



# ANCHOR RESOURCES LIMITED

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20 December 2010

Companies Announcement Office  
ASX Limited  
Exchange Centre  
Level 6  
20 Bridge Street  
Sydney NSW 2000

## **Anchor Resources Limited (ASX: AHR) – Request for Trading Halt**

**Anchor Resources Limited (ASX code AHR) announces receipt of takeover proposal, extension of closing date for rights issue and end of trading halt – notice under section 708AA(12) of the Corporations Act**

### **1. Takeover proposal**

Anchor Resources Limited (**Company**) advises that it has received from China Shandong Jinshunda Group Co Ltd an unsolicited, conditional proposal that it proposes to make, through its wholly owned Australian subsidiary Sunstar Capital Pty Ltd ACN 147 934 852, a cash offer of A\$0.28 per share to acquire all the issued shares in the Company.

A copy of the takeover proposal is **attached**.

The proposal is subject to a number of conditions.

The Board of the Company has not formed a view at this stage as to the merits of the proposal.

**Shareholders need take no action at this time.**

The Company will keep shareholders informed of any material developments in accordance with its continuous disclosure obligations.

### **2. Rights offer reminder**

The Company's previously announced rights issue of one ordinary share for every four ordinary shares held, at 16 cents per share, will proceed according to the timetable in the Offer Letter.

Notwithstanding the takeover proposal referred to above, and in compliance with the Appendix 7A timetable for the non-renounceable Rights Offer, the Company has been advised by the ASX that is precluded from extending the closing date of the Offer.

Additional applications from shareholders who have previously confirmed acceptance of the Rights Offer, and Shortfall Offer, will be accepted by the Company if received by the stated closing date of 5PM AEDST on Wednesday 22 December, 2010.

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**3. End of trading halt**

Consistent with the terms of the trading halt announced earlier today, such trading halt is lifted with effect from the issue of this announcement.

This notice is given under section 708AA(12) of the Corporations Act 2001 (Cth) as notionally modified by the Australian Securities and Investments Commission Class Order 08/35.

Yours sincerely

Ross Moller  
**Company Secretary**

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20 December 2010

By Facsimile: (02) 9227 0334

Pam Ross  
 Manager, Company Announcements  
 Australian Securities Exchange  
 Sydney

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Dear Pam

**Takeover Proposal - AHR**

We act for China Shandong Jinshunda Group Co Ltd. At 11:15am today, we faxed a copy of a takeover Proposal made by our client (**Proposal**) to Mr John Anderson, Chairman of Anchor Resources Limited (**AHR**). Subsequently, AHR sought and obtained a trading halt from ASX pending an announcement by AHR of a proposed takeover bid for shares in AHR.

For the market to be properly informed, full details of the Proposal must be given to the market. Accordingly, we request that you release this letter and the attached Proposal on the Companies Announcements Platform immediately.

Yours faithfully

Michael Wilton  
 Partner  
 Norton Rose Australia

CC: Mr John Anderson  
 By fax: (02) 9279 2727

Our offices will be operating with limited staff over the Christmas / New Year period. Our Switchboard team members are able to put you in contact with partners and staff should you have urgent requests.

APAC-#8454093-v1

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CHINA SHANDONG JINSHUNDA GROUP CO., LTD.

20 December 2010

Mr John Anderson  
Chairman  
Anchor Resources Limited  
Suite 505, 35 Lime Street  
Sydney NSW  
AUSTRALIA 2000

Dear Mr Anderson

### Takeover proposal

China Shandong Jinshunda Group Co., Ltd. (**Jinshunda**) has held confidential discussions with Anchor Resources Limited (**Anchor**) regarding Jinshunda participating in the development of Anchor's projects, including a possible joint venture. Unfortunately, Jinshunda and Anchor were not able to agree on the terms of Jinshunda's participation.

Jinshunda continues to have a high degree of interest in investing in Anchor.

This letter sets out the terms of a proposal by Jinshunda through its wholly owned Australian subsidiary Sunstar Capital Pty Ltd to acquire all of the issued shares and options in Anchor.

### Proposal

Jinshunda proposes to make a cash offer of 28 cents (A\$0.28) per share for all of the issued shares in Anchor (**Proposal**). The Proposal represents a premium of:

- 12 cents or 75% to the current rights issue offer price of 16 cents; and
- 12 cents or 75% to the last traded price of shares in Anchor on 14 December 2010 (the last date on which Anchor shares traded prior to the date of this letter),

and is equivalent to the highest price at which Anchor shares are reported to have been traded on ASX since Anchor was listed in 2007.

Jinshunda will offer a price equal to 28 cents less the exercise price for each of the options.

The Proposal is subject to the conditions set out in Annexure A, which include a condition that Jinshunda acquires a relevant interest in at least 50% of the issued shares in Anchor.

### Intentions of Jinshunda

Jinshunda intends to continue and accelerate the development of Anchor's projects irrespective of the level of ownership it holds on completion of the offers.

### Benefits of Proposal

Jinshunda expects that there will be a number of benefits to Anchor's shareholders and employees from the Proposal, including:

- Anchor's shareholders will have the ability to crystallise a substantial premium to the current market price, and receive this premium in cash which will provide shareholders with certainty as to the value of the offers.

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- Anchor's employees and those shareholders who retain their Anchor shares will have the opportunity to join with a larger and well-capitalised organisation that has substantial operations, particularly in China, and has plans to significantly increase its investment in Australia.
- No adverse CGT rollover consequences for shareholders.

**Financing**

Jinshunda has sufficient cash at bank to fund the consideration for the acquisition of all of the issued shares in Anchor.

**Status of this letter**

This letter constitutes notification of a proposed takeover bid for the purposes of s631 of the Corporations Act.

Yours sincerely,



**Wang Gan**  
**Chairman**  
China Shandong Jinshunda Group Co., Ltd.

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## **Annexure A Conditions**

The Proposal and any contract that results from acceptance of the offers contemplated by the Proposal will be subject to fulfilment or waiver of the following conditions:

### **1 Minimum Acceptance**

During, or at the end of, the offer period, Jinshunda has a relevant interest in at least 50% of all of the issued shares in Anchor.

### **2 Regulatory approvals**

Before the end of the offer period, all approvals or consents that are required by law, or by any Public Authority, including FIRB and PRC Regulatory Authorities, as are necessary to permit:

(1) the offers to be lawfully made to and accepted by shareholders of Anchor; and

(2) the transactions contemplated by the Proposal to be completed,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice of intention to revoke, suspend, restrict, modify or not renew the same.

### **3 Conduct of business**

Between the date of announcement of the Proposal and the end of the offer period (each inclusive) neither Anchor nor any of its subsidiaries conducts its business other than in the ordinary course.

### **4 No material adverse change**

Between the date of announcement of the Proposal and the end of the offer period (each inclusive), no matter, event, change, condition, circumstance or thing occurs, is announced or becomes known to Jinshunda which, individually or when aggregated with all such events, occurrences or matters, could reasonably be expected to:

(1) have an adverse effect on the consolidated assets or liabilities (including contingent liabilities as recognised in preparation of financial statements) of the Anchor Group based on the financial year ended 30 June 2010 exceeding A\$315,000; or

(2) have a material adverse effect on the consolidated net profit or loss of after tax of the Anchor Group;

other than:

(3) matters that are required to be done in order to implement the Proposal;

(4) matters which took place with the prior written consent of Jinshunda; and

(5) matters which Anchor fully and fairly disclosed in an announcement made to the ASX prior to the date of announcement of the Proposal.

### **5 No material acquisitions or disposals**

That outside the ordinary course of business or as otherwise agreed in writing between Jinshunda and Anchor there is no:

(1) purchase or other acquisition, sale or other disposal of, or offer or agreement to purchase, acquire, sell or dispose of, any property or assets (or any right, title or interest in them) the total consideration for which, or value of which, exceeds or would exceed A\$315,000 in aggregate;

(2) entry into, or offer or agreement to enter into, any other agreement, arrangement, joint venture, partnership or other commitment of any kind which would require expenditure, or the foregoing of revenue of any amount which exceeds or would exceed in aggregate A\$315,000; or

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- (3) declaration of a dividend by Anchor or any subsidiary which occurs, is discovered, announced, disclosed or otherwise becomes known to Jinshunda,

between the date of announcement of the Proposal and the end of the offer period (each inclusive).

#### 6 Mining tenements

Without limiting condition 4, between the date of announcement of the Proposal and the end of the offer period (each inclusive):

- (1) no circumstance arises or is found to exist which might result in Anchor or one of its subsidiaries being in material breach of a condition of any of its tenements;
- (2) Anchor and its subsidiaries take all action from time to time as may be necessary to maintain any mining tenements registered in the name of Anchor or its subsidiaries in good standing; and
- (3) Anchor and its subsidiaries comply with all applicable laws and codes of conduct and not doing, or permitting to be done, any act by which may result in any mining tenement registered in the name of Anchor or its subsidiaries being cancelled, surrendered, withdrawn, forfeited, altered or encumbered.

#### 7 Material contracts

Between the date of announcement of the Proposal and the end of the offer period (each inclusive) no person exercises or purports to exercise, or states an intention to exercise a right (whether subject to conditions or not) which has or is likely to result in:

- (1) any monies borrowed by Anchor or a subsidiary being or becoming payable or being capable of being declared repayable immediately or earlier than the previous repayment date;
- (2) termination or variation of any material agreement with Anchor or a subsidiary;
- (3) the interest of Anchor or a subsidiary in a trust, corporation, partnership, joint venture or other entity, enterprise or venture being terminated modified or required to be transferred, disposed of or redeemed; or
- (4) the business of Anchor or a subsidiary being materially adversely affected,

as a result (directly or indirectly) of Jinshunda acquiring or proposing to acquire shares in Anchor.

#### 8 No related party transactions

Between the date of announcement of the Proposal and the end of the offer period (each inclusive) Anchor does not enter into or otherwise become party to a transaction with a related party or related entity (as those terms are defined in the Corporations Act).

#### 9 No Prescribed Occurrences

Between the date of announcement of the Proposal and the date which is three business days after the end of the offer period, none of the following prescribed occurrences (being the occurrences listed in s652C of the Corporations Act) happen:

- (1) Anchor converting all or any of its shares into a larger or smaller number of shares under s254H of the Corporations Act;
- (2) Anchor or a subsidiary of Anchor resolving to reduce its share capital in any way;
- (3) Anchor or a subsidiary of Anchor:
  - (a) entering into a buy-back agreement; or
  - (b) resolving to approve the terms of a buy-back agreement under s257C(1) or s257D(1) of the Corporations Act;

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- (4) Anchor or a subsidiary of Anchor issuing shares or granting an option over its shares, or agreeing to make such an issue or grant such an option (other than the issue of shares on exercise of options on issue on the date of announcement of the Proposal);
- (5) Anchor or a subsidiary of Anchor issuing, or agreeing to issue, convertible notes;
- (6) Anchor or a subsidiary of Anchor disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (7) Anchor or a subsidiary of Anchor charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (8) Anchor or a subsidiary of Anchor resolving that it be wound up;
- (9) the appointment of a liquidator or provisional liquidator of Anchor or a subsidiary of Anchor;
- (10) the making of an order by a court for the winding up of Anchor or a subsidiary of Anchor;
- (11) an administrator of Anchor, or a subsidiary of Anchor, being appointed under s436A, s436B or s436C of the Corporations Act;
- (12) Anchor or a subsidiary of Anchor executing a deed of company arrangement; or
- (13) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of Anchor or a subsidiary of Anchor.

10 **Maintenance of cash position**

Between the date of announcement of the Proposal and the end of the offer period (each inclusive), Anchor Group maintains cash and equivalents (as clarified in the statement of financial position as at 30 June 2010) of at least A\$250,000.

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## Glossary

In the letter containing the Proposal, including the conditions in Annexure A, the following expressions have these meanings.

Anchor	Anchor Resources Limited ACN 122 751 419
Anchor Group	Anchor and its controlled entities
Corporations Act	<i>Corporations Act 2001</i>
FIRB	The Australian Foreign Investment Review Board
Jinshunda	China Shandong Jinshunda Group Co., Ltd., a company incorporated in PRC, or where relevant, its wholly owned Australian subsidiary Sunstar Capital Pty Ltd ACN 147 934 852
Mofcom	The Ministry of Commerce
NDRC	The National Development and Reform Commission
Offers	The takeover offers to be made by Jinshunda as contemplated in the Proposal
Offer period	The period during which offers are open for acceptance
PRC	The Peoples Republic of China
PRC Regulatory Authorities	Any Public Authority of the PRC, including NDRC, Mofcom and SAFE
Proposal	Jinshunda's proposal to make a cash offer of 28 cents (A\$0.28) per share for all of the issued shares in Anchor
Public Authority	Any governmental or other public authority, in Australia or PRC, the approval or consent of which is required for Jinshunda to undertake the Proposal
SAFE	The State Administration of Foreign Exchange

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