

Companies Announcement Platform
ASX Ltd,

3 August 2011

RESPONSE TO ASX QUERY

The Company received a letter from ASX regarding the Company's Quarterly Report which was announced to the market on 29 July 2011.

The questions and the company's responses are shown below.

1. Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B taking into account future cost, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position.

Response:

The Appendix 5B shows that expenditure in the June Quarter was \$1,283,000. This included \$559,000 for takeover defence costs and \$230,000 in directors fees and consulting expenses. These costs are not recurring and therefore the quarterly spend is reduced to \$494,000. The Company had cash on hand at 30 June 2011 of \$534,000 and is expecting a R&D Tax Offset Rebate of approximately \$513,000 which will ensure that it does have sufficient cash to fund its activities which were shown as \$700,000 for the ensuing quarter in the Appendix 5B.

2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?.

Response:

The Company does not expect that it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter due to the non-recurring nature of the takeover defence costs and additional directors fees and consulting expenses.

3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

Response:

The Company has released to the market earlier today an announcement setting out details of a Finance Facility which has been entered into today with the Company's major shareholder, China Shandong Jinshunda Group. The finance facility is for a total of \$3.5 million with an expiry date of 1 February 2014. The purpose of the facility is to provide funding to the Company to carry out exploration and ancillary activities. The Company has an exploration and administration budget of \$3.5 million for the next 12 months and this facility, together with cash on hand and expected to be received, will ensure there is adequate funding for the Company during that period.

4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

Response:

Yes.

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 12.2 states " An entity's financial position (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing. Note: Composition of the balance sheet, relative size of liabilities to assets, and access to funds are some of the indicators of an entity's financial condition."

Response:

As at 30 June 2011 the Company had total assets of \$5.3 million including cash of \$0.5 million and capitalised exploration expenditure of \$2.3 million with liabilities of \$46,000. The Company has demonstrated its ability to access cash with today's execution of and announcement of a \$3.5 million Finance Facility with the Company's major shareholder, China Shandong Jinshunda Group. If fully taken up the total assets would increase to \$8.8 million and total liabilities would increase to \$3.5 million giving net assets of \$5.3 million.

The Company considers that the requirements of listing rule 12.2 continue to be met.

Yours faithfully



Grahame Clegg
Company Secretary
Anchor Resources Ltd



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1 August 2011

Mr Grahame Clegg
Company Secretary
Anchor Resources Limited
Suite 505, 35 Lime Street
Sydney NSW 2000

By email: gclegg@bigpond.net.au

Dear Grahame,

Anchor Resources Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 30 June 2011, released to ASX Limited ("ASX") on 29 July 2011 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$0.
2. Net negative operating cash flows for the quarter of \$1,283,000.
3. Cash at end of quarter of \$534,000.
4. Estimated cash outflows for next quarter for exploration, evaluation and administration of \$700,000.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

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5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by e-mail to cameron.bill@asx.com.au or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 5:00 p.m. A.E.S.T. on Thursday, 4 August 2011.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'CBM'.

Cameron Bill
Adviser, Listings (Sydney)

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