



## OFFER LETTER

**For a Non-renounceable Rights Issue of One (1) Ordinary Share for every Four (4) Ordinary Shares held by Shareholders, at an Issue Price of Sixteen (16) cents per Share to raise up to \$1,599,369 (before Offer Costs).**

### IMPORTANT NOTICE

If you are a Qualifying Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered or any other matter, you should contact your stockbroker, solicitor, accountant or other professional advisor.

**Last date for acceptance and payment: 5:00pm (AEDST) on Wednesday 22 December 2010**

# ANCHOR RESOURCES LIMITED

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# ANCHOR RESOURCES LIMITED

## SECTION 1 IMPORTANT NOTICES

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This Offer Letter is dated 12 November 2010 and is issued by Anchor Resources Limited.

This Rights Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act. This Offer Letter is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Letter does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information that would otherwise be required by Australian law or any other law to be disclosed in a prospectus or other disclosure document. This Offer Letter does not constitute a securities recommendation or financial product advice.

This Offer Letter is important and applicants should read this document in its entirety and, if in any doubt, consult with their professional advisers before deciding whether to participate in the Rights Offer. This Rights Offer and Offer Letter do not take into account the investment objectives, financial or taxation circumstances or particular needs of any Applicant. There are risks associated with an investment in Anchor Resources and the Shares offered under this Offer Letter must be regarded as a speculative investment which carries no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares.

Before applying for New Shares or Shortfall Shares, each Applicant should consider whether such an investment, and the information contained in this Offer Letter, is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult with their stockbroker, solicitor, accountant or other professional advisor without delay.

### **Disclaimer**

ASIC and ASX take no responsibility for the contents of this Offer Letter. No person is authorised to give any information or to make any representation in connection with the Rights Offer which is not contained in this Offer Letter. Any information or representation in connection with the Rights Offer not contained in the Offer Letter may not be relied upon as having been authorised by the Company or any of its officers.

Neither the Company, nor any other person warrants the future performance of the Company or any return on any investment made under this Rights Offer, except as required by law and then only to the extent required. Investors should note that the past Share price performance of the Company provides no guidance to its future Share price performance.

### **Restriction on Distribution**

This Offer Letter and accompanying Entitlement and Acceptance Form does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Offer Letter does not constitute an offer to Non-qualifying Shareholders. No action has been taken to lodge this Offer Letter in any jurisdiction outside of Australia, or to otherwise permit a public offering of Rights or Shares, in any jurisdiction outside Australia.

This Offer Letter is not to be distributed in, and no offer of New Shares or Shortfall Shares is to be made in, countries other than Australia and New Zealand. The distribution of this Offer Letter in jurisdictions outside Australia, including the United States of America, may be restricted by law and therefore any person who comes into possession of this Offer Letter should seek advice on, and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### **Definitions, Currency and Time**

Definitions of certain terms and abbreviations used in this Offer Letter are contained in Section

# ANCHOR RESOURCES LIMITED

## SECTION 1 IMPORTANT NOTICES

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9. All references to currency are in Australian dollars and all references to time are in AEDST (Australian Eastern Daylight Savings Time), unless otherwise indicated.

### **Application for New Shares**

Application for New Shares must be completed on the personalised Entitlement and Acceptance Form (which accompanies this document) and returned by the Closing Date. If you have not received a personalised Entitlement and Acceptance Form, please contact the Company on (02) 9279 1231 or +61 2 9279 1231 (outside Australia).

### **Privacy Disclosure**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application, and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your Application. The Company collects your personal information to process and administer your security holding in the Company and to provide related services to you. If you do not complete the Entitlement and Acceptance Form in full, the Company may reject your Application. The Company may disclose your personal information for purposes related to your security holding, including to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that the Company holds about you. To make a request for access to your personal information held (or on behalf of) the Company, please contact the Company through the Share Registry.

### **Entire Agreement**

Subject to this paragraph, the terms contained in this Offer Letter constitute the entire agreement between the Company and you as to the Rights Offer, and your participation in the Rights Offer to the exclusion of all prior representations, understandings and agreements between the Company and you.

### **Governing Law**

The Offer Letter, the Rights Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

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# ANCHOR RESOURCES LIMITED

## SECTION 2 LETTER FROM THE CHAIRMAN

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12 November 2010

Dear Shareholders

The Board of Directors is pleased to offer to all Anchor Resources Limited Shareholders the opportunity to participate in a "one-for-four" non-renounceable rights issue of New Shares to raise up to \$1,599,369 (before expenses) (**Rights Offer**).

All Shareholders registered at 5.00pm AEDST on 29 November 2010, and who have a registered address in Australia or New Zealand, will be entitled to participate in the Rights Offer on the basis of one (1) New Share for every four (4) Shares then held, at a cost of sixteen (16) cents per New Share. This is a discount of approximately 8.6% to the closing price as at 11 November 2010, and 10.2% below the Volume Weighted Average Price (VWAP) of Anchor Resources Shares over the five trading days prior to the announcement of the Rights Offer.

Anchor Resources encourages its Shareholders to read the Offer Letter carefully and in its entirety. All publicly available information about Anchor Resources on its website and available on the ASX should be read before making a decision to invest in the Company.

The Closing Date for acceptances of the Rights Offer is 5.00pm AEDST on 22 December 2010.

The Company also advises that Shareholders wishing to apply for New Shares in excess of their entitlement are invited to submit an Application for New Shares that form part of the Shortfall Offer.

The purpose of the Rights Offer is to provide additional working capital to Anchor Resources Limited, and its subsidiaries, and to fund the continuation of exploration activities through to December 2011. Anchor Resources has recently completed a successful resource expansion drilling program, and is currently completing a resource update and scoping study, at the Bielsdown antimony project in northeastern New South Wales. A significant portion of the funds from this Rights Offer will be allocated for further programs to significantly advance this exciting project.

Yours faithfully



**John Anderson**  
Chairman  
Anchor Resources Limited

## ANCHOR RESOURCES LIMITED

### SECTION 3 TIMETABLE OF IMPORTANT DATES

EVENT	DATE
Announcement of Rights Offer, Appendix 3B and Offer Letter lodged with ASX (and notice to Unlisted Option Holders). Cleansing Notice lodged with ASX (intra day)	12 November 2010
Dispatch of notices to Shareholders informing them of the Rights Offer	16 November 2010
Ex Date (Date in which shares in the Company commence trading without the rights to participate in the Rights Offer)	23 November 2010
Record Date (Date for determining Eligible Shareholders entitlement to participate in the Rights Offer)	29 November 2010
Offer Letter, Entitlement and Acceptance Forms dispatched to Shareholders	03 December 2010
<b>Closing date for acceptances (5:00pm AEDST)</b>	<b>22 December 2010</b>
New shares quoted on a deferred settlement basis	23 December 2010
Company notifies ASX of under subscriptions Allotment and issue of New Shares and lodgement of cleansing notice in accordance with section 708A of the Corporations Act Last day of deferred settlement trading	29 December 2010
Trading of New Shares commences on a normal (T+3) basis	30 December 2010
Dispatch of holding statements in respect of New Shares	04 January 2011

All dates are subject to change and are indicative only. In particular, the Company has the right to vary the dates of the Offer, without prior notice.

## ANCHOR RESOURCES LIMITED

### SECTION 4 DESCRIPTION OF RIGHTS OFFER AND SHORTFALL

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#### 4.1 Overview

The Company is making a pro rata non-renounceable Rights Offer of New Shares to Qualifying Shareholders who are on the register of Shareholders of the Company on the Record Date, being 5:00pm (AEDST) on 29 November 2010, to acquire 1 New Share for every 4 Shares held on the Record Date, at an issue price of \$0.16 per New Share. For further details, please refer to Section 4.2 of this document.

In addition to the Rights Offer, Qualifying Shareholders are invited to subscribe for additional New Shares which were not subscribed for under the Rights Offer pursuant to the Shortfall Offer. For further details, please refer to Section 4.3 of this document.

The purpose of the Rights Offer and the use of funds raised are set out in Section 5.1 of this document.

#### 4.2 Rights Offer

The Company offers for subscription approximately 9,996,059 New Shares pursuant to a pro rata non-renounceable entitlement issue to Shareholders of one (1) New Share for every four (4) Shares held on the Record Date, at an issue price of \$0.16 per New Share. Fractional entitlements will be rounded down to the nearest whole number of New Shares. Option holders who exercise their options prior to the Record Date will be entitled to participate in the Rights Offer.

The Rights Offer is non-renounceable. There is no trading of Rights on ASX and Rights may not be sold or transferred. Any New Shares not taken up by a Qualifying Shareholder will lapse on the Closing Date to the extent that the Entitlement is not taken up. If the Entitlements lapse, these shall comprise the pool of Shortfall shares.

Based on the capital structure of the Company as at the date of this Offer Letter, the maximum number of New Shares to be issued pursuant to the Rights Offer is 9,996,059. The Rights offer will raise \$1,599,369 (before Offer Costs).

The Rights Offer is not conditional and there is no minimum subscription.

#### 4.3 Shortfall Offer

The offer of the Shortfall Shares is a separate offer by the Company in accordance with ASX Listing Rule 7.2, Exception 3. (This is an exception to Listing Rule 7.1, which requires shareholder approval to an issue of securities in excess of the company's issued share capital).

This exception allows the Company to issue any Shortfall Shares at the Directors' discretion, provided that:

- a) the price at which the New Shares forming part of the Shortfall Offer are issued is no less than the issue price for the New Shares under the Rights Offer; and
- b) the Shortfall Shares (or any part of it) are issued within 3 months of the Closing Date.

If there are Shortfall Shares following the Rights Offer, subject to compliance with the ASX Listing Rules, the Board reserves the right to utilise the above exception to Listing Rule 7.1, in which case, the Board may:

- a) seek bids from institutions and other prospective investors for the Shares comprising the shortfall; and

## ANCHOR RESOURCES LIMITED

### SECTION 4 DESCRIPTION OF RIGHTS OFFER AND SHORTFALL

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b) determine the issue price and allot the Shortfall Shares on the basis of those bids.

Qualifying Shareholders may also apply for New Shares forming part of the Shortfall Offer. The Shortfall Offer to Qualifying Shareholders will be made no later than two (2) months following the Rights Offer. The allocation of New Shares forming part of the Shortfall Offer, including as between Qualifying Shareholders and other applicants, will be determined at the sole discretion of the Board.

For information about applying for New Shares forming part of the Shortfall Offer, please refer to Section 6.2.

#### **4.4 Non-qualifying Shareholders**

The Rights Offer is not being extended to any Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand because of the small number of such Shareholders, the number and value of Shares they hold and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or whether other formalities need to be observed, to enable them to exercise their Entitlements under the Rights Offer.

#### **4.5 Ranking of New Shares**

The New Shares will be fully paid and rank equally with Existing Shares. The rights attaching to the New Shares will be the same as the rights attaching to the Existing Shares issued in Anchor Resources.

#### **4.6 Quotation of New Shares by ASX**

Application for official quotation by ASX of the New Shares will be made within 7 days after the date of this document. The fact that ASX may grant official quotation to the New Shares is not taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

#### **4.7 Allotment**

Allotment of New Shares issued pursuant to the Rights Offer will be completed as soon as practicable after the Closing Date. The Company will allot the New Shares on the basis of a Shareholder's Entitlement and Acceptance Form. The Shortfall Shares will be allocated and then allotted on the basis set out in Section 4.3.

Where the number of New Shares issued is less than the number applied for, or where no allotment is made, surplus application money will be refunded, without interest, to the Applicant as soon as practicable after the Closing Date.

Application Monies will be held by the Company on trust for Applicants in a trust account until the New Shares are allotted.



## ANCHOR RESOURCES LIMITED

### SECTION 4 DESCRIPTION OF RIGHTS OFFER AND SHORTFALL

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#### 4.8 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisors before applying for New Shares under the Rights Offer. Taxation consequences will depend on particular circumstances. Neither Anchor Resources nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Rights Offer in Anchor Resources or dealing with an entitlement in this Rights Offer.

#### 4.9 Clearing House Electronic Sub-Register (CHESS) and Issuer Sponsorship

The Company will apply to ASX to have the New Shares, issued under the Rights Offer, admitted to participate in CHESS in accordance with the Listing Rules and the ASTC Settlement Rules. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because sub-registers are electronic, ownership of New Shares can be transferred without having to rely upon paper documentation.

The Company will not be issuing share certificates in respect of New Shares issued under the Rights Offer. Investors will be provided with a statement that sets out the number of New Shares allotted to them under the Rights Offer. The notice will also advise holders of their 'Holder Identification Number' or 'Security Holder Reference Number' and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship. Monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### 4.10 Withdrawal of Rights Offer

The Company reserves the right not to proceed with the Rights Offer at any time before the issue of New Shares to Qualifying Shareholders. If the Rights Offer does not proceed, the Company will return all application money, without interest, as soon as practicable after notice of its withdrawal.

#### 4.11 Enquiries

If you have any questions concerning your Entitlement, please contact Mr Trevor Woolfe, Managing Director, or Mr Ross Moller, Company Secretary, on (02) 9279 1231, or fax (02) 9279 2727 or contact your professional advisor.

## ANCHOR RESOURCES LIMITED

### SECTION 5 PURPOSE AND EFFECT OF THE ENTITLEMENT ISSUE

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#### 5.1 PURPOSE OF THE RIGHTS OFFER

The purpose of the Rights Offer is to raise up to \$1,599,369 to provide additional working capital to the Company and its subsidiaries, to fund the continuation of exploration activities (focused principally on significantly advancing the Company's Bielsdown antimony project) through to December 2011. Offer Costs of \$15,000 are anticipated in connection with this Rights Offer.

#### 5.2 EFFECT ON CAPITAL STRUCTURE AND CONTROL

(a) Capital Structure

The table below details the effect the Rights Offer will have on the capital structure of the Company.

Shares on issue at the date of the Rights Offer.	39,984,237
Maximum number of New Shares offered under this Offer Letter.	9,996,059
Total number of Shares after the Rights Offer has been completed.	49,980,296
Amount to be raised under the Rights Offer (before Offer Costs).	\$1,599,369
Market capitalisation of Shares and New Shares at the Issue Price.	\$7,996,847
Unlisted Options on issue at the date of this Offer Letter.	2,125,000

NOTE: This table assumes that no existing unlisted options are exercised prior to the Record Date.

(b) Control

The issue of New Shares pursuant to the Rights Offer and the Shortfall Offer is not expected to have any material effect on the control of the Company.

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## ANCHOR RESOURCES LIMITED

### SECTION 6 SHAREHOLDER CHOICES – WHAT QUALIFYING SHAREHOLDERS MAY DO?

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#### 6.1 WHAT ACTIONS ARE REQUIRED TO ACCEPT THE RIGHTS OFFER?

Acceptance of the Rights Offer must be made on the Entitlement and Acceptance Form, accompanying this document. The number of New Shares to which Qualifying Shareholders are entitled (Entitlement) is shown on that form. Qualifying Shareholders may:

- (a) **take up all their Entitlement in full**, by completing the Entitlement and Acceptance Form (filling in the details in the spaces provided), and attaching a cheque for the amount indicated on your personalised Entitlement and Acceptance Form; or
- (b) **take up part of their Entitlement and allow the balance to lapse**; by completing the Entitlement and Acceptance Form (filling in the number of New Shares you wish to accept in the space provided), and attaching a cheque for the appropriate application money (at \$0.16 per New Share); or
- (c) **allow all their Entitlement to lapse**; in which case you are not obliged to do anything.

Your acceptance under the Rights Offer must not exceed your Entitlement as shown on the Entitlement and Acceptance Form. If it does, your acceptance will be deemed to be for your maximum Entitlement.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Anchor Resources Limited – Trust Account" and crossed "Not Negotiable". Alternatively, Applicants may pay using any other method provided for in the instructions set out on the Entitlement and Acceptance Form.

Your completed Entitlement and Acceptance Form, together with your payment must reach the Share Registry no later than 5:00pm (AEDST) on the Closing Date.

#### 6.2 PARTICIPATION IN THE SHORTFALL OFFER

If you wish to take up your Entitlement in full **and** apply for New Shares forming part of the Shortfall Offer, you should complete the part of the accompanying Entitlement and Acceptance Form relating to the Shortfall Offer in accordance with the instructions set out in that form and return it, together with payment for the full amount, so that it is received by the Closing Date.

If you do not wish to take up any part of your Entitlement under the Rights Offer, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer.

#### 6.3 ENTITLEMENT AND ACCEPTANCE FORM IS BINDING

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Letter, and once lodged cannot be withdrawn. If the Entitlement and Acceptance Form is not completed it may still be treated as a valid application for New Shares.

The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

## ANCHOR RESOURCES LIMITED

### **SECTION 7      RIGHTS AND LIABILITIES ATTACHING TO THE NEW SHARES**

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#### **7.1      RIGHTS AND LIABILITIES ATTACHING TO THE NEW SHARES**

All New Shares issued pursuant to the Rights Offer and the Shortfall will, from the time they are issued, rank equally with all the Company's existing Shares.

Full details of rights and liabilities attaching to New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

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# ANCHOR RESOURCES LIMITED

## SECTION 8 RISK FACTORS

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### 8.1 Introduction

The Shares offered under this Offer Letter should be considered speculative because of the nature of the business activities of the Company. Whilst the Directors commend the Rights Offer, potential investors should be aware that an investment in the Company involves risks, which may be higher than the risks associated with an investment in other companies.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business and its involvement in the exploration industry. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the proposed business of the Company.

Persons considering whether or not to invest in the Company should read the whole of this Offer Letter in order to fully appreciate such matters and the manner in which the Company intends to operate, before any decision is made to apply for New Shares. Prospective investors should consider whether the New Shares offered are a suitable investment for them having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. If in any doubt, they should consult with their professional advisors before deciding whether to apply for Shares.

The following statement, which is not exhaustive, identifies some of the major risks associated with an investment in the Company, of which potential investors need to be aware before making a decision on whether or not to invest in the Shares.

### 8.2 General Risks

#### (a) Exploration and Development

A significant risk for the Company is that the exploration programs will not result in exploration success. Mineral exploration by its nature is a high risk endeavour and consequently there can be no assurance that exploration of the project areas, or any other projects that may be acquired in the future, will result in discovery of an economic mineral deposit. Should a discovery be made, there is no guarantee that it will be commercially viable. While the Directors will make every effort to reduce these risks through their experience in the exploration and mining industry, the fact remains that a commercially viable mineral discovery is very much the exception rather than the rule, and success can never be guaranteed.

The future viability and profitability of the Company, as an exploration and mining company, will be dependent on a number of factors including, but not limited to, the following:

- commodity prices and exchange rates and, in particular, the price of gold, antimony, copper, silver, lead, zinc, molybdenum, tin, tungsten and rare earth elements;
- risks inherent in exploration and mining including, among other things, successful exploration and identification of ore reserves, satisfactory performance of mining operations (including risks relating to continuity of ore deposit, fluctuations in grades and values of the product being mined, and unforeseen operational and technical problems) and competent management;

## ANCHOR RESOURCES LIMITED

### SECTION 8 RISK FACTORS

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- risks associated with negative exploration results, including relinquishment (in whole or in part) of tenements and the Company possibly withdrawing from a joint venture or not exercising an option to acquire equity, even though a viable mineral deposit may be present, but undiscovered;
- risks associated with obtaining a grant of any exploration or mining tenements which are applications or renewal of tenements upon expiry of their current term;
- risks arising because of native title and aboriginal land rights which may affect the Company's ability to gain access to prospective exploration areas to obtain production titles; compensatory obligations may be necessary in settling native title claims lodged over any of the tenements held or acquired by the Company; the level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company;
- risks that exploration and mining may be adversely affected or hampered by industrial disputes;
- environmental management issues with which the Company may be required to comply from time to time;
- the risk of material adverse changes in the government policies or legislation of Australia affecting the level of mining and exploration activities;
- poor weather conditions over a prolonged period which might adversely affect mining and exploration activities and the timing of earning revenues;
- unforeseen major failures, breakdowns or repairs required to key items of exploration and mining plant and equipment or mine infrastructure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep;
- risks associated with the cost of maintaining exploration and mining properties, which depends on the Company having access to sufficient development capital; and
- risks associated with the financial failure or default by a participant in any of the joint ventures or other contractual relationships to which the Company is, or may become, a party.

#### (b) Development and Acquisition Opportunities

The success of the Company partially depends upon the Company's ability to identify, secure and develop a portfolio of high quality project interests and strategic industry partnerships. There is a risk that the Company will be unable to secure additional gold, base metals and rare metals project interests on appropriate terms, thereby potentially limiting the growth of the Company.

If the Company acquires only a limited number of gold, base metals and rare metals project interests, poor performance by one or a few of these could severely affect the performance of the Company and thereby severely impact the returns to investors. The integration of new gold, base metals and rare metals project interests by the Company may also be more difficult, and involve greater costs, than anticipated.

#### (c) Dependence on Key Personnel

The Company's success depends to a significant extent upon key management personnel, as well as other management and technical personnel including those employed on a contractual basis. The loss of the services of certain personnel could have an adverse effect upon the Company and its activities.

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### SECTION 8 RISK FACTORS

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(d) Native Title and Land Access

The Company's activities in Australia are subject to the Native Title Act and associated legislation relating to native title. Uncertainty associated with native title issues may impact on the Company's future plans.

(e) Aboriginal Sites of Significance

Commonwealth and State legislation obliges the Company to identify and protect sites of significance to Aboriginal custom and tradition. Some sites of significance may be identified within the tenements. It is therefore possible that one or more sites of significance will exist in an area which the Company considers to be prospective. The Company's policy is to carry out clearance surveys prior to conducting exploration which would cause a disturbance to the land surface.

(f) Environmental Risks

The minerals and mining industries have become subject to increasing environmental responsibility and liability. The potential for liability is an ever-present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation.

Exploration work will be carried out in a way that causes minimum impact on the environment. Consistent with this, it may be necessary in some cases to undertake baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored, and as far as possible, minimised. While the Company is not aware of any endangered species of fauna and flora within any of its project areas, no baseline environmental studies have been undertaken to date, and discovery of such could prevent further work in certain areas.

(g) Valuation of Tenements

No valuation has been completed of the exploration projects or the Shares of the Company. The Company makes no representation in this Offer Letter as to the value of the exploration assets. It is recommended that investors and their advisors make their own assessment as to the value of the exploration projects.

(h) Development Capital

Exploration and development costs will reduce the cash reserves of the Company, which may not be replaced through the successful development of mining operations, or should these mining operations prove unsuccessful or perform below the required levels. The Company would then be dependent on seeking development capital elsewhere, through equity, debt or joint venture financing, to support long term exploration and evaluation of its projects.

(i) Share Market Conditions

Share market conditions may affect listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- movements in, or outlook on, interest rates and inflation rates;
- currency fluctuations;
- commodity prices;
- changes in investor sentiment towards particular market sectors; and
- the demand for, and supply of, capital.

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## SECTION 8 RISK FACTORS

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Investors should recognise that once the New Shares are listed on ASX, the price of the Shares may rise or fall. Many factors will affect the price of the Shares including local and international stock markets, movements in commodity prices, interest rates, economic conditions and investor sentiment generally.

(j) General Economic Factors

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption may have an impact on operating costs, commodity prices and stock market processes. The Company's future possible revenues and Share price can be affected by these factors which are beyond the control of the Company and its Directors.

(k) Exploration Licences

The renewal of tenements upon expiry of their current term and the granting of applications for exploration licences is subject to Ministerial approval. Non-approval or a delay in the approval process could have a negative impact on exploration conducted by the Company as well as the Share price of the Company.

(l) Commodity Prices

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest. Specifically, changes in the price of gold, base metals and rare metals may have an effect on the Company.

### 8.3 SPECIFIC RISKS

(a) Government Policy

Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and the returns to investors. In particular government policies and regulations vary in different States and with different governing parties in relation to uranium exploration, mining and marketing.

The Company's activities will require compliance with various laws, both State and Commonwealth, relating to the protection of the environment, Aboriginal culture and heritage and native title, the protection of workers and the public against the dangers of radiation and the export of uranium. Changes in government, government policies and legislation could have a material adverse affect on the Company.

(b) Other Risks Specific to the Company

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- alterations to programs and budgets;
- unanticipated operational and technical difficulties encountered in geophysical survey, drilling and production activities;
- mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and *force majeure*;
- unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;



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### SECTION 8 RISK FACTORS

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- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals (including clearance of work programs pursuant to access agreements entered into with native title claimants); and
- un-insured losses and liabilities.

#### 8.4 OTHER RISKS

The future viability and profitability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the exploration and mining industries, including, but not limited to, the following:

- currency exchange rate fluctuations;
- the strength of the equity and share markets in Australia and throughout the world;
- general economic conditions in Australia and its major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions;
- financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- industrial disputation in Australia and overseas.

#### 8.5 SPECULATIVE NATURE OF INVESTMENT

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Rights Offer. Therefore, the New Shares to be issued pursuant to this Rights Offer carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for New Shares in the Company.

# ANCHOR RESOURCES LIMITED

## SECTION 9 DEFINITIONS

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In this document:

**AEDST** means Australian Eastern Daylight Savings Time.

**Anchor Resources** means Anchor Resources Limited (ACN 122 751 419).

**Applicant** means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form pursuant to the Rights Offer.

**Application** means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment in accordance with the instructions on the Entitlement and Acceptance Form.

**Application Monies** means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form.

**ASIC** means Australian Securities and Investments Commission.

**ASTC Settlement Rules** means the settlement rules of the securities clearing house which operates CHESS.

**ASX** means ASX Limited (ACN 008 624 691).

**Board** means the Board of Directors of Anchor Resources, unless the context indicates otherwise.

**Business Day** means a day on which trading takes place on the stock market of the ASX.

**CHESS** means Clearing House Electronic Sub-registry System, operated by ASTC.

**Closing Date** means the closing date of the Offer, being 5:00 pm (AEDST) on Wednesday, 22 December 2010 (unless extended).

**Company** means Anchor Resources Limited (ACN 122 751 419).

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** mean the Directors of the Company as at the date of this document.

**Dollars or \$** means Australian dollars, unless otherwise stated.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Rights Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form accompanying this document.

**Existing Shares** means the Shares already on issue in Anchor Resources as at the Record Date.

**Listing Rules** or **ASX Listing Rules** means the official Listing Rules of ASX.

## ANCHOR RESOURCES LIMITED

### SECTION 9 DEFINITIONS

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**New Shares** means Shares to be allotted and issued by the Company pursuant to the Rights Offer and Shortfall Offer.

**Non-qualifying Shareholder** means a Shareholder as at 5:00pm AEDST on the Record Date whose registered address is not located in Australia or New Zealand.

**Offer Costs** means the direct costs of the Rights Offer including fees paid to advisers and to provide specific services to cover share registry, printing and postage costs.

**Offer Letter** means this document and the Rights Issue Cleansing Notice dated 12 November 2010 issued under section 708AA of the Corporations Act.

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Official List** means the official list of ASX.

**Opening Date** means the date on which the Offer opens being 5:00pm (AEDST) on Friday, 3 December 2010.

**Qualifying Shareholder** means a Shareholder at 5:00pm AEDST on the Record Date whose registered address is located in Australia or New Zealand.

**Quotation** and **Official Quotation** means official quotation on ASX.

**Record Date** means 5:00pm AEDST on Monday, 29 November 2010.

**Rights** mean the rights to subscribe for New Shares pursuant to the Offer Letter.

**Rights Offer** means a pro-rata non-renounceable offer to the Shareholders to subscribe for New Shares on the basis of 1 New Share for every 4 Shares of which the Shareholder is the registered holder as at 5:00pm AEDST on the Record Date at an issue price of \$0.16 per New Share, pursuant to the Offer Letter.

**Share** means one (1) fully paid ordinary share in Anchor Resources Limited.

**Shareholder** means a holder of Shares.

**Share Registry** means Registries Limited (ABN 14 003 209 836).

**Shortfall Offer** means the offer described in Section 4.3 of the Offer Letter.

**Shortfall Shares** means those New Shares not taken up by Qualifying Shareholders under the Rights Offer by the Closing Date.

**Timetable** means the indicative table set out in Section 3 of the Offer Letter.

# ANCHOR RESOURCES LIMITED

## SECTION 10 CORPORATE DIRECTORY

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### BOARD OF DIRECTORS

John Anderson	Non-Executive Chairman
Trevor Woolfe	Managing Director
Grant Craighead	Executive Director
Gary Fallon	Non-Executive Director

### COMPANY SECRETARY

Ross Moller

### REGISTERED OFFICE

Anchor Resources Limited  
Suite 505, 35 Lime Street  
Sydney, NSW 2000  
Telephone: 02 9279 1231  
Facsimile: 02 9279 2727  
Website: [www.anchorresources.com.au](http://www.anchorresources.com.au)  
Email: [admin@anchorresources.com.au](mailto:admin@anchorresources.com.au)

### SOLICITORS

Gadens Lawyers  
Level 16, Skygarden Building  
77 Castlereagh Street  
Sydney, NSW 2000

### AUDITOR

Barnes Dowell James  
Level 13, 122 Arthur Street, North Sydney, NSW 2060  
PO Box 1664, North Sydney, NSW 2059

### SHARE REGISTRY

Registries Limited  
PO Box R67  
Royal Exchange, NSW 1223  
Telephone: 02 9290 9600  
Facsimile: 02 9279 0664  
Website: [www.registrieslimited.com.au](http://www.registrieslimited.com.au)

### ASX CODE

AHR

