



ASX ANNOUNCEMENT

DATE: 28 October 2011

Anchor Resources Limited

ASX Code: AHR

ABN 49 122 751 419

Anchor Resources Limited is an Australian company listed on the Australian Securities Exchange. It is exploring for copper, gold, antimony and other metals in eastern Australia. The Company's most advanced project is on the Dorrigo Plateau in north eastern NSW where it has established resources of antimony, gold and tungsten at the Bielsdown Project

Key Projects

Bielsdown	Antimony, gold & tungsten
Blicks	Gold & copper
Birdwood	Copper & molybdenum

Directors

Mr Ian Price	Managing Director
Mr Jianguang Wang	Chairman
Mr Steven Yu	Executive Director
Mr Haolin Wang	Director
Mr Vaughan Webber	Director

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Corporate Governance

CORPORATE GOVERNANCE STATEMENT

The Board reviewed its Corporate Governance Policies and Procedures on Thursday 27 October 2011.

A revised Corporate Governance Statement which was approved by the Board is attached.

Grahame Clegg
Company Secretary
Anchor Resources Limited

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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 August 2007 as amended in June 2010.

The August 2007 ASX Corporate Governance Council publication "Principles of Good Corporate Governance and Best Practice Recommendations – Second Edition", as amended in June 2010, 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, 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 names of the company's directors in office at the date of this statement are:

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

Each of the above directors with the exception of Vaughan Webber was appointed to the board on 9 June 2011. Mr Webber was appointed on 18 August 2011.

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 Managing Director, Ian Price, and the Chief Executive Officer, Steven Jiayi Yu, are not considered to be independent due to being executives of the company. The Board considers the both of these directors act in the best interests of the company at all times.

The Chairman, Jianguang Wang, and other directors, Steven Jiayi Yu and Haolin Wang are not considered to be independent due to being associated with the major shareholder. At the date of this statement, China Shandong, Jinshunda Group held 97% of the company's shares and these three directors are nominees of that company. The company is pursuing the appointment of additional independent directors.

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.

The Board is of the view that there is an adequate and broad mix of skills required and that the experience and skills of each of the current directors enables them to be aware of the company's business and to act in its best interest at all times.

Each director has the right to seek independent professional advice in the furtherance of their duties as directors at the

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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, however the only independent member of the committee is Vaughan Webber, who is Chairman of the Committee. As there are only five directors, four of which are not considered to be independent due to either their executive capacity or relationship with the major shareholder it is not possible to achieve a remuneration committee of three independent directors. 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.

The company has a small team of senior employees who have defined roles and responsibilities under the terms of their

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engagement. Their performances are reviewed in terms of their engagements. As the company grows there will be a need for more formalised processes in evaluating the performance of its senior employees.

These arrangements are considered to be appropriate for the size of the company.

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.

The Board has received assurances from the Chief Executive Officer and the Chief Financial Officer that the declarations provided in accordance with Section 295A of the Corporations Act 2001. Is founded on a sound system of risk management and internal control and that the systems are operating effectively in all material respects in relation to financial reporting risks.

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.

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This structure does not meet the ASX's guidance regarding independence, in that it should have three independent Directors as members. The Committee does have at least three members, however the only independent member of the committee is Vaughan Webber, who is Chairman of the Committee. As there are only five directors, four of which are not considered to be independent due to either their executive capacity or relationship with the major shareholder it is not possible to achieve a remuneration committee of three independent directors.

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

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 SHARE TRADING POLICY

INTRODUCTION & PURPOSE	<p>The purpose of this Policy is to:</p> <ol style="list-style-type: none"> provide a brief summary of the law on insider trading, and other relevant laws; set out the restrictions on dealing in securities by people who work for, or are associated with, Anchor Resources Limited ('Anchor'); and assist in maintaining market confidence in the integrity of dealings with Anchor securities. <p>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.</p>
POLICY STATEMENT	<p>Whenever you have inside information which may affect the value of securities, you must not:</p> <ol style="list-style-type: none"> deal in those securities; or communicate the information to anyone else. <p>This prohibition applies regardless of how you learned the inside information. It applies not only to Anchor securities, but also securities of other companies.</p> <p>"Inside Information", "Securities" and "Dealing" are defined below.</p>
PERSONS COVERED BY THIS POLICY	<p>This policy applies to all:</p> <ol style="list-style-type: none"> executive and non-executive Directors; full-time, part-time and casual employees; contractors, consultants and advisors; all option holders (where options were issued under the Company's Employee Share Option Plan). <p>of Anchor and its associated companies (the 'AHR Group').</p> <p>The restrictions on dealings by an employee or Director are equally applicable to any dealings by:</p> <ol style="list-style-type: none"> their spouses or de facto spouses; and/or on behalf of any dependent under 18 years of age; and 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	<p>This policy applies to the following securities:</p> <ol style="list-style-type: none"> Anchor shares; any other securities which may be issued by Anchor, such as options; 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 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)?	<p>Dealing in securities includes:</p> <ol style="list-style-type: none"> trading in securities (i.e. subscribing for, buying, selling or entering into an agreement to do any of those transactions); and 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.

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DEFINITION OF INSIDER TRADING	<p>Insider trading is committed if you:</p> <ol style="list-style-type: none"> deal in Anchor securities or securities of another entity while you have inside information; or advise or procure another person to trade in the Company's securities; or 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. <p>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.</p>
WHAT IS INSIDE INFORMATION (for the purposes of this policy)?	<p>Inside information is information that:</p> <ol style="list-style-type: none"> is not generally available; and 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. <p>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).</p> <p>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.</p>
WHAT ARE SOME EXAMPLES OF INSIDE INFORMATION?	<p>The following list is illustrative only. Inside information could include:</p> <ul style="list-style-type: none"> 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	<p>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:</p> <ul style="list-style-type: none"> 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 effect on a third party. <p>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.</p>
ADDITIONAL TRADING RESTRICTIONS (applying to “Restricted Persons”)	<p>Additional restrictions on trading the Company's securities applies to the following people in the AHR Group (“Restricted Persons”):</p> <ol style="list-style-type: none"> executive and non-executive Directors; full-time, part-time and casual employees; contractors, consultants and advisors; all option holders (where options were issued under the Company's Employee Share Option Plan).

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REASONS FOR THE ADDITIONAL TRADING RESTRICTIONS	<p>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).</p> <p>This policy is designed to avoid the possibility of misconceptions or misunderstanding arising.</p>
WHEN IS TRADING BY RESTRICTED PERSONS PERMITTED?	<p>Subject to the terms and rules attaching to Anchor employee share option plans, you can deal in Anchor at any time:</p> <ol style="list-style-type: none"> other than during a prescribed “closed period”; provided you do not have inside information; and provided you are not involved in short term speculative dealing. <p>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.</p>
WHAT ARE THE “CLOSED PERIODS”?	<p>Restricted Persons are not permitted to deal in Anchor securities during the following “closed periods”.</p> <ol style="list-style-type: none"> one month immediately prior to release of Anchor’s Annual and Half-Yearly results until the close of business on the second working day after its release; 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; 14 days immediately prior to Anchor Annual General Meeting; and any other period determined by the directors to be a closed period. <p>Notice of commencement and closure of the blackout periods can be confirmed with the Company Secretary.</p> <p>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.</p>
REQUIREMENTS BEFORE TRADING	<p>Before trading in the Company’s securities Restricted Persons must:</p> <ol style="list-style-type: none"> notify the Chairman (or in his absence the Managing Director) of their intention to trade in securities; confirm that they do not hold inside information; and confirm that there is no known reason to preclude the trading in the Company’s securities. <p>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.</p>
REQUIREMENTS AFTER TRADING	<p>Once a Restricted person has completed a trade in the Company’s securities, the Chairman and Company Secretary must be:</p> <ol style="list-style-type: none"> advised that the trade has been completed; 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. <p>(Please refer to standard notification template – “Director’s Declaration of Securities Trading” - attached to this policy).</p>

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CLOSED PERIOD TRADING REQUESTS	<p>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 by the Board at the discretion of the Chairman. The Board will exercise its unfettered discretion in deliberating the merits of each case and consent will generally only be provided in cases of clear financial hardship.</p> <p>Any such request must include written confirmation by the Restricted Person 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.</p> <p>Authorisation for trading within a closed period must be given in writing by the Board.</p>
DO I HAVE ANY OTHER OBLIGATIONS TO ANCHOR?	<p>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.</p>
BREACHES OF POLICY	<p>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.</p>
APPLICATION OF POLICY	<p>To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.</p>

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