



# ANCHOR RESOURCES LIMITED

ACN 122 751 419

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## NOTICE OF 2011 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the fifth Annual General Meeting of the members of Anchor Resources Limited (the "Company") will be held at Level 21 Darling Park Tower 2, 201 Sussex Street, Sydney, NSW, 2000 on Friday, 18 November 2011 commencing at 11:00am.

### ORDINARY BUSINESS

- 1. To receive the accounts**  
To receive the Reports of the Directors and Auditors, and the Financial Report for the period ended 30 June 2011. (The 2011 Annual Report has been posted on the Company's website address: [www.anchorresources.com.au](http://www.anchorresources.com.au)).
- 2. To re-elect a Director - Mr Ian Price**  
To consider and, if thought fit, to pass the following ordinary resolution:  
*"That Mr Ian Price, who was appointed to the Board on 9 June 2011 and accordingly retires as a Director pursuant to the Company's Constitution and, being eligible, offers himself for re-election, be and is hereby appointed a director of the company."*
- 3. To re-elect a Director - Mr Jianguang Wang**  
To consider and, if thought fit, to pass the following ordinary resolution:  
*"That Mr Jianguang Wang, who was appointed to the Board on 9 June 2011 and accordingly retires as a Director pursuant to the Company's Constitution and, being eligible, offers himself for re-election, be and is hereby appointed a director of the company."*
- 4. To re-elect a Director - Mr Steven Jiayi Yu**  
To consider and, if thought fit, to pass the following ordinary resolution:  
*"That Mr Steven Jiayi Yu, who was appointed to the Board on 9 June 2011 and accordingly retires as a Director pursuant to the Company's Constitution and, being eligible, offers himself for re-election, be and is hereby appointed a director of the company."*
- 5. To re-elect a Director - Mr Vaughan Webber**  
To consider and, if thought fit, to pass the following ordinary resolution:  
*"That Mr Vaughan Webber, who was appointed to the Board on 8 August 2011 and accordingly retires as a Director pursuant to the Company's Constitution and, being eligible, offers himself for re-election, be and is hereby appointed a director of the company."*
- 6. Adoption of Remuneration Report**  
To consider and, if thought fit, to pass the following ordinary resolution:  
*"That the Remuneration Report for the financial period ended 30 June 2011 be and is hereby adopted."*

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## SPECIAL BUSINESS

### 7. Approve Employee Share Option Plan

To consider and, if thought fit, to pass the following ordinary resolution:

*“That for the purpose of Listing Rules 7.1 and 7.2 (Exception 9):*

- (i) the Anchor Resources Employee Share Option Plan a copy of which is included as Appendix 1 in the Explanatory Statement accompanying the notice of the meeting, be approved; and*
- (ii) the issue of options under the Anchor Resources Employee Share Option Plan be approved.”*

### 8. Approve Issue of Options to Directors

That pursuant to ASX Listing Rules 10.14 and for all other purposes, the Company approves the issue of the following options to Directors:

#### **Resolution 8 (a) Approval of Options for Mr Jianguang Wang**

To consider and, if thought fit, to pass the following ordinary resolution:

*“That the meeting approves the issue to Mr Jianguang Wang of 50,000 options on the terms summarised in the Explanatory Statement accompanying the notice of the meeting at which this resolution is passed.”*

#### **Resolution 8 (b) Approval of Options for Mr Ian Price**

To consider and, if thought fit, to pass the following ordinary resolution:

*“That the meeting approves the issue to Mr Ian Price of 300,000 options on the terms summarised in the Explanatory Statement accompanying the notice of the meeting at which this resolution is passed.”*

#### **Resolution 8 (c) Approval of Options for Mr Steven Jiayi Yu**

To consider and, if thought fit, to pass the following ordinary resolution:

*“That the meeting approves the issue to Mr Steven Jiayi Yu of 300,000 options on the terms summarised in the Explanatory Statement accompanying the notice of the meeting at which this resolution is passed.”*

#### **Resolution 8 (d) Approval of Options for Mr Vaughan Webber**

To consider and, if thought fit, to pass the following ordinary resolution:

*“That the meeting approves the issue to Mr Vaughan Webber of 50,000 options on the terms summarised in the Explanatory Statement accompanying the notice of the meeting at which this resolution is passed.”*

If approved by the meeting, options will be issued no later than 12 months after the date of this Annual General Meeting.

### 9. To transact any other business brought forward in accordance with the Company's Constitution.

Further information in relation to these resolutions is set out in the Explanatory Notes below.

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## Voting Exclusion Statements

### Resolution 6

The Company will disregard any votes cast on Ordinary Resolution 6 (Approval of Remuneration Report) by a member of the Key Management Personnel (KMP) named in the Remuneration Report and by an associate of any KMP.

However, the Company need not disregard any vote by such person if:

- it is cast by them, as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the Chairman decides.

### Resolutions 7, 8(a) to 8(d)

The Company will disregard any votes cast on Ordinary Resolutions 7 (Approval of the Anchor Resources Employee Share Option Plan) and Ordinary Resolutions 8(a) to 8(d) (Issue of Options to Directors) by any Director of the Company and by an associate of any Director as provided for in Australian Securities Exchange Listing Rule 14.11.

However, the Company need not disregard any vote by such person if:

- it is cast by them, as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the Chairman decides.

## PROXIES

To be effective, proxy forms must be received by the Company at its registered office at least 48 hours before the time for holding the meeting (i.e. not later than 11.00 am on Wednesday 16 November 2011).

**By Mail:**

PO Box 6126  
Dural DC, NSW, 2158

**By Facsimile:**

(02) 9012 0270

A member entitled to attend and vote is entitled to appoint not more than two persons as his/her proxy to attend and vote instead of the member. A proxy need not be a member of the Company. If more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. Unless under Power of Attorney (which should have been noted by the Company) a proxy form by a corporation should be executed under its common seal or in accordance with the Corporations Act.

Dated at Sydney this 17<sup>th</sup> day of October 2011.

## BY ORDER OF THE BOARD



**Grahame Clegg**  
Company Secretary

## EXPLANATORY NOTES

These explanatory notes set out information in connection with the business to be considered at the Anchor Resources Limited 2011 Annual General Meeting.

### ORDINARY BUSINESS

The following items of ordinary business will be considered at the meeting.

#### Resolution 1

##### Financial Report

The law in Australia requires directors to lay before the meeting, the Company's Financial Report, Directors' Report, Auditors' Report and Remuneration Report for the year.

In accordance with the company's approach to corporate governance, shareholders are being asked to receive and adopt the Company's Financial Report for the year ended 30 June 2011.

#### Resolution 2

##### Election of Director - Mr Ian Price

Mr Ian Price was appointed to the Board on 9 June 2011. Under the Company's constitution, Mr Price retires, and being eligible, wishes to stand for re-election.

Ian Price is a mining engineer with over 35 years experience in mining spanning public company management, mine management, project development and consulting. He has been involved in all aspects of successful mining operations from exploration, feasibility studies, permitting, government and external relations, project development and construction, operations, corporate management and project financing.

He has experience in copper, lead, zinc, tungsten, tin, nickel, iron ore, gold, silver, antimony, molybdenum, phosphate and coal with international experience in open pit and underground mining. He is a non-executive director of Swan Gold Mining Limited and in the last three years he has held the position of non-executive Chairman of Redbank Copper Limited.

#### Resolution 3

##### Election of Director - Mr Jianguang Wang

Mr Jianguang Wang was appointed to the Board on 9 June 2011. Under the Company's constitution, Mr Wang retires, and being eligible, wishes to stand for re-election.

Mr Wang has extensive experience in the mining and iron-making industry in China. Benefiting from his extensive working and studying both in China and abroad, Mr Wang has gained a unique perspective into the economics and politics of both China and Australia. This expertise has become increasingly critical for advising on and facilitating business negotiations with international counterparties. In the last three years he has held the position of non-executive director of Apollo Minerals Ltd.

#### Resolution 4

##### Election of Director - Mr Steven Jiayi Yu

Mr Steven Jiayi Yu was appointed to the Board on 9 June 2011. Under the Company's constitution, Mr Yu retires, and being eligible, wishes to stand for re-election.

Mr. Yu has extensive experience in the areas of finance, mergers & acquisitions and capital markets. He has previously advised a number of high-profile Australian and Chinese mining companies and financial institutes on Sino-Australian trade and investment, joint ventures and foreign capital raising.

Prior to joining Anchor Resources Limited, Mr. Yu previously worked as a corporate and commercial lawyer for a leading international law firm. He is qualified to practice as a lawyer in China, the United States of America and Australia. Mr. Yu holds Bachelor degrees in Commerce and Law from University of Melbourne and a Masters of Law from Boston University. In the last three years he has not held any other directorships.

## **Resolution 5**

### **Election of Director - Mr Vaughan Webber**

Mr Vaughan Webber was appointed to the Board on 18 August 2011. Under the Company's constitution, Mr Webber retires, and being eligible, wishes to stand for re-election.

Vaughan has extensive business experience initially in accounting but more recently has spent most of the last 10 years in corporate finance at a leading Australian stockbroker focussing on creating, funding and executing strategies for mid to small cap ASX listed companies. Recently Vaughan gained significant mining experience holding a senior executive position in a listed gold and iron ore focussed mining company. In addition he is currently Chairman of Wentworth Holdings Limited which is listed on the ASX. In the last three years he has been a director of Golden West Resources Limited (24/7/09 - 26/11/09) and Style Limited (25/10/09 - 4/3/10).

## **Resolution 6**

### **Adoption of Remuneration Report**

The *Corporations Act 2001 (Cth)* requires that a resolution be put to the members to adopt the remuneration report as disclosed in the Directors' Report. The vote on this resolution is advisory only and non-binding. The resolution gives the members the opportunity to ask questions or make comments concerning the remuneration report during the meeting.

## **SPECIAL BUSINESS**

### **Resolution 7**

#### **Approve Employee Share Option Plan**

##### **1 Regulatory requirements**

ASX Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities including options. In effect, shareholder approval is required before the Company may issue securities representing more than 15% of ordinary securities of the Company within 12 months period. However, certain issues are exempt from that listing rule and effectively are disregarded for the purposes of calculating the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the scheme as an exemption from ASX Listing Rule 7.1 in a general meeting held not more than 3 years before the date of issue where the notice of meeting contains or is accompanied by certain prescribed information (as to which see section 2 below) (ASX Listing Rule 7.2 (Exception 9)).

On 9 February 2007 the Company established the Anchor Resources Employee Share Option Plan to assist in the attraction, retention and motivation of employees or officers of the Company and its related bodies corporate. This plan has been revised on 6 October 2011.

In order to apply the exemption from ASX Listing Rule 7.1 and allow the Company greater flexibility in the extent to which it may issue securities, shareholders are requested to approve the ESOP and the issue of options under the ESOP as an exemption from ASX Listing Rule 7.1. This approval will be effective to continue the exemption for a period of 3 years from the date of the resolution.

The exemption will not apply to the issue of options to directors under the ESOP. Pursuant to ASX Listing Rule 10.14, any such issue will require a further specific approval of the shareholders in general meeting.

If Resolution 7 is not passed, the Company will continue to use the Employee Share Option Plan, however options issued under the Plan will count towards the 15% restriction.

## 2 ESOP

In accordance with ASX Listing Rule 7.2, shareholders are provided with the following information :

- a copy of the Employee Share Option Plan is included in Appendix 1 of this explanatory statement.
- no price is payable on the grant of the options
- On 11 October 2010, the Board granted 550,000 options with an exercise price of 25 cents and an expiry date of 27 September 2014 to executives and consultants. 20,000 of these options remain unexercised at the date of this notice. The remaining 530,000 options were exercised during the year ended 30 June 2011.

On 12 November 2010, the Board granted 850,000 options with an exercise price of 25 cents and an expiry date of 27 September 2014 to directors following approval at the AGM. All of these options were exercised during the year ended 30 June 2011.

- No loans may be advanced to exercise the options.
- The ESOP has not previously been approved by shareholders

### Resolutions 8 (a) to (d)

#### Approval of Options for Directors

Approval of shareholders for the issue of securities to Directors is required under Australian Securities Exchange Listing Rule 10.14. The following information is provided pursuant to Australian Securities Exchange Listing Rule 10.15.

The Anchor Resources Employee Share Option Plan was adopted by the Board of Anchor on 6 October 2011 in order to grant options to purchase shares in Anchor to its eligible staff, Executive and Non-executive Directors and key consultants (all together defined as 'Employees'). The intention of the Plan is to align as closely as possible the longer term interests of all Employees with those of Anchor's shareholders, by encouraging all Employees to add value to Anchor over time through their demonstrated loyalty and hard work.

In keeping with statutory approved guidelines, Anchor continues to limit the number of options at any time granted under the Anchor Resources Employee Share Option Plan to not more than 5% of the issued capital of the Company (presently 52,535,296 shares).

On 29 September 2011, Anchor's Remuneration Committee met and approved the issue of an offer of 700,000 options to Directors and 680,000 to Employees and Consultants subject to the revised ESOP being ratified at the AGM. These two year options are exercisable at any time up until their expiry date of 18 November 2013, at a price of 38 cents, which represents a 35.7% premium over Anchor's closing share price of 28 cents on the 6 October 2011, being the date the Board approved the issue of the offer. These options will be granted on 18 November 2011 and will vest as to 50% on the date of grant and 50 % on the first anniversary of the date of grant.

Approval is now sought for the issue of a total of 700,000 options on the above terms pursuant to the Anchor Employee Share Option Plan to current Directors of the Company as set out below. Assuming that these options are approved, they will be issued immediately and the total number of options granted under the Anchor Employee Share Option Plan will remain at less than 5% of Anchor's issued share capital.

The following Directors are proposed to be issued options in the following respective amounts totalling 700,000 options under the Anchor Employee Share Option Plan, subject to shareholder approval:

- Mr Jianguang Wang (Chairman) – 50,000 options
- Mr Ian Price (Managing Director) – 300,000 options
- Mr Steven Jiayi Yu (Chief Executive Officer) – 300,000 options
- Mr Vaughan Webber (Non-executive Director) – 50,000 options

These options are proposed to be granted to the above Directors immediately following the meeting (such that the issue will not be more than 12 months after the date of the meeting) at which these resolutions are approved. The options expire on 18 November 2013 and may be exercised (and shares will be issued) at a price payable by the relevant Director of 38 cents per share. The exercise price is based on a 35.7% premium to the closing share price of 28 cents per share on 6 October 2011, being the date the Board approved the issue of the offer.

The intended use of the funds raised on the exercise of these options, is to provide additional working capital to Anchor Resources Limited, and its subsidiaries, and to fund the continuation of exploration activities.

**No Director shall participate in an issue under the Anchor Resources Employee Share Option Plan unless shareholders in general meeting approve the specific issue.**

**All of the Directors mentioned above are entitled to participate in the Anchor Resources Employee Share Option Plan.**

At the time of writing, the price of the Company's shares is 28 cents compared with the range 25.5 cents to 33 cents during the previous six months.

Using the Black & Scholes option valuation methodology and assuming a valuation grant date of 17 November 2011, when the underlying share price (at measurement date being, 6 October 2011) is 28 cents, the options have an indicative value of approximately 12.99 cents each.

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EXPLANATORY NOTES

Therefore, the value of options proposed to be granted to Directors is shown in the table below.

Executive Directors	Number of Options	Value \$
Ian Price	300,000	34,958
Steven Jiayi Yu	300,000	34,958
	<b>600,000</b>	<b>69,916</b>
Non-executive Directors		
Jianguang Wang	50,000	5,826
Vaughan Webber	50,000	5,826
	<b>100,000</b>	<b>11,652</b>
<b>Total</b>	<b>700,000</b>	<b>81,568</b>

The assumptions used in the calculations include:

	2011
(a) Options are granted for non-cash consideration	
(b) Exercise price	38 cents
(c) Grant date	18 November 2011
(d) Expiry date	18 November 2013
(e) Share price at notional grant date	28 cents
(f) Expected price volatility of the company's shares	98.7%
(g) Expected dividend yield	0.0%
(h) Risk-free interest rate	4.75%

As of 13 October 2011 the Directors held the following shares and options either directly or indirectly

Executive Directors	Shares	Options
Ian Price	-	-
Steven Jiayi Yu	-	-
Non-executive Directors		
Jianguang Wang	4,315,446	-
Vaughan Webber	-	-

The dilution effect from the exercise of these 700,000 options to the Directors will be 1.41% of the expanded shares and options on issue. Currently there are 52,535,296 ordinary shares on issue, and 20,000 unexercised options. At the date of this notice of meeting there are a total of 20,000 options on issue under the Anchor Employee Share Option Plan. They have an exercise price of \$0.25, and an expiry date of 27 September 2014.

Details of any securities issued under the Anchor Resources Employee Share Option Plan will be published in each Annual Report of Anchor Resources Limited relating to a period in which securities have been issued, together with confirmation that approval for the issue of securities was obtained under Australian Securities Exchange Listing Rule 10.14.

No amount is payable on the grant of options.

No loans may be advanced to exercise the options.

Any additional directors who become entitled to participate in the Anchor Resources Employee Share Option Plan after this resolution is approved, and who were not named in this notice of meeting, will not participate until approval is obtained under Listing Rule 10.14.

The Directors do not make any recommendation to members on the resolution because of their personal interest in the subject matter of the resolution.

**Copy of Anchor Resources Employee Share Option Plan Rules**

A copy of the Rules of the Anchor Resources Employee Share Option Plan is included as Appendix 1.

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**Anchor Resources Limited**  
**ACN 122 751 419**

## **Employee Share Option Plan**

### **Rules of the Anchor Resources Limited Employee Share Option Plan**

#### **1. Defined meanings**

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Words used in this document and rules of interpretation that apply are set out and explained in the definitions and interpretation Rule 19.

#### **2. Purpose**

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The Purpose of this Plan is to provide incentives to senior staff to achieve the Company's long term objectives and improve the long term performance of the Company.

The Plan is a key part of the longer term retention and incentive strategy of the Company.

The Plan recognises that the growth and profitability of the Company is heavily dependent on the retention of key senior staff.

#### **3. Rules**

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This document set out the Rules of the Company's Employee Share Plan.

#### **4. Commencement of the Plan**

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The Plan commences on the day that approval for introduction of the Plan is first given the Board, such date being 6 October 2011.

#### **5. The Plan**

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##### **5.1 Options**

- a) Subject to Rule 7, the Company may issue such number of Options as the Board determines and on such terms as Board considers appropriate, until such time as the Plan is terminated.
- b) The Options are issued for nil consideration, unless the Board resolves otherwise.
- c) The Options are non-transferable.
- d) There is no obligation on the Company to apply for quotation of the Options on the ASX.
- e) Holders have no rights or entitlements to participate in dividends declared by the Company or rights to vote at meetings of the Company until that Option is exercised.
- f) Shares allotted upon exercise of the Options will rank equally with Shares previously issued by the Company.
- g) If shares of the same class as those allotted pursuant to the exercise of the Options granted under the Plan are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of the Options within the time required by the Listing Rules.

**5.2 Exercise Price**

- a) The Board will specify the proposed Exercise Price of each Option at the time of making an Offer to an Eligible Employee.
- b) Without limiting the ways in which the Exercise Price may be specified in paragraph (a) above, the Exercise Price may include:
  - i. a fixed amount;
  - ii. the Market Price of a Share on the date the Offer is made under Rule 6.1;
  - iii. the Market Price of a Share on the date the Options are granted;
  - iv. the Market Price of a Share on a specified date which is after the date the Options are granted; or
  - v. a percentage above the amount in sub paragraphs ii, iii or iv

**5.3 Eligibility**

- a) The Company may only make an Offer to an Eligible Employee.
- b) Eligibility to participate in the Plan under Rule 5.3(a) does not confer a right to participate in the Plan.

**5.4 Determination of Offers**

The Board may in its absolute discretion make Offers of Options to Eligible Employees of the Group to which the Board has resolved that the Plan shall for the time being apply. In determining which Eligible Employees will receive Offers, and which Eligible Employees will not, the Board may have regard to any matters which it considers relevant, including, without limitation:

- a) the Eligible Employee's length of service with the Group;
- b) the seniority of the Eligible Employee within the Group;
- c) the contribution to the Group which has been made by the Eligible Employee;
- d) the potential contribution of the Eligible Employee to the Group;
- e) any misconduct or wilful default by an Eligible Employee;
- f) whether the Eligible Employee will continue to be an employee of the Group at or soon after the time of issue of the Options;
- g) taxation implications for the Group, the Eligible Employee and/or other Eligible Employees participating in the Plan; and
- h) securities and/or employment laws.

**5.5 Deemed Eligible Employees**

The Board may authorise a casual employee or consultant of the Company or of an Associated Body Corporate to participate in the Plan and such person is deemed to be an Eligible Employee for the purposes for the Plan.

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## **5.6 Casual Employees**

To qualify as a casual employee and be eligible to be deemed an Eligible Employee under Rule 5.5, a person must:

- a) have been in employment with the Company for more than 1 year; and
- b) be an employee whom the Company regards as equivalent to either a full-time or a part-time employee.

## **5.7 Consultant**

To qualify as a consultant and be eligible to be deemed an Eligible Employee under Rule 5.5, a person must:

- a) have worked for the Company for more than 1 year; and
- b) have received 15% or more of their income in the preceding year from the Company.

## **5.8 Number of Options offered**

The number of Options offered to an Eligible Employee is the number determined from time to time by the Board in its absolute discretion.

## **5.9 Liability of Eligible Employee**

- a) An Eligible Employee is not liable to make any payment to the Company in respect of Options issued to the Eligible Employee under the Plan.
- b) No brokerage, commission, stamp duty or other transaction costs will be payable by the Eligible Employee in respect of any allotment or transfer of options under the Plan.

## **5.10 Terms of issue**

Options must be issued on the terms of these Rules, the Corporations Act and the Listing Rules, and any additional terms as the Board considers appropriate (not being inconsistent with these Rules) and each Eligible Employee will be taken to have agreed to be bound by:

- a) these Rules;
- b) any additional terms imposed under this Rule; and
- c) the constitution of the Company from time to time, on acceptance of any Offer of Options under this Plan.

## **6. Offer and Acceptance**

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### **6.1 Offers**

- a) The Board may from time to time make Offers in writing to Eligible Employees inviting them to apply to take up Options under the Plan.
- b) Each Offer made by the Board must;
  - i. specify the number of Options offered;
  - ii. state the terms and conditions of the issue of the Options the subject of the Offer;
  - iii. state the period within which the offer may be accepted; and
  - iv. have attached an Application Form and copy of these Rules.

## 6.2 Acceptance

- a) To accept an Offer made by the Board under the Plan the Eligible Employee must send a completed Application Form to the Company.
- b) The Application Form must be received by the Company within the period for acceptance of the Offer.
- c) The Eligible Employee may also nominate in writing to the Board a nominee in whose favour the Eligible Employee wishes to renounce the offer. The Board may, in its absolute discretion, resolve to allow, or not to allow such renunciation of an Offer in favour of this nominee, without giving any reason for such decision.

The Board may renounce an Offer to an Eligible Employee in accordance with this sub rule (c) in favour of an Offer to the nominee ("**Permitted Nominee**") and the Permitted Nominee may accept the whole or any lesser number of Options offered by notice in writing to the Board and by sending a completed Application Form to the Company.

- d) If options are issued to a Permitted Nominee of an Eligible Employee, the Eligible Employee and the Permitted Nominee will be taken to have agreed to be bound by these Rules and the Eligible Employee must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

## 6.3 Effect of Acceptance

An Application Form does not create a binding contract to grant Options. After receipt of a completed Application Form, the Board may in its absolute discretion determine:

- a) not to grant the Options specified in the Offer; or
- b) grant Options which differ in number or their terms from that specified in the Offer.

## 7. Restriction on Offer of Options

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The Board shall not Offer or issue Options to any Eligible Employee in accordance with the Plan if at the time of the proposed Offer:

- a) the total number of Shares which might be issued pursuant to the exercise of Options to be issued under the proposed Offer; and
- b) the total number of Shares the subject of Options previously issued under the terms of the Plan which are both unexercised and unexpired

would exceed 5% of the total number of Shares on issue.

## 8. Restriction on Offer of Options

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### 8.1 Lapse of Options

Any Options issued pursuant to the Plan will be allotted on the condition that the whole of the Options issued to an Eligible Employee, or his Permitted Nominee, automatically lapse and are forfeited:

- a) 30 days after the date on which that Eligible Employee voluntarily resigns from employment with the Company, or the Eligible Employee's employment is terminated by the Company for any reason other than that set out in rule 8.1 b), otherwise than to take up employment with a Related Body Corporate of the Company; or

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- b) Immediately, if that Eligible Employee is dismissed from employment with the company for any one or more of the following reasons:
- i. wilful misconduct bringing disrepute on the Company or a Related Body Corporate;
  - ii. repeated disobedience, after prior written warning;
  - iii. incompetence in the performance of any duties for which the Eligible Employee was employed, after prior written warning;
  - iv. fraud or any other dishonesty in respect of the property or affairs of the Company or a Related Body Corporate; or
  - v. any other reason, based on which the Board believes it is fair and reasonable that the Options lapse and are forfeited.

## 8.2 Exceptions

- a) Options issued to an Eligible Employee, or his Permitted Nominee, will not lapse and be forfeited under rule 8.1 where the Eligible Employee ceases employment with the Company in the following circumstances:
- i. death or total permanent disability (as that term is recognised by Statute);
  - ii. retirement; or
  - iii. any other circumstances on the basis of which the Board believes it is fair and reasonable that the Eligible Employee retains his or her right to exercise the Options.
- b) Should an Eligible Employee, in the opinion of the Board, satisfy the requirements of Rule 8.2(a) the Eligible Employee, or his Permitted Nominee, or if the Eligible Employee dies, the Eligible Employee's legal personal representative, will have a period of 6 months to exercise the Option from the date the Company receives notice of the specified event and acknowledges in writing that such event satisfies the requirements of Rule 8.2(a).

## 9. Taxation

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Neither the Company nor its Directors, officers, employees, representatives or agents take any responsibility or assume any liability for the taxation liabilities of Eligible Employees or their Permitted Nominees.

## 10. Listing Rules

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### 10.1 Listing Rules generally

The terms and conditions of the Plan must at all times comply with the Listing Rules. If there is any inconsistency between the terms and conditions of the Plan and the Listing Rules then the Listing Rules will prevail.

### 10.2 New Issues

Subject to the Listing Rules (where relevant), a Holder may only participate in respect of an Option in a new issue of Shares or other securities to holders of Shares if the Option has been exercised in accordance with its terms on or before the Record Date for determining entitlements to the issue.

### **10.3 Adjustment for pro-rata issues**

Subject to the Listing Rules, if there is a pro rata issue which has been offered to all ordinary shareholders on a pro rata basis, (except a bonus issue), the Option Exercise Price will be adjusted in accordance with the Listing Rules.

### **10.4 Adjustment for bonus issues**

If, during the life of any Option, Shares are issued pro rata to the Company's shareholders for which no consideration is payable by those shareholders, the Holder will be entitled, upon later exercise of that Option, to receive in addition to the Share comprised in the Option an issue of so many additional Shares as would have been issued to a shareholder who, on the Record Date for determining entitlements under the bonus issue, held Shares equal in number to the Shares comprised in the Option exercised.

### **10.5 Reconstruction event**

In the event of any reconstruction (including consolidation, sub-division, reduction, capital return, buy back or cancellation) of the share capital of the Company, the number of Options must be reconstructed in accordance with the Listing Rules. Options must be reconstructed in a manner which will not result in any additional benefits being conferred on Holders which are not conferred on other security holders of the Company.

## **11. Exercise of Options**

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### **11.1 Offer**

Unless the Board, when granting an Option, in its absolute discretion determines otherwise, the terms of this Rule are included in the Offer as terms on which the Options are granted.

### **11.2 Exercise Period**

- a) The Options lapse immediately after the Expiry Date has passed.
- b) For the avoidance of doubt, Options may be exercised at any time during the period from date of grant up to and including the expiry date, including:
  - i. during a Bid Period; or
  - ii. at any time after a Change of Control Event has occurred; or
  - iii. on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

## **12. Administration of the Plan**

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### **12.1 Administration**

The Plan will be administered by the Board in accordance with these Rules. The Board may make regulations for the operation of the Plan which are consistent with these Rules.

### **12.2 Powers of the Board**

- a) Any power or discretion which is conferred on the Board by these Rules may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising that power or discretion, under any fiduciary or other obligation to any other person.

- b) Any power or discretion which is conferred on the Board by these Rules may be delegated by the Board for such period and on such conditions as the Board may determine to a committee or any one or more persons, who need not be or include Directors.
- c) Every exercise of discretion by the Board (or its delegate) and every decision of the Board as to the interpretation, effect or application of these Rules is final, conclusive and binding.

### **13. Rights of Participants**

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Nothing in these Rules:

- a) confers on any employee the right to receive any Options;
- b) confers on any employee the right to continue as an employee of the Group;
- c) affects any rights which any corporation in the Group may have to terminate the employment of any employee; or
- d) may be used to increase damages in any action brought against any corporation in the Group in respect of the termination of the employment of any employee of any corporation in the Group.

### **14. Amendment of these Rules**

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#### **14.1 Amendment**

Subject to Rules 14.2 and 14.3, the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provision of these Rules (including this Rule 14).

#### **14.2 Restriction on amendment**

No amendment of the provisions of these Rules is to reduce the rights of any Eligible Employee in respect of Options issued to the Eligible Employee under the Plan prior to the date of the amendment, other than an amendment introduced primarily:

- a) for the purposes of complying with or conforming to present or future laws governing or regulating the maintenance or operation of the Plan or like plans;
- b) to correct any manifest error or mistake;
- c) to enable contributions or other amounts paid by a member of the Group in respect of the Plan to qualify as tax deductions for that entity;
- d) to enable the Eligible Employee or their employer to reduce the amount of tax or impost that may otherwise be payable by the Eligible Employee or their employer in relation to the Plan, including under the *Fringe Benefits Tax Assessment Act 1986* and the *Income Tax Assessment Acts* of 1936 and 1997, or any other similar legislation in any jurisdiction outside Australia;
- e) for the purpose of enabling the Eligible Employees generally (but not necessarily each Eligible Employee) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
- f) to enable the Company to comply with the Corporations Act or the Listing Rules or any similar legislation or requirements in any jurisdiction outside Australia.

#### **14.3 Listing Rules**

Any amendment of these rules must be made in accordance with and in the manner stipulated (if any) by the Listing Rules.

#### 14.4 Retrospective effect of amendment

Subject to the provisions of this Rule 14, any amendment made under Rule 14.1 may be given retrospective effect, as specified in the written instrument or resolution by which the amendment is made.

#### 15. Termination of Plan

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- a) The plan may be terminated at any time or suspended for any period by resolution of the Board and notification thereof to the ASX.
- b) Termination or suspension of the Plan does not affect the rights of the Holders of unexpired Options previously granted under the Plan and these Rules will continue to apply to those options until the Options lapse or are exercised.

#### 16. Register of Option Holders

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The required information in relation to all Options must be entered in the Register of Option Holders maintained by the Company under sections 168 and 170 of the Corporations Act.

#### 17. Notices

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Any notice regarding Options issued under the Plan will be sent to the address of the Holder as recorded in the Register of Option Holders maintained by the Company or the Share Registry.

#### 18. Governing Law

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The Plan is governed by, and is to be construed and take effect in accordance with, the laws of New South Wales.

#### 19. Definitions and interpretation

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- 19.1 In these Rules, the following words and expressions have the meaning indicated unless a contrary intention appears:

**Application Form** means a form to respond to Offers to apply for Options in the form annexed to these Rules at Annexure A with any amendment or modification determined from time to time by the Board;

**Associated Body Corporate** of the Company means:

- a) a body corporate that is a related body corporate of the Company;
- b) a body corporate that has voting power in the Company of not less than 20%; or
- c) a Body corporate in which the Company has voting power of not less than 20%.

**ASX means** the Australia Stock Exchange Limited (ACN 008 624 691);

**Bid Period** has the meaning given to that term in section 9 of the Corporations Act;

**Board means** all or some of the Directors acting as a board of the Company

**Change of Control Event** means a shareholder, or a group of associated shareholders, becoming entitled to more than 20% of the issued shares in the Company;

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

**Corporations Act** means the *Corporations Act* 2001;

**Director** means a director of the Company;

**Eligible Employee** means a person who is at the time of the Offer, a full or part-time employee or director of the Company or of an Associated Body Corporate and any person deemed to be an Eligible Employee under Rule 5.5;

**Employee Share Option Plan** means the Plan;

**Exchange** means the ASX in its role as the national stock exchange;

**Exercise Price** means the price determined by the Board under Rule 5.2;

**Expiry Date** means the date 5 calendar years after the date of issue of the Options in question or such earlier date as the Board may determine in its absolute discretion;

**Group** means the company and its Associated Bodies Corporate;

**Holder** means the holder of an Option issued under the Plan;

**Listing Rules** means the official listing rules of the Exchange;

**Market Price** means, in relation to a particular date, the weighted average market price per Share (weighted by reference to volume) during twenty consecutive trading days on the ASX ending on the day before the particular date, or, where there have been no trades during the last twenty consecutive trading days on the ASX ending on the day before the particular date, the last price at which the Company's Shares were traded before the particular date;

**Offer** means an offer in writing made by the Board to an Eligible Employee to apply to take up Options under the Plan made in accordance with Rule 6;

**Official Quotation** has the meaning given to that term in the Listing Rules;

**Option** means an option to subscribe for a Share issued in accordance with the Rules;

**Permitted Nominee** has the meaning given to that term in Rule 6.2 ( c).

**Plan** means the Anchor Resources Limited Employee Share Option Plan established in accordance with the Rules;

**Record Date** has the meaning given to that term in the Listing Rules;

**Related Body Corporate** has the same meaning as that given to it in the Corporations Act;

**Register of Option Holders** means the register referred to in Rule 16;

**Rules** means the rules of the Anchor Resources Ltd Employee Share Option Plan;

**Share** means a fully paid ordinary share in the Company; and

**Statute** means any Act of Parliament of either the State of New South Wales or the Commonwealth of Australia; and

19.2 In these Rules, unless the context otherwise requires:

- a) rule and sub-rule headings are for reference purposes only;
- b) the singular includes the plural and vice versa;
- c) words denoting any gender include all genders;

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Appendix 1  
Anchor Resources Limited  
Employee Share Option Plan

- d) reference to a person includes any other entity recognised by law and vice versa;
- e) where a word or phrase is defined its other grammatical forms have a corresponding meaning;
- f) any reference to a party to this document includes its successors and permitted assigns;
- g) any reference to any agreement or document includes that agreement or document as amended at any time;
- h) the use of the word **includes** or **including** is not to be taken as limiting the meaning of the words preceding it;
- i) the expression **at any time** includes reference to past, present and future time and the performance of any action from time to time;
- j) an agreement, representation or warranty on the part of two or more person binds them jointly and severally;
- k) an agreement, representation or warranty on the part of two or more persons is for the benefit of them jointly and severally;
- l) reference to an exhibit, annexure, attachment or schedule is reference to the corresponding exhibit, annexure, attachment or schedule in this document;
- m) reference to a provision described, prefaced or qualified by the name, heading or caption of rule, sub rule, paragraph, schedule, item annexure, exhibit or attachment in this document means a cross reference to that rule, sub rule, paragraph, schedule, item, annexure, exhibit or attachment;
- n) when a thing is required to be done or money required to be paid under this document on a day which is not a Business Day, the thing must be done and the money paid on the immediately preceding Business Day; and
- o) reference to a Statute includes all regulations and amendments to that statute and any statute passed in substitution for that statute or incorporating any of its provisions to the extent that they are incorporated;
- p) a reference to a Listing Rule includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of that Listing Rule; and
- q) a reference to a person includes a reference to the person's executors, administrators and successors, a legal personal representative, a firm or a body corporate.

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# ANCHOR RESOURCES LIMITED

ACN 122 751 419

Suite 2114, Darling Park Tower 2, 201 Sussex Street, Sydney, NSW 2000  
Telephone: (02) 9006 1177 Facsimile: (02) 9012 0270  
Email: [info@anchorresources.com.au](mailto:info@anchorresources.com.au) Website: [www.anchorresources.com.au](http://www.anchorresources.com.au)

<Co Name>  
<Address 1>  
<Address 2>  
<Address 3>  
<Address 4>  
<Address 5>

**Your Address**  
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 11.00AM WEDNESDAY 16th NOVEMBER 2011

## TO VOTE BY COMPLETING THE PROXY FORM

### STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy  
If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

### STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### STEP 3 Sign the Form

The form **must** be signed

In the spaces provided you must sign this form as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders must sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

### STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at **11.00am on Friday 18th November 2011**. Any Proxy Form received after that time will not be valid for the scheduled meeting. **Proxies may be lodged:**

**BY MAIL** - PO Box 6126, Dural DC, NSW, 2158

**BY FAX** - + 61 2 9012 0270

**IN PERSON** - Suite 2114, Darling Park Tower 2, 201 Sussex Street, Sydney, NSW, 2000



<Shareholder Reference Number  
 <Co Name>  
 <Address 1>  
 <Address 2>  
 <Address 3>  
 <Address 4>

**STEP 1 - Appointment of Proxy**

I/We being a member/s of **Anchor Resources Limited** and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **Annual General Meeting of Anchor Resources Limited to be held at Level 21 Darling Park Tower 2, 201 Sussex Street, Sydney, NSW, 2000 on Friday the 18th of November 2011 at 11.00am** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of a resolution, please mark this box. By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman of the Meeting for those resolutions, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called. The Chair intends to vote all undirected proxies in favour of the resolution.

**STEP 2 - Voting directions to your Proxy – please mark  to indicate your directions**

Ordinary Business	For	Against	Abstain*
Item 1 To receive accounts			
Item 2 To re-elect Mr I Price as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 To re-elect Mr J Wang as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 To re-elect Mr SJ Yu as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 To re-elect Mr V Webber as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 To adopt the remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 To approve the Anchor Resources Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8 (a) Approval issue of options shares to Mr J Wang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8 (b) Approval issue of options shares to Mr I Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8 (c) Approval issue of options shares to Mr SJ Yu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8 (d) Approval issue of options shares to Mr V Webber	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intentions advised above. The Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

\*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**STEP 3 - PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name ..... Contact Daytime Telephone ..... Date / /2011

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## VOTING BY PROXY AND APPOINTMENT OF A CORPORATE REPRESENTATIVE

1. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Where two proxies are appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights.
2. A proxy need not be a shareholder of the Company. A shareholder may appoint as its proxy the "Chairman of the Meeting".
3. A proxy given by a corporation must be executed under seal or under the hand of a duly authorised officer or attorney. Either of the joint holders of a share may sign the proxy form.
4. To be effective, the proxy form and the power of attorney or other authority (if any) under which each is signed (or a copy of that power or authority certified in a manner acceptable to the Directors of the Company) must be received at least 48 hours prior to the meeting (i.e. not later than 11.00 am on Wednesday 16 November 2011), or to any adjourned meeting, at the Company's Offices being:

<b><i>By Mail:</i></b>	<b><i>By Facsimile:</i></b>
PO Box 6126	(02) 9012 0270
Dural DC, NSW, 2158	

5. Additional proxy forms will be supplied on request.
6. A body corporate may appoint a representative to attend, vote at and otherwise act for it at the meeting in accordance with the Corporations Act 2001.

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