
QUARTERLY ACTIVITIES REPORT

For the period ended 30 September 2010

ABOUT GOLD ANOMALY (ASX CODE: GOA)

Gold Anomaly is a gold-focussed company with both near-term mining prospects and longer-term world class discovery potential.

The Company's immediate focus is commencement of gold mining activities at the high grade gold project at Sao Chico in Brazil. In addition, the company is expediting exploration activities at the potentially world class Crater Mountain gold project in PNG.

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KEY POINTS

CRATER MOUNTAIN GOLD PROJECT, PNG

- Channel sampling of benches has defined extensive zone of low grade surface mineralisation overlying the deep-seated mineralisation located by previous drilling at the Nevera Prospect. The surface mineralisation outlined to date covers an area of approximately 7 hectares
- The surface mineralisation could potentially be exploited by a low cost mining operation with gold recovered by gravity separation. An early stage small scale gold mine is under consideration.
- Equity to increase from 51% to 70%
- Preparations underway for the Company's maiden drilling programme at Crater Mountain

SAO CHICO GOLD PROJECT, BRAZIL

- Kenai Resources introduced as farm-in partner
- Mining Permit (GU) granted
- Preparation for plant construction and mining

FERGUSSON ISLAND GOLD PROJECT, PNG

- Agreement signed for acquisition of 100% of Fergusson Island Gold project

CROYDON POLYMETALIC PROJECT, QLD

- Age dating of the mineralisation (385-284 Ma) reveals similar ages to the Cracow gold (~291 Ma), Mount Leyshon gold (~290 Ma) and Mount Chalmers copper-gold deposits (~277 Ma).

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 \$ 389,280 while expenditure on mining development totalled \$ 743,270

CRATER MOUNTAIN, PNG (GOA 51%, EARNING 70%)¹

- **Assay results from more than 6km of mechanised benching confirm low level gold anomaly coinciding with outcrop area of the Nevera Igneous Complex. The low grade surface mineralisation covers an area of approximately 7 hectares and overlies the deep-seated mineralisation located by previous drilling at Nevera**
- **The Company is investigating the potential of a low cost, small scale gold mining operation to be fast-tracked in the area above the potential deep, larger and higher grade gold mineralisation indicated in previous drilling**
- **A diamond drilling programme is scheduled to commence in November 2010**
- **Gold Anomaly equity to increase from 51% to 70% in the Crater Mountain project.**

Background

Crater Mountain is the Company's flagship project, comprising three contiguous exploration licences spanning some 300 km². The project holds outstanding potential to host a world class gold and copper deposit.

Crater Mountain's most advanced prospect, Nevera, is covered by a thin blanket of post-mineralisation volcanic ash, which has hampered previous surface sampling programs. GOA commenced an ongoing benching and sampling program in June, which cut through the recent ash material allowing the Company to:

a) delineate and quantify the extent of gold mineralisation at surface with the view to fast tracking a small scale open-cut gold mining operation as a first stage development at Crater Mountain.

b) map the lithological, alteration and structural controls of the Nevera Prospect mineralisation, leading to a better understanding of the deeper potentially large-scale gold mineralisation ahead of renewed deep drilling.

Work Conducted during the quarter

The benching and sampling program initiated in the previous quarter continued during the September quarter, with four benches extended southwards on underlying Nevera Igneous Complex lithologies; three on the western (Nevera Creek) slopes of the prospect, and one on the eastern (Maviana Creek) slopes. Further benches are planned to be commenced shortly, in particular lower benches on both the western and eastern slopes of the prospect. The Company plans to push access roads and benches southwards into other mineralised areas at Crater Mountain including to the head of the Nevera Creek (location of drill hole NEV-17) and the headwaters of Maviana (location of the 1980's exploration).

Proposed Drilling Program

The information generated from the benching and sampling programme has been critical in preparing for the Company's maiden drilling program at Crater Mountain which is set to commence in November 2010. The programme will test the extension of gold mineralisation located in previous drilling programs, with initial holes being 300 to 400 m deep. Some deeper holes (+700 m) may be drilled to test for a possible porphyry copper-gold source at depth as well as possible epithermal gold feeder zones. The previous drilling intercepted a zone of mineralisation developed along the brecciated contact between the Nevera Complex and underlying volcanic.

1. As of September 30 2010 GOA had spent in excess of A\$900k on Crater Mountain on phase 2 exploration. Under a Joint Venture Agreement and subsequent letter agreements between the parties, expenditure greater than A\$900k constitutes a trigger to increase GOA ownership from 51% to 70%. The major partner and the minority partners of the Crater Mountain JV have been made aware of GOA's intention to move from 51% to 70% ownership. The process in making this change is underway.

Small scale surface mining potential

The benching and channel sampling work to date has highlighted the widespread lateral extent of anomalous surface gold values coinciding with the outcrop area of the Nevera Igneous Complex over an area of approximately 7 hectares which includes the artisanal gold workings on the Prospect's western slopes. The gold mineralisation at surface is largely confined to narrow oxidized base metal sulphide-carbonate veins infilling joints and fractures, commonly with a medium density but in places forming stockworks, and is interpreted to be related in style to the significant drill intercepts encountered by the previous drilling several hundred metres beneath the ridge surface .



Road cut across spur with part of artisanal mining area in background.

The main anomalous zone, comprises an area of approximately 350m by 150m to 250m wide which is elongate in a north-northwesterly direction and is largely covered by tephra from 1m up to 5m deep

Further mechanical benching and trenching are required to infill and substantiate the surface extent of the mineralised area. This will be followed by drilling to determine the continuity at depth

The company will investigate the potential to fast track an initial open cut mining operation and processing facility in this area, using simple gravity recovery of gold. The Company envisages employing a simple crushing, washing and gravity circuit, which would result in very low operating costs, and is considering applying for a mining lease to conduct small scale bulk testing before committing to full scale development. This operation would lie in the pre-strip area of the potential larger and higher grade gold mineralisation indicated in previous drilling. Besides the obvious benefits of earlier cash flows derived from such an operation, the economics of mining the deeper mineralisation would also likely improve as a result.

The project work is being directed by exploration director Peter Macnab. Mr Macnab is a widely experienced exploration geologist who has a remarkable track record of discovering massive mineral projects throughout PNG over the last 40 years. He was the discoverer of the giant Lihir deposit (45 Mozs gold) as well as being the discoverer and co-discoverer of other world class gold / copper deposits in PNG including Frieda River (7.5 Mt Copper, 14.3 Mozs gold), Misima (3.7 Mozs gold) Simberi (5.7 Mozs gold) and Wafi (7 Mozs gold),

EQUITY IN CRATER MOUNTAIN GOLD PROJECT TO INCREASE FROM 51% TO 70%

During the quarter, the Company fulfilled the expenditure conditions required within its Joint Venture Agreement to increase its stake in the project from 51% to 70% following expenditure in excess of \$900,000 on the current exploration program.

NEAR-TERM DEVELOPMENTS

Drilling program planning underway

Mechanised benching has resumed after a period of stand-by to organise logistics and prepare for the Company's maiden drilling programme at Crater Mountain. Channel sampling and desktop 3D modelling are ongoing ahead of this drilling.

October 2010

- Completion of data collation
- Review of results and establishment of conceptual model and drill targets
- Signing drilling contract

November 2010

- Commencement of drilling program including the testing of both deep and shallow drilling targets
- Commencement of preparation for the submission of an application for small/medium scale mining lease over shallow surface oxide zones of gold mineralisation.

December 2010

- On-going drilling. It is anticipated that the drilling program and the analysis of the drilling results will be completed early in 2011. Upon completion, the Company will have a sound basis for determining the true potential of Crater Mountain.

SAO CHICO GOLD PROJECT, BRAZIL (GOA 100%)²

- **Kenai Resources introduced as farm-in partner**
- **Gold Mining Permit (GU) granted**

Events Subsequent to the End of the Quarter

- **Plant arrival in Brazil, subject to customs clearance**

KENAI RESOURCES INTRODUCED AS FARM-IN PARTNER

As part of the strategy to focus on the company's PNG assets, GOA executed an agreement with Kenai Resources (TSX:KAI "Kenai") forming a partnership to assist in advancing Sao Chico into production and fast tracking local and regional exploration. This was seen as an appropriate strategic decision given the regional opportunities as evidenced by Eldorado Gold Corp's recent significant investments in the nearby Tocantinzinho and (indirectly) Palito projects and Kenai's existing established relationships in the region.

² 40% Net Profit Interest being paid to the vendor and terms of the Kenai Option

Under the Agreement, GOA has granted Kenai an Option to acquire 50% of GOA's Brazilian subsidiary Gold Aura Do Brasil Mineração Ltda (GOAB), which has the right to acquire a 100% interest in Sao Chico.

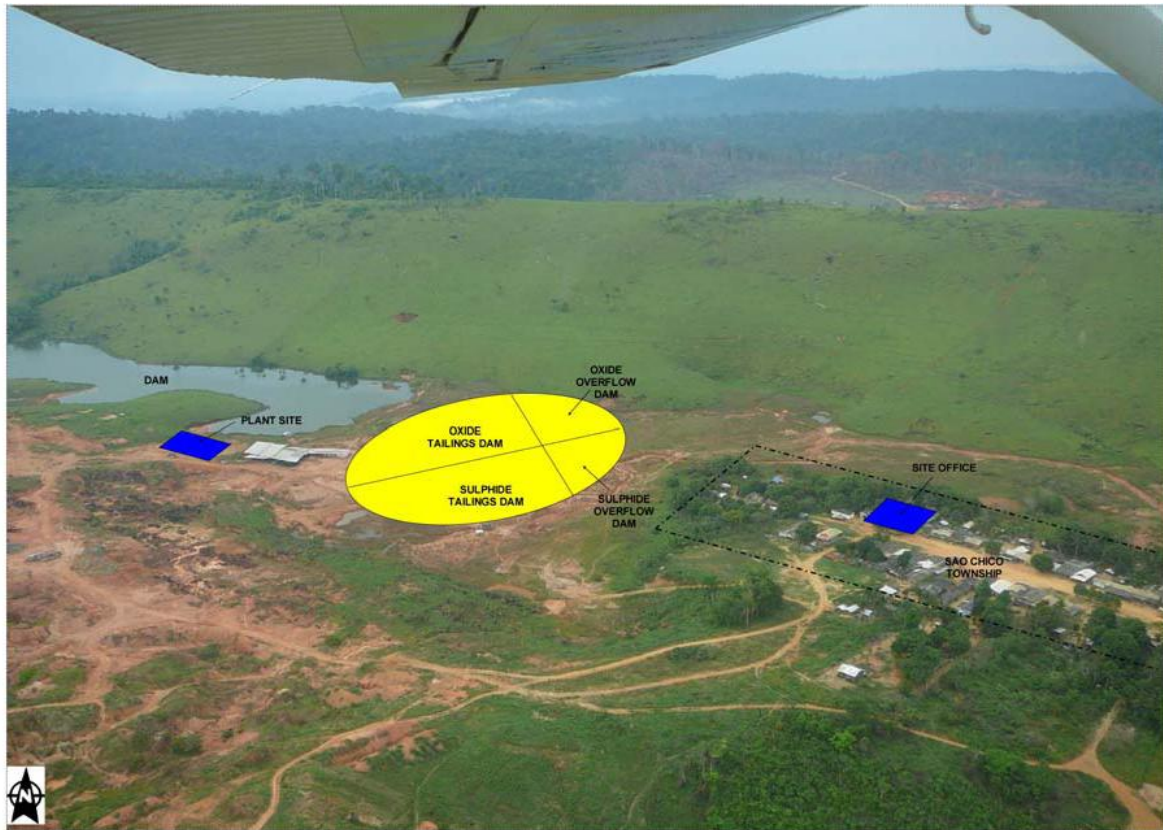
Key terms of the Agreement are as follows;

1. Option arrangement where Kenai will loan GOA up to \$3M interest free with Option to convert the Loan into 50% equity in GOAB within 18 months of the Agreement
2. Kenai to become Project Managers of GOAB
3. GOA will receive \$1M as an up-front Loan advance for its working capital.
4. GOA to agree to on-lend to GOAB the remaining \$2M of the Loan for exploration and development at Sao Chico. The remaining \$2M of the loan will be advanced by Kenai in 4 tranches of \$500,000 each.
5. If Kenai exercises the Option, any amount of the remaining \$2M not lent to GOA will be lent by Kenai to GOAB.
6. Kenai pays further \$1M to GOA and \$1M into the GOAB project to earn a further 25% interest. GOA may then elect to sell its remaining 25% interest to Kenai for cash or Kenai shares on a US\$30/oz basis for defined mineral resource gold ounces plus US\$60/oz for defined mineral reserve gold ounces at that time
7. On exercise of the Option, GOA to receive a 10% Net Profits Interest (NPI) for 5 years over Kenai's 50% or 75% interest.
8. Loan repayable at 90 days notice if demanded by Kenai within 18 months of the Agreement and must be repaid within 2 years if Option is not exercised.
9. GOA may in certain circumstances at its election and subject to any shareholder approvals require Kenai to accept GOA shares in repayment of all or part of the Loan at the then prevailing market price.

One of the key benefits of the Joint Venture is that it enables GOA to focus on its PNG assets whilst maintaining exposure to the near term cashflows from Sao Chico. In addition, given Kenai's expertise and local networks, the partnership will certainly expedite exploration and mine commissioning activities at Sao Chico. Whilst GOA still considers Sao Chico a good asset, the company believes that investing its capital and management's resources into the potential world class Crater Mountain project will ultimately provide a better return.

Of important note, GOA retains full ownership of GOAB until Kenai exercises the Option. As such, GOA will access 100% of the cashflow once mining commences later this year, until the Option is exercised. Given that Kenai is focussed on the long-term potential of Sao Chico, the near-term result will be that GOA has greater cash availability for advancing its PNG assets.

The transaction will provide the initial funds for fast-tracking Sao Chico into production as well as undertaking an advanced exploration program. If these investigations provide encouragement it is expected that a Mining Concession would be applied for a larger underground gold mining operation. GOA considers the strength of Kenai's management team as another key benefit to the Joint Venture. Kenai's Chairman, Dan Kunz, is the former president of Ivanhoe Mines, and has an excellent track record of developing projects from early stage exploration through to production. Mr Kunz is supported by Neil Cole, who has significant experience in both the metallurgical aspects of gold mining and the economic assessments of mining projects.



GOLD MINING PERMIT (GU) GRANTED

During the quarter, GOA advised that the Brazilian Departamento Nacional de Producao Mineral (DNPM) granted a GUIA De Utilizaçao (GU – No 02/2010 over the Sao Chico property to the company's local agent Waldomiro Martins (WM). The duration of grant is eleven months commenced 29 June 2010 and expiring 29 May 2011, though with provision for extension. The GU was issued with respect to Alvara De Pesquisa (AP or Exploration Licence) No 12.836 held by WM. A GU or "guide" allows for up to 2 years of production to ascertain such mining parameters as metallurgy and mining alternatives and can be applied for over all, or part, of an Authority to Prospect (AP) provided that exploration results have indicated potentially economic mineralisation is present. Up to 50,000 tpa of gold mineralisation can be mined under a GU. The grant of a GU requires that a feasibility study is undertaken during the up to two years of tenure to determine if a larger mining operation could be economically viable. GOAB intends to undertake gold mining and exploration activities permitted under the GU on behalf of WM in accordance with the terms of an Agreement previously entered into with WM.

The GU covers an area of 56.50 ha in the SW corner of the AP and includes up to 1.0 km strike length of the 5 main veins. The remainder of the approximate 1,418 ha AP is the subject of an active exploration program as described below.

As a requirement of the grant, a feasibility study has commenced to determine if a larger gold mining operation is economically viable.

When the gold processing plant is delivered and fully commissioned it will have a capacity of over 100,000 tonnes per annum (20 hours per day, 30 days per month). The Company plans to commence open pit mining of gold bearing veins at a rate of 50 tonnes of ore per day before progressing towards the planned production rate of 100 tonnes per day (30,000 tpa). At the targeted grade of 20g/t this would result in some 20,000 recovered ozs of gold p.a. Test work is planned to determine the actual grade, with further exploration required to determine a Mineral Resource

FEASIBILITY STUDY COMMENCES

GOAB commenced a Feasibility Study on the economics of underground mining of the gold vein shear systems at Sao Chico. A major component of the program will be a detailed Induced Polarisation (IP) survey of the main vein area together with broad electromagnetic (EM) coverage of the entire AP. Other work will include stream sediment sampling, soil sampling, rock sampling, geological mapping and petrology. More detailed follow-up will be undertaken on delineated IP and EM anomalies as the first step in evaluating the underground hard rock resource potential at Sao Chico.

It is reasonably expected that the exploration program and the IP surveying in particular will outline further shear hosted sulphide veins especially in the alluvial covered area topographically above the known veins as well as delineating lateral extensions of the known veins. There are 7 existing mineralised veins identified at Sao Chico. These veins are interpreted to extend for up to 1km along strike and average 1.5m in width. If the feasibility study indicates a commercial operation would be economic, a Mining lease (superseding the GU) will be applied for.

TRENCH SAMPLING FOR MINE PLAN COMMENCES

GOAB is now in the mine preparation stage commencing initial trench sampling. The trenches will highlight the location of mining over the initial months.

Events Subsequent to the End of the Quarter

PROCESSING EQUIPMENT ARRIVES IN BRAZIL

Both the new and used processing plant components arrived in Brazil during October. Subject to customs clearance timing it is expected that both new and used components will be delivered to the Sao Chico site and installed by late November

FERGUSSON ISLAND GOLD PROJECT, PNG (GOA 100 %) ³

GOLD ANOMALY EXECUTES AGREEMENT TO ACQUIRE FERGUSSON GOLD PROJECT

- **Set to assume full ownership of project.**
- **Set to undertake Bankable Feasibility Study.**
- **Yamana (TSX: YRI) to become 2% shareholder in Gold Anomaly.**

On 12 July 2010, GOA executed an agreement with Canadian companies Yamana Gold (TSX: YRI) and BacTech Mining (TSXV: BM) to acquire 100% of the Fergusson Island gold project in PNG.

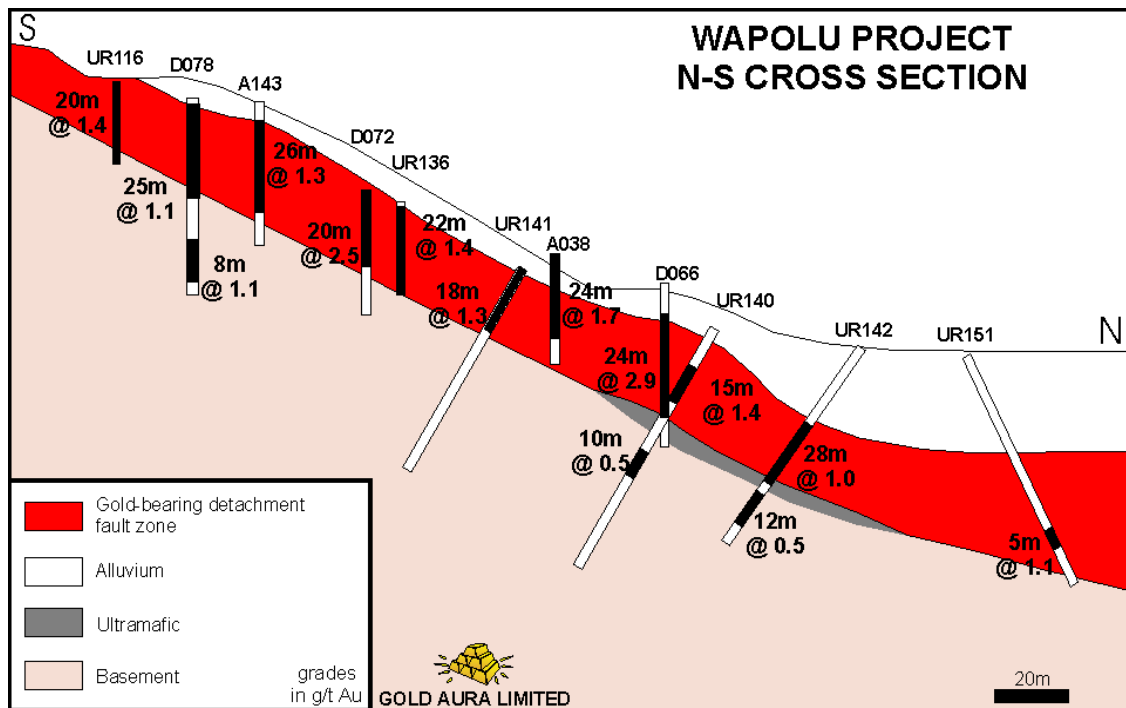
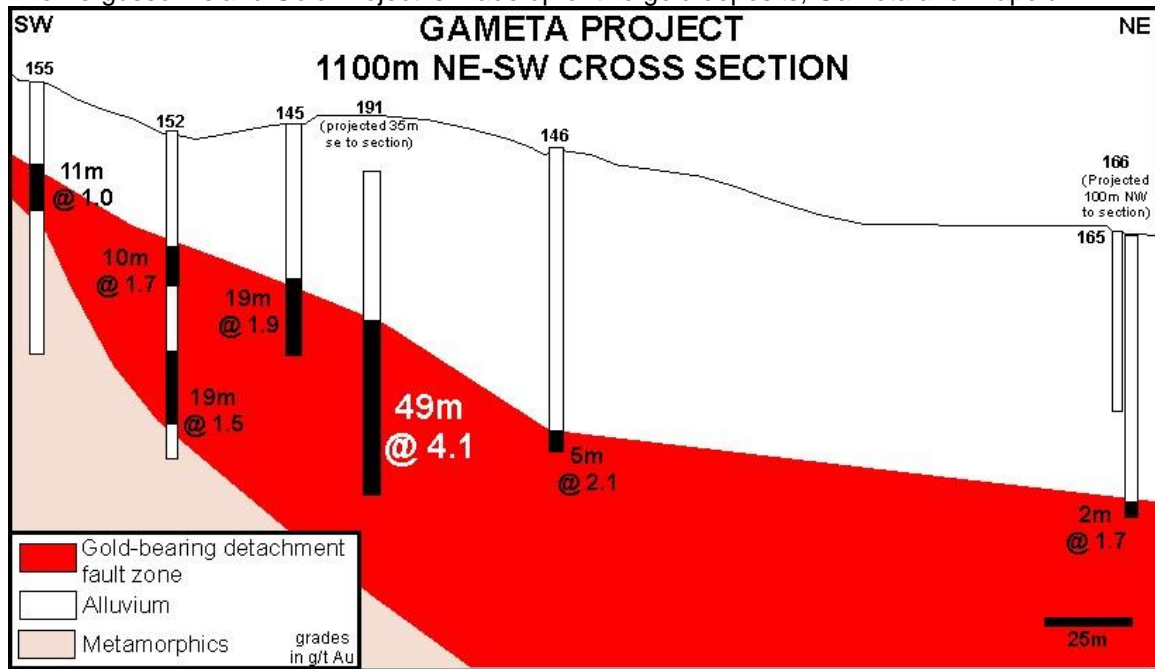
The agreement is subject to the PNG regulatory authorities granting an extension to the April 2012 deadline for completion of a bankable Feasibility Study ("BFS"). As part of the agreement, Yamana will be granted 18,762,545 ordinary shares in GOA (approximately 2%) in exchange for its 33% interest in the project. BacTech will provide its specialist metallurgical services to undertake the bacterial leach component of the BFS. GOA will complete the in-fill drilling programs and all other evaluations as required.

All parties agree that GOA assuming full ownership of the Project will provide the best structure for advancing Fergusson Island.

³ Subject to PNG regulatory authorities granting an extension to the April 2012 deadline for the completion of a Bankable Feasibility Study .

Field work has been suspended as the company awaits its application to the PNG Minerals and Resources Authority for an extension to complete the BFS. Once granted, the Company will commence work identifying potential production sources.

The Fergusson Island Gold Project is made up of two gold deposits, Gameta and Wapolu.



CROYDON PROJECT – QUEENSLAND, AUSTRALIA

GOA announced that age dating of muscovite contained within sphalerite rich sulphide material from its previously announced polymetallic vein style discovery north of Croydon in Queensland has revealed an age of 285-284 Ma with an error of less than 2 million years.

This age is similar to that inferred for the Herberton tin-tungsten (Sn-W) province to the east. It is also similar to the ages of the Cracow gold (~291 Ma), Mount Leyshon gold (~290 Ma) and Mount Chalmers copper-gold deposits (~277 Ma).

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

GOA is encouraged by the result as it raises the possibility of a major mineralised system being present in the Croydon area.

CORPORATE

Capital Raising

1. SpringTree Loan Facility

During the quarter, the Company drew down \$550,000 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).

2. Share Purchase plan

During the quarter, the Company undertook an offer under its Share Purchase Plan ("Plan") to enable Shareholders to each purchase up to \$15,000 worth of fully paid ordinary shares in the Company.

The issue price under the offer was \$0.02 (2.0 cents) per share which represented a discount of 16.6% to the average price of the Company's shares traded on ASX during the 5 days leading up to announcement of the offer.

A total of \$1,420,000 was raised under the offer. The funds will be used for the upcoming drilling program at the Crater Mountain Gold Project, the Sao Chico high grade gold project in Brazil, the BFS at the Fergusson Island Gold Project, and other working capital purposes.

The Company previously announced that Australian resources investment firm Martin Place Securities ("MPS") had agreed to underwrite the first \$1,250,000 to be raised under the offer. As an amount in excess of \$1.25 million was raised MPS was not required to underwrite any of the offer.

Shareholder Meeting Results

At the Company's general meeting held on 8 October 2010 all resolutions put to Shareholders were passed.

CORPORATE DIRECTORY

Board of Directors

Greg Starr	Executive Chairman
Ken Chapple	Executive Director
Peter Macnab	Non Executive Director
Robert McLean	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 October 2010)

Gold Anomaly Limited had 957 million ordinary shares on issue.

In addition, the following options/convertible securities are on issue:

1. 86.65 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. 1,225 listed Convertible Notes each at a face value of \$500 (\$612,500). 10% pa interest. First payment made 01 April 2010.

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

MARKET CAPITALISATION: 23.95M
as of 28 October 2010

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

COMPETENT PERSON STATEMENTS

The information contained in this report relating to exploration results at Gold Anomaly's Sao Chico 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 Robert McLean, Director of Gold Anomaly Limited. Mr McLean 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 McLean consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.