

Acquisition and Development of Lefa Corridor Gold Project

Acquisition of Guinor Gold Corporation

On October 17, 2005 the Company announced an offer to purchase 100% of the shares of Guinor Gold Corporation ("Guinor"), at a price of C\$1.50 per common share, in an all cash transaction valued at approximately C\$ 389 million (US\$ 331 million).

Guinor, through its then 85% subsidiary (as of June 30, 2006, a 100% subsidiary) Société Minière de Dinguiraye ("SMD"), operates the Lefa Corridor Gold Project in Guinea. Lefa has operated for over 11 years as a modest heap leach operation and is implementing a major mine expansion together with CIP processing through a \$169 million expansion scheduled for commissioning in December 2006.

Transaction Overview

The Crew offer for Guinor was financed by the raising of approximately \$340 million, provided by a limited number of existing Crew shareholders in Europe. The new financing consisted of the issue of \$194 million in convertible bonds and \$146 million in new equity.

On closure of the tender process, approximately 94% of the issued and outstanding Guinor common shares were validly deposited under the offer. Crew acquired these shares on December 9, 2005 and subsequently acquired the balance on March 3, 2006 through a compulsory acquisition procedure.

On June 30, 2006, the Company concluded an agreement with the Government of Guinea whereby Crew acquired the Government of Guinea's 15% stake in SMD for a total consideration of \$30 million, consisting of \$15 million cash and \$15 million in Crew shares. As a result, at June 30, 2006, Crew held an indirect 100% interest in Lefa.

LEFA Expansion Project

The installation of the CIP plant expansion at Lefa progressed on schedule during the year. All components of the Kelian CIP plant purchased in connection with the expansion arrived in Guinea and were transported to site where they are now being reassembled.

Construction activities progressed on schedule and were approximately 50% complete at the end of June 2006 and 80% complete at the end of September 2006. All CIP tanks were erected, steelwork interconnections have commenced in all areas, the two SAG Mills and Ball Mill No.1 were installed and the mill tower crane was completed and fully operational at fiscal year end. All six engines for the power plant were installed with pipe works

started on most of them. Construction of the main tailings storage dam is also underway and was about 75% complete at fiscal year end.

Construction work on the six kilometre overland conveyor between the Lero pit and the CIP plant commenced and the foundations and mechanical work had been completed on approximately 2.5 kilometres by the end of June 2006.

The CIP plant is scheduled for commissioning during December 2006. Owing to increased fuel costs and the consequent effect on transportation charges, increased component and raw material costs and the acceleration of the civil construction and mine development programmes, the overall capital cost of the expansion to commissioning is presently anticipated to rise from the 2005 estimate, at the time of acquisition, of \$145 million to \$169 million. To June 30, 2006, \$127.9 million in capital costs had been incurred in connection with the expansion including \$56.4 million incurred prior to the Company's acquisition of the project.

When the plant is completely operational, the annual production rate is targeted to produce 320,000 to 350,000 oz/year with an estimated cash cost of \$240-280 per ounce before royalties (royalty payments are 5.4% of gold revenue) based upon current reserve grade of 1.7 g/t. The Company has recently reported drill results with substantially higher grades than the historic reserve grade. Based on these recent results, an aggressive exploration program has been launched with the target of doubling the present reserve and resource base at Lefa.

Acquisition and Development of Masara Mine

Acquisition

The Company's principal gold asset in the Philippines is the Masara Gold Mine ("Masara") in south-eastern Mindanao Island, which ceased production in March 2000. The Company acquired its interest in Masara through its acquisition, with its associated Philippine partner, of approximately 72.87% of Apex Mining Company, Inc. The transaction was concluded in December 2005.

Underground Development

The present mine plans and resource model are based on a historical mining width of around 1.5-2.0 meters. Management believes that both historical data and recent data from drilling and underground sampling indicates a potential for an economic mining width of 3-4 meters with only marginally lower grade than the "core" vein. As a part of the ongoing drilling program for 2006/2007 of over 80,000 meters, the Company is also investigating the potential for open pit mining in the south east of the property where several of the 13-14 veins converge. Several

new vein structures with encouraging grade levels have been discovered as a result of the ongoing drilling program.

Plant and Infrastructure

During the year, the Company commenced refurbishment of the existing 500 tpd processing plant (Phase 1) and commenced the design and preliminary construction work for an additional 2,400 tpd processing plant (Phase 2), which will provide a total plant capacity of 2,900 tpd. Commissioning of the refurbished 500 tpd plant is anticipated in the fall of 2006 and for the new plant in the second quarter of 2007.

Once fully commissioned, the Masara operation is anticipated to have the capacity to process 2,900 tpd ore which is expected to produce between 180,000 and 200,000 ounces of gold and 300,000 to 400,000 ounces of silver annually. The Company do not expect to fully utilize the capacity of the plant in 2007 as underground development will progressively ramp up toward the end of 2007/early 2008.

The capital budget for the refurbishment of the existing 500 tpd plant and construction of the 2400 tpd plant is currently estimated to be approximately \$60-70 million, of which \$13.2 million was expended to June 30, 2006. In addition, the estimated costs over the next 18 to 24 months for extensive underground development and infrastructure and a much expanded exploration program is \$20-30 million.

Nalunaq

Operations

After its initial start up in 2004, Nalunaq's ongoing focus has been to improve the delivered grade. During the year, the Company engaged Snowden Mining Consultants plc ("Snowden") to review the mining operations and identify areas where efficiencies could be improved. The mine optimisation programme identified by Snowden, is being implemented. The first phase of the optimisation programme has focussed on reducing mining dilution through improved blast design, geological control and supervision and washing of stopes to maximise gold recovery.

The Company is pleased to report that the grades achieved from Nalunaq for the year under review have been consistently higher than the previous year. The average grade of gold shipped and processed for the 2006 fiscal year was 19.0 g/t compared to 15.9 g/t for the 2005 fiscal year, an improvement of 19.5%.

Management believes the implementation of the optimisation programme has contributed to these improvements, however,

cautions that the grade variation observed between milling campaigns is also typical of the nature of the style of the narrow vein, high grade deposit being mined at Nalunaq.

The second phase of the mine optimisation programme has been to review the mining equipment to ensure a sustainable balance between mine development and stope production to increase production rates. The Company placed orders for an additional long hole drill rig, replacement scoops and larger 20 tonne underground trucks together with ancillary mobile equipment. Management anticipates that further improvements to mining efficiencies and production rates should be realized during the last half of 2006 as this equipment is delivered to site.

During the fiscal year, ore from Nalunaq was shipped to Rio Narcea Gold Mines' El Valle process plant in Spain. This arrangement will terminate at the end of 2006. The Company is discussing a different arrangement at El Valle but is also examining other alternatives for the long term processing for its ore, including the preferred acquisition of a processing plant that will be owned and operated by the Company.

New Gold Project in the Philippines

Prior to the end of the fiscal year, the Company concluded an option agreement with Plethora Mining Corporation of the Philippines to earn an interest in the Tandic Gold Project in south-eastern Mindanao, in the Philippines. Under the terms of the agreement, Crew will acquire an option to earn an initial 50% of the property through expenditure of USD \$1 million on exploration and development over a period not exceeding 5 years. Following the 50% earn-in, Crew can then fund further exploration, development and feasibility studies to earn up to 90% of the project.