

Nalunaq

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Nalunaq Gold Mine in southern Greenland was officially opened on August 25th 2004 after nearly ten years of exploration and development. Initially, Crew had a 67% joint venture interest in Nalunaq but this increased to a majority share of 82.5% in 2001, and to 100% in November 2007.



Improvements to mining efficiencies and production rates were realised throughout 2007 as a result of new upgraded equipment, purchased and installed in 2006. The focus on maintaining this equipment is a priority as evidenced by the introduction of a detailed preventative maintenance program.

Annualized production for Nalunaq is expected by management to stabilize at between 80,000 and 90,000 ounces. The gross gold content of ore processed in the 12 months to 31 December 2007 was 77,036 ounces, representing an average grade of 14.8 g/t.

Location

The mine is located approximately 40 kilometers from Nanortalik in southern Greenland. Nalunaq Mountain, which hosts the gold deposit, is 1,340 m high and located in a wide glacial valley reaching into the Saqqa Fjord about nine kilometers from the mine site. The fjords are deep and usually ice free, allowing easy access for shipping, and the moderate overall climate allows full year-round operations.

Geology of Nalunaq

- The Nalunaq deposit is a mesothermal vein-type gold mineralization associated with sheeted quartz veins in a major shear zone.
- The most pronounced structure at Nalunaq is a narrow zone of ductile shearing surrounded with relatively brittle margins.
- The main vein itself is hosted in a 1-2 meter wide shear zone with a remarkably constant orientation.
- The quartz veins vary from 0.05 meters to 1.8 meters in width and often display evidence of both compressive and dilational post-mineralization deformation.
- Systematic sampling of the underground exposures of the vein has shown the gold grade to be subject to a pronounced nugget effect. Despite this, a regular zonation in grade is identifiable as a series of up to 30 g/t ore shoots or "bands" running approximately NW-SE throughout the mine area.

Resources

Indicated resources total 535,000 tonnes at 18 g/t for approximately 315,000 oz gold and are based on data derived from underground drifting and systematic sampling at 1-3 m intervals. Indicated resources have a payability factor of 80% recoverable, in line with previous production performance. A total of 5,000 m of on-vein development has been completed in strike drives and raises within the Main Vein structure. A total of 2,440 channel and chip samples have been collected during the exploration stages and a further 3,400 chip samples have been taken in the faces of strike drives and slot raises since production commenced in 2004.

Indicated and inferred resources at Nalunaq are summarized in the following table. The most significant difference to previous estimates is that indicated resources are now included from the Upper Block. This is due to the fact that mining development has advanced into this area and therefore activated substantial indicated resources, which are based on continuous sampling along surface outcrops. In addition, a small contribution is added from underground development near the 500 m level. The South Block is slightly expanded due to new underground development while the Target Block shows a reduction of approximately 50,000 ounces, largely due to mining depletion.



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Nalunaq Ore Resources as at December 31, 2006

Block	Class	Payable Tonnes	Grade (g/t Au)	Contained Oz
Target Block	Indicated	80,000	24	63,000
South Block	Indicated	185,000	16	95,000
Upper Block	Indicated	270,000	18	157,000
Total, Indicated		535,000	18	315,000
Target Block	Inferred	128,000	18	74,000
South Block	Inferred	640,000	16	330,000
Upper Block	Inferred	535,000	18	310,000
Mountain Block	Inferred	212,000	16	109,000
Total, Inferred		1,515,000	17	823,000

Reserves

Probable reserves are a subset of indicated resources and are defined where stope layouts have been completed following sublevel drift and raise development. The design of stopes is based on closely spaced sampling and assignment of actual grades from at least three sides of individual blocks, using a cap of 300 g/t Au. Current probable ore reserves total 205,000 tonnes at 18.8 g/t Au for 124,000 ounces contained gold. A mining recovery factor of 84% has been applied for expected losses in pillars and other unrecoverable areas. A gold price of USD 575 per ounce has been used in the estimation of ore reserves.

Nalunaq Ore Reserves as at December 31, 2006

Block	Class	Payable Tonnes	Grade (g/t Au)	Contained Oz
Target Block	Probable	61,000	22.2	44,000
Upper Block	Probable	44,000	18.4	26,000
South Block	Probable	37,000	19.3	23,000
Stockpiles	Probable	63,000	15.4	31,000
Total, Probable Reserve		205,000	18.8	124,000

Quality Assurance and Control and Qualified Person and notes to resource and reserve estimates

- (1) The resource and reserve details in this report have been compiled by Kurt Christensen, Chief Geologist at Nalunaq Gold Mine AIS and have been verified by Jon S. Petersen, former Senior Vice President of Crew Gold Corporation. Mr Petersen is a Fellow of the Geological Society of London and the Society of Economic Geologists and a "Qualified Person" within the meaning of Canadian National Instrument 43-101-Standards of Disclosure for Mineral Projects. Mr. Petersen is not "independent" of Crew Gold Corporation in the context of NI 43-101 as he was employed by and holds securities of the Company.
- (2) Nalunaq has adopted the following procedure for resources reporting because of the narrow-vein nature and high nugget effect. Inferred resources are those resources which provide reasonable evidence for structural continuity, on the basis of drilling and underground sampling, but where drill results cannot provide reliable data for grade estimation. Because of the inability to assign a specific grade, the company has chosen to restrict inferred resources further through an assumed payability factor, which reflect the probability of the conversion of inferred resources into mineable resources within a certain are, based of historic records.
- (3) For grade estimates, the company has chosen to use grades obtained in the completed mining record and assigns a grade of 18 g/t Au, within a range of 22-16 g/t Au, for the Target Block and Upper Block as a best estimate, following the recommendations of independent



consultants Snowden Mining Consultants Ltd (2005) and previously reported. For the South Block and Mountain Block, a more conservative, lower grade value of 16 g/t has been used due to expected higher variability.

- (4) The Company has elected to calculate ore reserves only in areas where the Main Vein has been fully exposed and developed by strike drives and slot raises, and where these drifts have been systematically sampled and assayed and stopes designed.
- (5) Drilling is conducted using industry accepted equipment and standards for drilling and sampling. Drilling is conducted using NQ/HQ core drilling and assaying based on half cores. Samples are divided on lithology and minimum 0.5 m intervals. Mineralised zones always include the nearest cm of contact rocks. Sampling is based 3-5 kg samples milled to 80% less 65 μm and a split to 500 g sample for assaying by leachwell methods in the Mine laboratory of Nalunaq. QA/QC procedures include regular check assaying at independent, internationally recognized laboratory (ALS Chemex, Sweden) as well as use of internal standards, duplicate analyses and blanks.

Ore processing

Ore from Nalunaq is shipped to the Nugget Pond processing facility in Newfoundland, Canada. The Atlantic crossing to Nugget Pond is 600 miles. Before the acquisition of the Newfoundland facility, the ore had to journey for a substantially lengthier distance to the El Valle plant of Rio Narcea in Spain.

Nugget Pond has proved to be an excellent choice of processing facility as shipments can occur more frequently than before, Crew has more control over costs, and the local workforce is experienced in the running of the mill. The company has invested approximately \$8 million in refurbishing and modifying the Nugget Pond plant.

The first shipment of ore to Nugget Pond left Nalunaq in February 2007 and the first gold pour occurred a month later. For the twelve months ended December 31, 2007, 161,514 tonnes of ore was shipped to Nugget Pond for processing.

Drill results and inventory

The exploration strategy for Nalunaq, ongoing since 2005, aims at continuously demonstrating more resources than are being mined out, so that measured and indicated resources can be maintained at a level of at least 200,000 ounces. In 2006, two areas were targeted as areas of potential expansion and each of these was identified as having the potential for expansion of resources to replace ore that has been mined.

Resources at Nalunaq cannot be defined by drilling alone. In the past drilling has often proven to be an unreliable grade indicator. Low-grade intercepts have frequently been found in areas that subsequently proved to be of a higher grade. However, higher-grade drill intercepts have historically proven to be a good sign of higher-grade areas.

This irregularity is the result of the high nugget effect of the narrow vein, which makes systematic sampling of drift faces the only viable source for resource calculations.



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Outlook for Nalunaq

The Nalunaq operation is developing a solid platform from which to deliver improved performance and then stable production in the years to come. Management believes the improvements shown in the Nalunaq operation can be maintained through the continued implementation of the mine optimization project and associated cost reductions.

See Page 29 for Crew's health, safety, and environmental policies as they apply to Nalunaq and Nugget Pond and Pages 34 and 35 for Nalunaq and Nugget Pond's social responsibility programs.