

AUSTRALIAN

# RESEARCH



# Contents

This is an extract from the Junior Resources December 2009 Quarterly Review.

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## Golden Cross Resources Ltd (GCR)



<b>Sector</b> Materials	<b>Industry Group</b> Materials	<b>Industry</b> Metals & Mining	<b>Sub Industry</b> Gold
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### Company Overview

Golden Cross Resources Limited (GCR) is a gold and base metals exploration searching for large deposits in highly prospective mineral belts. The company's primary exploration activity is the Copper Hill Project located along the Lachlan Fold Belt in central New South Wales. Copper Hill has a Measured, Indicated and Inferred Resource totalling 133Mt containing 421,000t copper and 1.2Moz gold.

### Strategy

GCR is focused on searching for large mineral deposits in highly prospective mineral belts across the globe. Apart from its primary Copper Hill Project, GCR has a number of international exploration interests in secure, stable countries including gold and copper in Panama, uranium in Canada. GCR formed an alliance with HQ Mining Resources, the Australian investment vehicle of China United Mining Investment Co Ltd, providing GCR with operational, development and marketing expertise.

### Aegis Comments as at March 2010

**Outlook:** GCR is currently undertaking a 4,000m drilling program at the Copper Hill Project with the aim of upgrading resources by exploring peripheral zones around the main zone of mineralisation. Metallurgical test-work to date has shown good recoveries of sulphide ore to concentrates although only preliminary roasting test-work has been done. The next phase of the program is underway which will reconfirm the overall flotation circuit recovery and generate concentrate sample for further roasting tests.

**Catalysts:** The results of the current drilling program at the Copper Hills copper-gold project should provide a positive share price catalyst for GCR, providing this results in a substantial upgrade to the overall resource. GCR is also drilling at Burra, Rast, Cargo and Mulga Creek and positive drilling results would also be well received by investors. A strengthening of global gold and copper prices would also be a positive in terms of market sentiment towards the explorer.

**Risks:** GCR has a number of exploration projects from early stages to pre-development. The company is exposed to disappointment should exploration fail to deliver positive results. Cash burn and funding are significant risks and GCR has sought to strengthen its balance sheet via a fully underwritten rights issue aimed at raising \$8M (after-costs) to fund feasibility work at Copper Hill.

### Earnings Summary

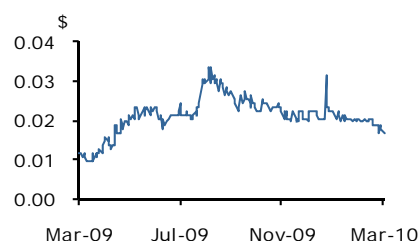
Yr to Jun	NPAT Rep \$M	NPAT <sup>1</sup> Adj \$M	EPS <sup>1</sup> c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2006A	(0.5)	(0.5)	(0.2)	n/a	(10.6)	(0.5)	(0.4)	0.0	0.0	0	(3.0)
2007A	0.4	0.4	0.1	n/a	18.9	1.0	1.0	0.0	0.0	0	2.0
2008A	(0.8)	(0.4)	(0.1)	n/a	(13.1)	(0.7)	(0.7)	0.0	0.0	0	(1.4)
2009A	(8.1)	(8.1)	(1.1)	n/a	(1.5)	(0.1)	(0.1)	0.0	0.0	0	(29.4)

<sup>1</sup> NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

### Key investment information

<b>Price:</b>	<b>\$0.02</b>
Price as at:	29-Mar-10
Market Cap (\$M):	16.3
Equiv. Shares (M):	809.90
% All Ords:	0.00
12Mth Range (\$):	0.01 - 0.04
Shares Traded (\$M pa):	7.6
Listed since:	March 1996
Index:	n/a

### Share price performance



### Company contact



Kim Stanton-Cook  
Managing Director  
kim@goldencross.com.au  
61 2 9472 3500

[www.goldencross.com.au](http://www.goldencross.com.au)

### Financial Stability

Balance Sheet (Y/E Jun)	08A	09A
Net debt (cash) (\$M)	(3.2)	(4.2)
Total assets (\$M)	30.2	27.4
Net debt/equity (%)	(10.6)	(16.9)
Net interest cover (x)	n/a	n/a
NTA per share (\$)	0.00	0.00
Current ratio (x)	9.3	2.2

### As at 30-Jun-09

Net debt (cash) (\$M)	(4.2)
Net debt (cash) / shr (\$)	(0.01)
Net debt (cash) / MktCap (%)	(26.0)

### Substantial Shareholders

HQ Mining	24.5%
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### Board

K Stanton-Cook (Managing Director)  
C Torrey (Non-Executive Chairman)  
D Timms (Non-Executive Director)  
Mr Li (Non-Executive Director)  
Ms Qiu (Non-Executive Director)  
H Xiao (Director)

### Key Executives

K Stanton-Cook (Managing Director)  
Mr S Xiao (Executive Director – Business Development)

### Copper Hill Drill Core



Source: GCR

## Differentiating Factors

The company aims to acquire large-scale projects, adding value through high quality geological surveys and developing exploration models that attract larger companies as joint venture partners. Copper Hill has the potential to become an operating mine with current pit modelling indicating robust cashflows over a possible 20-year mine life.

## Achievements

GCR was listed on the ASX on 27 March 1996. GCR focused on its New South Wales projects until 2006 when it expanded its operations into Queensland phosphates and later coal, nickel and gold in Western Australia, IOCG targets in South Australia and began looking offshore. GCR has a strong alliance with Beijing-based China United Mining Investment Co Ltd, providing the company with financial, operational, development and, in particular, marketing support.

## Recent Events

**18 March 2010 - New gold zone at Copper Hill:** Eleven holes have been drilled with 1,928m of RC and 289m of core drilling. Results from the second hole of the program have shown encouraging intercepts of gold-dominant mineralisation. Overall, the hole carried 0.29g/t Au from 34m to 196m including a 3m intersection of 3.11g/t Au from 168m. This hole lies within a new zone north of Buckleys Hill and lies outside the 2007 resource estimate area. The last metre of drilling assayed 0.72% copper indicating further potential exists at depth.

**16 March 2010 - Aims to raise \$8M via rights issue:** GCR announced a fully underwritten 1-for-2 rights issue offering shareholders one share at 1.8cps. The offer price represented a discount of ~11% compared to the five day weighted average price prior to the announcement. Shareholders taking up their rights will also receive one free 2011 option with an exercise price of 4c. Yu Jin Investment, a company related to HQ Mining Resources, has underwritten the issue at no fee. Funds will be used to progress feasibility work at Copper Hill.

**5 March 2010 - Copper Hill Update:** Seven holes totalling 1,519m have been drilled in the current 4,000m drilling program. Results for the first hole have shown a 21m intersection at 0.51% copper and 0.18g/t gold from 102m. This hole has extended the known mineralisation zone in the north-western extremities. Metallurgical test-work has been positive showing ~75% ore to cathode copper recovery. Roasting test-work is limited to date and GCR intends to generate more concentrate samples for further roasting test-work.

## Capital Structure

Prior to the rights issue, GCR had 907.5M ordinary shares on issue and ~18M unlisted options. The number of shares to be issued under the rights issue is 453.7M shares and the same amount of free attaching 2011 options.



Level 6, 33 York Street  
Sydney NSW 2000 Australia  
Locked Bag 7 Australia Square  
Sydney NSW 1215  
Phone 61 2 8296 1100  
Fax 61 2 9299 3777  
ABN 72 085 293 910  
[www.aegis.com.au](http://www.aegis.com.au)