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15 October 2012

Market Announcements Platform
Australian Securities Exchange

Rights Issue – Letter to Shareholders

Please find attached a copy of the letter which has been sent to the Company's Shareholders today advising details of the Company's rights issue.

John Lemon
Company Secretary

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.

15 October 2012

Dear Shareholder

Non-Renounceable 2 for 3 Rights Issue

1. Terms of Right Issue

On 12 October 2012 the Company notified the Australian Securities Exchange (**ASX**) that it will undertake a two (2) for three (3) non-renounceable pro rata rights issue to raise up to \$3,745,558 through the issue of up to 1,498,223,288 fully paid ordinary shares at \$0.0025 (0.25 cents) each ("**Rights Issue**"). Eligible shareholders will be offered the opportunity to purchase two (2) shares for every three (3) shares held by them as at 7.00pm EDST on the record date of 22 October 2012. The shares issued will rank equally in all respects with the existing shares on issue in the Company. All fractional entitlements to shares will be rounded up to the nearest whole number.

Only those shareholders with registered addresses in Australia, New Zealand, Papua New Guinea and Hong Kong will be eligible to participate in the Rights Issue. The Company's directors have determined that it would be unreasonable to make offers to shareholders in other countries given the number and value of shares that would be offered and the cost of complying with legal and regulatory requirements in other countries. If you are not eligible to participate in the Rights Issue you have been sent this letter for information purposes only.

Shareholders in Papua New Guinea will be able to deposit the Australian dollar equivalent in Kina for shares under the Rights Issue in an account in Papua New Guinea.

In addition, 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.

The Rights Issue will be conducted pursuant to section 708AA of the Corporations Act 2001 (Cth) ("the Act"). Consequently the Rights Issue will be made without disclosure to shareholders and investors pursuant to Part 6D.2 of the Act, i.e. without a prospectus. A personalised Entitlement and Acceptance Form will be mailed to you. Your share entitlement will be shown on the Entitlement and Acceptance Form.

2. Commitments and underwriting of the Rights Issue

The Company 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 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).

It is noted that FreeFire may participate in any offer of shortfall shares as described above, 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.

FreeFire's underwriting commitment is subject to the terms and conditions of an Underwriting Deed dated 11 October 2012. Terms of the Underwriting Deed include, the obligation of FreeFire to underwrite the Rights Issue is subject to certain conditions precedent, including the provision of a legal opinion in respect of the Rights Issue and FreeFire being reasonably satisfied with the terms of the Rights Issue offer documents, and conditions subsequent, including the Company not being in breach of any representations or warranties or the Deed not being terminated upon the occurrence of specified traditional events (which include a material adverse change affecting the Company, the outbreak of hostilities or the occurrence of disruptive market conditions).

FreeFire is entitled to receive in cash fees under the Underwriting Deed which total 10% of the amount underwritten by it. Further, the Underwriting Deed provides that up to \$1.3 million of the amount that would have been payable by FreeFire to the Company for the issue of New Shares is automatically set-off against the \$1.3 million loan owed by the Company to FreeFire as detailed in the Company announcement dated 30 September 2012.

3. Impact of convertible securities

The Company currently has on issue:

1. 2,247,334,932 shares, all of which are quoted on ASX;
2. 73,697,934 options, none of which are quoted on ASX; and
3. one convertible note with a face value of A\$135,000 convertible to 45,000,000 ordinary shares at the current market price of the Company's shares of A\$0.003 per share. The convertible note is not quoted on ASX.

If all 1,498,223,288 shares are issued under the Rights Issue the Company will have on issue 3,745,558,220 shares. Application will be made to the ASX for quotation of all shares issued under the Rights Issue.

If some or all of the options or convertible note are exercised prior to the record date for the Rights Issue, then this will impact the maximum number of New Shares that may be issued under the Rights Issue. However, the Company does not anticipate that the convertible note or any options will be exercised as the exercise price of each is above the offer price under the Rights Issue.

4. Proposed use of funds raised under Rights Issue

After payment of the costs and expenses of the Right Issue, funds raised from the Rights Issue and the placement to Freefire will be used as follows (in each case to the extent that proceeds allow):

- (a) to repay in full the \$1.3 million loan owed by the Company to FreeFire (as detailed in section 2 above);
- (b) to repay no less than 70% of the amounts owed by the Company to Bergen Global Opportunities Fund LP, and should Bergen Global Opportunities Fund LP agree, 100% of such amounts; and
- (c) funding of the Crater Mountain and Croydon projects and for additional working capital purposes.

5. Background and rationale

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 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. The Company therefore considered that, overall, FreeFire's funding package was the best available option for the Company.

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 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.

6. Potential impact on control of GOA

Assuming no rights to take up shares are exercised by the option holders or the convertible noteholder, the potential effect* of the issue of shares under Rights Issue 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. Freefire's shareholding would remain at 12.46%
2. If eligible shareholders, other than FreeFire 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 Freefire takes up their full entitlement under the Rights Issue, and FreeFire takes up the shortfall in accordance with the Underwriting Deed.	Freefire'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 FreeFire is the only other shareholder to take up its entitlements under the Rights Issue and it also takes up the shortfall in accordance with the Underwriting Deed.	Freefire's shareholding would increase from 12.46% to 42.14%

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

The Company understands from Freefire 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 Freefire 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 Freefire 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.

7. Proposed Timetable

The proposed timetable for the Rights Issue is as follows*:

1. Announcement of Rights Issue to ASX 2. Application to ASX for quotation of Shares (Appendix 3B) 3. Lodge Cleansing Notice with ASX 4. Advise option holders	Friday 12 October
Notice to Shareholders containing information in Appendix 3B	Monday 15 October
Shares trade "Ex" the entitlements issue on the ASX	Tuesday 16 October
Record Date to identify Eligible Shareholders and to determine Entitlements under the offer	Monday 22 October
1. Despatch of Offer and Entitlement and Acceptance Form ("Opening Date") 2. Advise ASX that despatch completed	Friday 26 October
Closing Date	Monday 12 November
Securities quoted on a deferred settlement basis	Tuesday 13 November
ASX notified of under-subscriptions	Wednesday 14 November
Despatch Share Holding Statements	Friday 16 November
Expected commencement of trading of new shares on ASX	Monday 19 November

*The dates shown in the timetable are indicative only and, subject to the ASX Listing Rules and the *Corporations Act 2001* (Cth), the Company, in conjunction with the underwriters, reserves the rights to change any date, including to extend the closing date or to close the offer early without prior notice. The Company, in conjunction with the underwriters, also reserves the right not to proceed with all or part of the Rights Issue at any time prior to the date of issue of the new Shares (in which event application monies will be refunded without interest).

The Record Date for determining eligibility to participate in the rights issue is 7.00pm (EDST) on 22 October 2012

The offer closes at 5pm (EDST) on 12 November 2012.

8. Further Information

If you have any questions regarding the rights issue or the Entitlement and Acceptance Form which will be sent to you please contact the Company Secretary, John Lemon (Tel 07 3832 1329).

Yours faithfully

GOLD ANOMALY LIMITED

A handwritten signature in black ink, appearing to be 'G. Starr', written over a faint, illegible printed name.

Greg Starr
Executive Chairman