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WARNING/IMPORTANT

The contents of this document and the terms of the Rights Issue have not been reviewed by any regulatory authority in Australia, New Zealand,* Hong *Kong or Papua New Guinea. You are advised to exercise caution in relation to the Rights Issue. If you are in any doubt about any of the contents of this document and other Rights Issue documents you should seek independent professional advice.

12 October 2012

Market Announcements Platform
Australian Securities Exchange

Rights Issue Cleansing Notice under section 708AA(2)(f) Corporations Act

This notice is given by Gold Anomaly Limited ("GOA" or the Company) under section 708AA(2)(f) of the *Corporations Act 2001 (Cth)* ("the Act") as notionally modified by ASIC Class Order 08/35.

Earlier today GOA announced a non-renounceable, pro rata rights issue ("**Rights Issue**") of 2 fully paid ordinary shares ("**New Shares**") for every 3 ordinary shares held as at as at 7pm (EDST) on Monday 22 October 2012 by GOA's eligible shareholders. The issue price for each New Share under the Rights Issue will be $0.0025 (0.25 cents).

GOA advises that:

(a) the New Shares will be offered for issue without disclosure under Part 6D.2 of the Act;
(b) this notice is being given under section 708AA(2)(f) of the Act;
(c) as at the date of this notice, GOA has complied with:
    (i) the provisions of Chapter 2M of the Act as they apply to GOA; and
    (ii) section 674 of the Act;
(d) as at the date of this notice, there is no excluded information of the type referred to in subsections 708AA(8) or (9) of the Act; and
(e) the potential effect the Rights Issue will have on the control of GOA, and the consequences of that effect, will depend on a number of factors, including shareholder demand.

Further to paragraph (e) above, GOA has secured either commitments to subscribe under the Rights Issue, or an underwriting commitment, in respect of the full amount to be offered under the Rights Issue as follows:

- The Company's major shareholder, FreeFire Technology Ltd (**FreeFire**), which presently holds 12.46% of GOA's issued share capital, has agreed to take up its full pro rata entitlement under the Rights Issue.

- The Company has received commitments from a group of PNG domiciled shareholders to take up their aggregate full pro rata entitlements under the Rights Issue and also to subscribe for any shortfall up to an aggregate of $500,000.

- FreeFire has also agreed to underwrite up to $2,778,892 of any shortfall (after the above commitments) at the issue price of $0.0025 (0.25 cents).

FreeFire's underwriting commitment is subject to the terms and conditions of an Underwriting Deed dated 11 October 2012.

The Company has for some time been seeking additional funding to enable it to proceed with its projects and recently announced the funding arrangements with LionGold Corp which subsequently terminated. The Company's funding situation had developed to the point where it needed to secure new funding on a prompt basis to avoid further expensive short term solutions.

In seeking that funding, the Company sought numerous proposals other than that agreed with FreeFire and approached numerous professional underwriters. Each of those alternative proposals either failed to secure what the Company considered to be the full funding necessary, or was not on acceptable terms.

In evaluating FreeFire's proposed funding package, the Company had regard to the terms of the alternative proposals, the timing of the required funding and the potential impact on control of the Company. The Company considered that the potential impact on control was appropriately minimised as eligible shareholders would be offered the first right to subscribe for excess entitlements out of any shortfall before the underwriting is called upon and the Company had received commitments from a group of PNG domiciled shareholders to invest a minimum $500,000 being their pro rata entitlement and application for any rights shortfall.

Due to FreeFire’s willingness to underwrite any shortfall without sub-underwriters (which the Company considered would have substantially delayed the process) and eligible shareholders' right to subscribe for any shortfall before the underwriting is called upon, it was decided that there would be no sub-underwriting of the Rights Issue.

It is anticipated that the funds to be raised under the Rights Offer, together with the funds raised by the Company under the earlier placement of 280,000,000 shares to FreeFire, will address the Company's immediate short term funding needs. As the Company’s activities are exploration with no operational source of funds, the Company will require additional funding in the short to medium term in order to ensure that the Company is able to continue its exploration activities at the Crater Mountain and Croydon projects. No decision has yet been made by the Company about seeking further equity or debt funding that will be required.

The Company has 2,247,334,932 ordinary Shares on issue and 73,697,934 unlisted options and a Convertible Note under which the holder can acquire up to 45,000,000 fully paid shares (assuming conversion at the current market price of A$0.003 and no current plans to issue further shares or other securities. The Company does not anticipate a significant number of options or the Convertible Note will be exercised to take advantage of the Rights Issue.

Therefore, assuming no rights to take up shares are exercised by the option holders or the convertible noteholder the potential effect* of the issue of New Shares on the control of GOA is illustrated below:

	POTENTIAL ACCEPTANCE	**EFFECT ON CONTROL**
1.	If all eligible shareholders take up their full entitlement under the Right Issue.	No effect on control. The Major Shareholder’s shareholding would remain at 12.46%
2.	If eligible shareholders, other than the Major Shareholder and the group of PNG domiciled shareholders (who have committed to investing an aggregate $500,000) take up only 50% of their full entitlement under the Rights Issue and the Major Shareholder takes up their full entitlement under the Rights Issue, and the Major Shareholder takes up the shortfall in accordance with the Underwriting Agreement.	The Major Shareholder’s shareholding would increase from 12.46% to 27.30%
3.	If the group of PNG domiciled shareholders invest an aggregate of $500,000 and the Major Shareholder is the only other shareholder to take up its entitlements under the Rights Issue and it	The Major Shareholder’s shareholding would increase from 12.46% to 42.14%

also takes up the shortfall in accordance with the Underwriting Agreement.

*If any of the option rights to take up shares are exercised then the Major Shareholder's percentage of the shareholding would decrease.

Eligible shareholders may apply for shares in addition to their pro rata entitlements under the Rights Issue to the extent that there is any shortfall. Any such additional shares will be allocated at the discretion of the Company, provided that if any shareholder who takes up shares in addition to their pro rata entitlement would as a result hold greater than 19.9% of the Shares in the Company following completion of the Rights Issue then the number of additional shares they would be issued will be scaled back so that they do not hold greater than 19.9%. Additionally, the Company intends to scale back applications on a pro rata basis in the event of excess demand for such additional shares

It is noted that FreeFire may participate in any offer of shortfall shares, and to the extent it participates it will reduce the amount of its underwriting commitment. FreeFire has not yet determined if, or the extent to which, it may apply to participate in any such offer of shortfall shares before its underwriting commitment is called upon.

The Company understands from the Major Shareholder that it does not consider that the Rights Issue will effect any change in the control of GOA, but to the extent that following the Rights Issue and underwriting it is capable of exerting any influence over the control over the affairs of GOA its objectives would remain as outlined in the Company's announcement of 1 October 2012.

Further, the arrangements agreed with the Major Shareholder at the time of the placement include a right to nominate one director for appointment to the GOA Board following the placement and up to two additional directors for each 10% interest the Major Shareholder obtains in GOA thereafter. Depending on the amount of GOA shares held by the Major Shareholder following the Rights Issue, it may exercise that right in whole or in part in which case its intentions regarding the affairs of GOA would remain as described above.

Yours Faithfully,
GOLD ANOMALY LIMITED

Greg Starr
<u>Executive Chairman</u>