



ANCHOR RESOURCES LIMITED

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ASX/MEDIA RELEASE

WEDNESDAY, 12 JANUARY 2011

Update on Unsolicited Takeover Proposal

Anchor Resources Ltd (ASX code: AHR) wishes to update shareholders on the status of the unsolicited takeover proposal received by the Company from China Shandong Jinshunda Group Co Ltd ('Jinshunda') through its wholly owned Australian subsidiary Sunstar Capital Pty Ltd on 20 December 2010.

The Anchor Board is unanimous in its view that Anchor shareholders should take no action, nor make any decision in relation to their shareholding until the Board has received, and had the opportunity to consider, Jinshunda's formal offer which will be contained in its Bidder's Statement. Following consideration of the offer, the Board will prepare a Target's Statement advising Anchor shareholders of its recommendation.

Update on the Timing of Jinshunda's Takeover Proposal

Anchor is yet to receive a Bidder's Statement from Jinshunda setting out the full terms and conditions of its takeover proposal, which your Board will have a minimum period of 14 days to review before Jinshunda can dispatch it to shareholders. Jinshunda's offer will not open for acceptance until its Bidder's Statement has been dispatched to Anchor shareholders and must remain open for a minimum period of one month. Your Board will endeavour to ensure shareholders have adequate time to make a decision in respect of the offer. An indicative timetable for this process is outlined below.

Indicative Timetable

Days from receipt of Bidder's Statement by Anchor		
14	▶	Earliest date by which Bidder's Statement can be dispatched to Anchor shareholders
15	▶	Jinshunda offer period commences
29	▶	Latest date for Anchor to dispatch its Target Statement to shareholders
45	▶	Earliest date for the Jinshunda offer to close, subject to extensions



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Evaluation of the Jinshunda Takeover Proposal

Whilst Anchor has not received the Bidder's Statement from Jinshunda, it has commenced a process of review of the merits of the proposed offer and the other strategic alternatives available to the Company. Anchor has appointed Gryphon Partners as its corporate advisor and Gadens Lawyers as its legal advisor.

In the interim, **your Board advises shareholders to take no action** with respect to the Jinshunda takeover proposal.

The proposal from Jinshunda highlights the strategic importance and attractiveness of Anchor's assets and, as part of its evaluation of the offer from Jinshunda, the Board will be considering the strategic options available to the Company as it seeks to maximise shareholder value.

Update on the Bielsdown Project

The Jinshunda takeover proposal comes at a time when the Company is entering an exciting phase of development as it advances its Bielsdown antimony (Sb) project, which was recently upgraded to a JORC compliant resource in excess of 1 million tonnes grading 1.77% Sb¹. The Company expects to release results of a scoping study, undertaken by SRK Consulting for the Wild Cattle Creek deposit, shortly.

The Company believes there is significant upside potential for the Bielsdown project given:

- ✓ Record price levels for antimony, immediately prior to receipt of the Jinshunda takeover proposal.
- ✓ An increasing awareness in the market as to the value of antimony as a "strategic" commodity.
- ✓ The potential for further significant resource extensions at the Bielsdown project where the Company is targeting a JORC compliant resource of at least 2 million tonnes.
 - The Wild Cattle Creek deposit remains open down plunge. In addition there are a number of significant regional targets within the Bielsdown project.
 - The Company is currently preparing an exploration program for 2011 and will update the market in due course as to the expected scale and timing of this program.

¹ Sb cut-off grade of 0.5%; see ASX Announcement dated 9 December 2010 for details



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Further Information

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Detailed information on the Company can be found at www.anchorresources.com.au

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 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.*