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## **QUARTERLY ACTIVITIES REPORT**

### **For the period ended 31 March 2011**

#### **ABOUT GOLD ANOMALY (ASX CODE: GOA)**

Gold Anomaly is a gold-focussed company with both current production and longer-term world class discovery potential.

The company is focussed on exploration at the potentially world class Crater Mountain gold project in PNG.

The company is exploring and producing gold from the high grade Sao Chico project in Para State, Brazil.

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**Ken Chapple**  
**Executive Director**  
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#### **KEY POINTS**

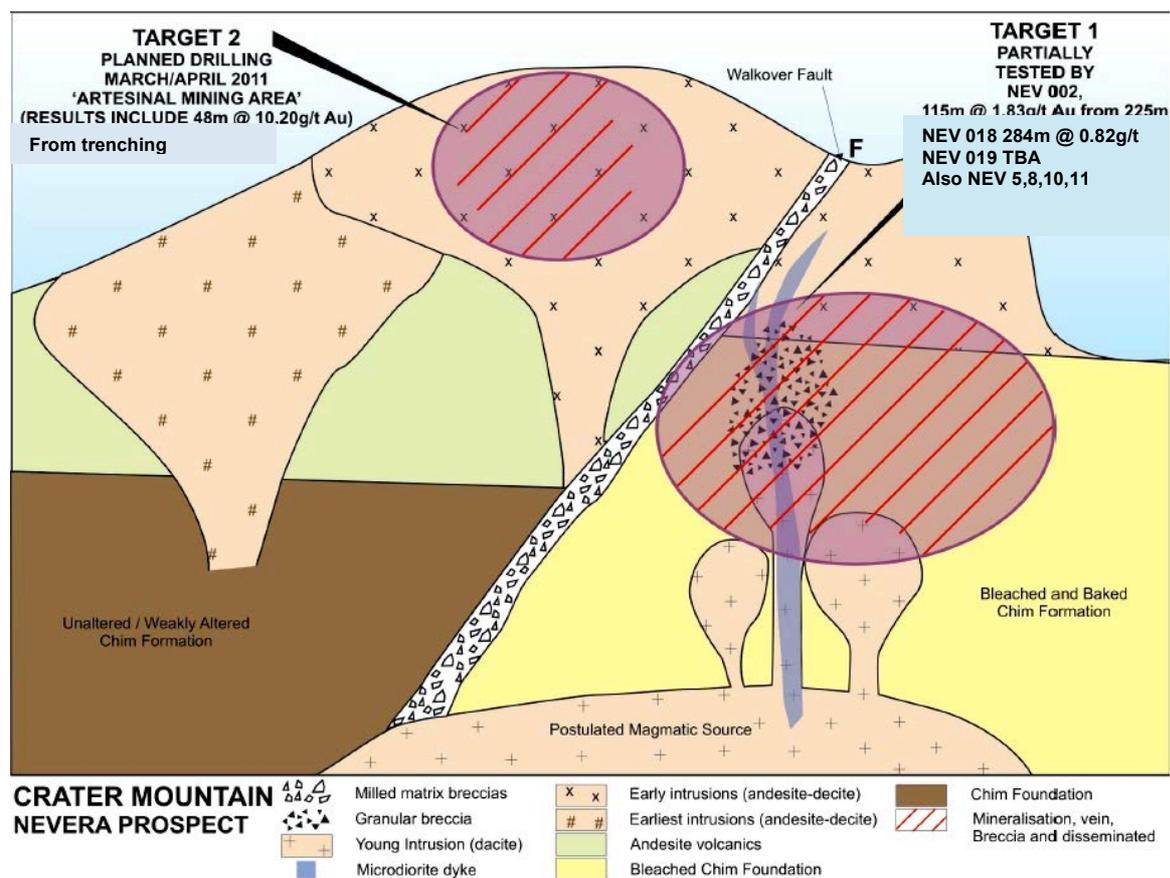
##### **Papua New Guinea**

- Excellent results from first hole of maiden drilling program at Crater Mountain project;
  - NEV018 intersects 82m @ 1.62 g/t Au within 284m @ 0.82g/t Au intercept
  - Gold mineralisation present near surface with 16m @ 1.92 g/t Au from 26 metres depth
  - **Promising signs of large intrusion at depth as source of deep magmatic mineralisation, similar to other major gold occurrences in the region**
  - Two further drill holes were completed (NEV019 and NEV020) during the quarter.
  - Subsequent to the end of the quarter, NEV021 and NEV022 were completed and NEV023 was set to commence.
- Follow-up drilling program in planning stage
- Set to increase ownership to 80%

##### **Brazil**

- Successful commissioning of plant culminates in first gold production at Sao Chico, subsequent to the end of the quarter
- Plant operating at design capacity of 100 tonnes per day
- Assessment of underground mining potential commencing
- Potential for significant expansion
- TSX-listed Kenai Resources progresses farm-in arrangements

## CRATER MOUNTAIN, PNG (GOA 51%, advancing to 80%)



*Schematic Cross section of Nevera looking North*

### Early drill results confirm outstanding potential of Crater Mountain

During the quarter, drilling continued at the company's flagship Crater Mountain gold project, where early assay results have been very encouraging. Drilling has focused at the Nevera prospect, which is considered to have outstanding potential to host a substantial (1 to 5 million ounces exploration target)<sup>1</sup> gold deposit, and was considered a tier-1 (best prospectivity) asset by former operator BHP.

Assay results from the first drill hole (NEV018) of the company's maiden 2,500m drill program highlight the potential of the project. NEV018 was drilled to a depth of 594.6 metres, well beyond the depths reached by previous drilling from BHP, Macmin and Triple Plate Junction. NEV018 intersected a 284 m zone (from 22 m to 306 m) grading 0.82 g/t Au, the second longest gold intersection encountered to date.

Best intervals include:

- 16m @ 1.92g/t Au (from 20m depth)
- 82m @ 1.62 g/t Au including
  - 19m @ 3.37g/t Au
  - 44m @ 1.52 g/t Au

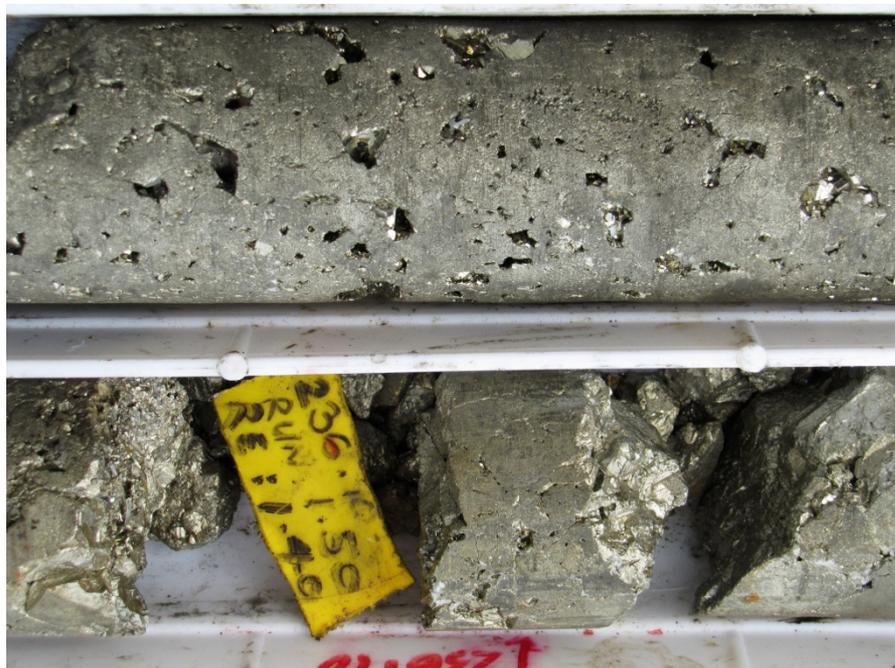
<sup>1</sup> Drilling has focused on an area described as the "Main Zone" which has dimensions 600m \* 150m \* 150m. Based on a 2.5 SG and a grade of 1.0g/t this results in a deposit of some 1M ozs. As the deposit is expected to be open laterally and only a small area has been explored to date the target is between 1 – 5M ozs. Within this Target it is expected that the grade will be in excess of 1.0g/t. The potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource, and it is uncertain whether further exploration will result in the determination of a Mineral Resource.

**Drill core assays for NEV 018 are summarised below;**

	Depth		Including		Intercept Length	Grade	Intercepts
	From m	To m	From m	To m	Length m	Au grade g/t	> 1.5g/t
Results above 306m	0	26			26	0.14	
	26	42			16	1.92	*
	42	90			48	0.28	
	90	94			4	2.10	*
	94	136			42	0.18	
	136	140			4	2.00	*
	140	166			26	0.43	
	166	198			32	0.18	
	198	214			16	0.67	
	214	224			10	0.09	
	224	306			82	1.62	*
		224	243	19	3.37	*	
		243	262	19	0.14		
		262	306	44	1.52	*	
Results below 306m	306	594.6			288.6	0.11	
			448	450	2	1.64	*
			491.8	492.4	0.6	1.57	*

*Table 1 – NEV 018 Assay values*

The gold present above 306 m supports the mineralisation model of a significant mineralised trough of mixing zone carbonate-base metal sulphide-gold mineralisation lying along the base of the water table within reactivated linear fault zones.



*NEV 018 drill core from within high-grade run 224m to 243m 19m at 3.37 g/t Au*

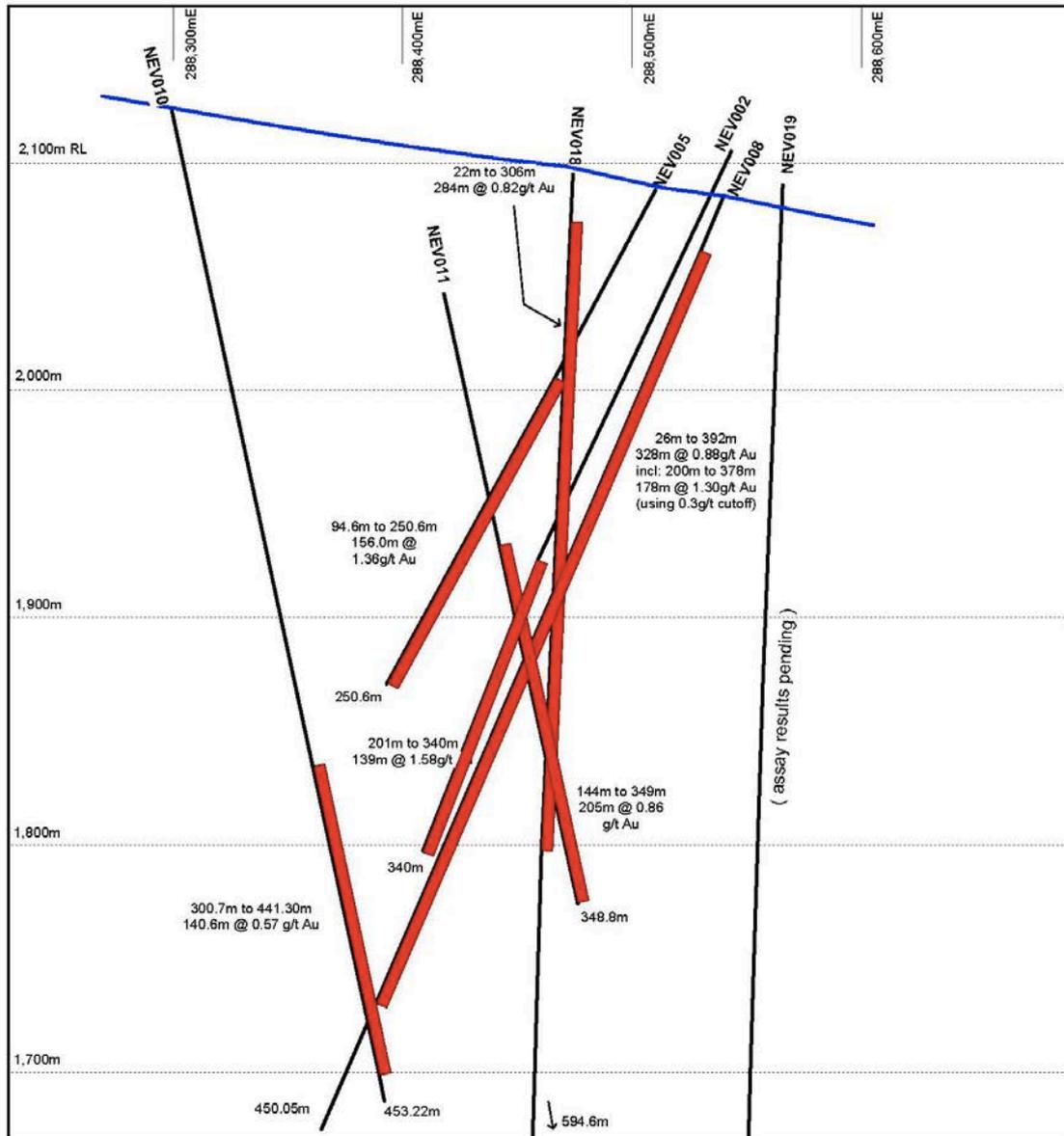
Two assays above 1.5 g/t Au located deep in NEV 018 below 306 m, 2.0m at 1.64 g/t Au from 448m to 450m and 0.6m at 1.57 g/t Au from 491.8m to 492.4m, contain gold mineralised pyrite and pyrite-base metal sulphide veins of magmatic origin up to 6cm wide **supporting the interpretation of a gold-mineralised magmatic feeder zone at depth.**



*NEV 018 showing part of sample interval 448m to 450m (2.0m at 1.64 g/t Au) with base metal sulphide - pyrite vein*



*NEV 018 showing part of sample interval 491.8m to 492.4m (0.6m at 1.57 g/t Au) with pyrite - minor base metal sulphide veins*



*Drilling has focused on an area described as the “Main Zone” which has dimensions 600m \* 150m \*150m. Based on a 2.5 SG and a grade of 1.0g/t this results in a deposit of some 1M ozs. As the deposit is expected to be open laterally and only a small area has been explored to date the target is between 1 – 5M ozs. Within this Target it is expected that the grade will be in excess of 1.0g/t. The potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource, and it is uncertain whether further exploration will result in the determination of a Mineral Resource.*

### **What the results mean**

The NEV018 assay results support the view that the Nevera prospect may host a significant gold deposit which will be delineated by further drilling.

The assays confirm the presence of a major altered and gold mineralised system with the potential to define a large bulk tonnage low grade gold deposit. **Of particular significance, unlike the historic drill holes which did not penetrate as deep, NEV018 and the follow-up holes - NEV 019 and NEV 020 - displayed 300m of baked and altered Chim Formation siltstones (with pyrite and base metal sulphide - carbonate veining) at the bottom of the holes, pointing to the existence at depth of an unseen major intrusion driving the alteration and most likely the mineralisation.**

The Nevera Prospect where tested to date is viewed as possessing:

- intrusion related, low sulphidation, epithermal pyrite - gold mineralisation
- overprinted by carbonate - base metal sulphide - gold mixing zone mineralisation

The styles of mineralisation encountered at Crater Mountain appear to be similar to that noted for some of the most prolific gold producers in PNG including Barrick's Porgera and Misima deposits and Harmony - Newcrest's Hidden Valley.

**Whilst pointing to the potential for a deeper feeder system, NEV 018 results give rise to a major advancement in the understanding of the prospectivity of the Nevera Prospect.** Deeper drill holes are now planned in the next phase of drilling to investigate this source.

### **Work Program at Crater Mountain**

In addition to NEV018, two further drill holes were completed (NEV019 and NEV020) and a third commenced (NEV021) by the end of the quarter. Subsequent to the end of the quarter, NEV021 and NEV022 were completed and NEV023 was set to commence.

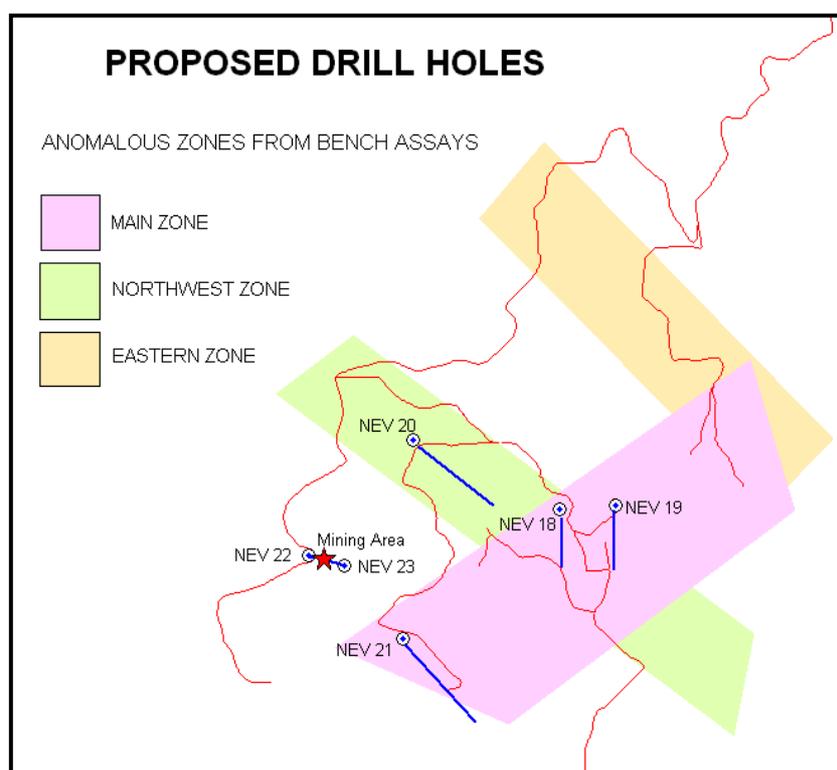
NEV019 was drilled to a depth of 536.5 metres and has been logged, split and sent to the laboratory for assaying.

NEV020 was drilled to a depth of 532.0 metres, and has been logged with sampling underway.

NEV021 was commenced by the end of the quarter and was completed at 605.4 metres in mid-April, and is currently being logged with sampling to commence shortly.

Testing the current artisanal mining zone, NEV022 was completed on April 28<sup>th</sup> at 282.0 metres and the drill rig is being swung around on the same site to drill NEV023 to 100m, taking advantage of the current drill pad to complete phase 1 (2,500 m) of Gold Anomaly's Crater drilling. Based on the experience of the local miners, it is considered that the potential exists to fast track a shallow, open pit operation in this area that could generate early cashflows for the project.

Drilling locations are shown in the following diagram.



*At the end of the quarter NEV 018, 019 and 020 were completed and NEV 021 commenced*

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The encouraging early results support plans for a more aggressive, 10,000 metre follow up drill program. The phase 2 program is anticipated to incorporate a number of deep (~1,000 metre) holes seeking to confirm the presence of the large interpreted intrusion related “feeder system”. Plans are being prepared for the program to commence late in 2Q 2011 or in 3Q 2011, once a suitable drill rig is located and positioned on site.

In addition to the Nevera Prospect, of which only 20% is currently under exploration, plans are underway to establish a regional exploration group and extend exploration initially to the peripheral Crater Mountain prospects at Nimi, Awaunita and Mase, which all have proven gold potential. In particular, rock chip sampling at Nimi has identified anomalous gold values of up to 7.1g/t Au.

The drilling program is led by director and PNG Exploration Director Peter Macnab, who has played a key role in the discovery of major gold deposits totalling more than 100 million ounces gold across PNG over the past four decades.

### **Advancing to 80% interest**

During the quarter, the company satisfied conditions precedent conditions within the joint venture agreement to increase its interest from 51% to 70% of the Crater Mountain project. Ratification of the increased stake is anticipated within 2H, 2011.

The project interest will further increase to 80% subject to PNG Government approval of the transfer of New Guinea Gold’s (NGGL) 10% project interest. NGGL will be issued 31,250,000 ordinary shares in GOA for their stake. This is expected in Q3, 2011.

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## **SAO CHICO GOLD PROJECT, BRAZIL (GOA 100%)<sup>2</sup>**

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Installation of the processing plant by fully owned subsidiary Gold Aura Do Brasil Mineracao Ltda (GOAB) continued during the quarter, culminating in the successful commissioning and first gold production in mid April 2011.

Low grade weathered vein material was excavated for the commissioning phase in the first half of April. The successful commissioning is a significant milestone for the company, marking its transition from explorer to producer.

Mining of higher grade run of mine vein material has now commenced and forms the basis for ongoing gold production. Whilst initial production is modest and could be volatile given the nuggetty nature of the ore, the operation is expected to grow significantly given the excellent prospectivity of the region.

Mining will also provide a better understanding of the mineralisation and form the basis of a feasibility study for the application of a Mining Lease to expand the operation.

Whilst GOAB had initially planned to commence production at a rate of some 50 tonnes per day (tpd) and then progressively build up to a steady rate of 100 tpd within the first quarter, the company achieved 100 tpd immediately during the commissioning subject to weather and other unforeseen circumstances. GOAB considers that there is sufficient tonnage of surface oxide vein material available to sustain operations at a rate of 100 tpd for the remainder of 2011.

In addition, underground mining is being considered, with promising high grade gold results obtained from earlier sampling of a drive developed along the main shear hosted vein (at 18m depth) being confirmed by recent sampling.

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<sup>2</sup> *Gold Anomaly has entered into a farm-in arrangement with TSX-listed Kenai Resources for the project (details in the announcement 22 September 2010). GOAB and Kenai have vast experience and expertise of operating within the region, which will provide a focused and systematic effort to gold production and exploration at Sao Chico. As previously advised, Kenai has an option to acquire an initial 50% of the project through loans and expenditure of up to \$3 million. However, Gold Anomaly via its shareholding in GOAB will receive all cash flow generated by GOAB until Kenai exercises its option.*

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## **FERGUSSON ISLAND GOLD PROJECT, PNG (GOA 67 %) <sup>3</sup>**

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In late March 2011, 100% owned subsidiary Gold Aura (PNG) Limited was informed that the EL1070 "Gameta" tenement would not be renewed by the PNG Minister of Mines. EL1070 is one of two leases GOA has title to on Ferguson Island.

The company had requested an extension of EL1070 to enable completion of a Bankable Feasibility Study on this refractory gold deposit, where the company had recently defined an inferred resource totalling of 5.1 million tonnes @ 1.8 g/t Au for some 295,000 ounces of gold.

Subsequent to the end of the quarter, the company had successfully taken actions that may eventually lead to it regaining its right to the land associated with EL 1070.

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## **CROYDON PROJECT – QUEENSLAND, AUSTRALIA**

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No field work was undertaken on this project during the quarter.

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## **CORPORATE**

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During the quarter, the Company drew down \$750,000 under its loan facility with SpringTree Special Opportunities Fund, LP. (Further details of the facility are contained in the Company's ASX release dated 9 April 2010).

Exploration activities increased during the quarter mainly as the result of activities continuing at Crater Mountain. Mining development activities were undertaken at Sao Chico in Brazil during the Quarter. Expenditure on exploration activities totalled \$757,000 while expenditure on mining development totalled \$1,458,000.

During the quarter, the Company received \$2,500,000 in loan funds for the development of its Sao Chico project pursuant to the option agreement entered into with Kenai Resources Limited as announced to the market on 22nd September 2010. In accordance with this Agreement, these funds may be converted into equity in GOA's Brazilian subsidiary GOAB at the option of Kenai Resources.

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<sup>3</sup> Gold Anomaly currently owns 67% of the Papua New Guinea (PNG) Fergusson Island Gold Project, and has entered into an agreement with its joint venture partner, Yamana Gold Inc. (TSE:YRI), to acquire the remaining 33% upon PNG regulatory bodies granting renewal of the tenements and an extension to the April 2012 deadline for the completion of a bankable feasibility study. The extension provision was included given the short timeframe associated with completing the BFS under the terms of EL1070 licence. As part of the agreement, Yamana will be granted up to 18,762,545 ordinary shares in Gold Anomaly (approximately 2%) in exchange for its 33% interest in the project. The Fergusson Island gold project is made up of two gold deposits, Gameta EL 1070 and Wapolu EL 1025. Current actions associated with rights to EL1070 may impact on this arrangement with Yamana.

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## CORPORATE DIRECTORY

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### Board of Directors

Greg Starr	Executive Chairman
Ken Chapple	Executive Director
Peter Macnab	Non Executive Director

Sinton Spence	Non Executive Director
Thomas Fermanis	Non Executive Director
James Collins-Taylor	Non Executive Director

### Company Secretary

John Lemon

### Issued Share Capital (as of 28 April 2011)

Gold Anomaly Limited had 1.118 million ordinary shares on issue.

In addition, the following options are on issue:

1. 112.18 million listed options (GOAOA) expiring 30 June 2012; exercisable at A\$0.03 (3 cents) per share;
2. 2.0 million unlisted options (GOA08) expiring 1 April 2013; exercisable at A\$0.04 (4 cents) per share.
3. 23.8 million unlisted options expiring various dates 7 April 2013 – 30 March 2014; exercisable at various prices (ranging from A\$0.024 - \$0.046 per share) – issued to Spring Tree Special Opportunities Fund.
4. 13.25 million unlisted options expiring 30 June 2015 ;exercisable at A\$0.035 (3.5 cents ) per share (Employee Share Option Plan)
5. 16.25 million unlisted options expiring 30 June 2015 ;exercisable at A\$0.045 (4.5 cents ) per share (Employee Share Option Plan)

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324 Queen Street  
Brisbane Qld 4000  
Phone (02) 8280 7454  
Fax (07) 3228 4999

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Please direct shareholding enquiries and address changes to the share registry.

### Quarterly Share Price Activity

	High	Low	Last
Sep 2007	11.0	7.1	8.0
Dec 2007	9.8	5.4	6.7
Mar 2008	6.7	3.5	3.5
June 2008	4.4	2.8	3.1
Sep 2008	3.6	1.3	2.3
Dec 2008	2.3	0.6	0.8
March 2009	1.5	0.5	0.7
June 2009	1.4	0.6	1.1
Sept 2009	7.7	1.2	5.4
Dec 2009	5.8	3.1	3.8
March 2010	3.9	2.9	3.4
June 2010	3.5	1.9	2.3
Sept 2010	3.0	1.9	2.3
Dec 2010	4.8	2.2	3.6
Mar 2011	4.2	2.6	3.2

MARKET CAPITALISATION: 43.6M  
as of 28 April 2011

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## COMPETENT PERSON STATEMENTS

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*The information contained in this report relating to exploration results at Gold Anomaly's Sao Chico Project and the Mineral Resource at the Fergusson Island Project is based on information compiled by Mr Ken Chapple, Executive Director of Gold Anomaly Limited. Mr Chapple is a Member of the Australasian Institute of Mining and Metallurgy and has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Chapple consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information contained in this report relating to exploration results at Gold Anomaly's Crater Mountain project is based on information compiled by Mr Peter Macnab, Director of Gold Anomaly Limited. Mr Macnab is a Fellow of the Australian Institute of Geoscientists and has the relevant experience in relation to the mineralisation being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Macnab consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*