ANCHOR
RESOURCES

ANNUAL REPORT

30 JUNE 2011

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES

A.C.N. 122 751 419

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

CHAIRMAN'S LETTER

Dear Fellow Shareholder,

On behalf of your Board of Directors, I am pleased to report on the activities of Anchor Resources Limited during the past year which has been a year of substantial change for the Company.

Following a successful takeover bid, Anchor now has a new major shareholder who is committed to the development of the Company and its projects. Anchor has a suite of complementary exploration projects along the east coast of Australia that are prospective for gold, copper, antimony and molybdenum. All of these metals are in high demand and each has experienced recent strong increase in value. The Company is well funded and is embarking on a program of very active exploration across its projects.

Anchor now has a new Board of Directors and a management and exploration team with exceptional experience in the Australian resources industry. The coming year promises to be an exciting one for the Company against a background of continued strength in the global minerals industry.

Yours sincerely,

Jianguang Wang

Chairman

Annual Report on Operations

EXPLORATION ACTIVITIES

Anchor has developed a suite of complementary exploration projects for its objective of developing mines hosting deposits of gold, copper, antimony and molybdenum. All of these metals are in high demand and each has experienced strong growth in value. The projects are all located on Australia's east coast near established infrastructure.

The New England Tablelands in north-east NSW is a locality targeted by Anchor since it is prospective for all of Anchor's favoured commodities. The most advanced project is the Bielsdown antimony-gold project near Dorrigo, approximately 50 km inland from the major regional coastal city of Coffs Harbour. It has production history, established resources and during the year Anchor completed a Scoping Study for possible mine development.

Thunderbolts and Munga are nearby antimony projects that have recorded small scale historic production and are viewed as potential satellite mines to a larger Bielsdown Project.

The Blicks Project is located about 70 km further west of Dorrigo near the township of Dundarrabin. It has been identified as a Reduced Intrusion-Related Gold System (RIRGS) and deposits of this type include multi-million ounce gold mines such as Fort Knox, Pogo and Donlin Creek (Alaska) and Kidston (Australia).

To the south, and about 70 km inland from Port Macquarie, lies the Birdwood Project which is a potentially large porphyry system hosting copper and molybdenum.

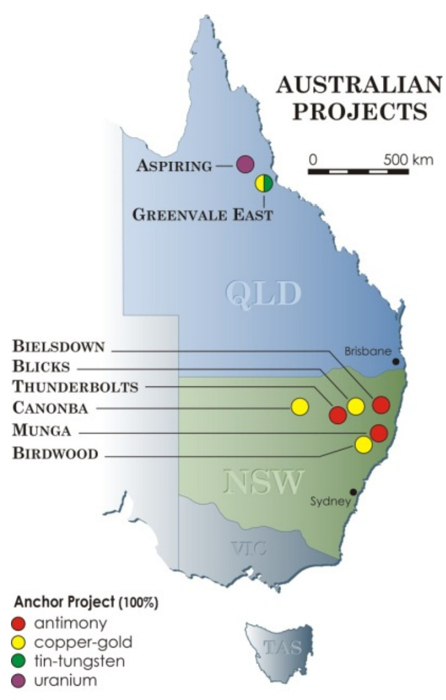

Figure 1 Anchor's Project Locations

The Canonba Project lies near Nyngan in central-west NSW and the target here is Besshi-type copper deposits similar to Tritton and Girilambone.

In northern Queensland Anchor's Aspiring and Greenvale East Projects are in areas with recorded production of base metals and gold.

Following the completion of the takeover by Jinshunda late in the year, the Board of Directors initiated a review of the exploration strategies for the Company's projects. That review concentrated initially on the Bielsdown Antimony Project and the Blicks Gold Project. The Birdwood Copper Project (EL 6459, NSW) will be reviewed in the early part of next year along with the Company's other projects at Canonba (EL 6928, copper – NSW), Thunderbolts & Munga (EL's 7184 & 7185, antimony – NSW), Greenvale East (EPM 14646 gold/tin/tungsten – Qld) and Aspiring (EPM 14752, uranium – Qld).

All projects are held 100% by Anchor.

<u>Bielsdown Antimony Project (EL 6388, NSW)</u>

The review has confirmed the strategy for further drill testing of the antimony deposit at Bielsdown in an endeavor to increase the size and grade of the current resource.

The Bielsdown Project, located 12 km north of Dorrigo in northeastern NSW includes the Wild Cattle Creek antimony mine which was last mined in the 1970's. The deposit is hosted by a sub-vertical fault breccia within a sequence of fine grained metasediments. The high grade antimony-rich core of the structure is contained within a cemented (silicified) stibnite-rich breccia (see Figure 2).

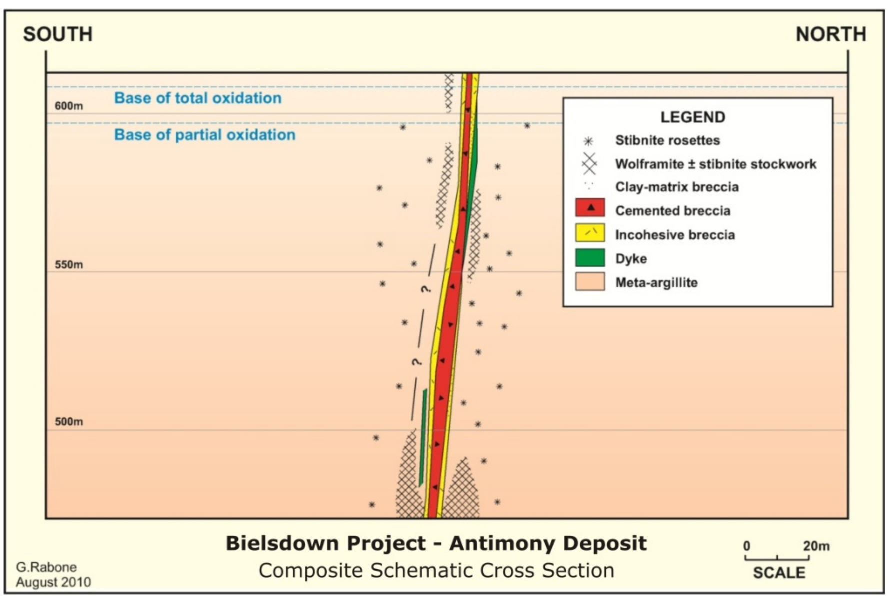

Figure 2 Bielsdown Project - Schematic cross section

The core is surrounded by a lower grade incohesive breccia. Previously these zones have been modeled together as a single mineralized zone, but in the current estimate they have been modeled separately. On both sides of the fault structure, lower grade antimony can be found in stockwork (or stringer) style vein mineralization along with tungsten, primarily in the form of wolframite.

Anchor's recent drilling defined and extended the target breccia structure, which hosts strong stibnite mineralization and is surrounded by a broader zone of stringer type mineralization. Independent industry consultant, SRK Consulting (Australasia Pty Ltd) ("SRK"), has completed a three dimensional model and has estimated resources for the Bielsdown antimony deposit according to the following table:

Sb Cut-off Grade (%)	Category	Tonnage (tonnes)	Sb Grade (%)	Au Grade (g/t)	W Grade (ppm)	Sb Metal (tonnes)
0.2	Indicated	550,000	2.13	0.22	240	11,600
	Inferred	1,040,000	0.85	0.13	423	8,900
	Total	1,590,000	1.29	0.16	360	20,500

Sb Cut-off Grade (%)	Category	Tonnage (tonnes)	Sb Grade (%)	Au Grade (g/t)	W Grade (ppm)	Sb Metal (tonnes)
0.5	Indicated	500,000	2.30	0.22	252	11,400
	Inferred	560,000	1.30	0.23	320	7,300
	Total	1,060,000	1.77	0.23	332	18,700

Sb Cut-off Grade (%)	Category	Tonnage (tonnes)	Sb Grade (%)	Au Grade (g/t)	W Grade (ppm)	Sb Metal (tonnes)
1.0	Indicated	340,000	3.06	0.31	278	10,300
	Inferred	270,000	1.94	0.33	259	5,300
	Total	610,000	2.56	0.32	269	15,600

1. Reported at stated cut-off grades.
2. There may be minor discrepancies in the above table due to rounding of tonnages, grades and metal contents.
3. Minor historical surface and underground tonnages have been accounted for and excluded.

Table 1. Bielsdown Project – Indicated and Inferred Resources (SRK 2010)

SRK also completed a Scoping Study in early 2011 which indicated that potential positive financial returns from the project could be enhanced if additional high grade antimony resources can be delineated. The existing high grade resources contained within the fault breccia zone are shown in Figure 3 along with the potential down plunge resource extensions to be tested by upcoming drilling.

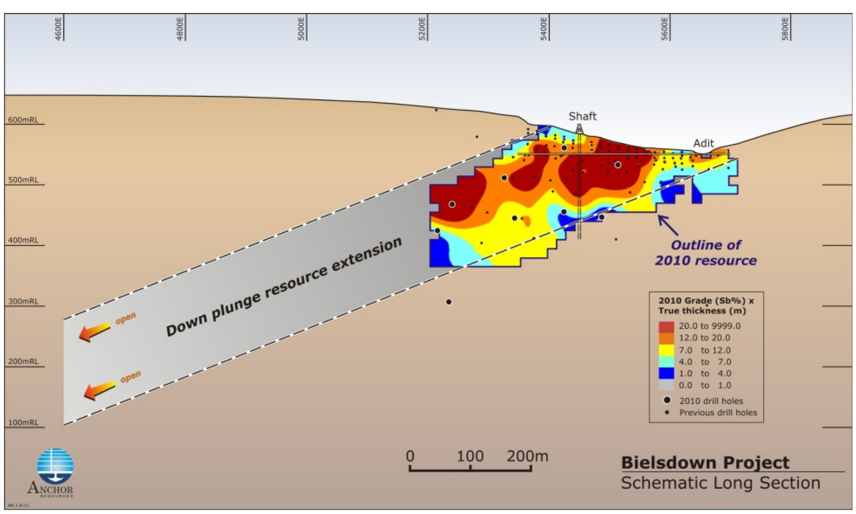

Figure 3 Bielsdown Project - Interpreted down plunge resource extension

Anchor plans to undertake a diamond drilling program consisting of 8 to 10 deep holes spaced on 60 m sections to progressively step out and test for mineralization down plunge. The program will involve approximately 4,000 m of drilling and will commence as soon as regulatory approvals are obtained.

Blicks Gold Project (EL 6465, NSW)

Following a review of previous exploration in the Blicks tenement, the Tyringham gold prospect was identified as an area requiring further exploration.

The Tyringham prospect is interpreted to represent a large Reduced Intrusion-Related Gold System (RIRGS) – a class of deposit that was not recognised at the time of the gold discovery at Tyringham in 1999 (Figure 4). Deposits of this type include multi-million ounce gold mines such as Fort Knox, Pogo and Donlin Creek (Alaska) and Kidston (Australia).

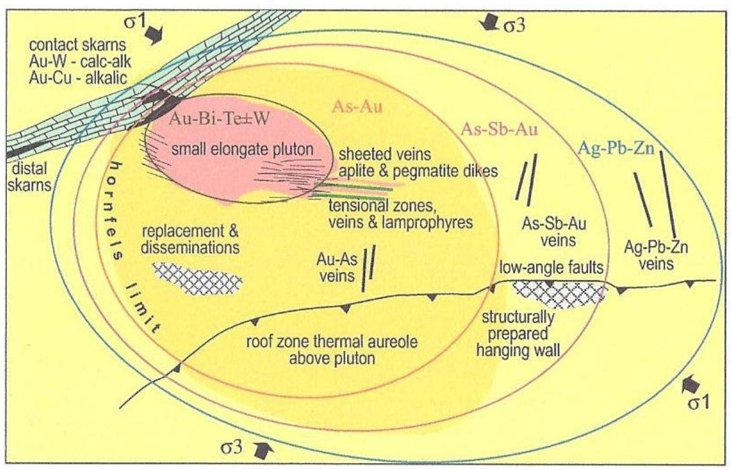

FIGURE General plan model of RIRGS from the Tintina Gold Province. Of note are the wide range of mineralization styles and geochemical variations that vary predictably outward from a central pluton. Scale is dependent on the size of the exposed pluton, which is likely to range from 100 m to 5 km in diameter. Modified from Hart et al. (2002).

Figure 4 Tyringham - geological model

Past exploration at Tyringham has defined two spatially separate gold-in-soil geochemical anomalies (Tyringham East and West), which have been partially tested by 11 shallow inclined reverse circulation (RC) holes, to a maximum depth of around 125m below surface – with encouraging results in 9 of these 11 holes. Tyringham West contains a geochemical "hot spot" which has only been partially tested by 4 shallow RC holes with encouraging results – including TRC-02 (75m at 0.2 g/t gold from 45m to the bottom of the hole and TRC-03 (63m at 0.24 g/t gold from 51m to the bottom of the hole. Importantly the gold mineralization remains open at depth.

Following the review of previous information relating to the Tyringham gold prospect Anchor has planned to drill 2 deep diamond oriented core holes to a depth of around 500m to test the down-dip continuation of the gold system, including the potential for discovery of higher grade gold mineralization.

Birdwood Copper Project (EL 6459, NSW)

Anchor commissioned a consulting geologist to review historic data relating to the Birdwood area. During that review the Birdwood prospect was identified as a significant porphyry mineralized system where previous exploration had defined a copper geochemical anomaly of at least 15 km² in area. Part of this anomaly at the Birdwood North prospect has been tested by 9 diamond core holes with a best intersection of 12.8 m averaging 0.79% Cu and 4.9g/t Ag. The mineralization consists of pyrite-chalcopyrite-pyrrhotite mineralization associated with quartz-calcite-sericite alteration. Visible molybdenite has also been recorded at a number of locations on surface at Birdwood North and anomalous molybdenum values up to 1,000ppm has been reported in diamond drill core.

Anchor is planning a further diamond core drilling program to evaluate the extent of the so far poorly tested porphyry system.

ANTIMONY

Antimony occurs naturally in the environment and is a very important metal in the world economy. Antimony has been known since ancient times and is usually obtained from mining the ores stibnite (Sb_2S_3) and valentinite (Sb_2O_3). Antimony is a poor conductor of heat and electricity, is stable in dry air and is not attacked by dilute acids or alkalis. It has the important property that it expands on cooling.

Total world consumption in 2010 was 135,000 tonnes of antimony in metallic form, of which China produced nearly 90%. Flame retardants account for about 70% of antimony demand in the form of antimony trioxide and increasingly tougher standards for flammability protection along with increasing consumption of antimony as a stabilizer in plastics suggests continuing consumption growth. Other important uses are in paints, ceramic enamels, glass and pottery. High purity antimony is used to make semiconductors and is alloyed with lead, particularly in batteries, to increase lead's durability.

Antimony has been used in medicine for thousands of years and among its modern uses is its therapeutic efficacy in patients with acute promyelocytic leukemia and, with other compounds, in treating certain tropical diseases.

A significant new use for antimony is the development of a new generation of memory devices which will replace the flash drive memory devices presently used in computers, mobile phones and USB memory devices. These new devices (known as phase change devices) use an alloy of germanium, antimony and tellurium.

Moves in recent years to better regulate the antimony industry in China, which has the world's largest domestic demand and also the world's largest importer of antimony, have lead to local supply shortages but increase stability in the international markets. Demand is growing with antimony trioxide consumption rising 7.5% annually from 2004 to an estimated 180,000 tonnes in 2010. In June 2010, the European Commission identified antimony as one of the 14 minerals critical to European industry which are facing supply challenges. China has declared antimony a strategic metal.

Consequently there has been significant growth in the price of antimony from around US$1,000/tonne to in excess of US$15,100/tonne in 2011.

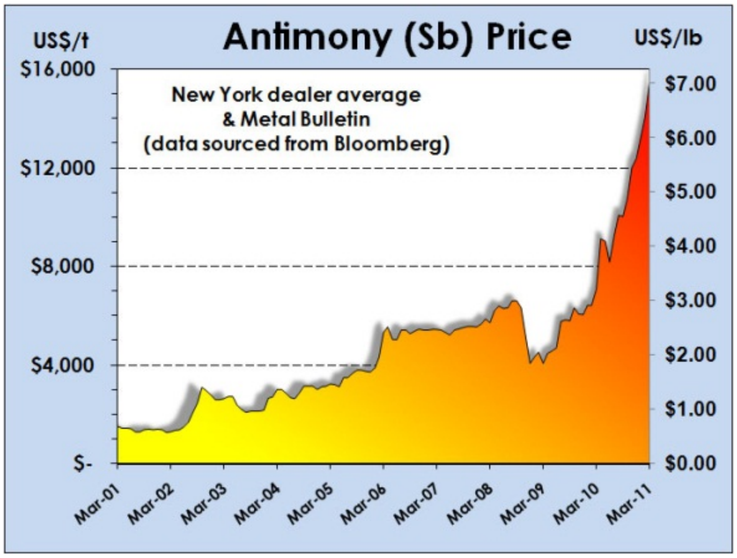

Figure 5 Ten year antimony price chart

Gold production on a global scale appears to have peaked and, combined with global financial uncertainty, the price of gold has increased significantly in recent times. Gold traded at US$500/ounce in early 2006 and has since risen to a record highs above US$1,800/ounce in 2011.

CORPORATE

On 20 December 2010, China Shandong Jinshunda Group Co Ltd., through its wholly owned subsidiary Sunstar Capital Pty Ltd (Jinshunda), announced an unsolicited, conditional, off-market takeover bid for all of the issued shares in Anchor Resources Limited (Anchor) for a consideration of $0.28 per Anchor share. On 5 May 2011 Jinshunda advised that it would increase the offer to $0.305 and extend the offer period to 19 May 2011.

On 11 May 2011 the Anchor Directors recommended that shareholders accept the Jinshunda offer in the absence of a superior offer. Each of the Anchor Directors accepted the offer.

At the 27 May 2011, after the closure of the offer, Jinshunda held 50,790,429 Anchor ordinary shares out of a total 52,535,296 issued ordinary shares giving it a voting power of 96.54%.

On 10 June 2011 the Directors of Anchor Resources Limited announced changes to the Board. The following Directors were appointed:

Ian Price – Managing Director
Jianguang Wang - Non-executive Chairman
Steven Jiayi Yu - Chief Executive Officer
Haolin Wang – Non-executive Director

Mr Grahame Clegg was appointed Company Secretary following the resignation of Mr Ross Moller as Company Secretary.

Resignation of Directors

The following directors resigned from office:

Mr John Anderson

Mr Grant Craighead
Mr Gary Fallon

On 20 June 2011 Jinshunda announced that it had decided not to proceed to compulsorily acquire all outstanding ordinary shares in Anchor that it did not acquire under its Offer. Jinshunda, in accordance with section 662B(1)(d) of the *Corporations Act 2001* (Cth), advised remaining shareholders of their right to give Jinshunda notice requiring it to acquire the remaining securities within 1 month.

In a letter to shareholders dated 20 June 2011, Jinshunda stated its intentions regarding Anchor:

"In order to assist you in deciding whether to exercise your right to require Sunstar Capital to acquire your Anchor shares, Sunstar Capital would like to provide you with an update on its future intentions in respect of Anchor and strongly encourages Anchor shareholders to remain as investors in Anchor by retaining their Anchors shares.

Sunstar Capital intends to undertake the following actions with the objective of helping Anchor shareholders who retain their Anchor shares to enhance and realize the value of their investment in Anchor:

- *Working with the new management team of Anchor and ASX Limited (**ASX**) with a view to maintaining Anchor's listing on ASX.*
- *Diversifying Anchor's capital structure by introducing local and international institutional investors and expanding Anchor's retail shareholder base. Sunstar Capital believes that this will contribute to the liquidity of Anchor stock and provide Anchor with access to funding to support the development of its projects. With adequate funding in place, Anchor should be able to undertake exploration activities on multiple projects and continue to accelerate the development of its prospects and associated infrastructure.*
- *Strengthening Anchor's tie with the world's major antimony producers in China by forging a strategic alliance with a view to securing off take commitments and technical support. Through China Shandong Jinshunda Group's far reaching network in the mining industry in China, Sunstar Capital has scheduled meetings with large Chinese antimony producers in June, with a view to attracting their support and possible equity investment."*

On 26th July 2011, one month after the expiry of the offer Jinshunda advised that during the period 10 Anchor shareholders accepted the offer and that a further 510,837 Anchor shares were acquired by Jinshunda.

Declaration and JORC Compliance:

The information in this report relating to Exploration Results is based on information compiled by Graeme Rabone MAppSc, FAIG. Mr Rabone is Exploration Manager and a fulltime employee of Anchor Resources Limited. He has sufficient experience relevant to the assessment of this style of mineralization to qualify as a Competent Person as defined by in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the JORC Code". Mr Rabone 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 Bielsdown is based on information compiled by Mr Danny Kentwell, MSc, MAusIMM. Mr Kentwell is a Principal Consultant and fulltime employee of SRK Consulting (Australasia) Pty Ltd. He has sufficient experience relevant to the assessment of this style of mineralization to qualify as a Competent Person as defined by in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – the JORC Code". Mr Kentwell consents to the inclusion of the information in the report in the form and context in which it appears.

The directors of Anchor Resources Limited submit herewith the annual financial report for the financial year ended 30 June 2011. 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:

Jianguang Wang, Non-Executive Chairman (Appointed 9 June 2011)

Mr Wang has extensive experience in the mining and iron-making industry in China. Benefiting from his extensive working and studying both in China and abroad, Mr Wang has gained a unique perspective into the economics and politics of both China and Australia. This expertise has become increasingly critical for advising on and facilitating business negotiations with international counterparties. In the last three years he has held the position of non-exectuive director of Apollo Minerals Ltd.

Ian Leslie Price, Managing Director (Appointed 9 June 2011)

Ian Price is a mining engineer with over 35 years experience in mining spanning public company management, mine management, project development and consulting. He has been involved in all aspects of successful mining operations from exploration, feasibility studies, permitting, government and external relations, project development and construction, operations, corporate management and project financing.
He has experience in copper, lead, zinc, tungsten, tin, nickel, iron ore, gold, silver, antimony, molybdenum, phosphate and coal with international experience in open pit and underground mining.He is a non-executive director of Swan Gold Mining Limitedand in the last three years he has held the position of non-executive Chairman of Redbank Copper Limited.

Steven Jiayi Yu, Chief Executive Officer (Appointed 9 June 2011)

Mr. Yu has extensive experience in the areas of finance, mergers & acquisitions and capital markets. He has previously advised a number of high-profile Australian and Chinese mining companies and financial institutes on Sino-Australian trade and investment, joint ventures and foreign capital raising.
Prior to joining Anchor Resources Limited, Mr. Yu previously worked as a corporate and commercial lawyer for a leading international law firm. He is qualified to practice as a lawyer in China, the United States of America and Australia. Mr. Yu holds Bachelor degrees in Commerce and Law from University of Melbourne and a Masters of Law from Boston University . In the last three years he has not held any other directorships.

Haolin Wang, Non-executive Director (Appointed 9 June 2011)

Mr. Wang has a mixture of mining, business administration and accounting experience. Having participated in a number of mining projects in both China and Australia, he has developed strong technical expertise in identifying and developing prospective projects in the Oceania Region. In the last three years he has not held any other directorships.

Vaughan Webber, Non-executive Director (Appointed 18 August 2011)

Vaughan has extensive business experience initially in accounting but more recently has spent most of the last 10 years in corporate finance at a leading Australian stockbroker focussing on creating, funding and executing strategies for mid to small cap ASX listed companies. Recently Vaughan gained significant mining experience holding a senior executive position in a listed gold and iron ore focussed mining company. In addition he is currently Chairman of Wentworth Holdings Limited which is listed on the ASX. In the last three years he has not held any other directorships.

John Anderson, Non-Executive Chairman (Resigned 9 June 2011)

Gary Fallon, Non-executive Director (Resigned 9 June 2011)

Grant Craighead, Executive Director (Resigned 9 June 2011)

Trevor Woolfe, Managing Director (Resigned 22 March 2011)

Grahame Clegg, Company Secretary

Mr Clegg was appointed to the position of Company Secretary on 9 June 2011 and has over 40 years experience in audit, financial and corporate roles including 15 years in Company secretarial roles for ASX-listed companies. He is a director of Oakhill Hamilton Pty Limited, and Taen Pty Limited, companies which provide secretarial, accounting and corporate advisory services to a range of listed and unlisted companies.

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

Review of Operations

The results of the operations of the company and the consolidated entity during the financial year were as follows:	Consolidated 2011 $	2010 $
Loss after income tax	(1,346,354)	(503,490)
Other comprehensive income / (expense)	2,481	(2,866)
Comprehensive loss after income tax	(1,343,873)	(506,356)

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

The company has entered into an agreement with its major shareholder, China Shandong Jinshunda Group Co. Limited, to fund the company's current exploration activites up to $3.5 million.

Mr Vaughan Webber was appointed as a director of the company on 18 August 2011.

The company's two overseas subsidiaries, Anchor Resources Nouvelle Caledonie SARL and Anchor Resources Vanuatu Limited, were sold to a private investor for $500 each on 5 September 2011.

There were at the date of this report no other matters or circumstances which have arisen since 30 June 2011 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 2011.

Share Options

During the financial year 1,400,000 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 2011 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**	
	2011	**2010**
	$	**$**
Audit and review of the financial report	**18,000**	19,000

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 Committe**	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**
John Anderson (Resigned 9 June 2011)	17	17	3	3	2	2
Trevor Woolfe (Resigned 22 March 2011)	14	14	-	-	-	-
Grant Craighead(Resigned 9 June 2011)	17	17	3	3	2	2
Gary Fallon (Resigned 9 June 2011)	17	16	3	3	2	2
Jianguang Wang (Appointed 9.6.2011)	1	1	-	-	-	-
Ian Price (Appointed 9.6.2011)	1	1	-	-	-	-
Steven Jiayi Yu (Appointed 9.6.2011)	1	1	-	-	-	-
Haolin Wang (Appointed 9.6.2011)	1	1	-	-	-	-
Vaughan Webber (Appointed 18.8.2011)	-	-	-	-	-	-

REMUNERATION REPORT (AUDITED)

Key Management Personnel

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

John Anderson (Resigned 9 June 2011)
Trevor Woolfe (Resigned 22 March 2011)
Grant Craighead(Resigned 9 June 2011)
Gary Fallon (Resigned 9 June 2011)
Jianguang Wang (Appointed 9.6.2011)
Ian Price (Appointed 9.6.2011)
Steven Jiayi Yu (Appointed 9.6.2011)
Haolin Wang (Appointed 9.6.2011)
Vaughan Webber (Appointed 18.8.2011)

REMUNERATION REPORT (AUDITED) (CONTINUED)

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. Any options not exercised before or on the date of termination will lapse.

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 $175,000 per year.

The non-executive directors do not receive retirement benefits.

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 once the interim or final financial report has been disclosed to the public and is valued using the Black-Scholes methodology.

Key management personnel who are subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, ie put options, on unvested shares and options which form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

Performance-based Remuneration

No portion of the remuneration is performance based.

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

Paid by Anchor Resources Limited - Group **Year ended 30 June 2011**	**Short term benefits**			**Post employment benefits**	**Equity based benefits**		
	Salary	**Director's Fees**	**Consulting Fees**	**Superannuation**	**Options**	**Total**	**Performance related**
Key management personnel	$	$	$	$	$	$	%
Trevor Woolfe (Resigned 22 March 2011)	110,469	-	47,922	14,255	29,100	201,746	0.00%
Grant Craighead(Resigned 9 June 2011)	98,100	90,900	40,000	-	23,280	252,280	0.00%
Ian Price (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Steven Jiayi Yu (Appointed 9.6.11)	-	-	-	-	-	-	0.00%
Non-executive directors							
John Anderson (Resigned 9 June 2011)	-	58,900	59,000	-	23,280	141,180	0.00%
Gary Fallon (Resigned 9 June 2011)	-	20,734	37,248	5,218	23,280	86,480	0.00%
Jianguang Wang (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Haolin Wang (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Vaughan Webber (Appointed 18.8.2011)	-	-	-	-	-	-	0.00%
	208,569	170,534	184,170	19,473	98,940	681,686	

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 2010	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	-	-	75,000	-	19,140	94,140	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	225,000	-	86,130	362,130	

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

Steven Jiayi Yu

Mr Yu is contracted to the Group as Chief Executive Officer through a Service Agreement entered into on 9 June 2011. Three month notice by either party will be required to terminate this contract. Mr Yu's salary, including superannuation, is $180,000 per annum plus a housing allowance of $20,000 per annum..

Ian Price

Mr Price is contracted to the Group as Managing Director through a Service Agreement entered into on 9 June 2011. Three month notice by either party will be required to terminate this contract. Mr Price's salary, including superannuation, is $200,000 per annum plus a housing allowance of $20,000 per annum..

Non-executive Directors

Jianguang Wang

There is no written contract with Mr Wang.

Haolin Wang

There is no written contract with Mr Wang.

Vaughan Webber

Mr Webber is contracted to the Group as a Non-Executive Director through a Service Agreement entered into on 18 August 2011. Reasonable notice by either party will be required to terminate this contract. Mr Webber's salary, including superannuation, is $36,000 per annum plus an additional $25,000 per annum for additional duties to be performed.

Full details of related party transactions are contained in Note 26.

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.

	2011	2010
John Anderson (Resigned 9 June 2011)	200,000	75,000
Trevor Woolfe (Resigned 22 March 2011)	250,000	300,000
Grant Craighead(Resigned 9 June 2011)	200,000	150,000
Gary Fallon (Resigned 9 June 2011)	200,000	150,000
Jianguang Wang (Appointed 9.6.2011)	-	-
Ian Price (Appointed 9.6.2011)	-	-
Steven Jiayi Yu (Appointed 9.6.2011)	-	-
Haolin Wang (Appointed 9.6.2011)	-	-
Vaughan Webber (Appointed 18.8.2011)	-	-

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 fo 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 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

As at the date of this report the interests of directors in securities of the company is:

	Ordinary Shares of Anchor Resources Limited		Options issued by Anchor Resources Limited	
	Direct	**Indirect**	**Direct**	**Indirect**
John Anderson (Resigned 9 June 2011)	-	-	-	-
Trevor Woolfe (Resigned 22 March 2011)	-	-	-	-
Grant Craighead(Resigned 9 June 2011)	-	-	-	-
Gary Fallon (Resigned 9 June 2011)	-	-	-	-
Jianguang Wang (Appointed 9.6.2011)	3,152,075	-	-	-
Ian Price (Appointed 9.6.2011)	-	-	-	-
Steven Jiayi Yu (Appointed 9.6.2011)	490,101	-	-	-
Haolin Wang (Appointed 9.6.2011)	-	-	-	-
Vaughan Webber (Appointed 18.8.2011)	-	-	-	-

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

IL PRICE
Director
Sydney, 27 September 2011

bdjpartners
incorporating Boulter Partners
CHARTERED ACCOUNTANTS

partners
C H Barnes FCA
A J Dowell CA
B Kolevski CPA (Affiliate ICAA)
M Galouzis CA
A N Fraser CA

associate
M A Nakkan CA

consultant
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CHB:KG

13 September, 2011

The Board of Directors
Anchor Resources Limited
Suite 2114
Darling Park Tower 2
201 Sussex Street
SYDNEY NSW 2000

Dear Board of Directors,

ANCHOR RESOURCES LIMITED AND CONTROLLED ENTITIES

We declare that, to the best of our knowledge and beliefs, during the year ended 30 June, 2011 there have been:

i. no contraventions of the 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,
BDJ Partners
Chartered Accountants

Barnes

....
C.H. BARNES
Partner

bdjpartners
incorporating Boulter Partners
CHARTERED ACCOUNTANTS

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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 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to 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 that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (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. Those 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 audit 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.

bdjpartners
incorporating Boulter Partners
CHARTERED ACCOUNTANTS

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, which has been given to the directors of the company, 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 2011 and of their performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards 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 directors' report for the year ended 30 June 2011. 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 as described above.

Auditor's Opinion

In our opinion the remuneration report of Anchor Resources Limited for the year ended 30 June 2011 complies with s 300A of the Corporations Act 2001.

BDJ Partners
Chartered Accountants

....
C.H. BARNES
Partner

Dated this day of September 2011

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 2011 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

I L PRICE
Director

Sydney, 27 September 2011

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $	2010 $
Revenue and other income	4	**47,575**	35,258
Administration expenses		**(142,534)**	(207,680)
Corporate costs		**(258,626)**	(115,157)
Depreciation and amortisation expense	5	**(8,193)**	(16,147)
Employee benefits expense	5	**(582,583)**	(142,813)
Exploration expenses		**(81,941)**	(15,880)
Marketing expenses		**(30,335)**	(9,623)
Occupancy expenses		**(43,738)**	(27,273)
Other expenses		**(7,958)**	(4,175)
		(1,108,333)	(503,490)
Significant expenses - takeover defence costs	6	**(751,791)**	-
Loss before income tax benefit		**(1,860,124)**	(503,490)
Income tax benefit	7	**513,770**	-
Net loss after related income tax benefit	21	**(1,346,354)**	(503,490)
Other comprehensive income			
Foreign currency translation gains/(losses)	20	**2,481**	(2,866)
Other comprehensive income before income tax expense		**2,481**	(2,866)
Income tax expense		**-**	-
Other comprehensive income for period		**2,481**	(2,866)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(1,343,873)**	(506,356)
Total comprehensive income attributable to members of Anchor Resources Limited		**(1,343,873)**	(506,356)
Basic loss per share (cents per share)	8	**(2.96)**	(1.46)
Diluted loss per share (cents per share)	8	**(2.96)**	(1.05)

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 2011

	Note	Consolidated 2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	10	**533,564**	626,559
Trade and other receivables	11	**651,125**	75,041
Other current assets	12	**2,858**	14,926
TOTAL CURRENT ASSETS		**1,187,547**	716,526
NON-CURRENT ASSETS			
Trade and other receivables	13	**90,000**	100,000
Property, plant and equipment	14	**11,581**	18,716
Exploration expenditure	15	**4,061,109**	3,477,207
Intangible assets	16	**-**	2,000
TOTAL NON-CURRENT ASSETS		**4,162,690**	3,597,923
TOTAL ASSETS		**5,350,237**	4,314,449
CURRENT LIABILITIES			
Trade and other payables	17	**98,502**	98,052
TOTAL CURRENT LIABILITIES		**98,502**	98,052
TOTAL NON-CURRENT LIABILITIES		**-**	-
TOTAL LIABILITIES		**98,502**	98,052
NET ASSETS		**5,251,735**	4,216,397
EQUITY			
Issued capital	18	**7,915,883**	5,378,158
Reserves	20	**25,681**	181,714
Accumulated losses	21	**(2,689,829)**	(1,343,475)
TOTAL EQUITY		**5,251,735**	4,216,397

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 2011

CONSOLIDATED	Equity	Exchange Fluctuation Reserves	Share Based Payments Reserves	:umulated lo:	Total
	$		$	$	$
Balance at 1 July 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	(2,866)	184,580	(1,343,475)	4,216,397
Shares issued during year	2,243,119	-	-	-	2,243,119
Share issue costs	(40,043)	-	-	-	(40,043)
Amounts added to share based payments reserve	-	-	176,135	-	176,135
Amounts atransferred from share based payments reserve	334,649	-	(334,649)	-	-
(Loss) for the year	-	-	-	(1,346,354)	#######
Other comprehensive income/(loss) for year	-	2,481	-	-	2,481
Balance at 30 June 2011	**7,915,883**	**(385)**	**26,066**	**#######**	**######**

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 2011

	Note	Consolidated 2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**-**	-
Payments to suppliers and employees		**(1,678,442)**	(503,477)
Interest received		**47,575**	35,258
Other income		**-**	-
Net cash used in operating activities	33 (d)	**(1,630,867)**	(468,219)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(1,058)**	(10,461)
Payments for exploration expenditure		**(670,485)**	(1,487,900)
Payments for investments		**(3,661)**	(10,417)
Payments for tenement security deposits		**-**	(3,440)
Tenement security deposits refunded		**10,000**	10,000
Net cash provided by/(used in) investing activities		**(665,204)**	(1,502,218)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of share issues		**2,243,119**	1,404,253
Share issue costs		**(40,043)**	(25,829)
Net cash provided by/(used in) financing activities		**2,203,076**	1,378,424
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(92,995)**	(592,013)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**626,559**	1,218,572
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	33 (a)	**533,564**	626,559

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

ANCHOR RESOURCES LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

NOTE	
1	Summary of Accounting Policies
2	Financial Risk Management
3	Critical Accounting Estimates and Judgments
4	Revenue
5	Expenses
6	Significant Expenses
7	Income Tax
8	Loss per Share
9	Auditors' Remuneration
10	Cash and Cash Equivalents
11	Current Trade and Other Receivables
12	Other Current Assets
13	Non-Current Trade and Other Receivables
14	Property Plant and Equipment
15	Exploration Expenditure
16	Intangible Assets
17	Current Trade and Other Payables
18	Share Capital
19	Options
20	Reserves
21	Accumulated Losses
22	Particulars Relating to Controlled Entities
23	Parent Company Information
24	Key Management Personnel Disclosures
25	Share Based Payments
26	Related Party Disclosures
27	Commitments for Expenditure
28	Financial Instruments Disclosures
29	Segment Information
30	Contingent Liabilities
31	Subsequent Events
32	Additional Company Information
33	Notes to Cash Flow Statements

1. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

This financial report includes the consolidated financial statements and notes of Anchor Resources Limited and its controlled entities ('Consolidated Group' or 'Group'). A summary of financial information of Anchor Resources Limited as an individual entity is contained in Note 23.

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 2011.

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.

(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

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(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 at 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.

(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 income statement.

(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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

The Vanuatu subsidiary's functional currency is the vatu (VUV) 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 payables.

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.

Tax consolidation
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.

(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.

(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 Black & Scholes 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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(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 not impacted the recognition, measurement and disclosure of any transactions.

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:

Applicable for annual reporting periods commencing on or after 1 January 2011.

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. No changes are expected to materially affect the Group.

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 IFRSs 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. The amendments are not expected to impact the 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.

This Standard is not expected to impact the Group.

AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] .

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] .

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

Applicable for annual reporting periods commencing on or after 1 July 2011.

AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7].

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods (continued)

Applicable for annual reporting periods commencing on or after 1 July 2011. (continued)

AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1].

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

Applicable for annual reporting periods commencing on or after 1 January 2012.

AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112].

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

Applicable for annual reporting periods commencing on or after 1 January 2013.

AASB 9: Financial Instruments (December 2010)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:
- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- 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 cost;
- 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;
- requiring financial assets to be reclassified 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; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] .

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:
- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):
- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards for Application in Future Periods (continued)

AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] .

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] .

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Group.

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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(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 Black & Scholes 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 2011 $	Consolidated 2010 $
4. REVENUE		
Revenue		
Sales revenue	-	-
	-	-
Other income		
Interest - other entities	**47,575**	35,258
	47,575	35,258
5. EXPENSES		
Loss from ordinary activities before income tax includes the following items of expense:		
Expenses		
Depreciation expense		
Depreciation of Property, plant and equipment	**8,193**	16,147
Total depreciation expense	**8,193**	16,147
Employment expenses		
Base salary and fees	**248,772**	29,910
Superannuation	**25,772**	2,557
Directors Fees	**170,534**	51,000
Share based expense (Note 25(a))	**176,135**	86,130
Recruitment costs	**74,080**	-
Other employee expenses	**7,161**	3,126
	702,454	172,723
Less amounts charged to exploration costs	**(119,871)**	(29,910)
Total employment expense	**582,583**	142,813
Other expenses		
Goodwill written off	**2,000**	-
Other comprehensive loss before income tax includes the following items of expense:		
Other expenses		
Foreign exchange loss	**2,481**	(2,866)
6. SIGNIFICANT EXPENSES		
Takeover defence costs	**751,791**	-
During the financial year the company was the subject of a successful hostile takeover bid. The former directors incurred expenses in defending the bid.		
A summary of the costs incurred is as follows:		
Consultants	**440,923**	-
Directors costs	**184,170**	-
Legal fees	**93,200**	-
Other costs	**33,498**	-
	751,791	-
7. 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:		
Loss for year	**(1,108,333)**	(503,490)
Income tax benefit calculated at 30%	**(332,500)**	(151,047)
Temporary differences and tax losses not recognised (refer note 6(c))	**332,500**	151,047
Other permanent differences		
R&D Tax offset Rebate	**513,770**	-
Income tax benefit attributable to loss	**513,770**	-
Other comprehensive income/(loss) for year	**2,481**	(2,866)
Income tax benefit calculated at 30%	**744**	(860)
Temporary differences and tax losses not recognised (refer note 6(c))	**(744)**	860
Other permanent differences	-	-
Income tax benefit attributable to loss	-	-

	Consolidated	
	2011	2010
7. INCOME TAX (CONTINUED)	$	$
(b) Adjusted franking account balance	-	-

(c) Deferred tax balances not recognised

Calculated at 30% not brought to account as assets:

	Balance Sheet		Income Statement	
Consolidated	**2011**	**2010**	**2011**	**2010**
Deferred tax assets	$	$	$	$
Accruals	**2,400**	2,400	**-**	-
Annual leave entitlements	**590**	-	**590**	-
Capital raising costs	**86,755**	42,614	**44,141**	14,444
Revenue tax losses available for offset against future tax income	**840,245**	841,333	**(1,088)**	589,397
Deferred tax assets not recognised	**(929,990)**	(886,347)	**(43,643)**	(603,841)
	-	-	**-**	-
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.

8. LOSS PER SHARE	**2011**	**2010**
Basic loss per share (cents per share)	**(2.96)**	**(1.46)**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share.	**45,405,404**	34,766,101
Diluted loss per share (cents per share)	**(2.96)**	**(1.05)**
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share.	**45,405,404**	48,334,727
The loss per share is calculated using the net comprehensive income/(loss) for the year.	**(1,343,873)**	(506,356)

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	
	2011	**2010**
9. AUDITORS' REMUNERATION	**$**	**$**
Remuneration of Barnes Dowell James for :		
Audit and review of the financial report	**18,000**	19,000
Remuneration of KPMG New Caledonia for :	**-**	-
Audit and review of the financial report of a subsidiary company		4,052
Total auditors remuneration	**18,000**	23,052
10. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	**533,564**	626,559

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

11. CURRENT TRADE AND OTHER RECEIVABLES		
GST receivable	**115,943**	64,624
R&D Tax Offset Rebate receivable	**513,770**	-
Other receivables	**21,412**	10,417
	651,125	75,041

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

12. OTHER CURRENT ASSETS		
Interest receivable	**2,858**	2,795
Prepayments	**-**	12,131
	2,858	14,926

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

13. NON-CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated 2011 $	Consolidated 2010 $
Tenement security deposits	**90,000**	100,000
	90,000	100,000

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

14. PROPERTY, PLANT AND EQUIPMENT

	2011 $	2010 $
Plant and Equipment at cost	**63,061**	62,003
Provision for depreciation	**(51,480)**	(43,287)
	11,581	18,716

	Computer Software $	Computer Equipment $	Plant & Equipment $	Motor Vehicles $	Low Cost Assets $	Total $
Gross Carrying Amount						
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
Additions	-	363	-	-	695	1,058
Disposals	-	-	-	-	-	-
Balance at 30 June 2011	25,698	5,498	3,121	28,049	695	63,061
Accumulated Depreciation						
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
Depreciation Expense	509	775	468	6,311	130	8,193
Disposals	-	-	-	-	-	-
Balance at 30 June 2011	21,862	3,958	1,334	24,196	130	51,480

	Consolidated 2011 $	Consolidated 2010 $
Aggregate depreciation allocated during the year:		
- Computer software	509	8,195
- Computer equipment	775	1,241
- Plant and equipment	468	399
- Motor vehicles	6,311	6,311
- Low cost assets	130	-
	8,193	16,146

15. EXPLORATION EXPENDITURE

	2011	2010
Exploration expenditure	**4,061,109**	3,477,207
Movement		
Balance at 1 July	**3,477,207**	2,004,414
Additions	**670,485**	1,487,900
Exchange movement	**(4,642)**	774
Amounts written off	**(81,941)**	(15,881)
Balance at 30 June	**4,061,109**	3,477,207

16. INTANGIBLE ASSETS

	2011	2010
Goodwill on acquisition of Andromeda Ventures Pty Limited	**-**	2,000
Less amortisation	**-**	-
Net		
	-	2,000

Movement in written down value	Consolidated Goodwill 2011 $	Consolidated Goodwill 2010 $
Balance at 1 July	2,000	2,000
Additions	-	-
Impairment charge (goodwill written off)	(2,000)	-
Balance at 30 June	-	2,000

17. CURRENT TRADE AND OTHER PAYABLES

	Consolidated 2011 $	Consolidated 2010 $
Unsecured:		
Trade payables	**71,164**	86,153
Other payables and accruals	**25,371**	11,899
Annual leave entitlements	**1,967**	-
	98,502	98,052

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

18. SHARE CAPITAL

	Consolidated 2011 $	Consolidated 2010 $
52,535,296 fully paid ordinary shares - no par value (2010: 39,259,237)	8,268,379	5,704,825
Less share issue costs	(352,496)	(326,667)
	7,915,883	5,378,158

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

Movement in ordinary share capital of Anchor Resources Limited	2011 Number of shares	2011 $	2010 Number of shares	2010 $
Balance at beginning of year	39,259,237	5,378,158	30,820,000	3,962,599
Anchor Resources Limited shares issued during year				
Issued to director in lieu of salary	-	-	214,286	15,000
Exercise of unlisted options	3,280,000	643,750	402,500	77,375
Exercise of listed options	-	-	1,535,100	383,775
Rights Issue	9,996,059	1,599,369	6,287,351	943,103
			-	-
	52,535,296	7,621,277	39,259,237	5,381,852
Amounts transferred from share based payments reserve on exercise of options granted under the Employee Share Option Plan		334,649		22,135
Transaction costs relating to share issues		(40,043)		(25,829)
Balance at end of year	52,535,296	7,915,883	39,259,237	5,378,158

For the purposes of these disclosures, the Group considers its capital to comprise its ordinary share capital, and accumulated retained earnings. Neither the share based payments 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 2010	Granted during year	Lapsed during year	Exercised during year	Number on issue 30 June 2011
Unlisted						
06.03.2011	0.25	1,000,000	-	-	(1,000,000)	-
14.03.2013	0.18	525,000	-	-	(525,000)	-
13.03.2014	0.07	775,000	-	-	(775,000)	-
27.09.2014	0.25	-	1,400,000	(60,000)	(1,320,000)	20,000
Total options on issue		2,300,000	1,400,000	(60,000)	(3,620,000)	20,000

20. RESERVES

	Consolidated 2011 $	Consolidated 2010 $
Share based payments reserve	**26,066**	184,580
Foreign currency translation reserve	**(385)**	(2,866)
	25,681	181,714

Share based payments reserve		
Balance at beginning of financial year	**184,580**	120,585
Value of options issued during year to :		
Directors and consultants	**176,135**	**86,130**
Amounts transferred to issued capital on exercise of options granted under the Employee Share Option Plan	**(334,649)**	**(22,135)**
Balance at end of financial year	**26,066**	184,580

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.

Foreign currency translation reserve	Consolidated 2011 $	Consolidated 2010 $
Balance at beginning of financial year	**(2,866)**	-
Exchange rate fluctuation during year	**2,481**	(2,866)
Balance at end of financial year	**(385)**	(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 2011 $	Consolidated 2010 $
Balance at beginning of financial year	**(1,343,475)**	(839,985)
Net losses for year	**(1,346,354)**	(503,490)
Other comprehensive income/(loss) for year	**-**	-
Balance at end of financial year	**(2,689,829)**	(1,343,475)

22. PARTICULARS RELATING TO CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest 2011 %	Ownership Interest 2010 %
Controlled entities			
Andromeda Ventures Pty Limited	Australia	100	100
Sandy Resources Pty Limited	Australia	100	100
Scorpio Resources Pty Limited	Australia	100	100
Anchor Resources Nouvelle Caledonie SARL	New Caledonia	100	100
Anchor Resources Vanuatu Limited	Vanuatu	100	-

Acquisition of controlled entity

On 28 February 2011 the company incorporated a controlled entity in Vanuatu, Anchor Resources Vanuatu Limited.

	2011 $
Purchase consideration	3,661

23. PARENT COMPANY INFORMATION

The following information has been extracted from the books and records of the parent company and has been prepared in accordance with Accounting Standards.

	2011 $	2010 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	**3,143,378**	2,590,964
Non current assets	**2,207,618**	1,723,485
TOTAL ASSETS	**5,350,996**	4,314,449
LIABILITIES		
Current liabilities	**98,502**	98,052
Non current liabilities	**-**	-
TOTAL LIABILITIES	**98,502**	98,052
EQUITY		
Issued capital	**7,915,883**	5,378,158
Share based payments reserve	**26,066**	184,580
Accumulated losses	**(2,689,455)**	(1,346,341)
TOTAL EQUITY	**5,252,494**	4,216,397
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	**(1,343,114)**	(682,469)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(1,343,114)**	(682,469)

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

John Anderson (Resigned 9 June 2011)
Trevor Woolfe (Resigned 22 March 2011)
Grant Craighead(Resigned 9 June 2011)
Gary Fallon (Resigned 9 June 2011)
Jianguang Wang (Appointed 9.6.2011)
Ian Price (Appointed 9.6.2011)
Steven Jiayi Yu (Appointed 9.6.2011)
Haolin Wang (Appointed 9.6.2011)
Vaughan Webber (Appointed 18.8.2011)

(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 2011

	Short term benefits			Post employment benefits	Equity based benefits		
	Salary $	Director's Fees $	Consulting Fees $	Superannuation $	Options $	Total $	Performance related %
Paid by Anchor Resources Limited - Group							
Key management personnel							
Trevor Woolfe (Resigned 22.3.2011)	110,469	-	47,922	14,255	29,100	201,746	0.00%
Grant Craighead(Resigned 9.6.2011)	98,100	90,900	40,000	-	23,280	252,280	0.00%
Ian Price (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Steven Jiayi Yu (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Non-executive directors							
John Anderson (Resigned 9 .6.2011)	-	58,900	59,000	-	23,280	141,180	0.00%
Gary Fallon (Resigned 9 .6.2011)	-	20,734	37,248	5,218	23,280	86,480	0.00%
Jianguang Wang (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Haolin Wang (Appointed 9.6.2011)	-	-	-	-	-	-	0.00%
Vaughan Webber (Appointed 18.8.2011)	-	-	-	-	-	-	0.00%
	208,569	170,534	184,170	19,473	98,940	681,686	

24. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Remuneration of Directors and Executives (continued)

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

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	-	15,000	-	-	19,140	34,140	0.00%
	-	51,000	222,000	-	86,130	359,130	

Note 1 No loans have been made from the company to key management personnel.

(d) Transactions with associates of directors

	2011 $	2010 $
RENT AND OFFICE OVERHEADS Mr Craighead is an employee and Director of, and has a significant financial interest in, Stock Resource Pty Limited, 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	43,738	27,273
Office overheads	-	25,729
GEOPHYSICAL CONSULTANCY SERVICES Mr Fallon is an employee and Director of, and has a significant financial interest in, Geophysical Resources & Services Pty Limited, 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

(e) Equity instrument disclosures relating to directors

Number of Shares and Options held by specified directors and executives

2011 ***Shares***	**Number held 30 June 2010**	**Acquired during year**	**Sold during year**	**Issued on exercise of options**	**Number held 30 June 2011**
John Anderson (Resigned 9 .6.11)	-	31,250	(856,250)	825,000	-
Trevor Woolfe (Resigned 22.3.11)	573,000	387,500	(2,210,500)	1,250,000	-
Grant Craighead(Resigned 9 .6.11)	2,745,476	338,869	(3,534,345)	450,000	-
Gary Fallon (Resigned 9 .6.11)	3,756,796	500,000	(4,706,796)	450,000	-
Jianguang Wang (Appointed 9.6.2011)	-	-	-	-	-
Ian Price (Appointed 9.6.2011)	-	490,101	-	-	490,101
Steven Jiayi Yu (Appointed 9.6.2011)	-	3,152,075	-	-	3,152,075
Haolin Wang (Appointed 9.6.2011)	-	-	-	-	-
Vaughan Webber (Appointed 18.8.2011)	-	-	-	-	-
	7,075,272	4,899,795	(11,307,891)	2,975,000	3,642,176

Options	**Number held 30 June 2010**	**Acquired during year**	**Lapsed during year**	**Exercised during year**	**Number held 30 June 2011**
John Anderson (Resigned 9 .6.11)	625,000	200,000	-	(825,000)	-
Trevor Woolfe (Resigned 22.3.11)	1,000,000	250,000	-	(1,250,000)	-
Grant Craighead(Resigned 9 .6.11)	250,000	200,000	-	(450,000)	-
Gary Fallon (Resigned 9 .6.11)	250,000	200,000	-	(450,000)	-
Jianguang Wang (Appointed 9.6.2011)	-	-	-	-	-
Ian Price (Appointed 9.6.2011)	-	-	-	-	-
Steven Jiayi Yu (Appointed 9.6.2011)	-	-	-	-	-
Haolin Wang (Appointed 9.6.2011)	-	-	-	-	-
Vaughan Webber (Appointed 18.8.2011)	-	-	-	-	-
	2,125,000	850,000	-	(2,975,000)	-

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

25. 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 2011 $	2010 $
Expense arising from equity-settled share-based payment transactions		
Options granted during year	**176,135**	86,130
Options exercised during year	**(334,649)**	(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 the plan during 2011 and 2010.

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 Black & Scholes valuation methodology taking into account the terms and conditions under which the options are granted.

The contractual life of the options issued is 5 years.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 3.25 years (2010: 2.17 years).

The weighted average fair value of options granted during the year was $0.1319 (2010: $0.0899).

The range of exercise prices for options outstanding at the end of the year was $0.25

The following table shows the inputs to the Black & Scholes model in respect of options granted during the year. No options were granted in the prior year.

Value of Underlying Stock	0.155
Exercise Price	0.250
Dividend Yield	0.00%
Volatility (per Year)	137.18%
Risk free rate	5.24%
Maturity	27-09-14
Pricing Date	27-09-11

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 (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2011 Number	2011 WAEP	2010 Number	2010 WAEP
Outstanding at the beginning of the year	2,300,000	0.1855	17,604,688	0.2456
Granted during the year	1,400,000	0.1164	675,000	0.0700
Forfeited during the year	-	0.0000	-	0.0000
Exercised during the year	(3,620,000)	0.0924	(2,437,600)	0.2405
Expired during the year	(60,000)	0.1164	(13,542,088)	0.2500
Outstanding at the end of the year	20,000	0.1164	2,300,000	0.1855
Exercisable at the end of the year	20,000		2,300,000	

26. RELATED PARTY DISCLOSURES

(a) Directors

The directors of Anchor Resources Limited during the year were :
John Anderson (Resigned 9 .6.2011)
Trevor Woolfe (Resigned 22.3.2011)
Grant Craighead(Resigned 9 .6.2011)
Gary Fallon (Resigned 9 .6.2011)
Jianguang Wang (Appointed 9.6.2011)
Ian Price (Appointed 9.6.2011)
Steven Jiayi Yu (Appointed 9.6.2011)
Haolin Wang (Appointed 9.6.2011)
Vaughan Webber (Appointed 18.8.2011)

(b) Remuneration of directors and key management personnel

Details of remuneration of directors are disclosed in note 24 to the financial statements.

At 30 June 2011 there were no key management personnel other than directors.

26. RELATED PARTY DISCLOSURES (CONTINUED)

(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 24 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 Limited, a company that provided technical services to the Company during the period. Directors fees paid to the company during the period ended 30 June 2011 are referred to in the remuneration of Directors in Note 24, 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	
	2011	2010
	$	$
Rent	43,738	27,273
Corporate services	-	178,729

27. COMMITMENTS FOR EXPENDITURE

	Consolidated	
(a) Capital Expenditure Commitments	**2011**	**2010**
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.

Annual expenditure requirement	882,000	882,000

28. 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	
	2011	2010
	$	$
Loans	-	-
Net debt	-	-
Share capital	7,915,883	5,378,158
Reserves	25,681	181,714
Retained profits (Accumulated losses)	(2,689,829)	(1,343,475)
Total capital	5,251,735	4,216,397
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 them.

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

28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(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 2011	Consolidated 2010
	$	$
Tenement Security Deposits	90,000	100,000
Other receivables	21,412	10,417
	111,412	110,417

(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 in 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 Amou	Contractual Cash flows	< 6 mths	6-12 mths	1-3 years	> 3 years	)n demand
	$	$	$	$	$	$	$
Maturity Analysis - Consolidated - 2011							
Financial Assets							
Cash at bank and on hand	533,564	533,564	533,564	-	-	-	-
Other receivables	651,125	651,125	651,125	-	-	-	-
Security deposits	90,000	90,000	-	-	90,000	-	-
TOTAL	1,274,689	1,274,689	1,184,689	-	90,000	-	-
Financial Liabilities							
Trade Creditors	71,164	71,164	71,164	-	-	-	-
Other payables and accruals	25,371	25,371	-	25,371	-	-	-
TOTAL	96,535	96,535	71,164	25,371	-	-	-
NET MATURITY	1,178,154	1,178,154	1,113,525	(25,371)	90,000	-	-
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	98,052	-	-	-	-
NET MATURITY	638,924	638,924	538,924	-	-	100,000	-

28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(d) *General objectives, policies and processes (continued)*

(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 -2011	NOTE	WEIGHTED AVERAGE INTEREST RATES	FLOATING INTEREST RATES	FIXED MATURING IN 1 YEAR TO 5 YEARS	NON-INTEREST BEARING	TOTAL
Financial Assets						
Cash	10	4.50%	533,564	-	-	533,564
Receivables	11	0.00%	-	-	651,125	651,125
Tenement Security Deposits	13	4.88%	90,000	-	-	90,000
Total Assets			**623,564**	-	**651,125**	**1,274,689**
Financial Liabilities						
Payables	17	0.00%	-	-	98,502	98,502
Total Liabilities			-	-	**98,502**	**98,502**
Net financial assets (liabilities)			**623,564**	-	**552,623**	**1,176,187**
Consolidated -2010						
Financial Assets						
Cash	10	4.50%	614,575	-	11,984	626,559
Receivables	11	0.00%	-	-	75,041	75,041
Tenement Security Deposits	13	4.88%	100,000	-	-	100,000
Total Assets			714,575	-	87,025	801,600
Financial Liabilities						
Payables	17	0.00%	-	-	98,052	98,052
Total Liabilities			-	-	98,052	98,052
Net financial assets (liabilities)			714,575	-	(11,027)	703,548

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.

Sensitivity Analysis

Consolidated - 2011	Carrying amount	+3% interest rate Profit & Loss	-3% interest rate Profit & Loss
Cash at bank	533,564	16,007	(16,007)
Tenement security deposits	90,000	2,700	(2,700)
	90,000	2,700	(2,700)
Tax charge of 30%		(810)	810
Post tax profit increase / (decrease)		1,890	(1,890)

Sensitivity Analysis

Consolidated - 2010	Carrying amount	+3% interest rate Profit & Loss	-3% interest rate Profit & Loss
Cash at bank	614,575	18,437	(18,437)
Tenement security deposits	100,000	3,000	(3,000)
	100,000	3,000	(3,000)
Tax charge of 30%		(900)	900
Post tax profit increase / (decrease)		2,100	(2,100)

(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 2011 XPF**	**Consolidated 2010 XPF**
Cash at bank	(4,137)	77,478
Exploration expenditure capitalised	-	65,000
Loans to controlled entities	(7,317,225)	(7,187,025)
Net Exposure	(7,321,362)	(7,044,547)

28. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(d) *General objectives, policies and processes (continued)*

(iv) *Currency risk (continued)*

Sensitivity Analysis - 2011

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.

Consolidated	Carrying amount XPF	+10% XPF/AUD Profit & Loss AUD$	-10% XPF/AUD Profit & Loss AUD$
Cash at bank	(4,137)	(5)	5
Loans to controlled entities	(7,317,225)	(8,151)	8,151
	(7,321,362)	(8,156)	8,156
Tax charge of 30%		2,447	(2,447)
Post tax profit increase / (decrease)		(5,709)	5,709
Sensitivity Analysis - 2010			
Cash at bank	77,478	91	(91)
Exploration expenditure	65,000	6,734	(6,734)
Loans to controlled entities	(1,143,947)	(8,445)	8,445
	(1,001,469)	(1,620)	1,620
Tax charge of 30%		486	(486)
Post tax profit increase / (decrease)		(1,134)	1,134

The Group's exposure to foreign currency risk, which arises out of its investments in Vanuatu, is as follows:

	Consolidated 2011 VUV	**2010 VUV**
VAT paid	28,969	-
Net Exposure	28,969	-

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 - 2011

Consolidated	Carrying amount VUV	+10% VUV/AUD Profit & Loss AUD$	-10% VUV/AUD Profit & Loss AUD$
VAT paid	28,969	29	(29)
	28,969	29	(29)
Tax charge of 30%		(9)	9
Post tax profit increase / (decrease)		20	(20)
Sensitivity Analysis - 2010			
Exploration expenditure	-	-	-
	-	-	-
Tax charge of 30%		-	-
Post tax profit increase / (decrease)		-	-

The Group's most significant supplier, located in Australia, accounts for 71.4% of trade payables at 30 June 2011 .

(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

(f) Accounting policies

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

29. 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 30 June 2011 $**	**Total 30 June 2011 $**	**Exploration Australia 30 June 2010 $**	**Total 30 June 2010 $**
Revenue				
Interest revenue	47,575	47,575	35,258	35,258
Other income	-	-	-	-
Total revenue	47,575	47,575	35,258	35,258

29. SEGMENT INFORMATION

	Exploration Australia 30 June 2011 $	Total 30 June 2011 $	Exploration Australia 30 June 2010 $	Total 30 June 2010 $
Operating result				
Segment net loss before tax	(327,744)	(327,744)	(372,186)	(372,186)
Reconciliation of segment result to group net loss before tax				
Amounts not included in segment result but reviewed by board				
Corporate charges		(258,626)		(115,157)
Depreciation		(8,193)		(16,147)
Foreign currency translation gains/(losses)		2,481		(2,866)
Takeover defence costs		(751,791)		-
Total net loss before tax		(1,343,873)		(506,356)

Segment assets and liabilities	**30 June 2011 $**	**30 June 2011 $**	**30 June 2010 $**	**30 June 2010 $**
Segment assets	5,350,237	5,350,237	4,312,449	4,312,449
Unallocated assets		-		2,000
Group assets		5,350,237		4,314,449
Segment liabilities	98,502	98,502	98,052	98,052
Unallocated liabilities		-		-
Group liabilities		98,502		98,052

30. CONTINGENT LIABILITIES

	Consolidated 2011 $	Consolidated 2010 $
(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	**90,000**	100,000

31. SUBSEQUENT EVENTS

The company has entered into an agreement with its major shareholder, China Shandong Jinshunda Group Co. Limited, to fund the company's current exploration activites up to $3.5 million.

Mr Vaughan Webber was appointed as a director of the company on 18 August 2011.

The company's two overseas subsidiaries, Anchor Resources Nouvelle Caledonie SARL and Anchor Resources Vanuatu Limited, were sold to a private investor for $500 each on 5 September 2011.

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

32. ADDITIONAL COMPANY INFORMATION

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

Principal Registered Office
C/- Gadens
77 Castlereagh Street
SYDNEY
NSW 2000

Principal Place of Business
Suite 2114,
Darling Park, Tower 2
201 Sussex Street
SYDNEY
NSW 2000

Postal Address
PO Box 6126
DURAL DC
NSW 2158

33. 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 2011 $	Consolidated 2010 $
Cash at bank and on hand	**533,564**	626,559
	533,564	626,559

(b) Non cash transactions

Directors fees paid by issue of shares	-	15,000

(c) Financing Facilities

Since the end of the financial year the company has entered into a finance facility arrangement with its major shareholder, China Shandong Jinshunda Group Co. Limited

Finance facility limit	**3,500,000**	-
Amount drawn down as at balance date	-	-

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

	Consolidated 2011 $	Consolidated 2010 $
Operating loss after income tax	**(1,346,354)**	(503,490)
Non cash items included in profit and loss		
Depreciation	**8,193**	16,147
Directors fees paid by issue of shares	-	15,000
Exploration written off	**81,941**	15,881
Goodwill written off	**2,000**	-
Annual leave entitlements	**1,967**	-
Option expense	**176,135**	86,130
	(1,076,118)	(370,332)
Changes in assets and liabilities		
Decrease (Increase) in receivables	**(576,084)**	(38,297)
Decrease (Increase) in other current assets	**12,068**	11,564
(Decrease) Increase in trade creditors	**(14,989)**	(75,053)
Increase (Decrease) in other creditors and accruals	**24,256**	3,899
Net cash used in operating activities	**(1,630,867)**	(468,219)

Shareholder information

The shareholder information set out below was applicable as at 22 September 2011.

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	699	0.001
1,001-5,000	25	76,038	0.145
5,001-10,000	20	172,712	0.329
10,001-100,000	28	734,221	1.398
100,001 and over	6	51,551,626	98.128
Totals	90	52,535,296	100.000

At the prevailing market price of shares ($0.28) there were 13 shareholders with less than a marketable parcel of ordinary shares worth $500 (being 1,785 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
SUNSTAR CAPITAL PTY Limited	30,911,765	58.840%
SUNSTAR CAPITAL PTY Limited	15,483,954	29.473%
MR JIANGUANG WANG	3,152,075	6.000%
RUI TENG TRADING PTY Limited	1,263,371	2.405%
MR JIAYI YU	490,101	0.933%
OCTIFIL PTY Limited	250,360	0.477%
MR JAMES BRIAN SLATTERY	58,782	0.112%
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	51,473	0.098%
MR PETER WILLIAM VEREYKEN & MRS YVONNE RUTH VEREYKEN	39,500	0.075%
MR BRADLEY PAUL IRVING & MR STUART PAUL IRVING <WOODSOME SUPER FUND A/C>	38,844	0.074%
MRS MELITA CHILCOTT	38,500	0.073%
FIREWALKER HOLDINGS PTY Limited <WONG BUSINESS A/C>	36,250	0.069%
MR ROBIN COLLARD ELLIOT & MRS HELEN PATRICIA ELLIOT	35,000	0.067%
MR MATTHEW JOHN SMALLER	35,000	0.067%
MR PETER JAMES JOHN ROCHE & MRS SUE ROCHE	32,950	0.063%
MR CARMELO MERLO	31,250	0.059%
MR SI WEI LI	30,000	0.057%
TESSALARIUS PTY Limited <SUSAN G SKUSE S/F A/C>	27,968	0.053%
COLBUR PTY Limited <COLBUR FAMILY ACCOUNT>	25,000	0.048%
MR RICHARD LESLIE HARRISON	25,000	0.048%
Total of Top 20 share holdings	52,057,143	99.09%
Other shareholders	478,153	0.91%
Total ordinary shares	52,535,296	100.00%

C. Substantial holders

Substantial holders in the company are set out below:

	Number of shares held	**Shareholding percentage**
Ordinary shares		
China Shandong Jinshunda Group Co. Limited	51,301,266	97.65%

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 and unexercised

	No of options	**No of holders**	**Options held**	**% Options Issued**
Options expiring 27 September 2014 with an exercise price of $0.25	**20,000**	**1**		
Option holders with more than 20% of class				
K Mears			**20,000**	100.00%

These options are unquoted equity securities

Schedule of Tenements

The Group held the following tenements at 30 June 2011:

Tenement number	Tenement name	Date granted	Area Km^2	Anchor Resources Equity	Annual expenditure commitment $
NEW SOUTH WALES					
Tenements held by Anchor Resources Limited					
EL 6388	Bielsdown	04-Mar-05	43	100%	43,000
Tenements held by Scorpio Resources Limited					
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 Limited					
EPM 14646	Greenvale East	13-Apr-05	165	100%	190,000
EPM 14752	Aspiring	27-Sep-05	330	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.

Unless disclosed below, all the recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2011.

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The Company formalised and disclosed the functions reserved to the Board and those delegated to management. The Company has a small Board of five Directors (three 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.

The name of the independent director of the company is Vaughan Webber.

The other directors are not considered to be independent due to being executives of the company or being associated with the major shareholder.

When determining whether a non-executive director is independent, the director must not fail any of the following materiality thresholds:

— less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;

— no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and

— none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Each director has the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

The names of the members of the nomination committee and their attendance at meetings of the committee are detailed in the directors' report.

Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

— act honestly and in good faith;

— exercise due care and diligence in fulfilling the functions of office;

— avoid conflicts and make full disclosure of any possible conflict of interest;

— comply with the law;

— encourage the reporting and investigating of unlawful and unethical behaviour; and

— comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the company is taking steps to establish a diversity policy.

This diversity policy will outline requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives.

While the Board has not yet established a diversity policy, the company will recognise diversity issues over the next few years as director and senior executive positions become vacant and appropriately qualified candidates become available.

Audit Committee

The Company has an Audit and Risk Management Committee and has a written charter which has been approved by the Board.

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

The Audit and Risk Management Committee consists of the Non-Executive Directors. 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. The Committee does have at least three members and the Committee Chairman is not 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).

Performance Evaluation

An annual performance evaluation of the Board and all Board members was not conducted for the financial year ended 30 June 2011. Due to the takeover initiated in December 2010 the review was deferred and on 9 June 2011 the whole Board changed with all previous directors and company secretary resigning and nominees of the successful takeover bidder replacing them. It is expected that a full performance evaluation of the Board and all Board members will be conducted for the financial year ended 30 June 2012.

Board Roles and Responsibilities

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The Board has approved this Corporate Governance Statement which has been made publicly available on the company's website. This document details the adopted practices and processes in relation to matters reserved for the Board's consideration and decision-making and specifies the level of authorisation provided to other key management personnel. The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Anchor Resources Limited, to lodge questions to be responded by the Board and/or the CEO, and are able to appoint proxies.

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.

Financial Reporting and Other Disclosures

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.

Senior management have confirmed that the financial reports represent a true and fair view and are in accordance with relevant accounting standards. The Chief Executive Officer and the Company Secretary have stated 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.

Risk Management

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. While this is true, the Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. 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.

Remuneration Committee

The names of the members of the remuneration committee are Vaughan Webber, Haolin Wang and Jianguang Wang.

The attendance of the members at meetings of the remuneration committee are detailed in the directors' report.

Remuneration Policies

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.

The amount of remuneration for all key management personnel for the company, including all monetary and non-monetary components, are detailed in the directors' report under the heading Key Management Personnel Compensation. All remuneration paid to executives is valued at the cost to the company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the remuneration committee and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

Trading Policy

The Board has adopted a Share Trading Policy which was released to ASX on 29 December 2010. A copy of the policy is attached to this Corporate Governance Statement.

Other Information

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's website at www.anchorresources.com.au

ANCHOR RESOURCES LIMITED
CORPORATE GOVERNANCE STATEMENT
SHARE TRADING POLICY

INTRODUCTION & PURPOSE	The purpose of this Policy is to: a. provide a brief summary of the law on insider trading, and other relevant laws; b. set out the restrictions on dealing in securities by people who work for, or are associated with, Anchor Resources Limited ('Anchor'); and c. assist in maintaining market confidence in the integrity of dealings with Anchor securities. If you do not understand any part of this policy or the summary of the law, or how it applies to you, you should raise the matter with the Company Secretary or the Managing Director before dealing with any Anchor securities.
POLICY STATEMENT	Whenever you have inside information which may affect the value of securities, you must not: a. deal in those securities; or b. communicate the information to anyone else. This prohibition applies regardless of how you learned the inside information. It applies not only to Anchor securities, but also securities of other companies. "Inside Information", "Securities" and "Dealing" are defined below.
PERSONS COVERED BY THIS POLICY	This policy applies to all: a. executive and non-executive Directors; b. full-time, part-time and casual employees; c. contractors, consultants and advisors; d. all option holders (where options were issued under the Company's Employee Share Option Plan). of Anchor and its associated companies (the 'AHR Group'). The restrictions on dealings by an employee or Director are equally applicable to any dealings by: a. their spouses or de facto spouses; and/or b. on behalf of any dependent under 18 years of age; and c. any other dealing in which, for the purposes of the Corporations Act, the Director or employee is to be treated as interested. (For example, if an employee or Director is a trustee of a trust and is also a beneficiary of the trust, the employee or Director must not purchase or procure the purchase of Anchor securities on behalf of the trust).
SECURITIES COVERED BY THIS POLICY	This policy applies to the following securities: a. Anchor shares; b. any other securities which may be issued by Anchor, such as options; c. derivatives (such as exchange traded options and warrants) and other financial products issued by third parties in relation to Anchor shares, debentures and options; and d. securities of any other company or entity that may be affected by inside information (such as another party involved in a joint venture or corporate transaction with the AHR Group or an Anchor contractor or shareholder).
WHAT IS DEALING (for the purposes of this policy)?	Dealing in securities includes: a. trading in securities (i.e. subscribing for, buying, selling or entering into an agreement to do any of those transactions); and b. advising, procuring or encouraging any other person (including a family member, friend, associate, colleague, broker, financial planner, investment advisor, family company or trust) to trade in securities.

DEFINITION OF INSIDER TRADING	Insider trading is committed if you: a. deal in Anchor securities or securities of another entity while you have inside information; or b. advise or procure another person to trade in the Company's securities; or c. communicate inside information to anyone else – including colleagues, family or friends – knowing (or where you should have reasonably known) that the other person will use that information to trade in, or procure someone else to deal in, securities. This offence called "insider trading" can subject you to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party or Anchor, for any loss suffered as a result of illegal trading.
WHAT IS INSIDE INFORMATION (for the purposes of this policy)?	Inside information is information that: a. is not generally available; and b. if it were generally available, it would – or would be likely to – influence investors in deciding whether to buy or sell the Company's securities. It does not matter how you come to know the inside information (including whether you learn it in the course of carrying out your responsibilities or in passing in the corridor or in a lift or at a dinner party). The financial impact of the information is important, but strategic and other implications can be equally important in determining whether information is inside information. The definition of information is broad enough to include rumours, matters of supposition, intentions of a person (including Anchor) and information which is insufficiently definite to warrant disclosure to the public.
WHAT ARE SOME EXAMPLES OF INSIDE INFORMATION?	The following list is illustrative only. Inside information could include: • the financial performance of the AHR Group against its budget; • a possible change in the strategic direction of the AHR Group; • a possible acquisition or sale of any assets or company by the AHR Group; • a possible change in the Company's capital structure; • a proposed dividend; • senior management changes; or • any possible claim against the AHR Group or other unexpected liability.
SECURITIES OF OTHER COMPANIES	In the course of your duties as an employee, Director, advisor, consultant or contractor of Anchor or the AHR Group, you may obtain inside information in relation to another company. For example: • in the course of negotiating a transaction with Anchor, another company might provide confidential information about itself. • in the course of negotiating a transaction with Anchor, another company might provide confidential information about a third party; or • information concerning a proposed transaction or other action by Anchor might have a material affect on a third party. The prohibition on insider trading applies not only to information concerning Anchor securities. If a person has inside information in relation to securities of another company, that person must not deal in those securities.

ADDITIONAL TRADING RESTRICTIONS (applying to "Restricted Persons")	Additional restrictions on trading the Company's securities applies to the following people in the AHR Group ("Restricted Persons"): a. executive and non-executive Directors; b. full-time, part-time and casual employees; c. contractors, consultants and advisors; d. all option holders (where options were issued under the Company's Employee Share Option Plan).
REASONS FOR THE ADDITIONAL TRADING RESTRICTIONS	Restricted Persons are in positions where it may be assumed that they have inside information (even if they have no actual inside information at the time). This policy is designed to avoid the possibility of misconceptions or misunderstanding arising.
WHEN IS TRADING BY RESTRICTED PERSONS PERMITTED?	Subject to the terms and rules attaching to Anchor employee share option plans, you can deal in Anchor at any time: a. other than during a prescribed "closed period"; b. provided you do not have inside information; and c. provided you are not involved in short term speculative dealing. Restricted Persons are only permitted to trade the Company's securities during any other period if they have complied with the notification requirements (before and after trading) as set out below.
WHAT ARE THE "CLOSED PERIODS"?	Restricted Persons are not permitted to deal in Anchor securities during the following "closed periods". a. one month immediately prior to release of Anchor's half yearly results until the close of business on the second working day after its release; b. 14 days immediately prior to the release of each Anchor quarterly activities report until the close of business on the second working day after its release. (In the case of the quarter ending on the last day of Anchor's financial year, the closed period ceases on the close of business on the second working day after which Anchor releases its annual financial results; c. 14 days immediately prior to Anchor Annual General Meeting; and d. any other period determined by the directors to be a closed period. Notice of commencement and closure of the blackout periods can be confirmed with the Company Secretary. A "closed period" may be extended or shortened at any time by direction of the Managing Director or Chairman. Notices of such changes will be specified to Restricted Persons by email, and become effective immediately.
REQUIREMENTS BEFORE TRADING	Before trading in the Company's securities Restricted Persons must: a. notify the Chairman (or in his absence the Managing Director) of their intention to trade in securities; b. confirm that they do not hold inside information; and c. confirm that there is no known reason to preclude the trading in the Company's securities. The notification requirement is only valid for the period of its operation, being the date of notification until the earlier of 10 business days after notification, the start of a closed period, or the date the person becomes aware of inside information.

REQUIREMENTS AFTER TRADING	Once a Restricted person has completed a trade in the Company's securities, the Chairman and Company Secretary must be: a. advised that the trade has been completed; b. in the case of Directors of the Company, provided with sufficient information to enable the Company to comply with the requirements to notify a change of interests to the ASX. (Please refer to standard notification template – "Director's Declaration of Securities Trading" - attached to this policy).
CLOSED PERIOD TRADING REQUESTS	Restricted Persons are prohibited from trading in the Company's securities during the closed periods, however if a legitimate requirement arises to sell securities or to exercise options, then exceptions may be considered at the discretion of the Chairman. Any such request must include written confirmation by the Director or employee that he or she does not hold any inside information.In the case of the Chairman, any notification required must be made to the Board through the Company Secretary.
DO I HAVE ANY OTHER OBLIGATIONS TO ANCHOR?	In addition to the above, you also have a duty of confidentiality to the Company. You must not reveal any confidential information concerning the Company, use that information in any way which may injure or cause loss to the Company, or use that confidential information to gain an advantage for yourself.
BREACHES OF POLICY	Strict compliance with this policy is a condition of employment. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.
APPLICATION OF POLICY	To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

ate Directory

Board of Directors

Jianguang Wang (Appointed 9.6.11)	Non-Executive Chairman
Ian Price (Appointed 9.6.11)	Managing Director
Steven Jiayi Yu (Appointed 9.6.11)	Chief Executive Officer
Haolin Wang (Appointed 9.6.11)	Non-Executive Director
Vaughan Webber (Appointed 18.8.11)	Non-Executive Director

Company Secretary
Grahame Clegg

Registered Office
Gadens Lawyers
77 Castlereagh St
Sydney, NSW 2000
Telephone: 02 9006 1177
Facsimile: 02 9012 0270
Website: www.anchorresources.com.au
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Principal Place of Business
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