

# GOLDEN CROSS RESOURCES N.L.

ACN 063 075 178

## QUARTERLY REPORT TO 31 DECEMBER 1998

28 January 1999

### HIGHLIGHTS

- Drilling five prospects during the March 1999 Quarter – Cargo, Narragudgil (West Wyalong), Ken Glasson prospect (West Wyalong), Kempfield and Copper Hill.
- At *Cargo* gold-copper porphyry Newcrest has drilled three diamond drill holes to date.
- At *Narragudgil* copper-gold prospect Newcrest completed 25 reverse circulation/aircore holes and commenced diamond drilling.
- At *Kempfield* GCR's third drilling programme is set to build on indicated and inferred resource of 5.3 Mt at 105 g/t silver and 23.6% barite (18 MOz silver and 1.25 Mt barite).
- Agreement to farm-out *Laverton, WA*, properties to Granny Smith joint venturers (Placer/Delta) who may earn 70% by completing bankable feasibility study within 3 years. \$25,000 cash paid.
- Placement of 2 million shares at 10 cents raised \$200,000.

### 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 may sole fund \$12.5 million on exploration over six years to earn a 70% interest in tenements within the boundary of EL 5238 (50/50 GCR/Imperial Mining). 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.

Newcrest has drilled two diamond drill holes and has a third hole in progress to test the induced polarisation, magnetic and geological/geochemical anomalies shown on Figure 1. The depths of the holes are 602m, 598m and approximately 900m (in progress) respectively. Assays have been received for the first hole and for the second hole to a depth of 384m. The core was highly altered and contained minor intersections of gold, copper and molybdenum mineralisation. Alteration minerals are consistent with the ore target model being tested and include albite, quartz, potassium feldspar, magnetite and carbonate. Pyrite and minor chalcopyrite occur throughout as veinlets or disseminations.

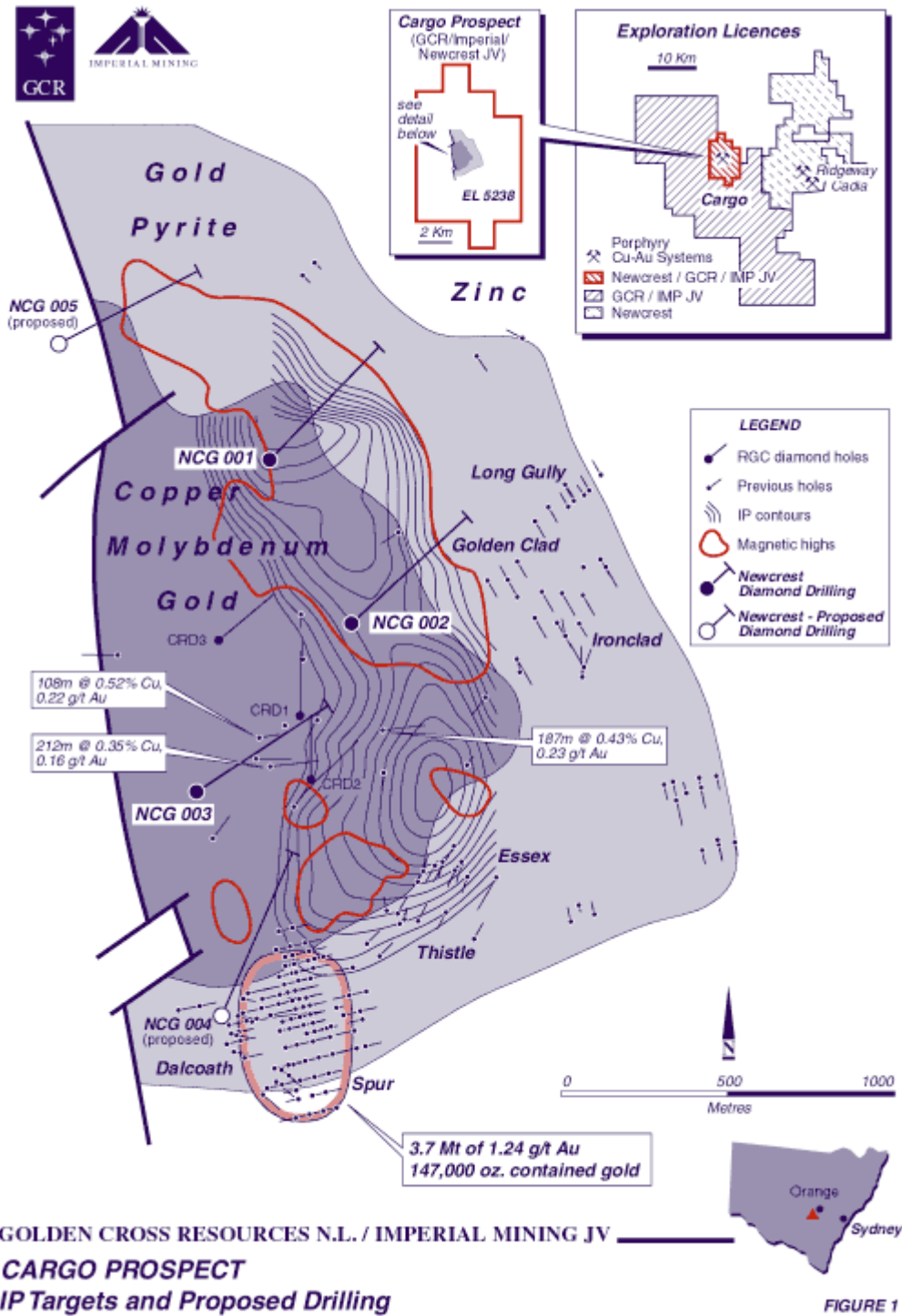
The location of the three diamond holes drilled and proposed sites of the next two diamond holes are shown in Figure 1. The drill rig is continuing to work double shift in order to speed progress. Assays are awaited for the second hole below 384m and the third hole.

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

During the quarter GCR undertook further sampling in and around the Lockwood and Boree anomalies.

The Lockwood multi-element soil geochemical anomaly located southwest of Cargo has been extended to the southeast and east. It covers an area of nine square kilometres corresponding to a zone of outcropping limestone believed to be of Ordovician age.

The Boree anomaly lies northwest of Cargo in an area of Ordovician andesites exposed by the partial erosion of overlying Tertiary basalt. Assays from further sampling at the Boree anomaly and other areas in the Woodstock licence are pending.



- 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 - 3 sq km, GCR 100%, gold)  
(Narragudgil, 75 sq km, Newcrest (manager) may spend \$4M to earn 70%)

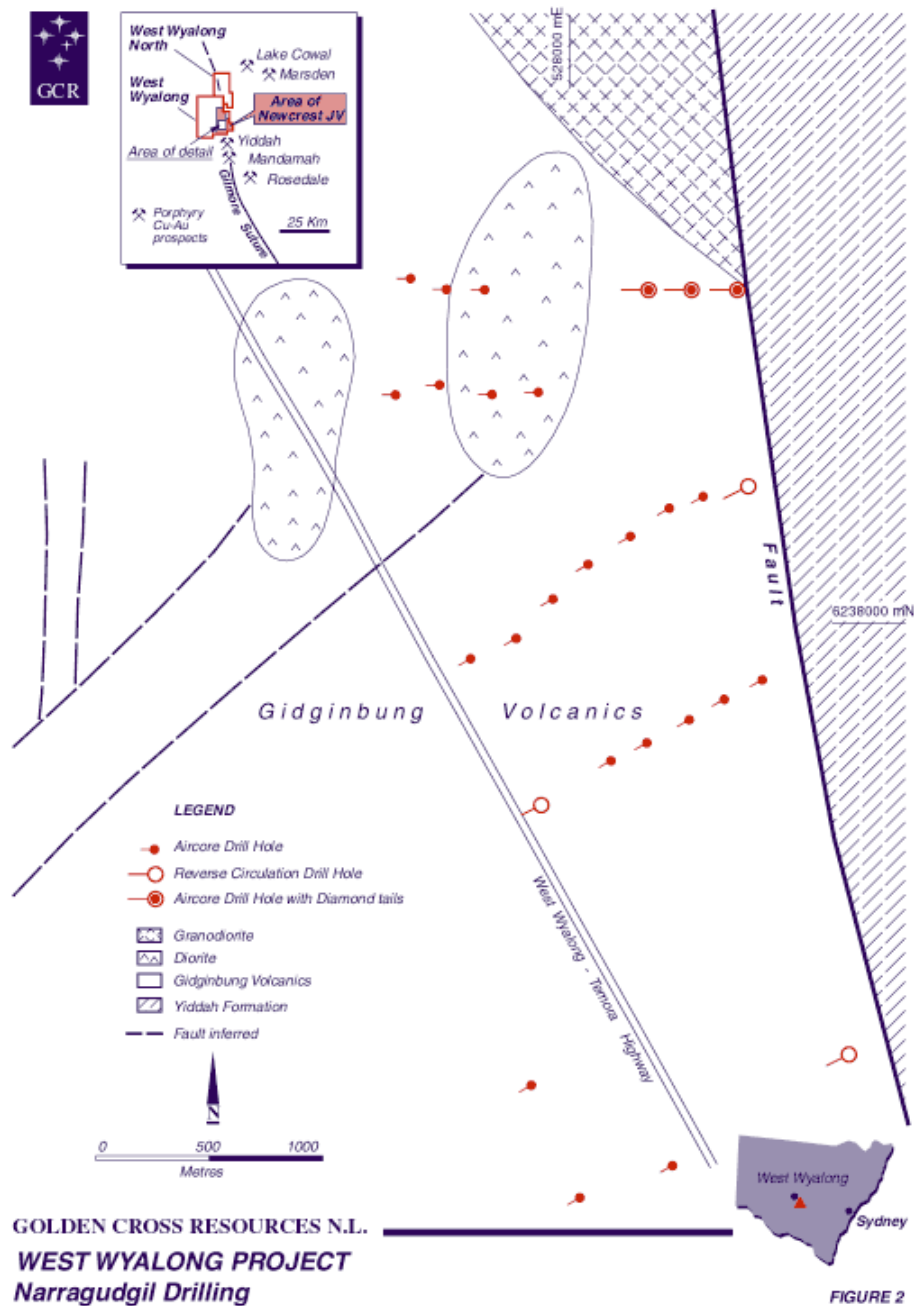
Narragudgil

Newcrest may spend \$4 million within four years to earn a 70% interest in the Narragudgil copper-gold prospect, consisting of approximately 75 sq km in the southeast corner of the West Wyalong property (Figure. 2).

Newcrest completed 3 reverse circulation (RC) and 25 aircore holes to test for porphyry copper-gold mineralisation in the Gidginbung Volcanics along the Gilmore Suture (Figure 2). Assays have been received for three RC and 16 aircore holes which indicate areas of highly altered rocks with anomalous gold, copper and zinc mineralisation. These encouraging results have led to a 7-9 hole diamond drill programme with aircore/RC precollars to further test the area at depth. To date three aircore holes have been deepened by diamond drilling. Assays for these holes are awaited. Porphyry copper-gold prospects have previously been identified by others to the south of Narragudgil on the Gilmore Suture at Yiddah, Mandamah and Rosedale.

*Work Outside Narragudgil JV Area*

Detailed mechanical auger and Rotary Air Blast (RAB) drilling of the Ken Glasson gold anomaly 2 km south of the town of Wyalong is underway. To date 388 mechanical auger holes, to depths of 1.8m – 3.3m, have been completed together with 18 holes of a 100 hole RAB drilling programme. Assays are pending.



**3. Copper Hill** (at Molong, NSW, 25 sq km, GCR 27.2%, diluting to 25.5%, 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 has proposed a \$220,000 reverse circulation and diamond drilling programme for the six months to 31 March 1999. The programme consists of reverse circulation pre-collar and diamond drilling of the Vale Head area. GCR has elected not to contribute to the programme, thereby diluting its interest from 27.2% to around 26%.

**4. Kempfield** (near Blayney, NSW, 60 sq km, GCR 100% subject to 5% net profits interest, silver, barite, 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. During August and September 1998 the Company drilled 22 reverse circulation drill holes for 1,691m. The indicated and inferred resource increased by over 50% as follows:

From 3.5 Mt at 104 g/t silver and 24% barite (11.7 million ounces of silver and 0.84 Mt of barite)

To 5.3 Mt at 105 g/t silver and 24% barite (17.9 million ounces of silver and 1.25 Mt of barite)

Best results are set out in the table below. All holes listed were drilled at a declination of 55 degrees and an azimuth of 110 degrees. The resource is calculated to an average depth of 120m using a cut-off of 60 g/t silver and is based on a refined geological model of folded stratigraphy.

**Best Kempfield Drilling Results During 1998 – McCarron Zone**

Drill Hole	East (m)	North (m)	From (m)	Intercept (m)	Gold (g/t)	Zinc (%)	Lead (%)	Silver (g/t)	Barite* (%)
GKF-23	1692	2814	<b>12</b>	<b>24</b>	0.16	<b>4.38</b>	1.08	65	18.28
		including	30	4	<b>0.57</b>	<b>10.75</b>	<b>3.60</b>	<b>256</b>	11.66
		including	30	2	<b>0.47</b>	<b>12.80</b>	<b>3.42</b>	<b>287</b>	<b>20.30</b>
GKF-31	1685	2550	<b>6</b>	<b>52</b>	0.32	0.90	1.21	<b>118</b>	11.35
		including	12	4	<b>1.10</b>	0.13	0.63	<b>158</b>	6.05
		including	28	<b>22</b>	0.21	1.33	1.76	<b>209</b>	8.34
		including	36	<b>4</b>	0.17	0.13	0.33	<b>618</b>	3.52
		including	44	6	0.23	<b>4.40</b>	<b>4.79</b>	<b>110</b>	19.10

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

Preliminary agitation leach tests on McCarron Zone oxide material with a head grade of 180 g/t silver and 0.58 g/t gold produced encouraging recoveries of 88.1% silver and 89.6% gold.

Kempfield has potential to host a significant volcanogenic massive sulphide (VMS) deposit. A third drilling programme and further metallurgical work, focussing on oxide resources, is planned for the March quarter.

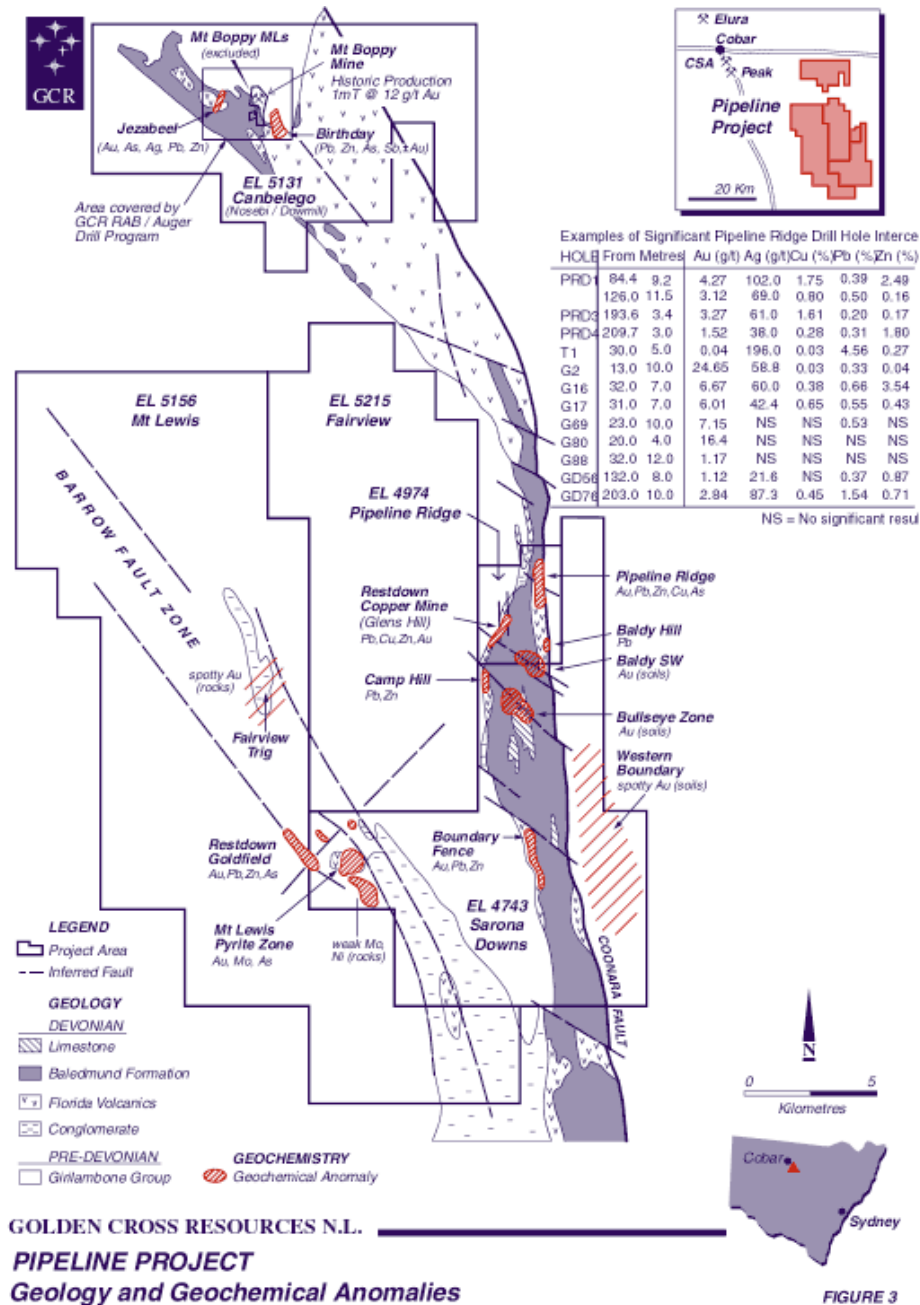
**5. Pipeline** (near Cobar, NSW, 575 sq km, GCR 100%, gold and base metals) (Fairview - GCR 90% with Metallic Resources holding a 10% free carried interest to construction, gold and base metals)

Work concentrated on EL 5131 "Canbelego" (Figure 3) where GCR has earned a 100% interest, subject to a 5% net profits interest, from Nosebi Mining and Management Pty Ltd. EL 5131 "Canbelego" lies about 20 km NNW of GCR's Pipeline Ridge prospect. GCR has completed a RAB and mechanical auger drill programme over a portion of EL 5131 to earn its 100% interest.

The work has delineated two significant anomalies, Jezabeel and Birthday. Jezabeel, lies to the west of Mt Boppy and is characterised by anomalous gold, arsenic, silver, lead and zinc within a broad zone of elevated manganese. This new zone has a 400m strike length and is unrelated to any known workings.

The second anomaly occurs in the area of the Birthday workings to the east of Mt Boppy and is characterised by anomalous antimony, arsenic, lead and zinc with spotty gold up to 0.13 g/t. This 400m-long zone is open to the south and returned up to 78.1 ppm silver. Compilation of historic exploration data will commence in the March Quarter to prioritise the many targets which exist on the Canbelego licence.

Detailed geochemical sampling surveys over the Pipeline Ridge prospect and Bullseye anomaly is scheduled for the March quarter to delineate the extent of gold anomalism in the area (Figure 3).



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

Rock chip sampling at the Iron Blow prospect returned 17 samples in the range 0.1 to 0.4 g/t gold over a strike length of 250m. A reconnaissance rock chip sample collected from a shear zone approximately 1.5 km northeast of Iron Blow and adjacent to an old adit assayed 9.6 g/t gold and 3.6% copper.

An option was granted to Third Millennium Exploration and Development Pty Ltd (Third Millennium) to explore for platinum group elements on the ultramafic complexes known to cover part of the Company's Broken Hill project. The option area consists of 22 sq km of the 145 sq km project. Third Millennium has expertise in exploration for, and extraction of, platinum group metals.

Third Millennium has until 31 May 1999 to explore the area and elect whether to enter into a joint venture with Golden Cross on the following terms:

- Third Millennium may earn a 70% interest in the area by completing a bankable feasibility study by 1 June 2004;
- Third Millennium must spend \$50,000 per year, or pro rata for parts of a year, prior to any withdrawal from the joint venture.

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

The Wagga Tank project contains several known areas of mineralisation such as Wagga Tank, Fenceline, Blue Mountain and Anomaly G (Figure 4). Over 900 soil geochemical samples collected by GCR indicate several geochemical anomalies which, together with previously known mineralisation, appear to form a pattern related to intrusives or root zones of volcanic centres with doughnut-shaped magnetic low signatures.

Much of the known mineralisation appears to occur on the margins of these doughnut-shaped magnetic lows. Geochemical zonation indicates copper-molybdenum-bismuth anomalism in the doughnut centres and lead-zinc (with silver and gold) anomalism on the margins (Figure 4). The Wagga Tank project has potential to host precious and base metal massive sulphide deposits similar to those at Cobar.

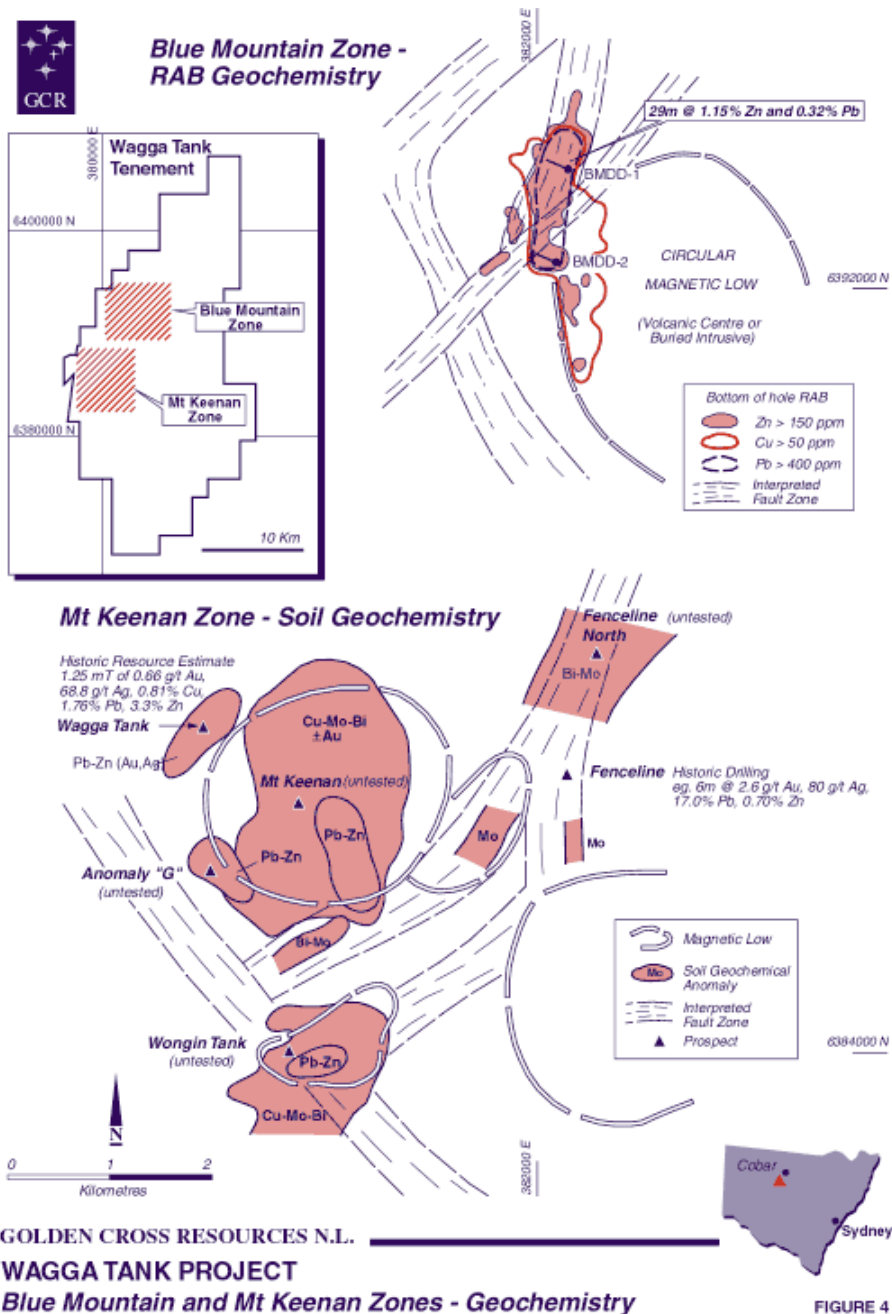


FIGURE 4

**8. Laverton** (WA, 75 sq km, GCR 100%, gold)

The Laverton project consists of the Merolia and Mt Weld licences near Laverton, WA. Merolia is 30 km northeast and Mt Weld 40 km southeast of the Granny Smith gold mine. GCR soil sampling during 1997 revealed gold anomalies on both licences. Agreement has been reached to farm-out the project to the Granny Smith joint venturers (Placer/Delta) on the following basis, subject to signing a heads of agreement:

- \$25,000 has been paid. A further \$25,000 will be paid in one year if Placer/Delta remain in the agreement;
- Placer/Delta must spend \$100,000 per year, or pro rata for parts of a year, prior to any withdrawal;
- Placer/Delta may earn a 70% interest by completing a bankable feasibility study within three years;
- If Golden Cross dilutes to a 10% interest it may elect to convert to a 2% net smelter return royalty.

(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 five projects during the quarter. No material results were obtained. The remaining *Glengarry Basin, WA*, properties, including Heines Find and Dead Horse Well, were relinquished 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

DON'T FORGET TO VISIT OUR WEB SITE IN GLORIOUS  
COLOUR!

### Directors

Lindsay MacAlister *Chairman*  
David Timms *Managing Director*  
Kerry McHugh *Director*  
Daven Timms *Executive Director &  
Company Secretary*

### 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](mailto:gcr@dot.net.au)  
Website [www.reflections.com.au/goldencross](http://www.reflections.com.au/goldencross)

### Issued Capital

At 31 December 1998 GCR's issued capital was 49,851,470 ordinary shares, 6 million options exercisable at 25 cents during 1999, 737,000 employee options exercisable at 30 cents by 20.6.2002, 583,000 employee options exercisable at 10 cents by 19.12.2003 and 3.6 million Directors' options exercisable at 20 cents by 31.10.2001.

### Number of Shareholders

At 31 December 1998 GCR had 943 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 31 December 1998:

1. David Timms	24.00%
2. Metallic Resources Pty Ltd	8.12%
3. Aurcay Holdings Inc.	8.02%
4. First Canadian Gold Corp. Inc.	4.01%
5. Cairnglen Investments Pty Ltd	3.26%
6. Invia Custodian Pty Limited	1.63%
7. Hysettee Pty Ltd	1.30%
8. TAG Developments Pty Limited	1.30%
9. Rio Tinto Exploration Pty Ltd	1.20%
10. Caldfile Pty Limited	1.20%
11. Merrill Lynch (Australia)	1.12%
12. ANZ Nominees Limited	1.06%
13. Brian Keith Russell	1.01%

### Cash Flow

<i>December Quarter</i>	\$
Opening Balance	1,670,000
Exploration expenditure	-400,000
Interest received, exploration expenditure recovered	70,000
Placement	<u>200,000</u>
Closing Balance at 31 Dec. 1998	<u>1,540,000</u>

### *March 1999 Quarter*

Estimated exploration expenditure	-290,000
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### Web Site

Please visit GCR's web site featuring all the latest information and lots of coloured maps and diagrams which you are free to copy:

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

### General Enquiries

Contact David Timms or Daven Timms at the principal office: ph. (02) 9482 8833