

# GOLDEN CROSS RESOURCES N.L.

ACN 063 075 178

## QUARTERLY REPORT TO 30 SEPTEMBER 1997

30 October 1997

### HIGHLIGHTS

**The Company Released its Annual Report on 15 October 1997. Highlights from the Annual Report and the September Quarter include:**

- Ranked top ten Australian Junior Miners by JB Were & Son in March 1997 and top ten Australian Explorers by Macquarie Equities Limited in June 1997. "Buy" recommendation from SHAW Stockbroking and First Pacific Stockbrokers in October 1997. First Pacific Stockbrokers noted takeover potential due to relationship with, and proximity to, Newcrest.
- Announcement of farm-out of the *Cargo* tenement to RGC (details under Summary, below). The *Cargo* tenement contains a large "classic" copper-gold porphyry system displaying characteristics similar to major porphyry deposits elsewhere in the world.
- Drilling of the Spur/Dalcoath quartz-sulphide vein zone peripheral to the porphyry system produced an inferred resource of 3.7 million tonnes averaging 1.24 g/t gold for 147,000 ounces. In addition, drilling of other reefs has produced high grade intersections.
- Exploration results show that the *West Wyalong* project has potential to host a major copper-gold porphyry deposit. Three areas, The Pines, Narragudgil and Marshmans reveal alteration and geochemical characteristics of copper-gold porphyry deposits.
- Close-spaced drilling of the old tailings near the Mallee Bull Reef at *West Wyalong* has indicated a resource of 188,000 tonnes averaging 1.2 g/t gold.
- In February the Company acquired 31.33% interest in the *Copper Hill* joint venture with Newcrest Mining. Copper Hill is a porphyry gold-copper project 40 km north of Cadia-Ridgeway and Cargo, within the same Ordovician volcanics. Previous drilling has already indicated the potential for a major orebody, with an intersection of 217 m averaging 1.67 g/t gold plus 0.72% copper from 32 m below surface. Porphyry-style mineralisation is indicated over a 5 km strike length.
- Drilling at *Pipeline Ridge*, located on the northern extension of the Gilmore Suture, confirmed a broad mineralised envelope, 50 m to 60 m wide and over 300 m long, containing a number of massive sulphide zones. The best intersection was 10 m at 2.84 g/t gold, 0.45% copper, 1.54% lead, 0.71% zinc and 87.3 g/t silver. The mineralisation lies peripheral to a large magnetic anomaly indicative of a large underlying intrusive.
- At *Broken Hill*, rock chip sampling of the Yellowstone ironstone prospect revealed an anomalous gold zone coincident with a soil anomaly over a 150 m strike length. Two 4 m rock chip samples each assayed over 16 g/t gold. Rock chip sampling of the gossans related to the ultramafic lenses produced some high grade assays particularly from the pits at Moorkaie prospect. The best sample assayed 6.8 g/t platinum, 27.9 g/t palladium, 14.1 g/t gold, 69.0 g/t silver, 2.0% copper and 1.8% nickel.
- The *Wagga Tank* project hosts a volcanogenic massive sulphide deposit with an indicated resource of 1.25 million tonnes of 0.66 g/t gold, 0.81% copper, 1.76% lead, 3.28% zinc and 69 g/t silver.

## SUMMARY

### Following is a summary of the Company's Announcement to ASX on 30 September 1997 regarding RGC's farm-in to the Cargo tenement:

RGC Exploration Pty Limited (RGC) has farmed into the Cargo Tenement (EL 5238), 35 km SW of Orange, NSW, held 50/50 by GCR and Imperial Mining NL (IMP). The Cargo Tenement is 10 km west of Newcrest's high grade Ridgeway porphyry gold-copper prospect.

GCR geologists have identified a large porphyry system with bulk low grade copper-gold mining potential together with high grade gold veins. The Project has been brought to the point where a major deep drilling campaign is now warranted.

RGC may earn a 70% interest in the Cargo Tenement by expending a total of \$12.5 million over 6 years and will carry GCR/IMP, through a non-recourse loan, to a Decision to Mine subject to the following terms:

- RGC will reimburse GCR/IMP \$250,000 and is committed to spend \$1.5 million in the first year including a minimum of 5,000 metres of diamond drilling.
- Following a Decision to Mine GCR and IMP may secure funding and participate in mine development or elect to convert their interests (15% each) to a Net Smelter Return (NSR) Royalty from 1% - 2% depending on the Gold Equivalent grade recovered.

RGC is scheduled to commence diamond drilling during the first week of November, 1997.

## SUMMARY OF EXPLORATION RESULTS

At **West Wyalong**, NSW, copper-gold-zinc bedrock anomalies are associated with large gravity, magnetic and electromagnetic anomalies. One anomaly extends parallel to the Gilmore Suture, on the eastern side, for 6 km. The area has potential to host a major copper-gold porphyry deposit.

During the quarter a number of new multi-element soil anomalies were delineated. These indicate that gold-bearing reefs may occur beneath relatively shallow soil cover south of the historic workings.

At **Copper Hill**, NSW, operator Newcrest Mining has planned an \$880,000, 18 hole RC/diamond drill program for late 1997 to test for copper-gold porphyry mineralisation to an average depth of 400 m.

At **Pipeline Ridge**, NSW, copper-gold-zinc mineralisation appears to be intrusive-related, similar to the Peak Mine 45 km to the northwest.

## EXPLORATION RESULTS

1. **Cargo** (NSW, 435 km<sup>2</sup>, GCR (operator) 50%, Imperial Mining NL 50%, gold and copper)  
(RGC spending \$12.5M to earn 70%)

Recent work by 50/50 Joint Venture partners Golden Cross Resources NL (operator) and Imperial Mining NL has confirmed the presence of a large copper and gold mineralised system.

The project displays strong similarities to other NSW porphyry copper-gold deposits, such as Cadia-Ridgeway which lies 10 km to the east, with respect to age, rock types, structure and chemistry.

Details of the farm-in agreement reached with RGC are set out in the Summary, above.

The Joint Venture has also delineated an inferred resource of 3.7 million tonnes at 1.24 g/t gold at a 0.5 g/t cutoff, for approximately 147,000 ounces of contained gold, at the Spur/Dalcoath prospect. Scout drilling at other prospects in the peripheral gold halo has produced significant intersections. Notably, the Essex and Golden Clad prospects contains a number of high grade zones which will require infill and stepout drilling to establish grade continuity.

**2. West Wyalong** (NSW, 290 km<sup>2</sup>, GCR earning 90%, subject to 2.5% net smelter return, gold and copper)  
(West Wyalong North - 120 km<sup>2</sup>, GCR 100%, gold)  
(Buddigower prospect - 3 km<sup>2</sup>, GCR 100%, gold)

Golden Cross Resources continues to explore the *gold-bearing reefs* and evaluate the gold content of tailings in the old West Wyalong Goldfield. This resulted in the discovery of new veins adjacent to and along strike from old workings and a resource of 188,000 tonnes at 1.2 g/t gold in tailings adjacent to the old Mallee Bull Line of Lode.

Detailed soil sampling was completed during the quarter over a 5 km<sup>2</sup> area immediately south of the old Goldfield. The program located two reefs associated with isolated historic workings and a number of multi-element anomalies, with vein quartz reef signatures, which require follow up work (Figure 1, insert).

Of particular interest were three holes in the south eastern corner of the licence which intersected silicified and limonitic volcanics and returned anomalous molybdenum, arsenic and antimony. The best gold intercept was 3 m of 0.6 g/t from 30 m below surface.

At *Narragudgil* prospect, in the southeast of the tenement, previous explorers delineated an alteration zone, in excess of 900 m by 300 m, located at the intersection of two interpreted fault systems under approximately 40 m of soil cover (Figure 1). The zone comprises strong sericite-chlorite-albite alteration and contains abundant quartz and limonite veins. It is anomalous in copper to 1.3% and gold to 0.1 g/t, displays low magnetic susceptibility and is open to the north and south. The geological nature of the prospect suggests the alteration and mineralisation are related to porphyritic intrusives at depth.

**3. Copper Hill** (at Molong, NSW, 25 km<sup>2</sup>, GCR 31.33%, diluting to 25.5%, Newcrest Mining Limited (operator) 68.67%, earning 74.5%, gold and copper)

Newcrest has planned an \$880,000, 18 hole program of reverse circulation and diamond drilling for commencement in November 1997 and completion in March 1998. Drill hole depth will average approximately 400 m. Targets include magnetic anomalies south of the main zone of mineralisation and extensions of mineralisation intersected in hole CHRC58, drilled by others, which intersected 217 m at 1.67 g/t gold and 0.72% copper. The location of previous drillholes and the area of proposed drilling, in relation to the magnetic features is shown in Figure 2. GCR will not participate in the present program, thereby diluting its interest to approximately 25.5%.

**4. Pipeline Project** (near Cobar, NSW, 480 km<sup>2</sup>, GCR 100%, gold and base metals) (Mt Lewis - GCR 100%, gold, base metals, Fairview - GCR 90% with Metallic Resources holding a 10% free carried interest to construction, gold, base metals)

A mineralised envelope, some 50 m to 60 m wide, along a thrust fault has been delineated by drilling for over 300 m along strike at Pipeline Ridge prospect. Mineralisation appears to be intrusive-related and lies in the footwall portion of the fault where extensive brecciation has taken place. A detailed review and compilation of all previous data will be completed with a view to outlining specific drill targets. A large bullseye magnetic anomaly immediately to the south of Pipeline Ridge prospect is interpreted to represent a deep-seated intrusive complex which may be the source of mineralising fluids in the Pipeline Project area (Figure 3).

Results from the aeromagnetic survey identified a significant geophysical anomaly on the Mt Lewis tenement, in the area of the old Restdown Gold Mine and the Mt Lewis sulphide zone. The anomaly covers an area of approximately 20 km<sup>2</sup> and hosts silicified copper-bearing intrusive rocks, quartz-magnetite rocks and large zones containing magnetite-replacement of phyllites. These rocks may be indicative of a mineralised intrusive complex on the faulted margins of a Devonian basin (Figure 3).

**5. Glengarry Basin** (near Meekatharra, WA, 120 km<sup>2</sup>, GCR (operator) 83.3%, Grange Resources 16.7%, gold)

The Mikhaburra tenements were surrendered during the quarter and the Telegraph tenements reduced in size. A joint venture partner is presently being sought.

**6. Wagga Tank** (near Cobar, NSW, 470 km<sup>2</sup>, GCR 100%, gold and base metals)

An extensive compilation of historical geochemical and geophysical data suggests that lead-zinc-gold mineralisation in the western part of the tenement is located on the margins of large, poorly outcropping intrusive complexes. Grab samples collected during the quarter from mullock heaps at Siegals Prospect, in the north of the project, returned an average of 1.8 g/t gold from five samples. The best sample returned 3.2 g/t gold, 0.15% copper, 1.72% lead and 0.33% zinc.

**7. Broken Hill** (NSW, 114 km<sup>2</sup>, GCR 100%, gold, platinum group metals and base metals)

At the *Yellowstone* prospect the Company is targeting copper-gold bearing sulphide-rich ironstone formations similar to Proterozoic ironstones in Queensland such as the Selwyn and Ernest Henry deposits. Rock chip samples collected during the quarter from within the Yellowstone shear zone have returned up to 2.17% copper, 13.8% lead, 0.25% zinc, 19.9 g/t silver and 0.45 g/t gold.

Stream sediment sampling over the *Moorkaie* tenement (EL 4905) revealed a zone of anomalous gold, silver, copper, lead, zinc, cobalt and nickel, extending for about 8 km to the NNE from Moorkaie trig station at a width of up to 2 km. These anomalies require follow up with geological and geochemical surveys.

**8. Kempfield/Trunkey Creek** (near Blayney, NSW, 50 km<sup>2</sup>, Kempfield - GCR Earning 51% from Metallic Resources Pty Ltd, gold and base metals, Trunkey Creek - GCR 100%, gold)

Reinterpretation of resistivity data from Trunkey Creek indicates a number of areas with different resistivity characteristics. The area closest to the town of Trunkey is characterised by multiple, narrow, strike persistent resistors. While many of these resistors correspond with historic gold workings along the quartz veins, a number do not coincide with old workings and require drill testing. The Trunkey Creek licence has never been drilled. Immediately to the north, on the Wilson's Reef licence, part of the Kempfield joint venture, one RC drill hole, drilled by others, intersected 2 m at 33 g/t gold from 6 m below surface.

**9. Eaglehawk** (near Mudgee, NSW, 4 km<sup>2</sup>, GCR 100%, gold)

Geological mapping and aerial photographic interpretation is underway.

**10. Warraderry** (near Grenfell, NSW, 55 km<sup>2</sup>, GCR 100%, gold)

Geological mapping of the Warraderry tenements is scheduled for December.

**11. Southern NSW Licences** (NSW, 780 km<sup>2</sup>, GCR 100%, gold, base metals)

*Jingellic* - Results from reconnaissance rock chip sampling returned values of up to 4.9 g/t gold.

*Tumut* - Further work will follow up on three rock chip samples taken by the Company at the historic Bogong mine which returned over 5% copper, with one sample returning 10.7% copper and 1.69 g/t gold.

*Albury* - At the old Bungowannah mine in the Albury licence historic channel samples returned 57 m at 2.42 g/t gold and 37 m at 3.61 g/t gold in a brecciated shear zone. Previous explorers reported up to 16 m at 1.28 g/t gold from reverse circulation drilling and up to 30 g/t gold from rock chip sampling in the vicinity of the old Soudan mine. Follow-up field work is underway at Jingellic, Tumut and Albury.

**12. Fifield** (near Parkes, NSW, 80 km<sup>2</sup>, GCR 100%, gold, copper)

This project is prospective for porphyry copper deposits and lies along the extension of the Lachlan River structural corridor. Historical data is under review.

**13. Commonwealth** (near Wellington, NSW, 60 km<sup>2</sup>, GCR 100%, gold)

This new project surrounds the old Commonwealth gold mine, a high grade volcanogenic massive sulphide (VMS) deposit, near Wellington, NSW.

**DAVID TIMMS, MANAGING DIRECTOR**

*This report was prepared by David Timms, Managing Director and full time employee of Golden Cross Resources NL, who is a Fellow of the AIG and AusIMM and has more than five years experience in the field of activity in which he is reporting.*

## GCR AT A GLANCE

### Directors

Lindsay MacAlister *Chairman*  
David Timms *Managing Director*  
John H Hill *Director*  
Daven Timms *Executive Director & Company Secretary*

Ph: (02) 9247 8252

### Issued Capital

At 30 June 1997 the issued capital was 38,668,136 shares of 25 cents par value, 9 million options exercisable at 40 cents by 31.10.98, 5,159,058 options exercisable at 40 cents by 30.9.98 and 1,125,000 employee options exercisable at 30 cents by 22.8.2002.

### Registered and Principal Office

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Hornsby NSW 2077  
Australia  
Ph: (02) 9482 8833  
Fax: (02) 9482 8488  
Email: [gcr@dot.net.au](mailto:gcr@dot.net.au)

### ASX Listing Code

The Company's ASX listing code is GCR.

### Number of Shareholders

At 30 September 1997 GCR had 1,028 shareholders.

### Exploration Expenditure

September Quarter gross	\$650,000
Less exploration expenditure recovered	<u>-\$150,000</u>
June quarter net	<u>\$500,000</u>

December Quarter net, estimate \$300,000

### Major Shareholders

The share register records the following as major shareholders (more than 1%) at 30 September 1997:

1. David Timms	30.93%
2. Metallic Resources Pty Ltd	10.09%
3. New Zealand Petroleum Co.	2.05%
4. National Nominees Limited	1.77%
5. ANZ Nominees Limited	1.55%
6. Perrodon Nominees Pty Ltd	1.18%
7. Menowin Pty Ltd	1.07%

### Web Site

GCR's web site, on the internet, features the latest results and developments together with lots of maps and diagrams on our projects:

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

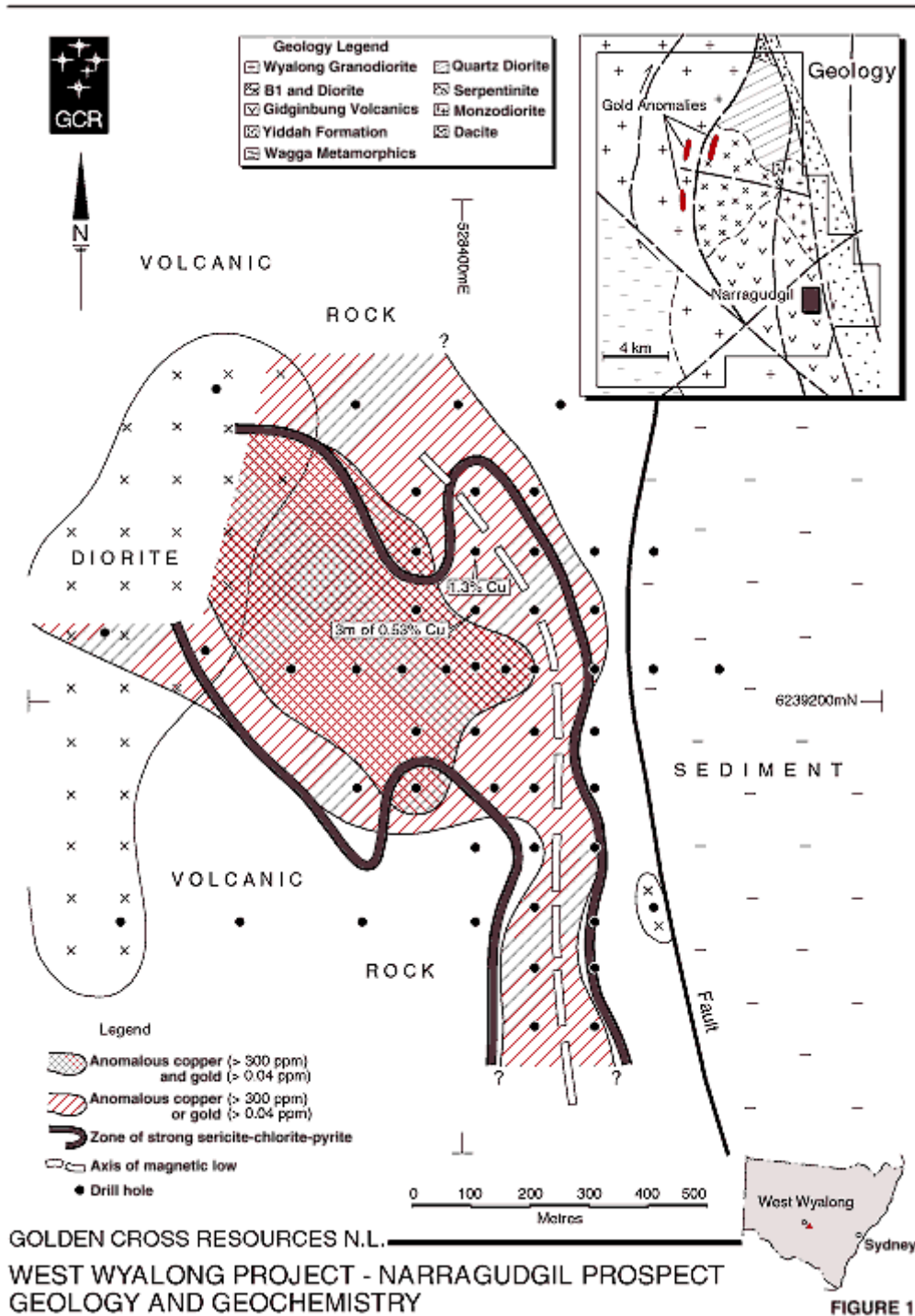
### Shareholder Enquiries

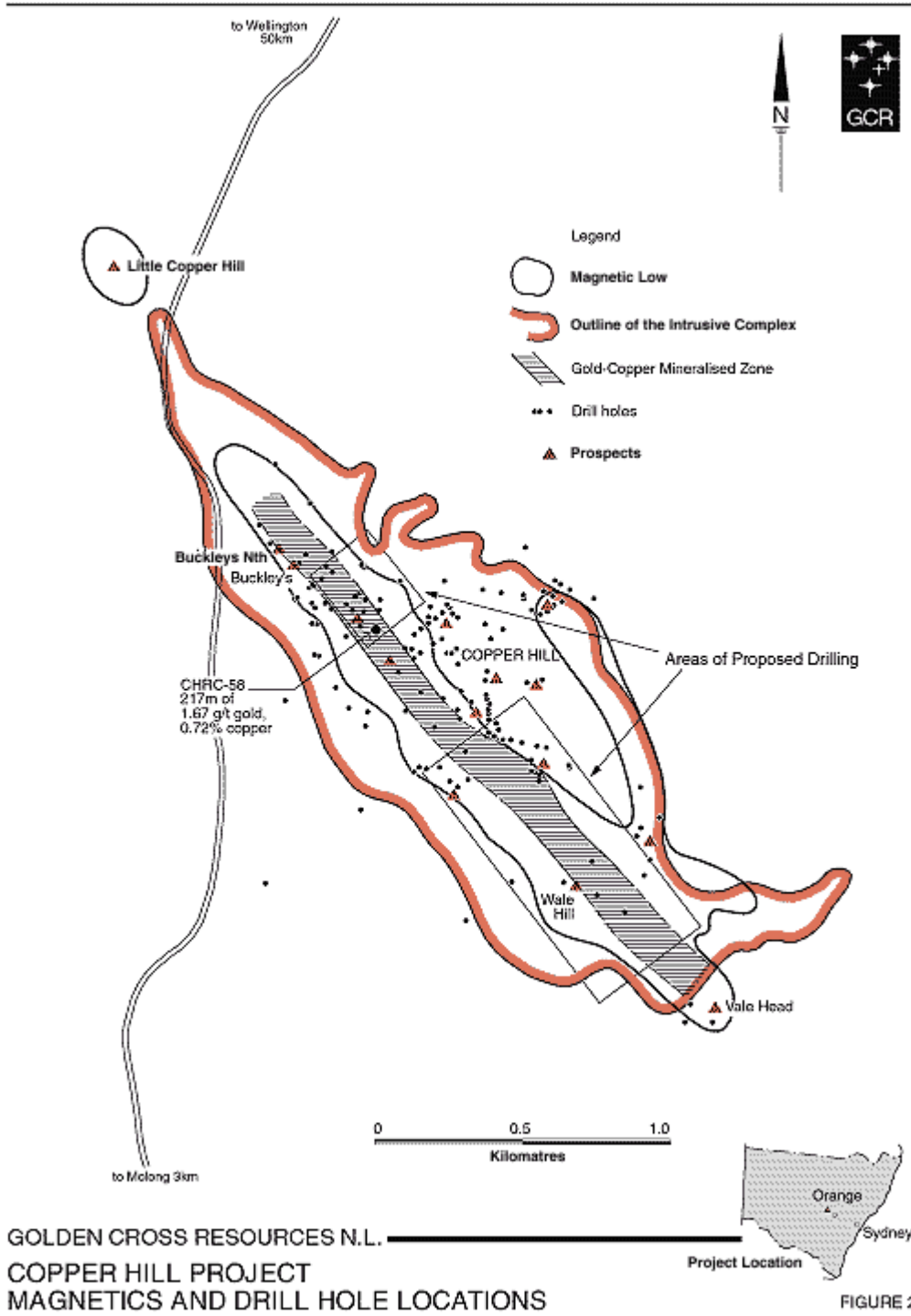
Matters relating to shares held and change of address should be directed to the share registry:

Registries Limited  
Level 1, 220 George Street  
Sydney NSW 2000

### General Enquiries

For further information please contact Daven Timms or David Timms at the principal office:  
ph. (02) 9482 8833





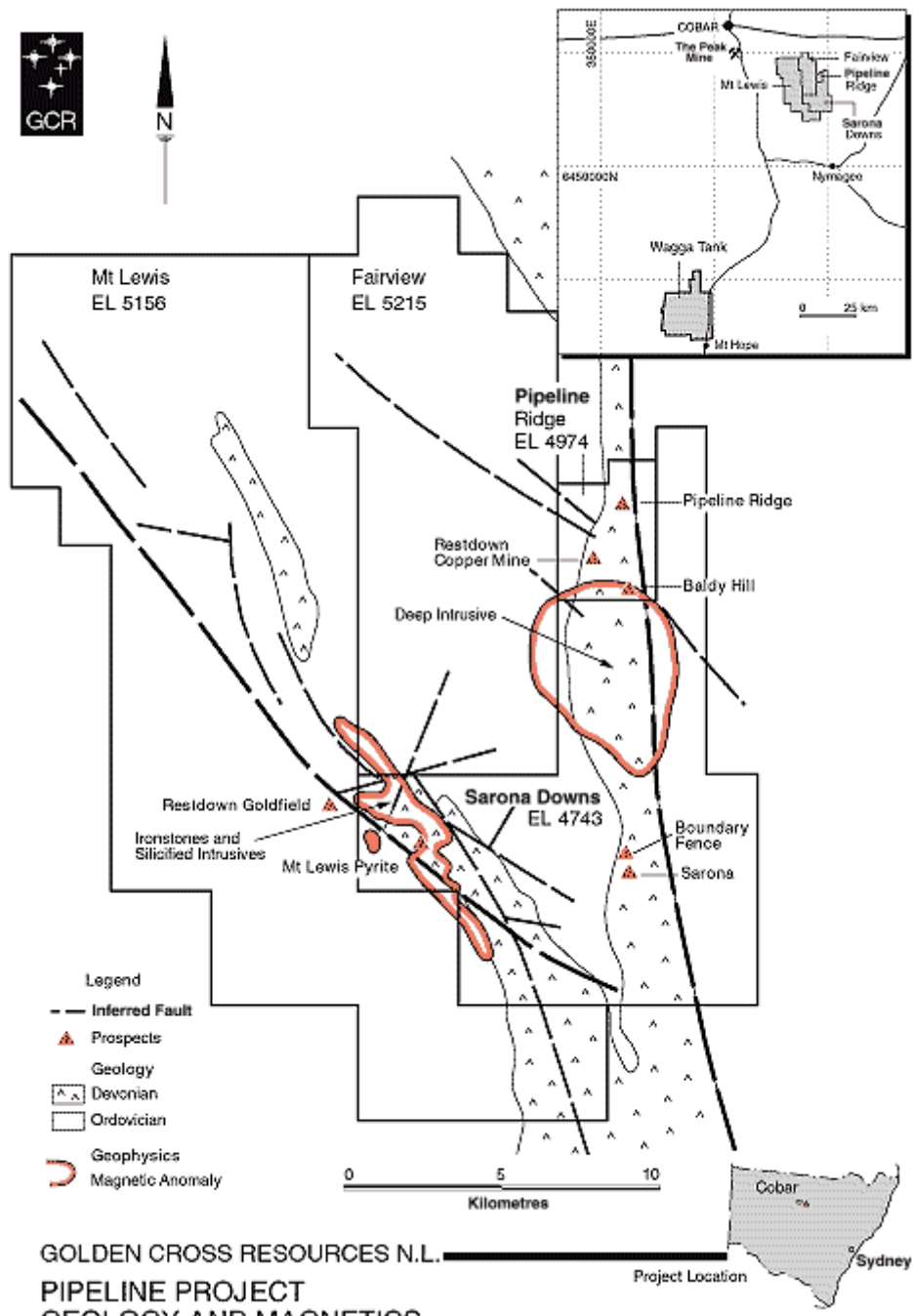


FIGURE 3