recognised in the balance sheet.

(c) Cash flow and fair value interest rate risk

The Group's interest-bearing assets comprise term deposits and tenement security deposits. The Group's income and operating cash flows are not materially exposed to changes in market interest rates.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to enable the company to operate as a going concern. The Board monitors liquidity on a monthly basis and management monitors liquidity on a daily basis.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

The following critical estimates and judgments have been made in respect of the following items :

(a) Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technology, economic and political environments and future expectations. If an impairment trigger exists the recoverable amount of the asset is determined.

(b) Recovery of deferred tax assets

Deferred tax assets are not recognised for deductible temporary differences as management considers that it is not probable in the forseeable future that future taxable profits will be available to utilise those temporary differences.

(c) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated.

(d) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the binomial model, with the assumptions detailed in note 21. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

	Consolidated		Parent	
	2010	2009	2010	2009
4. REVENUE	$	$	$	$
Revenue				
Sales revenue	**-**	-	**-**	-
	-	-	**-**	-
Other income				
Interest - other entities	**35,258**	98,846	**35,257**	98,846
	35,258	98,846	**35,257**	98,846

5. EXPENSES

Loss from ordinary activities before income tax includes the following items of expense:

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Expenses				
Depreciation expense				
Depreciation of Property, plant and equipment	**16,147**	13,418	**16,147**	13,418
Total depreciation expense	**16,147**	13,418	**16,147**	13,418
Diminution of investments in and loans to subsidiaries				
Diminution of investments in subsidiaries	**-**	-	**1,730**	-
Diminution of loans to subsidiaries	**-**	-	**181,464**	-
Total diminution of investments in and loans to subsidiaries	**-**	-	**183,194**	-
Employment expenses				
Base salary and fees	**29,910**	29,422	**29,910**	16,975
Superannuation	**2,557**	-	**2,557**	-
Directors Fees	**51,000**	47,100	**51,000**	47,100
Share based expense (Note 25(a))	**86,130**	11,210	**86,130**	11,210
Other employee expenses	**3,126**	-	**3,126**	-
	172,723	87,732	**172,723**	75,285
Less amounts charged to exploration costs	**(29,910)**	-	**(29,910)**	-
Total employment expense	**142,813**	87,732	**142,813**	75,285
	-	-	**-**	-

Other comprehensive loss before income tax includes the following items of expense:

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Other expenses				
Foreign exchange loss	**-**	-	**8,295**	-

6. INCOME TAX

(a) Income tax expense

The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Loss for year	**(503,490)**	(482,234)	**(674,175)**	(325,167)
Income tax benefit calculated at 30%	**(151,047)**	(144,670)	**(202,253)**	(97,550)
Temporary differences and tax losses not recognised (refer note 6(c))	**151,047**	144,670	**202,253**	97,550
Other permanent differences	**-**	-	**-**	-
Income tax benefit attributable to loss	**-**	-	**-**	-
Other comprehensive income/(loss) for year	**(2,866)**	-	**(8,294)**	-
Income tax benefit calculated at 30%	**(860)**	-	**(2,488)**	-
Temporary differences and tax losses not recognised (refer note 6(c))	**860**	-	**2,488**	-
Other permanent differences	**-**	-	**-**	-
Income tax benefit attributable to loss	**-**	-	**-**	-
(b) Adjusted franking account balance	**-**	-	**-**	-

6. INCOME TAX (CONTINUED)

(c) Deferred tax balances not recognised

Calculated at 30% not brought to account as assets:	Balance Sheet 2010 $	Balance Sheet 2009 $	Income Statement 2010 $	Income Statement 2009 $
Consolidated				
Deferred tax assets				
Accruals	2,400	2,400	-	-
Capital raising costs capitalised	42,614	28,170	14,444	-
Revenue tax losses available for offset against future tax income	841,333	251,936	589,397	144,670
Deferred tax assets not recognised	(886,347)	(282,506)	(603,841)	(144,670)
	-	-	-	-
Net deferred tax asset (liability)	-	-		
Parent				
Deferred tax assets				
Provision for diminution investment in controlled entities	519	-	519	-
Provision for diminution loans to controlled entities	54,439	-	54,439	-
Accruals	2,400	2,400	-	-
Capital raising costs capitalised	42,614	28,170	14,444	-
Revenue tax losses available for offset against future tax income	746,252	199,161	547,091	97,550
Deferred tax assets not recognised	(846,224)	(229,731)	(616,493)	(97,550)
	-	-	-	-
Net deferred tax asset (liability)	-	-		

(d) Tax consolidation

Relevance of tax consolidation to the consolidated entity

Legislation to allow groups comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes ('the tax consolidation system') was substantively enacted on 21 October 2002. The company, its wholly-owned Australian resident entities and its sister entities within Australia are eligible to consolidate for tax purposes under this legislation and the directors of these entities consider it likely that they will elect to implement the tax consolidation system in due course.

At the date of this report, the directors have not made a final decision to implement the tax consolidation system and, if so, from what date the implementation would occur. As a result, only the financial effects of the mandatory aspects of the enabling legislation have been recognised in the financial statements and no adjustment has been made to recognise the financial effects that may result from the implementation of the tax consolidation system.

7. LOSS PER SHARE

	2010	2009
Basic loss per share (cents per share)	**(1.46)**	**(1.56)**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share.	**34,766,101**	30,820,000
Diluted loss per share (cents per share)	**(1.05)**	**(1.00)**
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share.	**48,334,727**	48,424,688
The loss per share is calculated using the net comprehensive income/(loss) for the year.	**(506,356)**	(482,234)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

	Consolidated		Parent	
	2010	2009	2010	2009
8. AUDITORS' REMUNERATION	$	$	$	$
Remuneration of Barnes Dowell James for :				
Audit and review of the financial report	**19,000**	16,100	**19,000**	16,100
Independent Accountants Report	**-**	10,000	**-**	10,000
Remuneration of KPMG New Caledonia for :				
Audit and review of the financial report of a subsidiary company	**4,052**	-	**-**	-
Total auditors remuneration	**23,052**	**26,100**	**19,000**	**26,100**

9. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	**626,559**	1,218,572	**625,648**	1,217,347

The carrying amounts of the Group's cash are a reasonable approximation of their fair values.

10. CURRENT TRADE AND OTHER RECEIVABLES

GST receivable	**64,624**	36,744	**64,624**	35,827
Other receivables	**10,417**	-	**10,417**	-
Amounts due from wholly owned controlled entities	**-**	-	**2,056,813**	1,841,287
Less provision for doubtful debts	**-**	-	**(181,464)**	-
	75,041	36,744	**1,950,390**	1,877,114

The carrying amounts of the Group's current trade and other receivables are a reasonable approximation of

11. OTHER CURRENT ASSETS

Interest receivable	**2,795**	6,888	**2,795**	6,888
Prepayments	**12,131**	12,826	**12,131**	12,826
	14,926	19,714	**14,926**	19,714

The carrying amounts of the Group's other current assets are a reasonable approximation of their fair values.

12. NON-CURRENT TRADE AND OTHER RECEIVABLES

Tenement security deposits	**100,000**	106,560	**65,000**	66,560
	100,000	106,560	**65,000**	66,560

The carrying amounts of the Group's security deposits are a reasonable approximation of their fair values.

13. OTHER NON-CURRENT FINANCIAL ASSETS

Unlisted investments, at cost :				
Controlled entities (refer Note 22))	**-**	-	**1,730**	1,730
Less provision for diminution	**-**	-	**(1,730)**	-
	-	-	**-**	1,730

The carrying amounts of the Group's other non-current financial assets are a reasonable approximation of their

14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Plant and Equipment at cost	**62,003**	51,542	**62,003**	51,542
Provision for depreciation	**(43,287)**	(27,141)	**(43,287)**	(27,141)
	18,716	24,401	**18,716**	24,401

Consolidated and parent	Computer Software $	Computer Equipment $	Plant & Equipment $	Motor Vehicles $	Total $
Gross Carrying Amount					
Balance at 30 June 2008	16,590	3,008	890	28,049	48,537
Additions	1,500	-	1,505	-	3,005
Disposals	-	-	-	-	-
Balance at 30 June 2009	18,090	3,008	2,395	28,049	51,542
Additions	7,608	2,127	726	-	10,461
Disposals	-	-	-	-	-
Balance at 30 June 2010	25,698	5,135	3,121	28,049	62,003
Accumulated Depreciation					
Balance at 30 June 2008	7,187	940	333	5,263	13,723
Depreciation Expense	5,971	1,002	134	6,311	13,418
Disposals	-	-	-	-	-
Balance at 30 June 2009	13,158	1,942	467	11,574	27,141
Depreciation Expense	8,195	1,241	399	6,311	16,146
Disposals	-	-	-	-	-
Balance at 30 June 2010	21,353	3,183	866	17,885	43,287

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Aggregate depreciation allocated during the year:				
- Computer software	8,195	5,971	8,195	5,971
- Computer equipment	1,241	1,002	1,241	1,002
- Plant and equipment	399	134	399	134
- Motor vehicles	6,311	6,311	6,311	6,311
	16,146	13,418	16,146	13,418

15. EXPLORATION EXPENDITURE

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Exploration expenditure	**3,477,207**	2,004,414	**1,637,769**	379,652

Movement

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Balance at 1 July	**2,004,414**	1,429,944	**379,652**	78,750
Additions	**1,487,900**	746,141	**1,266,366**	334,413
Exchange movement	**774**	-	**-**	-
Amounts written off	**(15,881)**	(171,671)	**(8,249)**	(33,511)
Balance at 30 June	**3,477,207**	2,004,414	**1,637,769**	379,652

16. INTANGIBLE ASSETS

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Goodwill on acquisition of Andromeda Ventures Pty Ltd	**2,000**	2,000	**2,000**	2,000
	2,000	**2,000**	**2,000**	**2,000**

Movement in written down value	**Consolidated Goodwill** $	**Parent Goodwill** $
2009		
Balance at 30 June 2008	2,000	2,000
Additions	-	-
Impairment charge	-	-
Balance at 30 June 2009	2,000	2,000
2010		
Balance at 30 June 2009	2,000	2,000
Additions	-	-
Impairment charge	-	-
Balance at 30 June 2010	2,000	2,000

17. CURRENT TRADE AND OTHER PAYABLES

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Unsecured:				
Trade payables	**86,153**	161,206	**86,153**	161,206
Other payables and accruals	**11,899**	8,000	**11,899**	8,000
	98,052	169,206	**98,052**	169,206

The carrying amounts of the Group's current and other payables are a reasonable approximation of their fair values.

18. SHARE CAPITAL

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
39,259,237 fully paid ordinary shares - no par value (2009: 30,820,000)	5,730,654	4,289,266	5,730,654	4,289,266
Less share issue costs	(352,496)	(326,667)	(352,496)	(326,667)
	5,378,158	3,962,599	5,378,158	3,962,599

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in ordinary share capital of Anchor Resources Ltd	**2010 Number of shares**	**2010 $**	**2009 Number of shares**	**2009 $**
Balance at beginning of year	30,820,000	3,962,599	30,680,000	3,949,999
Anchor Resources Limited shares issued during year				
Issued to director in lieu of salary	214,286	15,000	140,000	12,600
Exercise of unlisted options	175,000	20,500	-	-
Exercise of listed options	1,762,600	440,650	-	-
Rights Issue	6,287,351	943,103	-	-
			-	-
	39,259,237	5,381,852	30,820,000	3,962,599
Amounts transferred from share based payments reserve on exercise of options granted under the Employee Share Option Plan.		22,135		-
Transaction costs relating to share issues		(25,829)		-
Balance at end of year	39,259,237	5,378,158	30,820,000	3,962,599

For the purposes of these disclosures, the Group considers its capital to comprise its ordinary share capital, and accumulated retained earnings. Neither the available for sale reserve nor the translation reserve is considered as capital. There have been no changes in what the Group considers to be capital since the previous period.

19. OPTIONS

	Expiry Date	Exercise Price	Number on issue 30 June 2009	Granted during year	Lapsed during year	Exercised during year	Number on issue 30 June 2010
Listed	31.03.2010	0.25	15,304,688	-	(13,542,088)	(1,762,600)	-
Unlisted	31.03.2010	0.25	500,000	-	(500,000)	-	-
	06.03.2011	0.25	1,000,000	-	-	-	1,000,000
	14.03.2013	0.18	600,000	-	-	(75,000)	525,000
	13.03.2014	0.07	200,000	675,000	-	(100,000)	775,000
Total options on issue			17,604,688	675,000	(14,042,088)	(1,937,600)	2,300,000

20. RESERVES

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Share based payments reserve	**184,580**	120,585	**184,580**	120,585
Foreign currency translation reserve	**(2,866)**	-	**-**	-
	181,714	120,585	**184,580**	120,585
Share based payments reserve				
Balance at beginning of financial year	**120,585**	109,375	**120,585**	109,375
Value of options issued during year to :				
Directors and consultants	**86,130**	11,210	**86,130**	11,210
Amounts transferred to issued capital on exercise of options granted under the Employee Share Option Plan	**(22,135)**	-	**(22,135)**	-
Balance at end of financial year	**184,580**	120,585	**184,580**	120,585

Nature and purpose of reserve

The share based payments reserve records the value of options issued to Directors, employees and consultants as part of the remuneration for their services.

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Foreign currency translation reserve				
Balance at beginning of financial year	**-**	-	**-**	-
Exchange rate fluctuation during year	**(2,866)**	-	**-**	-
Balance at end of financial year	**(2,866)**	-	**-**	-

Nature and purpose of reserve

The Foreign currency translation reserve records the impact of the movement of the exchange rate as it relates to the company's investment in overseas subsidiaries.

21. ACCUMULATED LOSSES

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
Balance at beginning of financial year	**(839,985)**	(357,751)	**(663,872)**	(338,705)
Net losses for year	**(503,490)**	(482,234)	**(674,175)**	(325,167)
Other comprehensive income/(loss) for year	**-**	-	**(8,294)**	**-**
Balance at end of financial year	**(1,343,475)**	(839,985)	**(1,346,341)**	(663,872)

22. PARTICULARS RELATING TO CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest 2010 %	Ownership Interest 2009 %
Controlled entities			
Andromeda Ventures Pty Ltd	Australia	100	100
Sandy Resources Pty Ltd	Australia	100	100
Scorpio Resources Pty Ltd	Australia	100	100
Anchor Resources Nouvelle Caledonie SARL	New Caledonia	100	100

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) The directors of Anchor Resources Limited during the year were:

John Anderson
Trevor Woolfe
Grant Craighead
Gary Fallon

(b) Other key management personnel

All key management personnel of the consolidated entity are directors of Anchor Resources Limited.

(c) Remuneration of Directors and Executives

Details of Directors' remuneration for the year ended 30 June 2010

	Short term benefits			Post employment benefits	Equity based benefits		
Paid by Anchor Resources Limited	**Salary**	**Director's Fees**	**Consulting Fees**	**Superannuation**	**Options**	**Total**	**Performance related**
	$	$	$	$	$	$	%
Key management personnel							
Trevor Woolfe	-	-	150,000	-	38,280	188,280	0.00%
Grant Craighead	-	-	72,000	-	19,140	91,140	0.00%
Non-executive directors							
John Anderson	-	36,000	-	-	9,570	45,570	0.00%
Gary Fallon (see note 1 below)	-	15,000	-	-	19,140	34,140	0.00%
	-	51,000	222,000	-	86,130	359,130	

Paid by Anchor Resources Limited - Group

	Salary	Director's Fees	Consulting Fees	Superannuation	Options	Total	Performance related
Key management personnel							
Trevor Woolfe	-	-	150,000	-	38,280	188,280	0.00%
Grant Craighead	-	-	72,000	-	19,140	91,140	0.00%
Non-executive directors							
John Anderson	-	36,000	-	-	9,570	45,570	0.00%
Gary Fallon (see note 1 below)	-	15,000	-	-	19,140	34,140	0.00%
	-	51,000	222,000	-	86,130	359,130	

Note 1 The directors fees paid to Gary Fallon were paid by an issue of 214,286 shares in lieu of cash.

Details of Directors' remuneration for the year ended 30 June 2009
Paid by Anchor Resources Limited

	Salary	Director's Fees	Consulting Fees	Superannuation	Options	Total	Performance related
Key management personnel							
Trevor Woolfe	-	-	144,000	-	3,640	147,640	0.00%
Grant Craighead	-	-	72,000	-	1,820	73,820	0.00%
Non-executive directors							
John Anderson	-	34,500	-	-	910	35,410	0.00%
Gary Fallon (see note 1 below)	-	12,600	-	-	1,820	14,420	0.00%
	-	47,100	216,000	-	8,190	271,290	

Paid by Anchor Resources Limited - Group

	Salary	Director's Fees	Consulting Fees	Superannuation	Options	Total	Performance related
Key management personnel							
Trevor Woolfe	-	-	144,000	-	3,640	147,640	0.00%
Grant Craighead	-	-	72,000	-	1,820	73,820	0.00%
Non-executive directors							
John Anderson	-	34,500	-	-	910	35,410	0.00%
Gary Fallon (see note 1 below)	-	12,600	-	-	1,820	14,420	0.00%
	-	47,100	216,000	-	8,190	271,290	

Note 1 The directors fees paid to Gary Fallon were paid by an issue of 144,000 shares in lieu of cash.
Note 2 No loans have been made from the company to key management

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Transactions with associates of directors

	2010 $	2009 $
RENT AND OFFICE OVERHEADS		
Mr Craighead is an employee and Director of, and has a significant financial interest in, Stock Resource Pty Ltd, a company that provided technical and office overhead services to the Company during the period. These services were provided under normal commercial terms and conditions.		
Rent	27,273	27,000
Office overheads	25,729	27,000
GEOPHYSICAL CONSULTANCY SERVICES		
Mr Fallon is an employee and Director of, and has a significant financial interest in, Geophysical Resources & Services Pty Ltd, a company that provided geophysical consultancy services to the Company during the period. These services were provided under normal commercial terms and conditions.		
Geophysical consultancy services	10,620	18,460

(e) Equity instrument disclosures relating to directors

Number of Shares and Options held by specified directors and executives

2010

Shares	Number held 30 June 2009	Acquired during year	Sold during year	Issued on exercise of options	Number held 30 June 2010
John Anderson	-	-	-	-	-
Trevor Woolfe	363,000	170,000	-	40,000	573,000
Grant Craighead	2,297,000	348,476	-	100,000	2,745,476
Gary Fallon	2,702,510	454,286	-	600,000	3,756,796
	5,362,510	972,762	-	740,000	7,075,272

Options	Number held 30 June 2009	Acquired during year	Lapsed during year	Exercised during year	Number held 30 June 2010
John Anderson	550,000	75,000	-	-	625,000
Trevor Woolfe	810,500	300,000	(70,500)	(40,000)	1,000,000
Grant Craighead	1,047,500	-	(697,500)	(100,000)	250,000
Gary Fallon	1,105,321	150,000	(405,321)	(600,000)	250,000
	3,513,321	525,000	(1,173,321)	(740,000)	2,125,000

2009

Shares	Number held 30 June 2008	Acquired during year	Sold during year	Issued on exercise of options	Number held 30 June 2009
John Anderson	-	-	-	-	-
Trevor Woolfe	288,000	75,000	-	-	363,000
Grant Craighead	2,267,000	30,000	-	-	2,297,000
Gary Fallon	2,401,761	300,749	-	-	2,702,510
	4,956,761	405,749	-	-	5,362,510

Options	held 30 June 2008	Acquired during year	Lapsed during year	Exercised during year	held 30 June 2009
John Anderson	500,000	50,000	-	-	550,000
Trevor Woolfe	610,500	200,000	-	-	810,500
Grant Craighead	947,500	100,000	-	-	1,047,500
Gary Fallon	1,005,321	100,000	-	-	1,105,321
	3,063,321	450,000	-	-	3,513,321

24. SHARE BASED PAYMENTS

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:	Consolidated		Parent	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Expense arising from equity-settled share-based payment transactions				
Options granted during year	**86,130**	11,210	**86,130**	11,210
Options exercised during year	**(22,135)**	-	**(22,135)**	-

(b) Details of share-based payment plans

The share-based payment plan is described below. There have been no cancellations or modifications to any of the plans during 2010 and 2009.

AHR Employee Share Option Plan

Under the AHR Employee Share Option Plan, directors, employees and consultants are granted options to acquire shares in the Company. The exercise price is determined by the directors.

Options granted under the AHR Employee Share Option Plan vest on the date of grant.

The fair value of the options granted under the plan is estimated using the binomial valuation methodology taking into account the terms and conditions under which the options are granted.

The contractual life of each issue of options is determined by the directors.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 2.17 years (2009:0.95 years).

The weighted average fair value of options granted during the year was $0.0899 (2009: $0.0965).

The range of exercise prices for options outstanding at the end of the year was $0.18

The following table shows the inputs to the binomial model in respect of options granted in the prior year. 675,000 options were granted in the current year.

Value of Underlying Stock	0.155
Exercise Price	0.070
Dividend Yield	0.00%
Volatility (per Year)	139.05%
Risk free rate	5.24%
Maturity	13/03/2014
Pricing Date	09/10/2009

The options issued are on an equity settled basis. There are no cash settlement alternatives.

Summary of options granted under the AHR employee share plan arrangements

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2010 Number	**2010 WAEP**	**2009 Number**	**2009 WAEP**
Outstanding at the beginning of the year	17,604,688	0.2456	16,954,688	0.2456
Granted during the year	675,000	0.0700	650,000	0.1462
Forfeited during the year	-	0.0000	-	0.0000
Exercised during the year	(1,937,600)	0.2405	-	0.0000
Expired during the year	(13,542,088)	0.2500	-	0.0000
Outstanding at the end of the year	2,800,000	0.1855	17,604,688	0.2456
Exercisable at the end of the year	2,800,000		17,604,688	

25. RELATED PARTY DISCLOSURES

(a) Directors

The directors of Anchor Resources Limited during the year were :
John Anderson
Trevor Woolfe
Grant Craighead
Gary Fallon

(b) Remuneration of directors and key management personnel

Details of remuneration of directors are disclosed in note 23 to the financial statements.

At 30 June 2010 there were no key management personnel other than directors.

(c) Transactions with directors and director related entities concerning shares and share options

Details of Transactions with directors and director related entities concerning shares and share options are disclosed in note 23 to the financial statements.

(d) Equity interests in related parties

Equity interests in controlled entities
Details of the percentage of ordinary shares held in controlled entities are disclosed in note 22 to the financial statements.

(e) Provision of technical services

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. Directors fees paid to the company during the period ended 30 June 2010 are referred to in the remuneration of Directors in Note 23. 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

	Consolidated 2010 $	Consolidated 2009 $
Rent	27,273	-
Corporate services	178,729	-

26. COMMITMENTS FOR EXPENDITURE

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
(a) Capital Expenditure Commitments				
There are no capital commitments at the end of the financial year				

(b) Lease Commitments

There are no operating lease commitments at the end of the financial year.

(c) Tenement Expenditure

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.

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Annual expenditure requirement	882,000	740,000	43,000	43,000

27. FINANCIAL INSTRUMENTS DISCLOSURES

(a) *Capital*

The Group considers its capital to comprise its ordinary share capital and accumulated retained earnings.
In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

The Group's gearing ratio at the balance sheet date is shown below:	Consolidated	
	2010	**2009**
	$	$
Loans	-	-
Net debt	-	-
Share capital	5,378,158	3,962,599
Reserves	181,714	120,585
Retained profits (Accumulated losses)	(1,343,475)	(839,985)
Total capital	4,216,397	3,243,199
Gearing ratio	0.00%	0.00%

(b) *Financial instrument risk exposure and management*

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure
Further quantitative information in respect of these risks is presented throughout these financial statements.
There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(c) *Principal financial instruments*

The principal financial instruments used by the Group, from which financial instrument risks arise, are as follows:

- cash at bank;
- tenement security deposits;
- other receivables; and
- trade and other payables

(d) *General objectives, policies and processes*

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Credit risk

Credit risk arises principally from the Group's receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

Other receivables

Other receivables comprise the receivable in respect of GST receivable.

The maximum exposure to credit risk at balance date is as follows :

	Consolidated		Parent	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Tenement Security Deposits	100,000	106,560	65,000	66,560
Other receivables	10,417	-	10,417	-
Amounts due from wholly owned controlled entities	-	-	2,056,813	1,841,287
	110,417	106,560	2,132,230	1,907,847

27. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(ii) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected to meet expected requirements for a period of at least 45 days.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The Board noted the intention of directors and other lenders not to require payment for the next twelve months or until a capital raising of sufficient funds is made.

The Group does not have any financing facilities in place and does not have a bank overdraft.

Maturity analysis of financial assets and liability based on management's expectations

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g., trade receivables). These assets are considered in the Group's overall liquidity risk.

	Carrying Amount $	Contractual Cash flows $	< 6 mths $	6- 12 mths $	1-3 years $	> 3 years $	On demand * $
Maturity Analysis - Consolidated - 2010							
Financial Assets							
Cash at bank and on hand	626,559	626,559	626,559	-	-	-	-
Other receivables	10,417	10,417	10,417	-	-	-	-
Security deposits	100,000	100,000	-	-	100,000	-	-
TOTAL	736,976	736,976	636,976	-	100,000	-	-
Financial Liabilities							
Trade Creditors	86,153	86,153	86,153	-	-	-	-
Other payables and accruals	11,899	11,899	-	11,899	-	-	-
TOTAL	98,052	98,052	86,153	11,899	-	-	-
NET MATURITY	638,924	638,924	550,823	(11,899)	100,000	-	-
Maturity Analysis - Consolidated - 2009							
Financial Assets							
Cash at bank and on hand	1,218,572	1,218,572	1,218,572	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Security deposits	106,560	106,560	-	-	-	106,560	-
TOTAL	1,325,132	1,325,132	1,218,572	-	-	106,560	-
Financial Liabilities							
Trade Creditors	161,206	161,206	161,206	-	-	-	-
Other payables and accruals	8,000	8,000	8,000	-	-	-	-
TOTAL	169,206	169,206	169,206	-	-	-	-
NET MATURITY	1,155,926	1,155,926	1,049,366	-	-	106,560	-

27. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(ii) Liquidity risk (continued)

	Carrying Amount $	Contractual Cash flows $	< 6 mths $	6- 12 mths $	1-3 years $	> 3 years $	On demand $
Maturity Analysis - Parent - 2010							
Financial Assets							
Cash at bank and on hand	625,648	625,648	625,648	-	-	-	-
Amounts due from wholly owned controlled entities	2,056,813	2,056,813	-	-	-	-	2,056,813
TOTAL	2,682,461	2,682,461	625,648	-	-	-	2,056,813
Financial Liabilities							
Trade Creditors	86,153	86,153	86,153	-	-	-	-
Other payables and accruals	11,899	11,899	-	11,899	-	-	-
TOTAL	98,052	98,052	86,153	11,899	-	-	-
NET MATURITY	2,584,409	2,584,409	539,495	(11,899)	-	-	2,056,813
Maturity Analysis - Parent - 2009							
Financial Assets							
Cash at bank and on hand	1,217,347	1,217,347	1,217,347	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Amounts due from wholly owned controlled entities	1,841,287	1,841,287	-	-	-	-	1,841,287
TOTAL	3,058,634	3,058,634	1,217,347	-	-	-	1,841,287
Financial Liabilities							
Trade Creditors	161,206	161,206	161,206	-	-	-	-
Other payables and accruals	8,000	8,000	8,000	-	-	-	-
TOTAL	169,206	169,206	169,206	-	-	-	-
NET MATURITY	2,889,428	2,889,428	1,048,141	-	-	-	1,841,287

(iii) Interest rate risk

The company's exposure to the risks of changes in market interest rates relates primarily to the company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The consolidated entity does not engage in any hedging or derivative transactions to manage interest rate risk.

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below :

Consolidated - 2010	NOTE	WEIGHTED AVERAGE INTEREST RATES	FLOATING INTEREST RATES	FIXED MATURING IN 1 YEAR TO 5 YEARS	NON-INTEREST BEARING	TOTAL
Financial Assets						
Cash	9	4.50%	626,559	-	-	626,559
Receivables	10	0.00%	-	-	75,041	75,041
Tenement Security Deposits	12	4.88%	100,000	-	-	100,000
Total Assets			**726,559**	**-**	**75,041**	**801,600**
Financial Liabilities						
Payables	17	0.00%	-	-	98,052	98,052
Total Liabilities			**-**	**-**	**98,052**	**98,052**
Net financial assets (liabilities)			**726,559**	**-**	**(23,011)**	**703,548**

27. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(iii) Interest rate risk (continued)

Consolidated - 2009	**NOTE**	**WEIGHTED AVERAGE INTEREST RATES**	**FLOATING INTEREST RATES**	**FIXED MATURING IN 1 YEAR TO 5 YEARS**	**NON-INTEREST BEARING**	**TOTAL**
Financial Assets						
Cash	9	3.90%	1,206,588	-	11,984	1,218,572
Receivables	10	0.00%	-	-	36,744	36,744
Tenement Security Deposits	12	5.34%	106,560	-	-	106,560
Total Assets			**1,313,148**	**-**	**48,728**	**1,361,876**
Financial Liabilities						
Payables	17	0.00%	-	-	169,206	169,206
Total Liabilities			**-**	**-**	**169,206**	**169,206**
Net financial assets (liabilities)			**1,313,148**	**-**	**(120,478)**	**1,192,670**

Parent - 2010						
Financial Assets						
Cash	9	4.50%	626,559	-	-	626,559
Receivables	10	0.00%	-	-	75,041	75,041
Tenement Security Deposits	12	4.88%	100,000	-	-	100,000
Total Assets			**726,559**	**-**	**75,041**	**801,600**
Financial Liabilities						
Payables	17	0.00%	-	-	98,052	98,052
Total Liabilities			-	-	98,052	98,052
Net financial assets (liabilities)			**726,559**	**-**	**(23,011)**	**703,548**

Parent -2009						
Financial Assets						
Cash	9	3.90%	1,206,589	-	10,758	1,217,347
Receivables	10	0.00%	-	-	1,877,114	1,877,114
Tenement Security Deposits	12	5.34%	66,560	-	-	66,560
Total Assets			**1,273,149**	**-**	**1,887,872**	**3,161,021**
Financial Liabilities						
Payables	17	0.00%	-	-	169,206	169,206
Total Liabilities			**-**	**-**	**169,206**	**169,206**
Net financial assets (liabilities)			**1,273,149**	**-**	**1,718,666**	**2,991,815**

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The analysis assumes all other variables remain constant.

27. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(iii) Interest rate risk (continued)

Sensitivity Analysis		Consolidated			Parent	
		+3% interest rate	-3% interest rate		+3% interest rate	-3% interest rate
Consolidated - 2010	**Carrying amount**	**Profit & Loss**	**Profit & Loss**	**Carrying amount**	**Profit & Loss**	**Profit & Loss**
Cash at bank	626,559	18,797	(18,797)	625,648	18,769	(18,769)
Tenement security deposits	100,000	3,000	(3,000)	65,000	1,950	(1,950)
	100,000	3,000	(3,000)	65,000	1,950	(1,950)
Tax charge of 30%		(900)	900		(585)	585
Post tax profit increase / (decrease)		2,100	(2,100)		1,365	(1,365)
Consolidated - 2009						
Cash at bank	1,206,588	36,198	(36,198)	1,206,589	36,198	(36,198)
Tenement security deposits	106,560	3,197	(3,197)	66,560	1,997	(1,997)
	106,560	3,197	(3,197)	66,560	1,997	(1,997)
Tax charge of 30%		(959)	959		(599)	599
Post tax profit increase / (decrease)		2,238	(2,238)		1,398	(1,398)

(iv) Currency risk

The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group's exposure to foreign currency risk, which arises out of its investments in New Caledonia, is as follows:	Consolidated		Parent	
	2010 XPF	**2009 XPF**	**2010 XPF**	**2009 XPF**
Cash at bank	77,478	-	-	-
Exploration expenditure capitalised	65,000	2,991,815	-	-
Loans to controlled entities	(7,187,025)	(1,143,947)	-	-
Net Exposure	(7,044,547)	1,847,868	-	-

The Group's most significant supplier, located in Australia, accounts for 17.9% of trade payables at 30 June 2010 .

The parent entity's most significant supplier, located in Australia, accounts for 17.9% of trade payables at 30 June 2010 .

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the balance sheet date.

The below analysis assumes all other variables remain constant.

Sensitivity Analysis - 2010		Consolidated +10% XPF/AUD	-10% XPF/AUD		Parent +10% XPF/AUD	-10% XPF/AUD
	Carrying amount	**Profit & Loss**	**Profit & Loss**	**Carrying amount**	**Profit & Loss**	**Profit & Loss**
	XPF	**AUD$**	**AUD$**	**XPF**	**AUD$**	**AUD$**
Cash at bank	77,478	91	(91)	-	-	-
Exploration expenditure	65,000	6,734	(6,734)	-	-	-
Loans to controlled entities	(7,187,025)	(8,445)	8,445	-	-	-
	(7,044,547)	(1,620)	1,620	-	-	-
Tax charge of 30%		486	(486)		-	-
Post tax profit increase / (decrease)		(1,134)	1,134		-	-

27. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(iv) Currency risk (continued)

Sensitivity Analysis - 2009		**Consolidated**			**Parent**	
	Carrying amount	**+10% XPF/AUD Profit & Loss**	**-10% XPF/AUD Profit & Loss**	**Carrying amount**	**+10% XPF/AUD Profit & Loss**	**-10% XPF/AUD Profit & Loss**
	XPF	**AUD$**	**AUD$**	**XPF**	**AUD$**	**AUD$**
Cash at bank	-	119	(119)	-	-	-
Exploration expenditure	2,991,815	523	(523)	-	-	-
Loans to controlled entities	(1,143,947)	(1,472)	1,472	-	-	-
	1,847,868	(830)	830	-	-	-
Tax charge of 30%		249	(249)		-	-
Post tax profit increase / (decrease)		(581)	581		-	-

(e) Commodity price risk

The Group is exposed to commodity price risk. This risk arises from its activities directed at exploration and development mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The company does not hedge its exposures.

(f) Accounting policies

Accounting policies in relation to financial assets and liabilities and share capital are contained in Note 1.

28. SEGMENT INFORMATION

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and allocating resources. The group is managed primarily on the basis of exploration in Australia. Operating segments are therefore determined on the same basis.

Segment performance	**Exploration Australia**	**Total**	**Exploration Australia**	**Total**
	30 June 2010	**30 June 2010**	**30 June 2009**	**30 June 2009**
Revenue	**$**	**$**	**$**	**$**
Interest revenue	35,258	35,258	98,846	98,846
Other income	-	-	-	-
Total revenue	35,258	35,258	98,846	98,846
Operating result				
Segment net loss before tax	(372,186)	(372,186)	(433,503)	(433,503)
Reconciliation of segment result to group net loss before tax				
Amounts not included in segment result but reviewed by board				
Corporate charges		(115,157)		(35,313)
Depreciation		(16,147)		(13,418)
Foreign currency translation gains/(losses)		(2,866)		-
Total net loss before tax		(506,356)		(482,234)
		-		-
Segment assets and liabilities				
Segment assets	4,312,449	4,312,449	3,410,405	3,410,405
Unallocated assets		2,000		2,000
Group assets		4,314,449		3,412,405
Segment liabilities	98,052	98,052	169,206	169,206
Unallocated liabilities		-		-
Group liabilities		98,052		169,206

29. CONTINGENT LIABILITIES

	Consolidated 2010 $	Consolidated 2009 $
(a) Rehabilitation commitments		
It is a condition of the granting of the exploration licence that the company rehabilitate the site before the licence expires. The directors are unable to quantify the expected cost or timing of the required rehabilitation.		
The Group has provided guarantees, supported by deposits with the relevant State Department of Mines, in respect of its rehabilitation obligations regarding its mining tenements.	**100,000**	106,560

30. SUBSEQUENT EVENTS

There were no events subsequent to balance date which require disclosure in these accounts.

31. ADDITIONAL COMPANY INFORMATION

Anchor Resources Limited is a listed public company, incorporated and operating in Australia.

Principal Registered Office and Principal Place of Business
Suite 505,
35 Lime Street
SYDNEY
NSW 2000

32. NOTES TO CASH FLOW STATEMENTS

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the related items in the statement of financial position as follows:

	Consolidated 2010 $	Consolidated 2009 $	Parent 2010 $	Parent 2009 $
Cash at bank and on hand	**626,559**	1,218,572	**625,648**	1,217,347
	626,559	1,218,572	**625,648**	1,217,347
(b) Non cash transactions				
Directors fees paid by issue of shares	**15,000**	12,600	**15,000**	12,600

(c) Reconciliation of operating loss after income tax to net cash flows from operating activities

	Consolidated 2010 $	Consolidated 2009 $	Anchor Resources Ltd 2010 $	Anchor Resources Ltd 2009 $
Operating loss after income tax	**(503,490)**	(482,234)	**(674,175)**	(325,167)
Non cash items included in profit and loss				
Depreciation	**16,147**	13,418	**16,147**	13,418
Diminution investments in subsidiaries	**-**	-	**1,730**	-
Diminution loans to subsidiaries	**-**	-	**181,464**	-
Directors fees paid by issue of shares	**15,000**	12,600	**15,000**	12,600
Exploration written off	**15,881**		**8,249**	
Option expense	**86,130**	11,210	**86,130**	11,210
	(370,332)	(445,006)	**(365,455)**	(287,939)
Changes in assets and liabilities				
Decrease (Increase) in receivables	**(38,297)**	36,013	**(38,652)**	36,929
Decrease (Increase) in other current assets	**11,564**	514	**6,348**	514
(Decrease) Increase in trade creditors	**(75,053)**	-	**(75,053)**	-
Increase (Decrease) in other creditors and accruals	**3,899**	(129,330)	**3,899**	(129,328)
Net cash used in operating activities	**(468,219)**	(537,809)	**(468,913)**	(379,824)

Shareholder information

The shareholder information set out below was applicable as at 31 August 2010.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Class of equity security Ordinary shares Number of shareholders	Number of shares
1 -	1,000	11	1,794
1,001 -	5,000	38	135,197
5,001 -	10,000	72	661,054
10,001 -	100,000	233	8,919,102
100,001 and over		68	29,542,090
		422	39,259,237

At the prevailing market price of shares ($0.15) there were 26 shareholders with less than a marketable parcel of ordinary shares worth $500 (being 3,333 shares).

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares Number held	Percentage of issued shares
FALLON NOMINEES PTY LTD	3,162,510	8.06%
GAGE RESOURCES PTY LTD	2,745,476	6.99%
EASTMIN PTY LTD	2,040,000	5.20%
ST JUDE EXPLORATION PTY LTD	1,860,000	4.74%
MR DAVID JOHN HANKS	1,220,000	3.11%
ROSSDALE SUPERANNUATION FUND PTY LTD	1,160,000	2.95%
MR NEIL KENNETH WATSON	1,100,000	2.80%
SPACEFACE PTY LTD	962,790	2.45%
MS MAREN ANKE MARIA GOERDEL	877,000	2.23%
JOPAN MANAGEMENT PTY LTD	728,574	1.86%
MOLLER CORPORATION LTD	700,000	1.78%
MS SUSAN MESSNER & MR WILLIAM CALLENDER	612,000	1.56%
MR GARY NOEL FALLON	594,286	1.51%
MR TREVOR IAN WOOLFE	573,000	1.46%
OCTIFIL PTY LTD	483,121	1.23%
YELLOWROCK PTY LTD	418,000	1.06%
TRANSCONTINENTAL CREDIT CONTROL PTY LTD	400,000	1.02%
SYMINGTON PTY LTD	360,000	0.92%
MR DEAN NESBIT WALKINGTON	360,000	0.92%
MR S B BARTROP & MS K W CHISHOLM	335,000	0.85%
Total of Top 20 share holdings	20,691,757	52.71%
Other shareholders	18,567,480	47.29%
Total ordinary shares	39,259,237	100.00%

C. Substantial holders

Substantial holders in the company are set out below:

Substantial Shareholder (extracts from Substantial Shareholder Register)

	Number held	**Shareholding**
Ordinary shares		
Mr G Fallon and associates	3,756,796	9.57%
Mr N K Watson and associates	3,222,790	8.21%
Mr G Craighead and associates	2,745,476	6.99%
Eastmin Pty Ltd	2,040,000	5.20%

Shareholder information

D. Voting rights
The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options
There are no voting rights attached to the options.

E. Summary of options issued

	No of options	No of holders	Options held	% Options Issued
Options expiring 6 March 2011 with an exercise price of	**1,000,000**	**2**		
Option holders with more than 20% of class				
John ED Anderson			**500,000**	50.00%
Trevor I Woolfe			**500,000**	50.00%
Options expiring 14 March 2013 with an exercise price c	**525,000**	**5**		
Option holders with more than 20% of class				
Trevor I Woolfe			**200,000**	38.10%
Options expiring 13 March 2014 with an exercise price c	**775,000**	**5**		
Option holders with more than 20% of class				
Trevor I Woolfe			**300,000**	38.71%

These options are unquoted equity securities

Schedule of Tenements

The Group held the following tenements at 30 June 2010:

Tenement number	Tenement name	Date granted	Area Km^2	Anchor Resources Equity	Annual expenditure commitments $
NEW SOUTH WALES					
Tenements held by Anchor Resources Ltd					
EL 6388	Bielsdown	04-Mar-05	43	100%	43,000
Tenements held by Scorpio Resources Ltd					
EL 6459	Birdwood	08-Aug-05	165	100%	80,000
EL 6465	Blicks	29-Sep-05	81	100%	57,000
EL 6928	Canonba	01-Nov-07	300	100%	130,000
EL 7184	Thunderbolts	31-Jul-08	270	100%	119,000
EL 7185	Munga	31-Jul-08	140	100%	78,000
QUEENSLAND					
Tenements held by Sandy Resources Ltd					
EPM 14646	Greenvale East	13-Apr-05	116	100%	190,000
EPM 14752	Aspiring	27-Sep-05	132	100%	185,000

ANCHOR RESOURCES LIMITED

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.

The ASX issued Revised Principles in August 2007, and Anchor Resources has attempted to adhere to principles by reporting against the eight revised principles. However, it is mindful that there may be some instances where compliance is not practicable for a company of Anchor Resources' size.

The following paragraphs set out the Company's position relative to each of the 8 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 has formally adopted a code of conduct which establishes principles and standards in relation to the interaction of directors, employees and consultants within the Company, and externally with customers, shareholders, and the broader community. These principles demonstrate the high standards of conduct expected of directors, employees, consultants and all other people when they represent the Company and its subsidiaries.

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: 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.

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.