

GOLDEN CROSS RESOURCES N.L.

ACN 063 075 178

QUARTERLY REPORT TO 30 SEPTEMBER 1998

29 October 1998

HIGHLIGHTS

- At *Cargo* gold-copper porphyry Newcrest to commence deep diamond drilling (3,000m) shortly.
- At *Kempfield* indicated/inferred resource is now 5.3 Mt at 105 g/t silver and 23.6% barite.
- At *Narragudgil* copper-gold porphyry Newcrest recommenced RC drilling (5,400m).

EXPLORATION RESULTS

1. **Cargo** (NSW, 955 sq km, GCR (manager) 50%, Imperial Mining NL 50%, gold and copper)

(Cargo EL 5238, 60 sq km – Newcrest Operations Limited (manager) may spend \$12.5M to earn 70%)

Cargo Prospect – EL 5238

Newcrest Farm-In Agreement Executed

Golden Cross, Imperial Mining and Newcrest executed an agreement 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.

Drilling to Commence

Newcrest will commence diamond drill testing the induced polarisation (IP) anomalies shown on Figure 1 with four deep holes totalling 3,000m. The location of the first two drill holes is shown in Figure 1. Two drill rigs are scheduled to work double shift in order to speed progress.

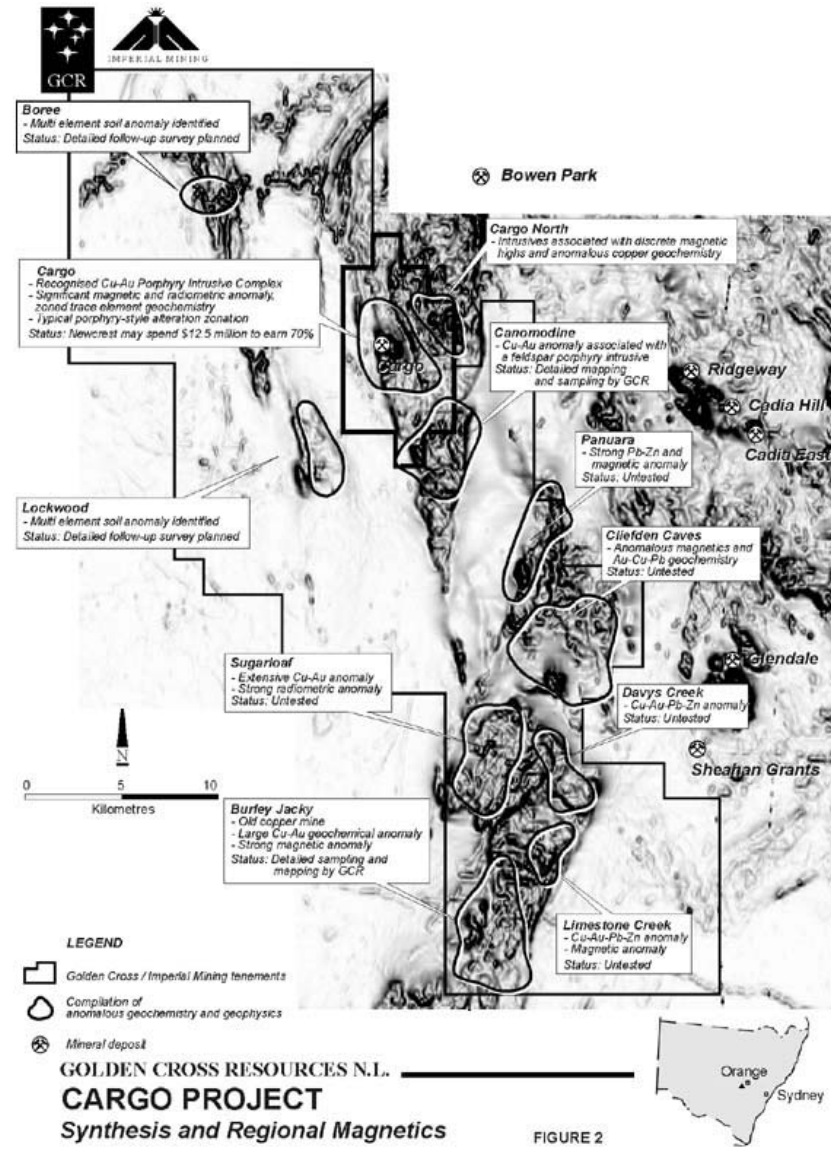
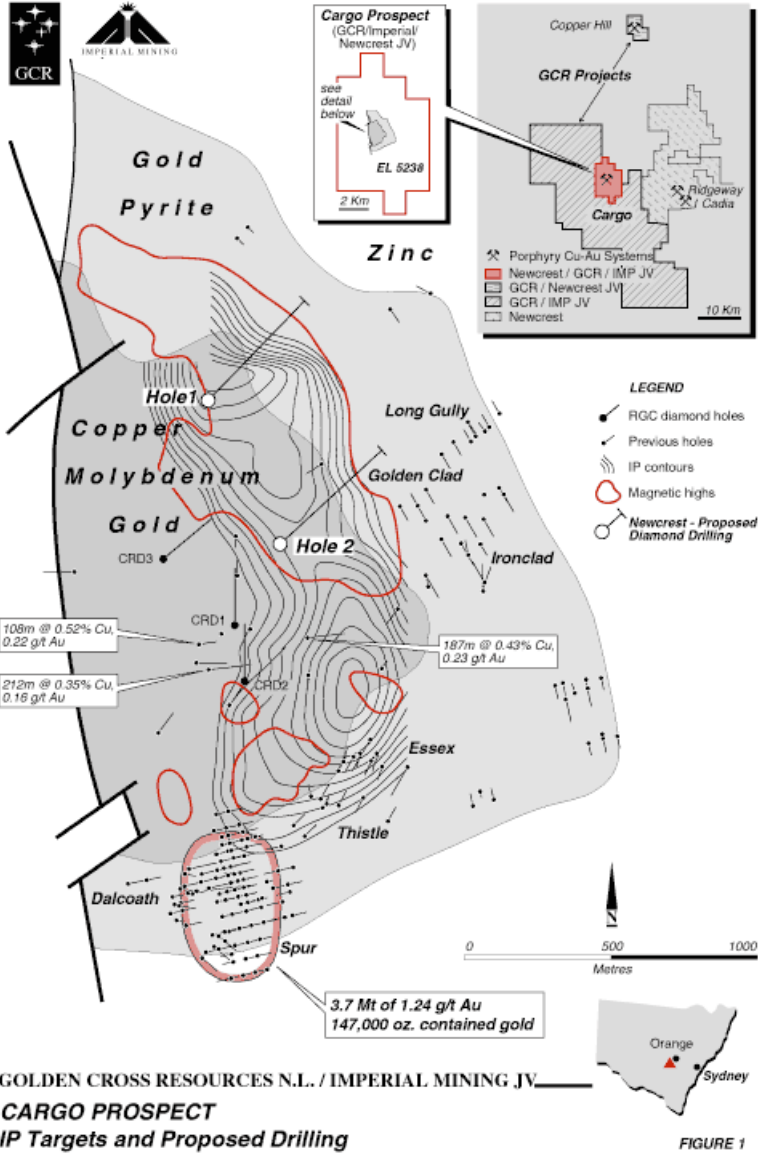
Cargo Regional Licences - Cargo West, Cargo Southwest, Belubula and Woodstock

At Cargo gold-copper regional licences (Figure 2), held 50/50 by GCR and Imperial Mining, GCR completed regional soil sampling surveys on part of the Cargo West, Cargo Southwest and Belubula licences. The programme involved 118 line kilometres of soil sampling. One sample was taken every 100m for a total of 1,200 samples. Some 600 composite samples were assayed by Regoleach analysis. Geological mapping of outcrop, float and regolith was undertaken in conjunction with this work and 95 rock chip samples taken.

Results revealed two anomalies, Lockwood and Boree, to be followed up with further sampling:

Lockwood, located southwest of Cargo (Figure 2), was previously identified as an area of anomalous magnetics and weak copper and lead geochemistry. The recent soil sampling programme delineated a multi element anomaly covering 9 square km which is open to the north, south and east. There are two separate zones, the eastern zone occurs in limestone and is anomalous in gold, arsenic, antimony, tungsten, mercury and selenium. The western zone lies 400m to the west, at the brecciated contact between limestone and volcanic rocks and is anomalous in copper and zinc.

Boree lies northwest of Cargo (Figure 2) in an area of Ordovician andesites exposed by the erosion of overlying Tertiary basalt. Anomalous elements from the soil sampling include copper, zinc, antimony and tungsten.



- 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 (manager) may spend \$4M to earn 70%)

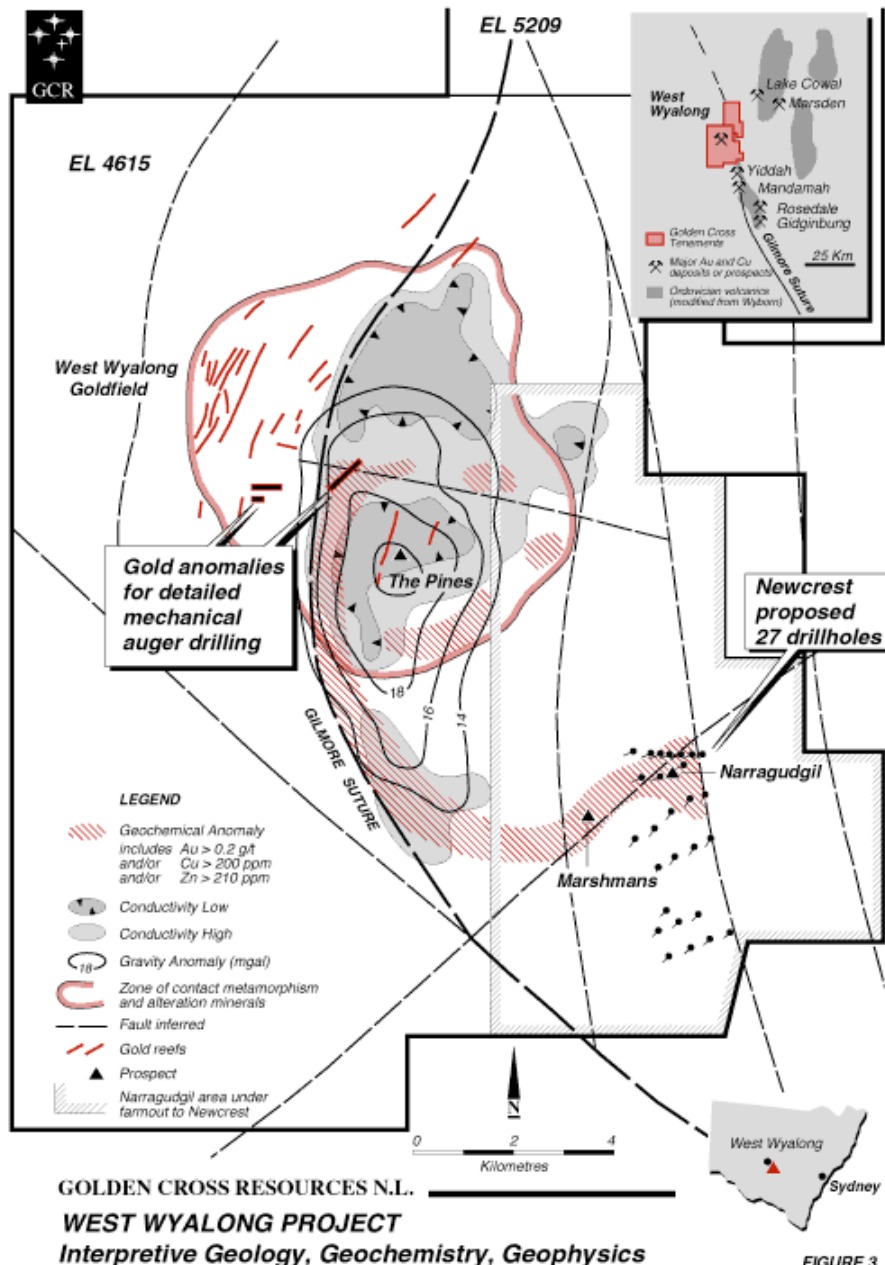
Narragudgil

Newcrest may spend \$4 million within four years to earn a 70% interest in the Narragudgil copper-gold porphyry, consisting of approximately 75 sq km in the southeast corner of the West Wyalong property (Fig. 3).

Newcrest recommenced RC drilling on 26 October 1998 at the Narragudgil prospect (Figure 3). Only two holes were drilled before heavy rains in July delayed the programme for three months. The programme consists of 27 holes for 5,400m to test for porphyry copper-gold mineralisation in the Gidginbung Volcanics along the Gilmore Suture. Porphyry copper-gold prospects have previously been identified by others to the south of Narragudgil on the Gilmore Suture at Yiddah, Mandamah and Rosedale (Figure 3).

Work Outside Narragudgil Area

Detailed mechanical auger drilling of gold anomalies identified during the June 1998 quarter is scheduled for the December 1998 quarter (Figure 3).



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

Copper Hill is a porphyry copper-gold project near Molong, 40 km NNW of Newcrest's Cadia/Ridgeway project.

Joint venture partner Newcrest have proposed a \$220,000 reverse circulation and diamond drilling programme for the six months to 31 March 1998

Future programmes will be designed to follow up:

- 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 NCR029 which intersected 1m at 11.67 g/t gold from 28m and 2m at 26.37 g/t gold from 288m respectively.

4. 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)

Kempfield is 100% owned by GCR, subject to a 5% net profits interest to Metallic Resources Pty Ltd.

The Company issued two announcements concerning Kempfield to ASX during the quarter, on 26 August and 16 September. The announcements and accompanying Figure are set out on the Company's web site (see back page for address). These announcements provided results from GCR's August 1998 drill programme at Kempfield, consisting of 12 RC drill holes, numbered GKF-21 to GKF-32 inclusive, for 889m. Best results are summarised in the table below.

The Company's September 1998 drill programme consisted of ten RC drill holes, numbered GKF-33 to GKF-42 inclusive, for 802m. Preliminary assays are to hand and best results are set out in the table on the following page and Figure 4. All holes listed were drilled at a declination of 55 degrees and an azimuth of 110 degrees.

Kempfield Drilling Results, August 1998 Programme

Drill Hole	East (m)	North (m)	From (m)	Intercept (m)	Gold (g/t)	Zinc (%)	Lead (%)	Silver (g/t)	Barite* (%)	
GKF-21	1945	3050	58	12	NA	0.14	0.01	27	34.22	
			96	10	NA	0.36	0.16	15	44.17	
			126	4	NA	1.25	0.50	46	24.58	
GKF-23	1692	2814	12	24	0.16	4.38	1.08	65	18.28	
			including	30	4	0.57	10.75	3.60	256	11.66
			including	30	2	0.47	12.80	3.42	287	20.30
GKF-24	1662	2810	44	22	0.10	2.96	1.10	27	1.89	
			including	58	6	0.15	5.05	2.74	67	3.30
			including	60	2	0.17	7.00	3.63	98	2.57
GKF-30	1994	3050	18	88	NA	0.33	0.09	55	23.43	
			including	90	14	NA	0.71	0.11	116	36.00
GKF-31	1685	2550	6	52	0.32	0.90	1.21	118	11.35	
			including	12	4	1.10	0.13	0.63	158	6.05
			including	28	22	0.21	1.33	1.76	209	8.34

		including	36	4	0.17	0.13	0.33	618	3.52
		including	44	6	0.23	4.40	4.79	110	19.10
GKF-32	1645	2550	50	26	0.16	2.33	1.62	42	3.36
		including	64	4	0.18	4.04	2.50	77	2.40

Kempfield Drilling Results, September 1998 Programme

Drill Hole	East (m)	North (m)	From (m)	Intercept (m)	Gold (g/t)	Zinc (%)	Lead (%)	Silver (g/t)	Barite* (%)
GKF-34	1670	2500	4	34	0.15	1.05	1.16	39	0.25
GKF-35	1700	2630	22	20	0.09	0.09	0.18	66	12.12
		Including	34	6	0.09	0.06	0.22	119	14.29
			56	4	0.27	0.06	0.11	106	22.51
GKF-37	1620	2630	58	6	0.44	3.04	1.50	89	58.04
		Including	58	2	0.55	6.89	2.77	116	17.58
GKF-38	1615	2700	56	18	0.62	1.83	1.01	129	32.12
		Including	56	6	1.24	0.85	0.95	220	22.33
		Including	60	2	3.33	0.20	1.24	483	22.51
		including	66	8	0.29	3.40	1.38	103	41.54
		Including	68	2	0.49	6.13	2.02	180	58.92
GKF-39	1725	2550	24	18	0.20	0.05	0.20	20	25.92
		Including	36	2	0.29	0.07	0.18	85	23.85
GKF-42	1730	3070	44	8	0.06	0.55	0.42	58	35.35
		including	44	4	0.10	0.38	0.48	87	58.10

Note: * Assuming all barium occurs as barite (BaSO₄).

The following resource is calculated to 120m depth utilising the results of GCR drill programmes and 180 holes drilled by previous explorers. It includes for the first time the Henry's zone where the Company has an option to purchase mining leases held by others for a combination of shares and cash to \$300,000 in value.

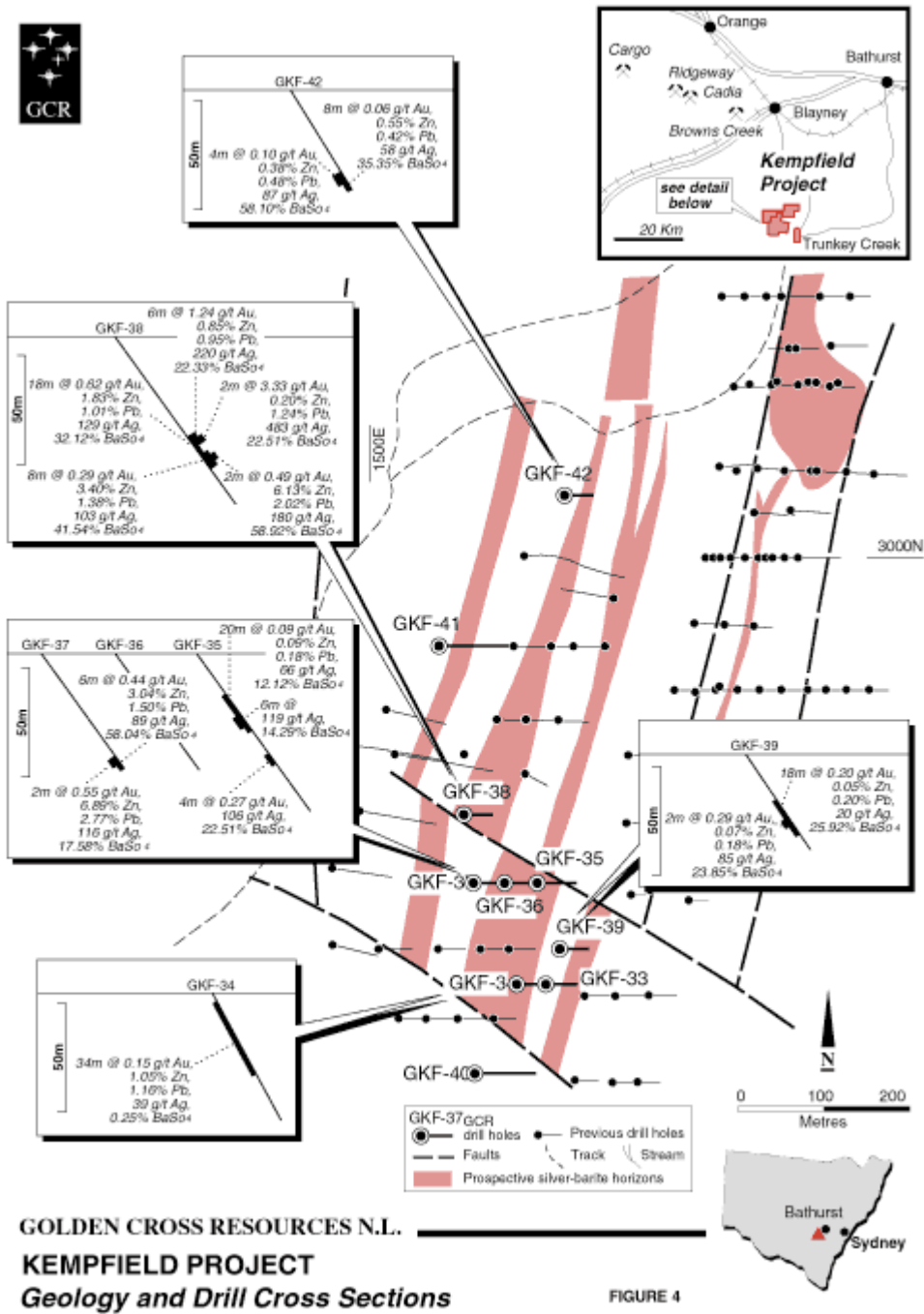
Category	Tonnes (million)	Silver (g/t)	Barite (%BaSO ₄)
Indicated	1.3	113	26.20
Inferred	4.0	102	22.79
Total	5.3	105	23.63

This equates to 17.9 million ounces of silver plus 1.25 million tonnes of barite.

In addition, rock chip sampling of outcropping pyritic rhyolite located at around 1700mE 3300mN (Figure 4) returned 1.24 g/t gold over 5m.

The many high grade base metal and silver intercepts provide additional evidence that Kempfield represents a significant volcanogenic massive sulphide (VMS) environment. Follow-up drilling will be

aimed at developing this ore target concept and further extending the resource. Metallurgical testing continues.



5. Pipeline (near Cobar, NSW, 575 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)

Work concentrated on EL 5131 "Canbelego" where GCR is earning a 100% interest, subject to a 5% net profits interest, from Nosebi Mining and Management Pty Ltd in consideration of GCR funding a \$30,000 RAB and mechanical auger drill programme. EL 5131 "Canbelego" lies about 20 km northwest of GCR's Pipeline Ridge prospect.

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

- (7. Wagga Tank** (near Cobar, NSW, 400 sq km, GCR 100%, gold and base metals)
- (8. Glengarry Basin** (near Meekatharra, WA, 120 sq km, GCR (operator) 85.1%, Grange Resources 14.9%, gold)
- (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, copper and platinum group metals)
- (13. Commonwealth** (near Wellington, NSW, 60 sq km, GCR 100%, gold)

Field assessment/reporting/evaluation of results was carried out for the above eight projects during the quarter. No material results were obtained.

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	<i>Chairman</i>
David Timms	<i>Managing Director</i>
Kerry McHugh	<i>Director</i>
Daven Timms	<i>Executive Director & Company Secretary</i>

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

Registered and Principal Office

22 Edgeworth David Avenue
Hornsby NSW 2077 Australia
Ph (02) 9482 8833
Fax (02) 9482 8488
Email gcr@dot.net.au
Website www.reflections.com.au/goldencross

Issued Capital

At 30 September 1998 GCR's issued capital was 47,851,470 ordinary shares, 9 million options exercisable at 40 cents by 31.10.98, 6 million options exercisable at 15 cents during 1998 or 25 cents during 1999, 737,000 employee options exercisable at 30 cents by 22.8.2002 and 320,000 employee options exercisable at 10 cents by 27.7.2003. On 23.10.1998 the Company issued 3.6 million options to Directors exercisable at 20 cents by 31.10.2001

Number of Shareholders

At 30 September 1998 GCR had 957 shareholders.

ASX Listing Code

The Company's ASX listing code is GCR.

Major Shareholders

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

1. David Timms	25.01%
2. Metallic Resources Pty Ltd	8.46%
3. Aurcay Holdings Inc.	8.36%
4. First Canadian Gold Corp. Inc.	4.18%
5. TAG Developments Pty Limited	1.36%
6. Rio Tinto Exploration Pty Ltd	1.25%
7. Caldfile Pty Limited	1.25%
8. ANZ Nominees Limited	1.06%
9. Brian Keith Russell	1.05%

Cash Flow

<i>September Quarter</i>	\$
Opening Balance	2,110,000
Exploration expenditure	-490,000
Interest received, security deposits refunded	<u>50,000</u>
Closing Balance at 30 Sept. 1998	<u>1,670,000</u>
<i>December Quarter</i>	
Estimated exploration expenditure	-320,000

Web Site

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

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