



# ANCHOR RESOURCES LIMITED

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### Wild Cattle Creek Scoping Study Outcomes

**Anchor Resources (ASX code: AHR)** is pleased to announce that it has successfully completed a scoping study evaluation of the Wild Cattle Creek antimony (Sb) deposit which forms part of its 100% owned Bielsdown project (EL 6388) in northeastern NSW. Positive financial returns are achievable from the project, and will be significantly enhanced if the forthcoming 2011 exploration program (as outlined in a release dated 28 January 2011) delineates additional high grade resources.

The company utilised independent international mining industry consultant, SRK Consulting, for the resource estimation, and high level mining and financial components of the scoping study. Core Process Engineering provided independent support for the metallurgical components used in the study. Results and conclusions from the resource estimation phase were released to the market on 9 December 2010 outlining an Indicated and Inferred resource containing over 600,000 tonnes at 2.56% antimony<sup>1</sup>.

#### Scoping Study Outcomes

A broad range of mining and processing alternatives, and commodity price scenarios, were considered in the scoping evaluation – centred on a base case operating scale of 150,000tpa and antimony price of US\$12,000/tonne (current spot price US\$14,200/tonne). The scoping study indicates that:

- ✓ **Mining options** - The optimal mining schedule for existing resources comprises open cut extraction of shallow mineralisation, followed by underground extraction of deeper resources.
- ✓ **Product quality** - A marketable antimony product can be produced from Wild Cattle Creek mineralisation by conventional flotation technology, with processing recoveries of +90% and a concentrate grade of +60% Sb likely to be achievable.
- ✓ **Upside potential** - The potential financial returns from the project will be significantly enhanced by delineation of additional high grade mineralisation – with down plunge extensions and a parallel high grade antimony-tungsten zone to be tested in the 2011 exploration program (see related release dated 28 January 2011).
- ✓ **By-product credits** - Additional metallurgical evaluation is required to optimise by-product (tungsten and gold) recoveries and suppress deleterious minerals (mercury and arsenic), with treatment strategies to be refined once further exploration provides a better understanding of their geological distribution.

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

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<sup>1</sup> Classified according to JORC (2004) guidelines, using a cutoff grade of 1.0% antimony



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## **Scope of Work**

The SRK scope of work comprised the following key components:

- Update the geological interpretation, the 3-D block model and the resource estimate for Wild Cattle Creek in accordance with the 2004 edition of the JORC code.
- Review the operating costs associated with various open cut and underground mining scenarios.
- Review environmental monitoring data and analyse the need for any additional environmental work required to progress towards possible development.
- Evaluate 16 'conceptual mining models' with various combinations of mining methods, on-site and third party processing options, and antimony prices.

The Core Process Engineering scope of work included the following:

- Design and co-ordination of preliminary metallurgical testwork
- Review project scale, concentrate marketing issues and likely terms
- Develop preliminary operating costs

## **Key Project Parameters**

The SRK key assumptions and outputs were as follows:

- Base case operating rate of 150,000tpa, with consideration of more aggressive scenarios at a 300,000tpa rate - contingent on discovery of additional, higher grade mineralisation.
- Base case antimony price of US\$12,000/tonne, with upside (US\$15,000/t) and downside (US\$9,000/t) scenarios also considered (see Figure 1).
- Flat gold and tungsten prices assumed at US\$1,000/oz and US\$20,000/t respectively (around 25% and 40% below recent spot levels, respectively).
- Head antimony grades discounted to 90% of resource average grade.
- A resource cut off grade of 1.0% Sb
- At the base case 150,000tpa processing rate, total direct operating costs (including royalties) range from A\$96/t to A\$203/t. The operating cost components can be broken down as follows:
  - Processing – A\$28.30/tonne processed
  - Open cut mining (at an 11:1 strip ratio) – A\$54/tonne ore
  - Underground mining – A\$120/tonne ore
  - NSW royalty rate – 4% (ad valorem royalty, levied as a percentage of the total value of minerals recovered, or the ex-mine value)
- An AUD to USD exchange rate of 0.9.
- ±35% accuracy on costs at this scoping level.
- Gross operating margins for the 12 scenarios considered at the 150,000tpa rate range from A\$28/t to A\$112/t, which equates to a \$4.2m to \$16.8m range for annual operating cash flow.



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- Gross operating margins of up to A\$375/t are potentially available under the more aggressive scenarios considered (that are contingent on delineation of higher tonnages and grades in future exploration), reflecting up to \$112.5m annual operating cash flow.
- Gross operating margins do not include capital costs.

Anchor Resources has previously stated its 2011 objective to significantly increase the resource inventory at the Wild Cattle Creek deposit to in excess of two million tonnes. Given this expectation and outcomes of the current scoping study, Anchor Resources believes that it is premature to make an estimate of capital costs at this stage of the deposit assessment.

Anchor Resources considers the results of this scoping study to be encouraging for the future development of the project, particularly given the positive demand and pricing environment for antimony (see Figure 1).

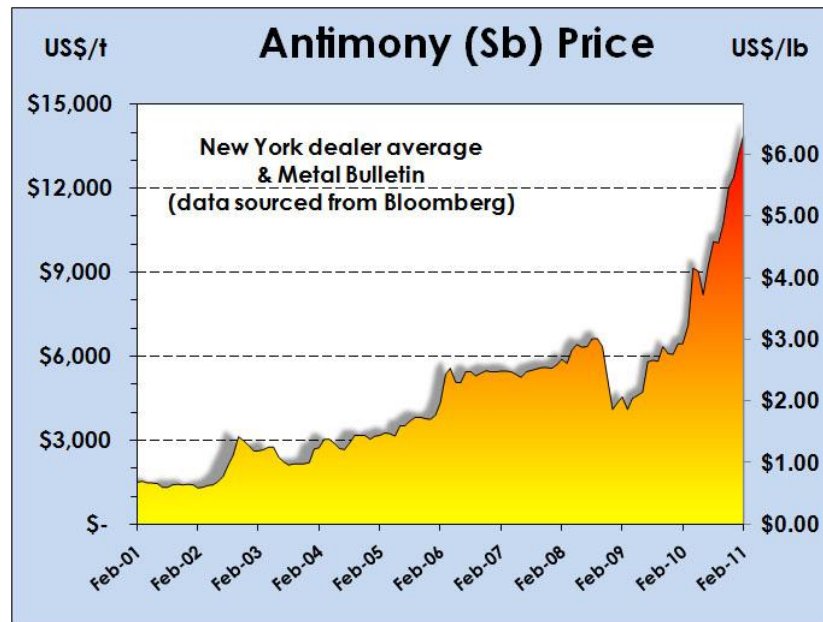


Figure 1 Ten year antimony price graph

Anchor Resources will seek to confirm the assumptions from these scoping models with the 2011 exploration program by testing potential extensions to the Wild Cattle Creek deposit (Figure 2), as outlined in the release of 28 January 2011. It is anticipated that these results will lead to the commencement of a pre-feasibility study phase by year end.

An Environmental Impact Statement was completed by Northern New South Wales Forestry Services in 1994. While this provides useful information for the evaluation of the project, it is considered out of date and inappropriate for the current scoping study. Since 2009, Anchor Resources implemented water quality and noise monitoring programs with independent consultants, Coffey Geotechnics Pty Ltd. These environmental studies, along with existing public and community relations programs, will be expanded with the 2011 campaign.



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## Further Information

For more information, please contact:

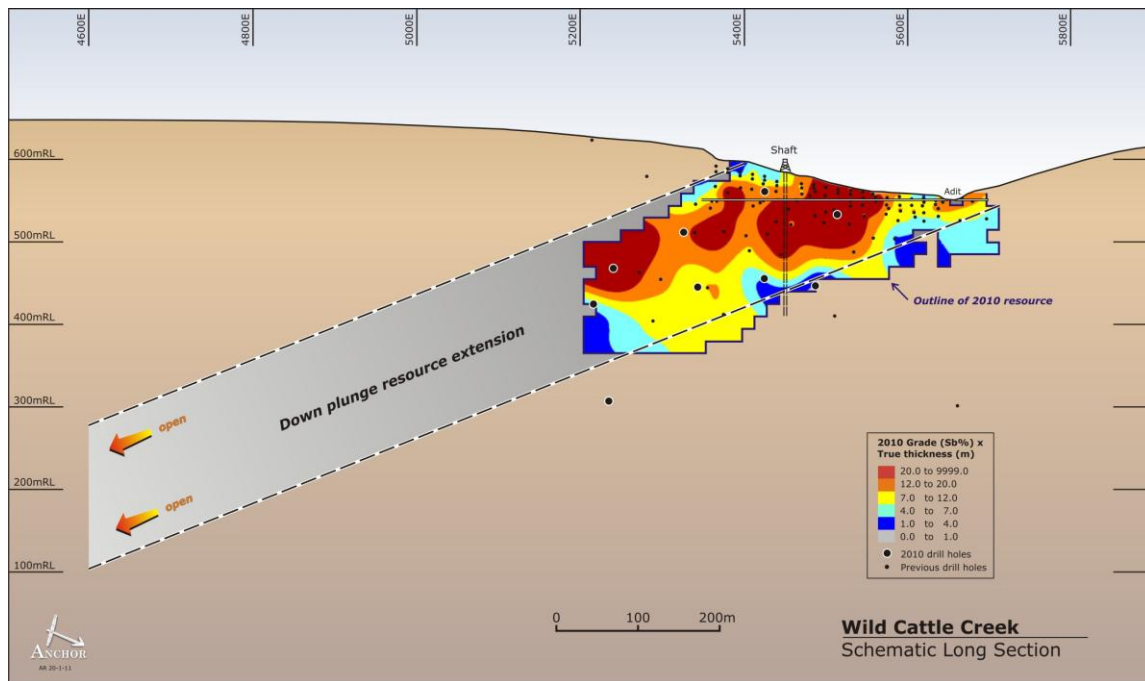
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**Grant Craighead** – Executive Director

Detailed information on the Company can be found at [www.anchorresources.com.au](http://www.anchorresources.com.au)



**Figure 2 Wild Cattle Creek – Interpreted down plunge resource extension**



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**Declaration:** *The information in this report relating to Exploration Results is based on information compiled by Trevor Woolfe BSc(Hons), MAusIMM. Mr Woolfe is Managing Director and a full-time employee of Anchor Resources Limited. Mr Woolfe has sufficient experience relevant to the assessment of this style of mineralisation to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code". Mr Woolfe consents to the inclusion of the information in the report in the form and context in which it appears.*

*The information in this report that relates to the Mineral Resources estimation approach at Wild Cattle Creek is based on information compiled by Mr Danny Kentwell, MSc, MAusIMM. Mr Kentwell is a Principal Consultant and full time employee of SRK Consulting (Australasia) Pty Ltd. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code". He consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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