

Golden Cross Resources Limited GCR Monday, 15 October 2007

Shift in exploration focus brings exciting projects

Recommendation Speculative Buy

Overview

GCR has recently shifted its exploration effort towards projects that have a greater probability of success in the near to medium term. Specifically the company has farmed out interests in its Kempfield, Sunny Corner and West Wyalong properties, sold its Adelong project and acquired interests in Queensland, Western Australia, Panama and Canada. The company retains the Copper Hill and Canbelego as wholly owned projects.

The purchase of a private mineral exploration company, King Eagle Resources, in June 2007 has given GCR significant exposure to prospective uranium, gold and base metal properties in Queensland and Western Australia. GCR now holds tenements near Mt Isa in north west Queensland that cover potentially uranium bearing phosphatic units within the Georgina Basin. Large phosphorite deposits have been defined and these have excellent potential to contain depositional trap sites for uranium leached from the Mt Isa Inlier. Elsewhere, the Esmeralda property located south east of Croydon, is prospective for high grade gold mineralisation and uranium sourced from granites. Near Bowen in central eastern Queensland, three tenements contain defined gold-silver-copper targets, with potential for Mount Carlton style high grade mineralisation in epithermal and porphyry settings. In Western Australia the company now holds the Mulga Tank project which is subject to two separate joint ventures with TSX listed company Newport Exploration. The project is located 250 km north east of Kalgoorlie and is prospective for both disseminated and massive nickel sulphides and gold. In addition there is potential for uranium mineralisation within the palaeo-drainage system.

In May 2007, GCR formed a joint venture with TSX listed Bellhaven Copper & Gold Inc to explore the Los Hatillos epithermal gold properties in central Panama. The properties contain several zones of high grade, gold bearing epithermal quartz veins and breccias that are at an early stage of exploration. The known veins range up to 4 metres in thickness and have extensive strike lengths of up to 3 km. Recent sampling by GCR has returned assays up to 62.8 g/t gold. An IP survey is about to commence and will be followed by drilling later in 2007. GCR has an expenditure commitment of US\$250,000 in year 1 and can earn a 70% interest through expenditure of US\$3.5 million by July 2012 and making cash payments totalling US\$500,000.

GCR has entered into an agreement with a subsidiary of TSX listed Altius Minerals Corp whereby the company may earn a 50% interest in two virgin uranium properties in eastern Labrador, Canada. The first property, Notakwanon, is located 70 km from the coast and 65 km south of the Voisey's Bay nickel mine and has potential for volcanic hosted/associated uranium mineralisation. Uranium occurrences were discovered in this area during geological mapping by Canadian government geologists in 1982 who reported grab samples up to 1.81% U₃O₈. A major structure with uranophane showings, and high spectrometer readings extending for several hundred metres, provides an immediate drill target. The second property, Nuiklavik, is located 80 km south of the Voisey's Bay mine and 20 km from the coast. The property incorporates a middle Proterozoic peralkaline caldera complex that closely resembles the late Jurassic Streltsovka caldera in eastern Russia that is host to 20 uranium deposits containing, in total, more than 280,000 tonnes of U₃O₈. Radioactivity at Nuiklavik is associated with numerous pyrite occurrences yielding elevated base metals, molybdenum, fluorine and rare earth elements within the 13 km diameter caldera. A helicopter borne radiometric survey has shown the area to contain substantial and abundant anomalies associated with structures.

At GCR's Canbelego project in the Lachlan Fold Belt in central New South Wales the company has commenced an IP survey and will commence drilling shortly. GCR has recently refocused activities to the northern part of the area where the historic Mount Boppy gold mine produced approximately 450,000 ounces at an average grade of 12 g/t.

Impact

Having realised that drilling holes into its Copper Hill copper and gold deposit would not improve the grade the company has taken the bull by the horns and has revamped its exploration portfolio with an emphasis on near term exploration success. The relatively unexplored Labrador projects look impressive, particularly Nuiklavik.

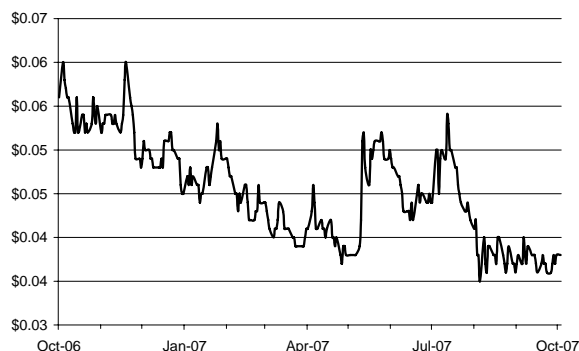
Snapshot

Last Price	\$0.038
Market Cap (m)	\$20.5
52 Week High	\$0.064
52 Week Low	\$0.035
Sector	Metals & Mining

Investment Fundamentals

Cash reserves	\$5 million
Shares on issue	540.5 million
Options on issue	16.5m employee unlisted
Directors	Christopher Ryan (Chairman) Kim Stanton-Cook (Managing) Kerry McHugh (non-exec) David Timms (non-exec) Chris Torrey (non-exec)
Major shareholders	Dr Leon Pretorius 4.2%

Price Chart



Business Description

GCR is a mineral exploration company that has been focused on projects in the Lachlan Fold Belt of New South Wales. The company's Copper Hill project has received most attention but will require sustained high metal prices to attract development financing from normal sources. The company has recently revamped its exploration portfolio which now includes projects in Panama, Canada, Queensland and Western Australia.

Analyst: Paul Gooday

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