

# GOLDEN CROSS RESOURCES N.L.

ACN 063 075 178

## QUARTERLY REPORT TO 30 JUNE 1998

10 July 1998

### HIGHLIGHTS

- Newcrest takes over from RGC at Cargo copper-gold porphyry project.
- GCR appoints a Development/Finance Non-Executive Director - Kerry McHugh.
- GCR was ranked in the top echelon of Australian Explorers by Macquarie Equities, in its June 1998 Gold Book, and by HSBC Securities, in its July 1998 Juniors Review.
- Recently acquired Cargo Regional licences yield anomalies similar to Cargo.
- GCR agrees to acquire EL 5131 "Canbelego" surrounding the old Mt Boppy gold mine.
- GCR has six drilling programmes planned for 13,000m during the September Quarter.

### **Newcrest Takes Over from RGC at Cargo Copper-Gold Porphyry Project**

#### *RGC Settlement*

RGC, now focused on heavy minerals, has withdrawn from the Cargo Joint Venture. RGC paid \$440,000 to the 50/50 Cargo Joint Venturers, GCR and Imperial Mining, in satisfaction of its remaining commitments on EL 5238.

#### *Newcrest Farm-In Agreement*

GCR, Imperial Mining and Newcrest Operations Limited have negotiated an arrangement under which Newcrest may sole fund \$12.5 million on exploration over six years to earn a 70% interest in tenements within the boundary of EL 5238. The initial commitment is 3,000m of diamond drilling. If Newcrest completes its sole funding and earns a 70% interest GCR/Imperial may elect to contribute to a 30% interest or dilute to a 20% interest to be carried (by way of a non-recourse loan at a commercial rate of interest) through to a decision to mine or dilute to a 2% net smelter return royalty. The arrangement is subject to Newcrest's due diligence and the execution of a formal farm-in agreement.

### **Six Drilling Programmes**

GCR has six drilling programmes planned for the September Quarter for approximately 13,000m. There are six projects involved: Cargo, West Wyalong, Copper Hill, Pipeline Ridge, Kempfield, and Broken Hill.

### **GCR Appoints a Development/Finance Non-Executive Director - Kerry McHugh**

On 9 June 1998 GCR's Chairman, Mr Lindsay MacAlister announced the appointment of Mr Kerry McHugh, B.Comm.(Hons), to the Board.

Kerry McHugh has over thirty years experience in the minerals and energy industries in Australia and PNG, most recently as General Manager-Business Development, Plutonic Resources Limited.

As part of the management team that grew Plutonic from a market capitalisation of \$100 million in 1991 and annual production of 150,000 ounces of gold, to more than \$1 billion in 1998 and annual production of over 500,000 ounces of gold, Kerry had a major role in acquisitions totalling \$250 million and equity raisings totalling \$190 million.

Before joining Plutonic he had a planning and strategy role with Pioneer International Limited (with an emphasis on building materials and minerals) and, prior to that, had over 20 years experience

with issues affecting the minerals and energy and other natural resource industries as a policy advisor to Australian and Papua New Guinean governments (Commonwealth Treasury, Commonwealth Department of Primary Industries and Energy, and PNG Department of Finance).

Mr MacAlister said Kerry's experience and knowledge of corporate development and finance matters and his knowledge of the Australian minerals industry would enable him to make a positive contribution to GCR and the Board was pleased to welcome him as a Non-Executive Director.

### **Resignation of John H Hill, Director**

GCR Non-Executive Director John H Hill, presently based in Europe, tendered his resignation, received on 30 June 1998, due to ongoing work commitments in Europe. The Board wishes to thank him for the enthusiasm and diligence he applied to his directorship with the Company.

### **Year 2000 Computer Issue**

GCR believes it does not have any significant exposure to the year 2000 computer issue. The Company has sought advice on the year 2000 issue from both within the Company, external consultants and relevant software providers. GCR has been assured by the relevant software providers that potential issues have been resolved.

Only GCR's banking and accounts databases utilise date fields as part of day to day functions. Any dates within the Company's exploration databases have been stored with a character field to preserve data integrity in light of the year 2000 issue.

## **EXPLORATION RESULTS**

- 1. Cargo** (NSW, 955 sq km, GCR (operator) 50%, Imperial Mining NL 50%, gold and copper)  
(Cargo EL 5238 - Newcrest may spend \$12.5M to earn 70%)

### *Work by RGC on EL 5238*

RGC completed three diamond holes in the centre of the Cargo intrusive complex situated in EL 5238 (Figure 1). The drilling covered a small area of the central west portion of the intrusive complex. Much of the intrusive complex, approximately 2.5 km by 2 km in area, remains to be drilled. Figure 1 indicates the location of previous drill holes relative to the porphyry system which exhibits classic metal zonation.

In recent months a 100m dipole-dipole induced polarization (IP) geophysical survey was completed by RGC. The survey indicated strong anomalies in the northern part of the complex (Figure 1) and was followed by a second survey extending the lines to the north and using deeper probing (200m) dipoles. The second survey supported the IP anomalies. Newcrest plans to drill test the IP anomalies with four deep diamond holes totalling 3,000m.

RGC also conducted an aircore drilling programme over gaps in the geochemistry on the western edge of the complex. Results outline a strong copper anomaly in the northwestern area under transported cover.

### *Cargo Regional Work - Cargo West, Cargo Southwest, Belubula, Holmwood and Woodstock licences*

On the Cargo Regional licences (Figure 1) held 50/50 by GCR and Imperial Mining GCR has undertaken preliminary evaluation of regional geophysical, geological and stream sediment geochemical data and compared this to data from known deposits in the district.

Geochemical and geophysical anomalies with signatures similar to Cargo have been identified in the new Belubula and Holmwood licences, acquired from Rio Tinto in April 1998 in consideration of 600,000 GCR shares. A September Quarter exploration budget of \$100,000 for the Cargo regional licences has been approved by GCR and Imperial Mining with Imperial to spend the first \$75,000.

Soil sampling continues at Cargo West, Cargo Southwest and Belubula. At Belubula one rock chip sample of sheared andesite on the margin of a strongly magnetic zone has returned an encouraging 1.73% copper with an adjacent sample returning 0.16% copper.

- 2. West Wyalong** (NSW, 290 sq km, GCR 90%, subject to 2.5% net smelter return, gold and copper)  
(West Wyalong North - 120 sq km, GCR 100%, gold)  
(Buddigower prospect - 3 sq km, GCR 100%, gold)  
(Narragudgil, 75 sq km, Newcrest may spend \$4M to earn 70%)

### *Narragudgil*

Newcrest Operations Limited (Newcrest) is scheduled to commence reverse circulation drilling today at the Narragudgil Prospect. Newcrest may spend \$4 million within four years to earn a 70% interest in the Narragudgil area, consisting of approximately 75 sq km in the southeast corner of the West Wyalong property (Figure 2).

The planned drilling programme consists of 27 reverse circulation holes for 5,400m (see Figure 2) to test for porphyry copper-gold mineralisation in Gidginbung Volcanics along the Gilmore Suture. Porphyry copper-gold prospects have already been identified to the south of Narragudgil on the Gilmore Suture at Yiddah, Mandamah and Rosedale (Figure 2).

### *Work Outside Narragudgil Area*

Infill and step-out soil sampling of gold anomalies south of the towns of Wyalong and West Wyalong was carried out with the aim of discovering near surface oxide resources hidden from historic miners by soil cover. The sampling has delineated three significant anomalies, the largest of which is 1,000m by 200m in area.

The most intense gold soil anomaly, the Worner Anomaly (up to 0.22 ppm), has dimensions of 300m by 400m. This centres on EW and NS-intersecting reefs which host historic workings. Rock chips of the sparse quartz mullock returned up to 2.1 g/t gold.

Repeat and infill sampling at the Cooper Anomaly defined a gold anomaly 100m by 300m in area with the suggestion of an EW trend. There is no evidence of historic workings or shear-vein quartz float.

A programme of deep mechanical auger sampling is proposed to further define these targets prior to shallow air core drill testing.

### *West Wyalong North*

On GCR's 100% owned West Wyalong North licence a total of 177 soil samples on 11 lines spaced 400m apart were collected across the central portion of the property. Two areas of historic workings within vein quartz were located. Assays are awaited.

### **3. Copper Hill** (at Molong, NSW, 25 sq km, GCR 27.2%, Newcrest Mining Limited (operator) 72.8%, gold and copper)

Joint venture partner Newcrest Mining has proposed a \$330,000 reverse circulation drilling programme for the September Quarter on this porphyry copper-gold project near Molong, 40 km NNW of Newcrest's Cadia/Ridgeway project.

The programme is designed to follow up on some of the following (see Figure 3 for locations):

- Anomalous intersections in the Vale Head area.
- Hole NCR 019 which intersected 157m at 0.78 g/t gold and 0.40% copper from 129m.
- Narrow high grade gold intersections obtained in holes NCR028 and NCR 029 which intersected 1 m at 11.67 g/t gold from 28m and 2m at 26.37 g/t gold from 288m respectively.

### **4. Pipeline Project** (near Cobar, NSW, 480 sq km, GCR 100%, gold and base metals) (Fairview - GCR 90% with Metallic Resources holding a 10% free carried interest to construction, gold and base metals)

GCR has reached agreement with Nosebi Mining and Management Pty Ltd to earn a 100% interest in EL 5131 "Canbelego", subject to a 5% net profits interest, in consideration of GCR funding a \$30,000 RAB drill programme. The drill programme will test for gold mineralisation around the old Mt Boppy mine workings at Canbelego, near Cobar. Mt Boppy produced over 400,000 ounces of gold, at a grade of 12 - 18 g/t, at the turn of the century.

EL 5131 "Canbelego" lies about 5 km north of GCR's Mt Lewis and Fairview licences.

**5. Kempfield** (near Blayney, NSW, 60 sq km, GCR 100% subject to 5% net profits interest, silver, gold and base metals, Trunkey Creek - GCR 100%, gold)

Within the Shell Zone (Figure 4), to approximately 120m depth, total inferred resources have been outlined of 2.59 million tonnes at 109 g/t Ag and 23.1% barite. The project may be viable if other zones of mineralisation have similar tonnage and grade.

Preliminary metallurgical work has been encouraging. Agitation leach tests of 71 micron material indicates 85% Ag extraction from oxide ore in 24 hours. Agglomeration was successful and ongoing heap leach trials on minus 6.3 mm crushed material are showing a good response with 61% of the silver recovered after 15 days.

During the September Quarter the Company plans a programme of continued metallurgical testing followed by 13 reverse circulation drill holes (Figure 4) for 800m aimed at increasing the silver resource.

**6. Wagga Tank** (near Cobar, NSW, 400 sq km, GCR 100%, gold and base metals)

Eight geochemical anomalies have been defined by soil geochemical sampling or RAB drilling. The anomalies are located at the intersection of magnetic features or tangential to circular magnetic lows.

At the Siegals Prospect a strong multi-element soil geochemical anomaly coincides with old gold and base metal workings and previously identified RAB drilling anomalies. Gold, lead and zinc are particularly anomalous. Soil geochemistry indicates other anomalies to the northeast and southeast which require follow-up. Anomalous samples appear to coincide with the north-trending contact between felsic volcanics and sediments.

Near the Wagga Tank Prospect molybdenum-bismuth-lead-zinc-copper anomalies occur in a variety of localities. These anomalies are associated with magnetic low features with both circular and elongate (fault-like) patterns.

GCR's target at the Wagga Tank Project is either a VMS deposit hosted by submarine volcanic and sedimentary rocks or sulphide-rich ore bodies associated with rhyolitic dome complexes or subvolcanic intrusions. GCR field work suggests that intrusive rocks are more widespread than previously mapped by others. The programme for the September Quarter includes detailed infill soil sampling, geological mapping and rock chip sampling on at least two anomalies and continued step-out broad-based soil sampling on 500m to 1000m-spaced lines. Targets generated will be assessed for aircore drilling.

**7. Broken Hill** (NSW, 145 sq km, GCR 100%, gold, platinum group metals and base metals)

GCR has completed 8 holes for 524m of reverse circulation drilling at the Yellowstone Prospect on its 100% owned Broken Hill property (Figure 5). The drilling followed up on previously reported systematic rock chip sampling which returned two results of 16 g/t gold over 4m at locations 20m apart (Figure 5). Pyrite and copper mineralisation has been recognised in drill chips. Assays are awaited. The target is Selwyn or Ernest Henry style gold-copper mineralisation associated with ironstone formation.

**8. Glengarry Basin** (near Meekatharra, WA, 120 sq km, GCR (operator) 85.1%, Grange Resources 14.9%, gold)

A joint venture partner is sought to test the anomalous gold zones.

**9. Eaglehawk** (near Mudgee, NSW, 4 sq km, GCR 100%, gold)

**10. Warraderry** (near Grenfell, NSW, 30 sq km, GCR 100%, gold)

**11. Southern NSW Licences** ( NSW, 780 sq km, GCR 100%, gold, base metals)

**12. Fifield** (near Parkes, NSW, 80 sq km, GCR 100%, gold and copper)

**13. Commonwealth** (near Wellington, NSW, 60 sq km, GCR 100%, gold)

Evaluation of results was carried out for the above five projects during the quarter.

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*  
Kerry McHugh *Director*  
Daven Timms *Executive Director & Company Secretary*

### Registered and Principal Office

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Hornsby NSW 2077 Australia  
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Email [gcr@dot.net.au](mailto:gcr@dot.net.au)  
Website [www.reflections.com.au/goldencross](http://www.reflections.com.au/goldencross)

### Number of Shareholders

At 30 June 1998 GCR had 975 shareholders.

### Major Shareholders

The share register records the following as major shareholders (greater than 1%) at 30 June 1998:

1. David Timms	25.31%
2. Metallic Resources Pty Ltd	8.57%
3. Aurcay Holdings Inc.	8.47%
4. First Canadian Gold Corp. Inc.	4.23%
5. Caldfile Pty Limited	1.27%
6. TAG Developments Pty Limited	1.10%
7. Brian Keith Russell	1.06%
8. Invia Custodian Pty Limited	1.02%
9. ANZ Nominees Limited	1.01%

### Shareholder Enquiries

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

Registries Limited  
Level 2, 28 Margaret Street  
Sydney NSW 2000

Ph: (02) 9279 0677

### Issued Capital

At 30 June 1998 the issued capital was 47,251,470 ordinary shares, 9 million options exercisable at 40 cents by 31.10.98, 5,159,058 options exercisable at 40 cents by 30.9.98, 6 million options exercisable at 15 cents during 1998 or 25 cents during 1999 and 1,125,000 employee options exercisable at 30 cents by 22.8.2002.

### ASX Listing Code

The Company's ASX listing code is GCR.

### Cash Flow

<i>June Quarter</i>	\$
Opening Balance	1,630,000
Exploration expenditure	-220,000
Placement on 17 April 1998	240,000
Exploration expenditure recovered, cash settlement from RGC, interest	<u>460,000</u>
Closing Balance at 30 June 1998	<u>2,110,000</u>
<i>September Quarter</i>	
Estimated exploration expenditure	-450,000

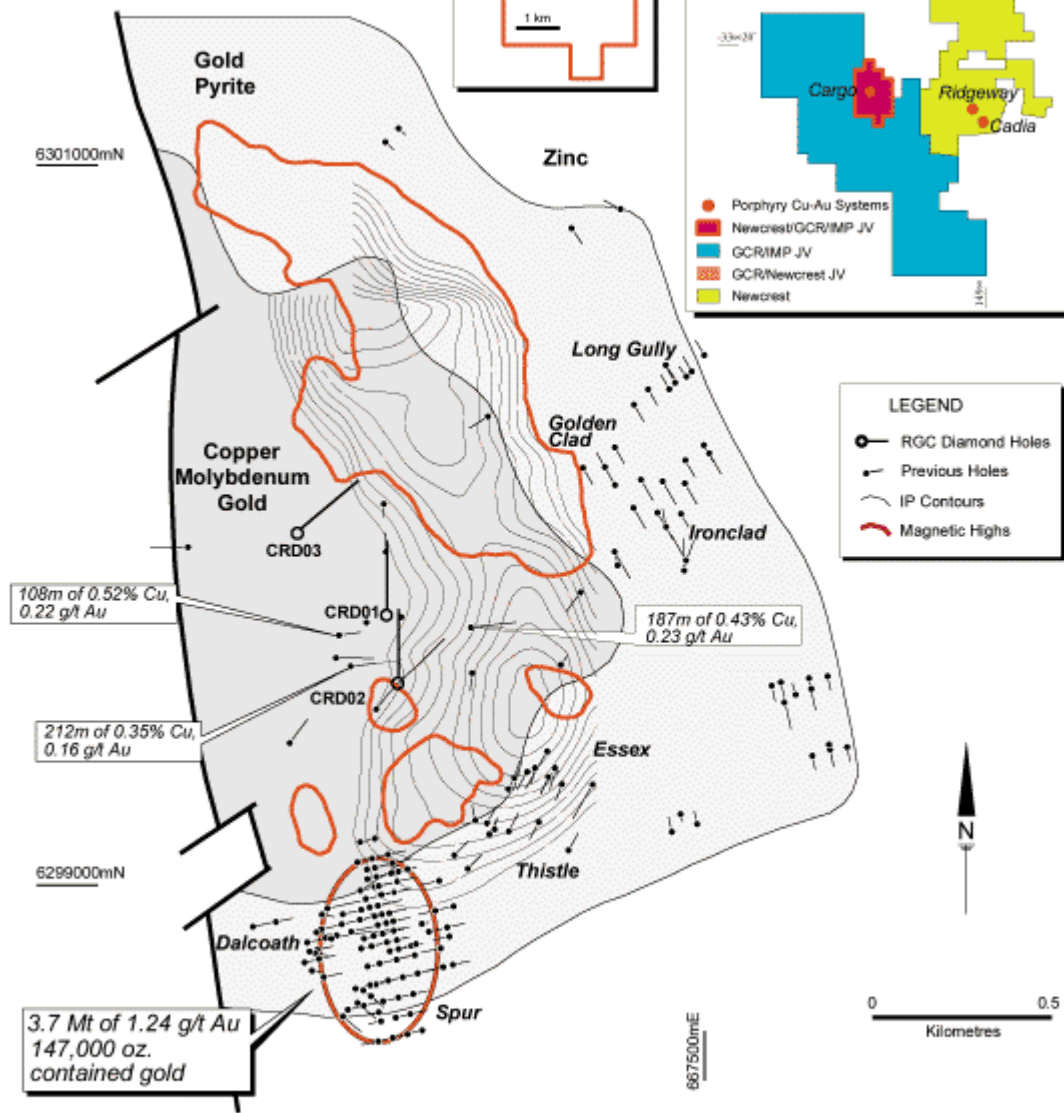
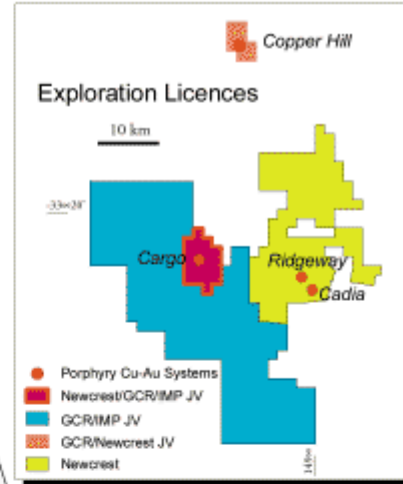
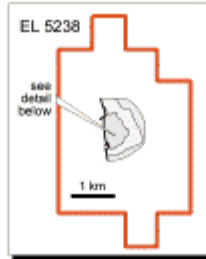
### Web Site

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

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

### General Enquiries

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



**GOLDEN CROSS RESOURCES/IMPERIAL MINING JV**  
**CARGO PROJECT**  
**PORPHYRY COPPER-GOLD SYSTEM**  
**IP Target Area**



FIGURE 1

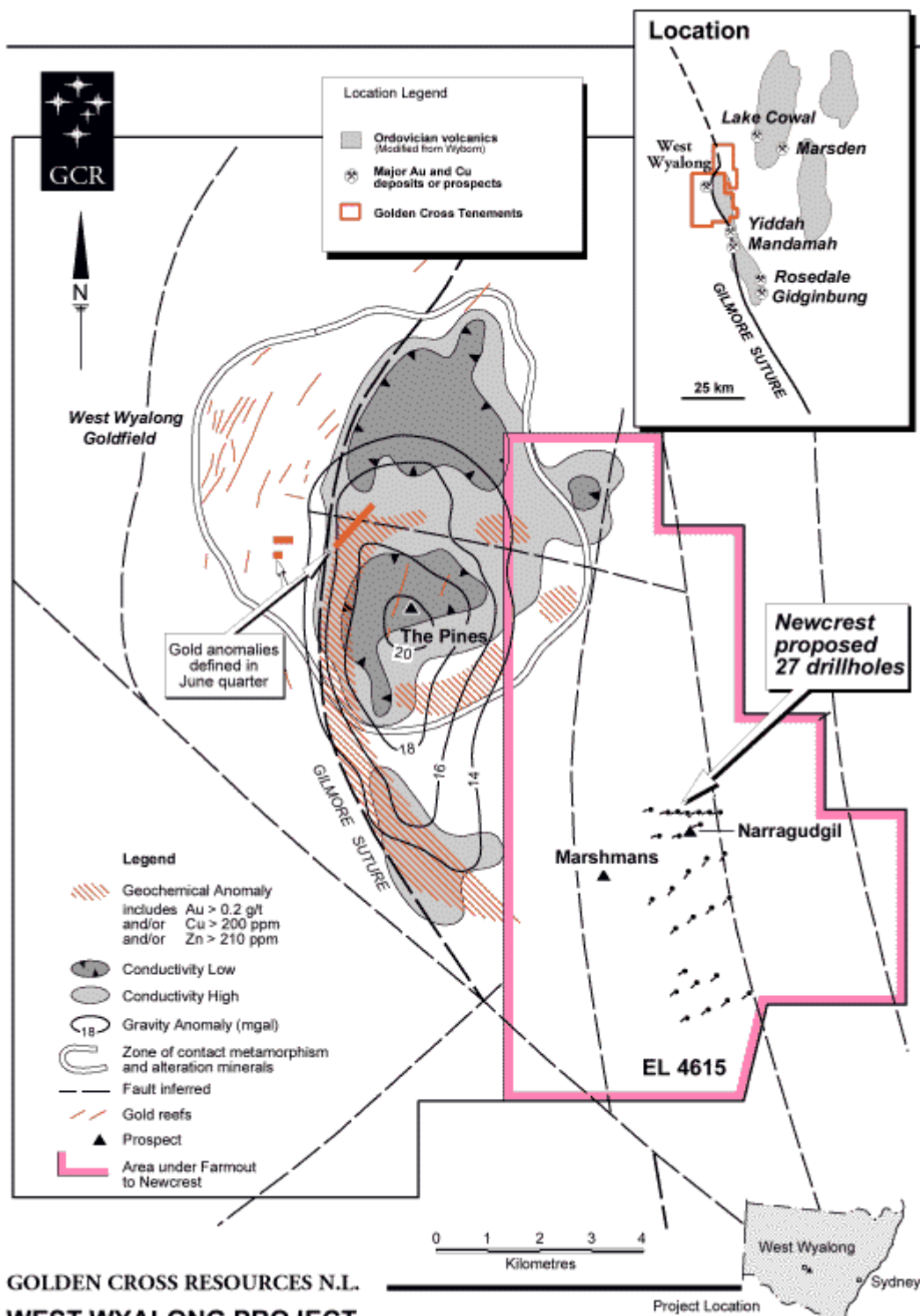
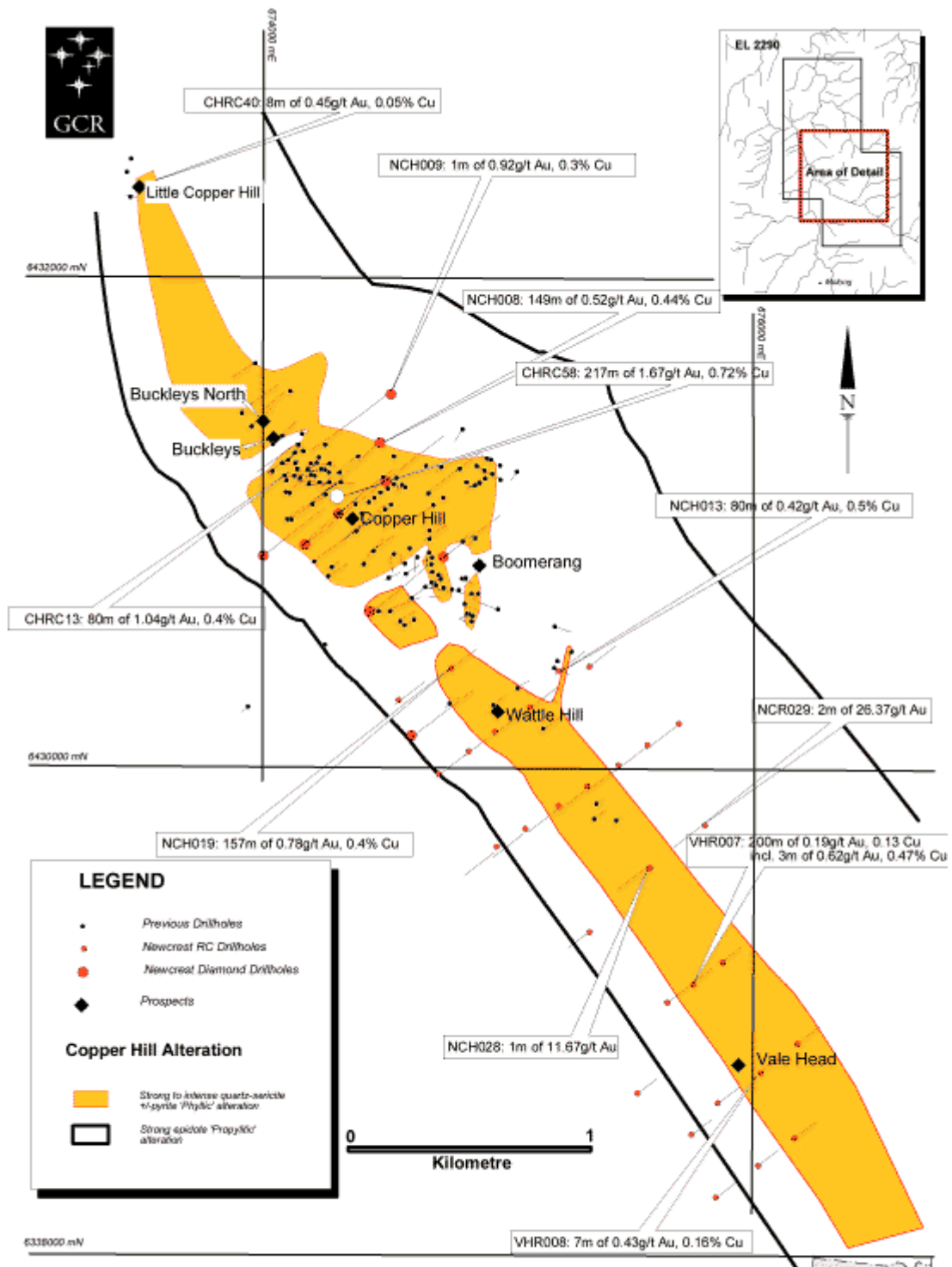
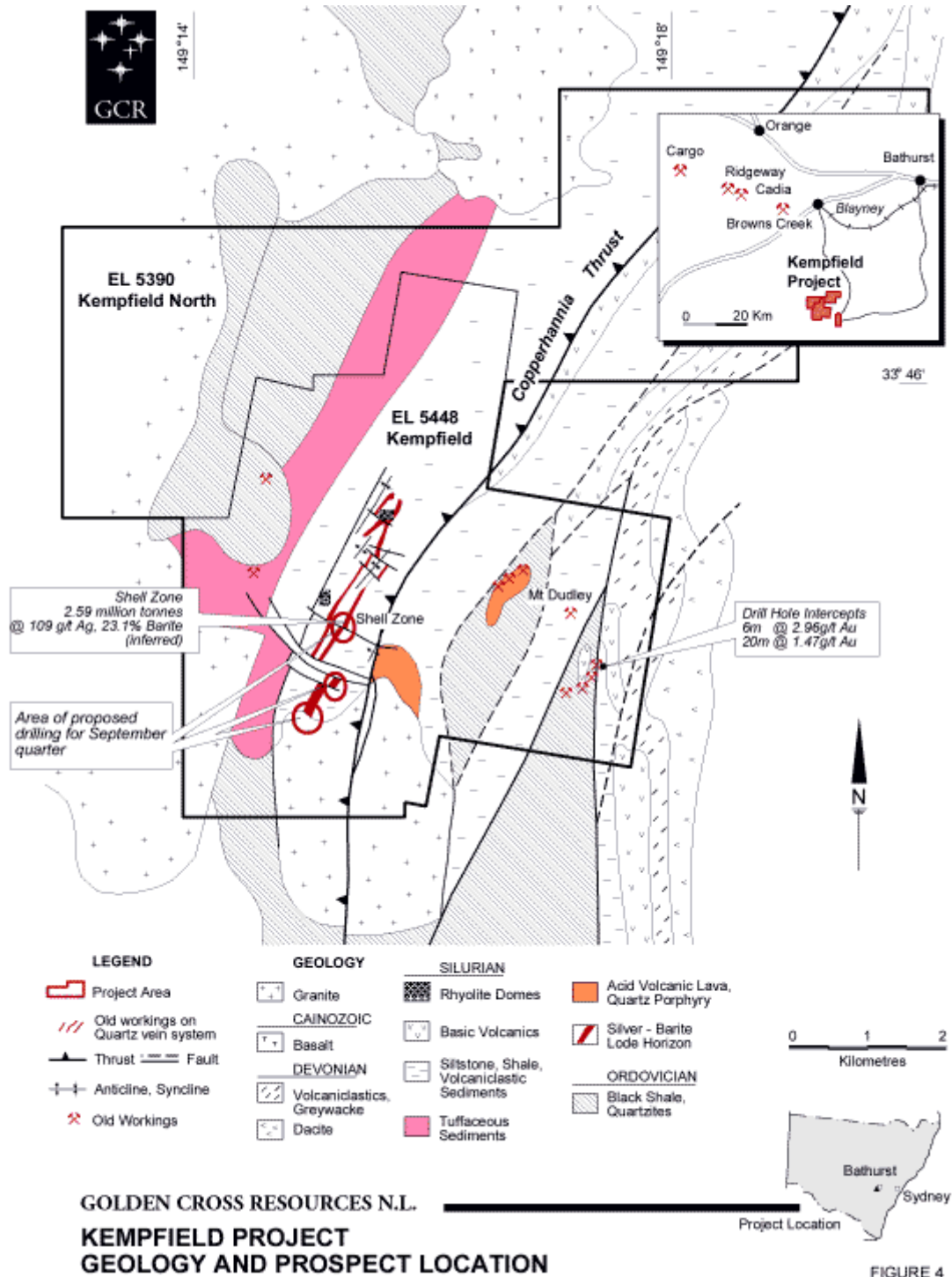


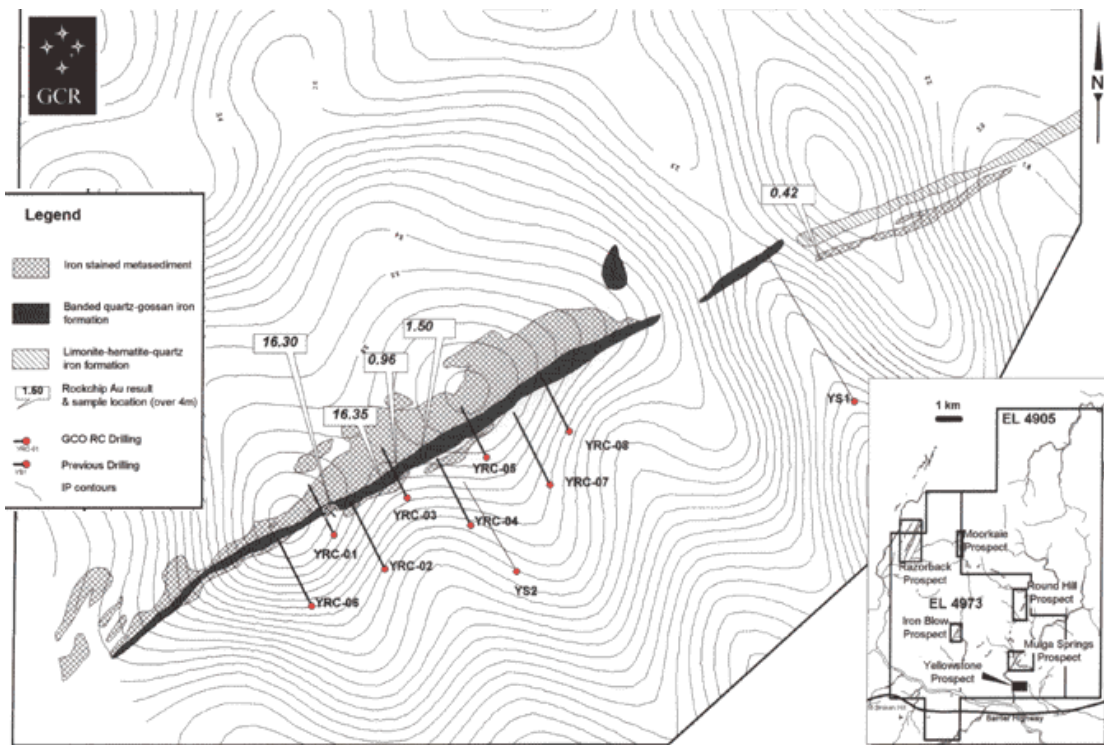
FIGURE 2



**GOLDEN CROSS RESOURCES NL**  
**COPPER HILL PROJECT**  
**Geology & Drilling**

Project Location  
 Orange Sydney  
 Figure 3





**GOLDEN CROSS RESOURCES NL**  
**BROKEN HILL PROJECT**  
**YELLOWSTONE PROSPECT - IP & Drilling**



FIGURE 5