



# ANCHOR RESOURCES LIMITED

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11 October 2010

**Companies Announcements Office  
Australian Securities Exchange Limited**

## **Issue of Options under the Anchor Resources Limited Employee Share Option Plan**

The Anchor Employee Share Option Plan (ESOP) was adopted by the Board of Anchor Resources Limited (ASX code: AHR) on 23<sup>rd</sup> February 2007 in order to grant options to purchase shares in Anchor to its eligible staff, including Executive and Non-Executive Directors and key consultants (all together referred to 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 through their demonstrated loyalty and hard work. This applies particularly in today's very tight employment market in the Australian mining, minerals processing and engineering industries.

Anchor's policy, under the ESOP, is never to grant options in advance of an Employee's performance, but only periodically in recognition of his or her completed contribution to our Company's progress over the previous trading period. In keeping with statutory guidelines, Anchor has always limited the number of options granted under the Anchor Employee Share Option Plan to no more than 5% of the issued capital of the Company (presently 39,984,237 shares).

On 27<sup>th</sup> September 2010, Anchor's Board met and approved the issue of an offer of 550,000 options to a full range of Employees (excluding Directors) in respect of their performance over the past trading period. These four year options are exercisable at any time up until their expiry date (27<sup>th</sup> September 2014) at a strike price of 25 cents, which represents a 10 cent premium over the last sale price prior to the date of the approval. These options were granted on Monday 11<sup>th</sup> October 2010, the closing date for the receipt of option acceptance forms.

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The Board also proposed the granting of a total of 850,000 options to Anchor Directors on the same terms, subject to approval by Anchor shareholders at the next Annual General Meeting to be held in November 2010. Assuming that all of these options are approved and granted, there will then be a total balance (as at today's date) of 1,975,000 options granted under the Anchor Employee Share Option Plan.

Based on the 15.5 cents closing price on the day of the meeting granting these options, and using a price volatility factor of 137.18% , the Board's valuation of all 1,400,000 options granted (or proposed to be granted) to all Employees using the Binomial option pricing model was \$162,960. This compares with the cash inflow of \$350,000 that Employees would be required to pay into Anchor upon exercise of all these options.

Yours faithfully

**ANCHOR RESOURCES LIMITED**

A handwritten signature in black ink, appearing to read 'TWO' followed by a stylized flourish.

**Trevor Woolfe**

Managing Director

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