

GOLDEN CROSS RESOURCES N.L.

ACN 063 075 178

QUARTERLY REPORT TO 31 DECEMBER 1999

28 January 2000

HIGHLIGHTS

- At **Kempfield** the fifth programme of RC drilling produced the best zinc-lead intersection to date at the McCarron Zone - 14m of 7.31% zinc, 3.58% lead and 100g/t silver, including 2m of 14.1% zinc, 7.38% lead and 182g/t silver. A sixth programme is underway, aimed at further testing the McCarron Zone sulphide mineralisation at depth.
- At **Kempfield** resource calculations indicate a large precious and base metal sulphide system containing an inferred resource containing 39.1 million ounces of silver and 3.7 million tonnes of barite, with indications of significant grades of zinc and lead at depth.
- At the Merolia prospect on GCR's 100%-owned **Laverton** project, the Granny Smith JV reported high grade gold intersections of 6m at 17.59 g/t and 2m at 7.54 g/t from the first RC drilling programme of six holes.
- At **West Wyalong**, Newcrest is presently conducting follow-up drilling of the porphyry-style copper-gold mineralisation previously intersected in the Narragudgil JV area. GCR now holds 100% of the West Wyalong project, subject to a 2.5% nsr royalty to Lac Minerals, a subsidiary of American Barrick Corporation.
- WMC Resources Ltd (WMC) farmed into GCR's 100%-owned platinum group metals, gold and base metals **Broken Hill** project. WMC may earn a 70% interest by completing a bankable feasibility study by 30 June 2004.

CORPORATE

- GCR entered into an agreement to purchase the 5% net profits interest (npi) in the Kempfield Project held by Metallic Resources Pty Ltd for one million GCR shares. GCR previously had an option to purchase the 5% npi for \$6 million. The purchase increases the potential for GCR to attract a major mining company or financier to the project.
- GCR plans to seek shareholder approval to change its status from a no liability to a limited liability company.

EXPLORATION RESULTS

1. **Kempfield** (near Blayney, NSW, 75 sq km, GCR 100%, silver, zinc, lead, barite and gold)

GCR recorded positive results, including the identification of a second occurrence of high grade silver-zinc-lead mineralisation at the McCarron Zone, from the fifth drilling programme at its

100%-owned Kempfield silver project near Blayney, NSW. Kempfield hosts significant silver, zinc, lead, and barite resources along a 3 km strike length in Silurian Volcanics.

The fifth drilling programme consisted of 6 reverse circulation (RC) holes for a total of 698m. The programme involved drilling holes numbered GKF-73 to GKF-77 inclusive and deepening hole GKF-32 from 76m depth below surface. Holes were drilled on an azimuth of 110 degrees and a declination of 55 degrees, with the exception of holes GKF 73, 75 and 76, drilled at a declination of 60 degrees.

The aim of the fifth drilling programme was to further test the zinc-lead sulphides intersected beneath the high grade silver oxide zone delineated in the previous programme. To date there have been only 10 holes drilled into sulphides at the McCarron Zone.

Kempfield Silver Project, Best Results from Fifth Drilling Programme (McCarron Zone)

Hole No.	East (m)	North (m)	Hole Depth (m)	From (m)	Interval (m)	Silver (g/t)	Zinc (%)	Lead (%)	Gold (g/t)	Barite (%)
GKF32	1645	2556	132	50	62	49	2.23	1.53	0.12	NA
Incl.				64	4	80	4.05	2.50	0.18	NA
Incl.				76	10	61	3.76	2.14	0.09	NA
Incl.				90	6	46	2.55	2.25	0.20	NA
GKF73	1635	2605	150	108	34	32	1.26	0.74	0.04	NA
Incl.				114	2	35	3.01	1.60	-	NA
Incl.				80	2	-	-	-	2.26	NA
GKF74	1580	2725	132	76	30	53	3.92	1.75	0.20	9.2
Incl.				92	14	100	7.31	3.58	0.36	19.5
Incl.				100	4	158	12.55	6.48	0.76	12.8
Incl.				100	2	182	14.10	7.36	1.21	24.3
GKF75	1579	2825	144	76	12	8	1.27	0.24	0.24	NA
Incl.				82	2	17	2.11	0.47	0.13	NA
GKF77.	1575	2680	138	82	22	32	2.46	1.42	0.21	NA
Incl.				86	2	59	5.13	2.53	0.12	NA
Incl.				96	4	46	4.94	2.30	0.34	NA
Incl.				98	2	60	4.77	2.96	0.44	NA

Note: NA denotes not assayed. Results were announced to ASX on 18 November 1999.

Significant Basemetal Potential at Depth

The drilling established a second high grade zinc-lead zone, with an intersection of 14m of over 10% combined zinc-lead and 100 g/t silver. The additional tonnage will be calculated in due course.

This programme tested the mineralised horizon, to a vertical depth of only 100m, in the southern 300m length of the McCarron Zone. Mineralisation remains open to the north and at depth.

It provided further evidence that there is significant untested basemetal potential at depth in the McCarron Zone which warrants further drill testing.

Processing Options

GCR is examining a range of processing options, including flotation, to optimise economic benefits from the silver, zinc, lead, gold and barite resources. Further metallurgical testwork is underway.

Resources

Recalculation of resources after the fourth drilling programme, taking into account zinc and lead, indicated a large precious and base metals sulphide system extending over three kilometres of strike. Using a silver equivalent* cut-off of 30g/t gives an indication of the size of the mineralised system to a depth of 150m:

- 39.1 million oz of silver and 3.7 million tonnes of barite at a 30 g/t silver equivalent* cut-off grade
- 23.1 million oz of silver at a 80 g/t silver equivalent* cut-off grade, contained within inferred resource of 11.6 million tonnes of 62 g/t silver, 1.26% zinc, 0.71% lead and 12.5% barite.

An indicated oxidised and mixed (partly oxidised) resource of 768,000 tonnes at 129 g/t silver, 13.9% barite and 0.07 g/t gold has been delineated using a 60 g/t silver cut-off, located in two principal areas known as the BJ and McCarron Zones. This is contained within a larger indicated and inferred resource of 4.5 million tonnes of 115 g/t silver, 21.7% barite, 0.51% lead, 0.75% zinc and 0.08 g/t gold.**

This larger resource contains 16.6 million ounces of silver with an in situ value of A\$133 million at A\$8 per ounce.

A column leach test on oxide material indicated a 73.7% silver recovery. Following scoping studies that demonstrated positive cash flow potential, GCR is preparing material for a pre-feasibility study to develop a heap leach operation of oxide and partially oxidised silver mineralisation in the short term.

Further evaluation of the resource in the light of potential for lead and zinc has led to the following conclusions:

- Marketable commodities include silver, zinc, lead, barite and gold.
- Resource estimates, from limited drilling to date, using various silver-equivalent* cut-offs, down to approximately 150m depth, show the following:

Kempfield – Inferred Resources

Silver Equiv.* Cut- off (g/t)	Tonnes (million)	Silver (g/t)	Zinc (%)	Lead (%)	Barite (%)	Silver Equiv.* (g/t)	Silver (million ozs)
30	32.9	37	0.74	0.44	11.2	98	39.1
50	20.7	49	0.99	0.56	12.1	127	32.6
60	17.2	54	1.10	0.60	12.4	143	29.9
80	11.6	62	1.26	0.71	12.5	165	23.1
120	6.2	73	1.70	0.89	13.6	211	14.6
160	3.8	85	2.04	0.99	13.9	249	10.4
200	2.9	104	2.21	1.13	14.9	284	9.7

- The sulphide potential of the project is significant. Within the larger tonnage resources exist a number of higher grade base and precious metal drill intercepts of massive sulphide material. These indicate potential for much higher grade resources. For example the McCarron Zone has returned intersections of 22m at 195 g/t silver and 0.21 g/t gold and 30m at 1.75% lead and 3.92% zinc including a 14m zone of 100 g/t silver, 3.58% lead, 7.31% zinc and 0.36 g/t gold. Individual 2 metre intercepts in a number of holes returned over 15% combined zinc-lead.

- The barite-mineralised horizons are well defined by geological mapping and soil geochemical surveys, but have been only partly drill tested, especially in the sulphide zone.
- Preliminary work on flotation of separate zinc, lead and barite concentrates returned favourable results. Testwork is ongoing.
- Initial environmental studies indicate no significant impediment to development.
- Untested gold targets related to shear zones also occur within the Kempfield exploration licences.

The Kempfield Project offers a number of avenues for future economic development ranging from a relatively small silver heap leach operation in the short term, to the longer term possibility of a much larger precious and base metal operation including barite as a by-product. The former would require limited further drilling and metallurgical testwork followed by a positive pre-feasibility study, the latter would require more extensive drilling.

The CPM Group's annual silver survey for 1999 indicates a disparity between supply and demand for silver over the last nine years and with falling stockpiles this points to the real possibility of a significant rise in the price of silver which would enhance the economics of the Kempfield project.

Note: * The silver equivalent calculation is based on the follow prices: Zinc = \$US 0.462/lb, lead = \$US 0.228/lb, silver = \$US 5.12/oz, gold = \$US 260.00/oz. For clarification, an approximation of this is 2 oz/t silver = 62 g/t silver = 1% zinc = 2% lead = 1.2 g/t gold. No metallurgical or smelter recoveries have been applied to the above cutoffs. Barite is excluded from the calculations.

** Breakdown of resource at 60 g/t silver cut-off is:

Indicated: 2.2 Mt at 127 g/t silver, 17.1% barite, 0.52% lead, 0.87% zinc and 0.12 g/t gold;

Inferred: 2.3 Mt at 103 g/t silver, 26.1% barite, 0.49% lead, 0.63% zinc and 0.04 g/t gold.

2. Laverton (WA, 75 sq km, GCR 100%, gold. Placer/Delta (manager) may complete bankable feasibility study by 6.5.2002 to earn 70%)

Placer (Granny Smith) Pty Ltd/Delta Gold NL Granny Smith Joint Venture reported high grade gold intersections of 6m at 17.59 g/t and 2m at 7.54 g/t from the first programme of six RC drill holes on GCR's 100%-owned Laverton gold project in WA.

The drilling was conducted on GCR's "Merolia" exploration licence lying within an easy trucking distance of approximately 30 km northeast of Placer/Delta Gold's Granny Smith Mine and Mill. Placer/Delta may earn a 70% interest in GCR's Laverton project by completing a bankable feasibility study by May 2002.

Placer completed six RC drill holes to follow up and confirm encouraging RAB drill results of up to 12m at 6 g/t gold as reported by GCR to ASX on 30 September 1999. The RAB and RC drilling indicates a 700m-long anomalous gold zone trending in a north-westerly direction parallel to local stratigraphy (Figure 1).

The RC drilling programme comprised six holes (MMC0001 - MMC0006) for a total of 665m. All holes were drilled at a declination of 60 degrees and an azimuth of 215 degrees, except holes 2 and 3, which were drilled at an azimuth of 205 degrees.

Laverton Project – Best RC Drilling Results to Date

Drill Hole No.	Easting (m)	Northing (m)	Depth of Hole (m)	From (m)	Intercept (m)	Gold (ppm)
MMC0002	473037	6822337	100	65	6	17.59
Incl.				68	2	37.80
MMC0003	473047	6822352	130	47	2	1.49

	Incl.			47	1	2.68
				77	5	0.52
MMC0004	472948	6822427	118	81	9	0.96
	Incl.			88	3	1.98
MMC0006	473209	6822234	112	53	2	7.54

Note: All results above 0.1 g/t gold are reported

The best results for each hole are shown on Figure 1.

The Merolia licence lies within the northeastern portion of the Norseman-Wiluna greenstone belt.

The drilling to date totals 8,264m. All of the significant gold mineralisation intersected is oxide material.

Preliminary petrographic analysis indicates that the mineralisation is represented by quartz, pyrite and trace sericite veins within a pelitic schist host. Further work, including a detailed aeromagnetic survey over the entire Merolia tenement, will be undertaken to ascertain controls on mineralisation prior to the next drilling programme.

3. West Wyalong (NSW, 290 sq km, GCR 100%, subject to 2.5% net smelter return, gold and copper)
(West Wyalong North - 120 sq km, GCR 100%; Buddigower - 3 sq km, GCR 100%)

Newcrest is presently conducting follow-up drilling of the porphyry-style copper-gold mineralisation previously intersected in the Narragudgil JV area.

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

4. Broken Hill (NSW, 135 sq km, GCR 100%, platinum group metals, gold and base metals. WMC (manager) may complete bankable feasibility study by 30.6.2004 to earn 70%. WMC has option to purchase further 10% for \$10M cash)

WMC Resources Ltd (WMC) farmed-in to GCR's 100%-owned Broken Hill platinum group metals, gold and base metals project. The 135 sq km project lies 20 km northeast of Broken Hill on the Barrier highway.

WMC may earn a 70% interest in the project by completing a bankable feasibility study by 30 June 2004. WMC may extend the period by two years by spending a minimum of \$2 million per year, or beyond that by spending at least \$5 million per year, on the bankable feasibility study. In addition WMC has the option to increase its interest to 80% for \$10 million cash.

GCR may elect to convert its interest to a 2% nsr royalty if it dilutes below a 10% interest.

The project has four platinum group metals prospects, Little Darling Creek, Moorkaie, Round Hill and Mulga Springs, all containing highly anomalous concentrations of platinum group metals with gold, copper and nickel. The latter three prospects occur within lenses of ultramafic rocks along a 7 km shear zone. The average grade of 120 kilograms of gossan collected from old pits at Mulga Springs was 19.6 g/t platinum, 50.0 g/t palladium, 3.0 g/t rhodium, 4.7 g/t irridium, 2.0 g/t ruthenium and 3.0 g/t osmium (see figure 2).

Apart from the platinum group metals the project hosts several ironstone occurrences including Yellowstone, Iron Blow and Razorback, with copper-gold mineral potential similar in style to those found at the Selwyn and Ernest Henry mines in Queensland.

The farm-in by WMC is a further example of GCR's successful strategy to identify, acquire and delineate ore body targets suitable for farm-in by leading mining companies.

- 5. Wagga Tank** (near Cobar, NSW, 450 sq km, GCR 100%, gold and base metals. Blue Mountain JV area, 145 sq km, Pasminco (manager) may spend \$2.5M by 1.9.2004 to earn 70%)

At Blue Mountain Pasminco completed a six hole RC drilling programme. All holes returned geochemically anomalous lead and zinc, often over broad widths. The results suggest Blue Mountain is part of a mineralised belt of felsic volcanic and sedimentary rocks with potential to host significant base metals resources.

Soil and rock chip sampling at Wagga Tank has identified a strong multi-element soil anomaly, which is 1.1 km long and 0.8 km wide, and rock chips of up to 1.07g/t gold, at Boolabone West.

- 6. Copper Hill** (at Molong, NSW, 25 sq km, GCR 26.3% (diluting), Newcrest Mining Limited (manager) 73.7%, copper and gold) (Copper Hill South 3 sq km GCR 100%)

Copper Hill is a porphyry copper-gold project near Molong, 40 km NNW of Newcrest's Cadia/Ridgeway project. Newcrest has traced the porphyry system over 5km of strike.

At Copper Hill South preliminary geological mapping has identified previously unrecognised intrusive rocks with sericite-carbonate alteration.

- 7. Cargo** (NSW, 800 sq km, GCR (manager) 50%, Imperial Mining NL 50%, gold and copper) (Darbys Falls, 225 sq km, GCR 100%, gold and copper)

Newcrest has withdrawn from the Cargo Joint Venture with effect from 30 November 1999.

GCR will assess all results to date from the Cargo project with an emphasis on regional targets. The Spur/Dalcoath prospect hosts a shallow inferred resource of 3.7 million tonnes at 1.24 g/t gold, at a 0.5 g/t cut-off, for approximately 147,000 ounces of contained gold.

- 8. Pipeline** (near Cobar, NSW, 480 sq km, GCR 100%, gold and base metals; 60 sq km near Mt Boppy subject to 5% net profits interest (npi) to Nosebi Mining and Management Pty Ltd; 60 sq km south of Mt Boppy subject to 5% npi to Polymetals Pty Ltd; 60 sq km NW of Pipeline prospect subject to 10% free carried interest to Metallic Resources Pty Ltd)

A resource calculation is currently underway with initial results indicating a broad zone of precious and base metals mineralisation extending over at least 400m.

Field assessment/reporting/evaluation of results was carried out for the following projects during the quarter. No material results.

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

- 10. Warraderry** (near Grenfell, NSW, 3 sq km, GCR 100%, gold)

- 11. Southern NSW Licences** (NSW, 290 sq km, GCR 100%, gold, base metals)

- 12. Fifield** (near Parkes, NSW, 50 sq km, GCR 100%, gold, copper and platinum group metals)

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*

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
 Web site www.reflections.com.au/goldencross

Issued Capital

At 1 January 2000 GCR's issued capital was 54,509,171 ordinary shares, 737,000 employee options exercisable at 30 cents by 22.8.2002, 1,113,000 employee options exercisable at 10 cents by 18.12.2004 and 3.6 million Directors' options exercisable at 20 cents by 31.10.2001.

Number of Shareholders

At 17.11.1999 GCR had 901 shareholders.

Major Shareholders

The share register records the following as major shareholders (greater than 1%) at 31 December 1999:

	%
1. David Timms	21.95
2. Metallic Resources Pty Ltd	7.61
3. Aurcay Holdings Inc.	7.34
4. Cairnglen Investments Pty Ltd	5.18
5. First Canadian Gold Corp. Inc.	3.67
6. Hysetee Pty Ltd	2.21
7. GCR Plan Managers Pty Ltd	2.20
8. Invia Custodian Pty Limited	1.49
9. TAG Developments Pty Limited	1.25
10. Brian K Russell	1.16
11. Rio Tinto Exploration Pty Ltd	1.10
12. Wakefield Investments Pty Ltd	1.10

ASX Listing Code

The Company's ASX listing code is GCR.

Cash Flow

<i>December Quarter (Historical)</i>	\$
Opening Balance at 18 October 1999	1,050,000
Exploration expenditure	-220,000
Interest and reimbursements received	20,000
Closing Balance	<u>850,000</u>

March 2000 Quarter (Forecast)

Estimated exploration expenditure	-190,000
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Web Site

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

www.reflections.com.au/goldencross

This Quarterly was sent by Email

If you haven't already done so, write down your email address & fax to (02) 9482 8488

Name

Company

Email address

General Enquiries

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



Moorkaie Pits

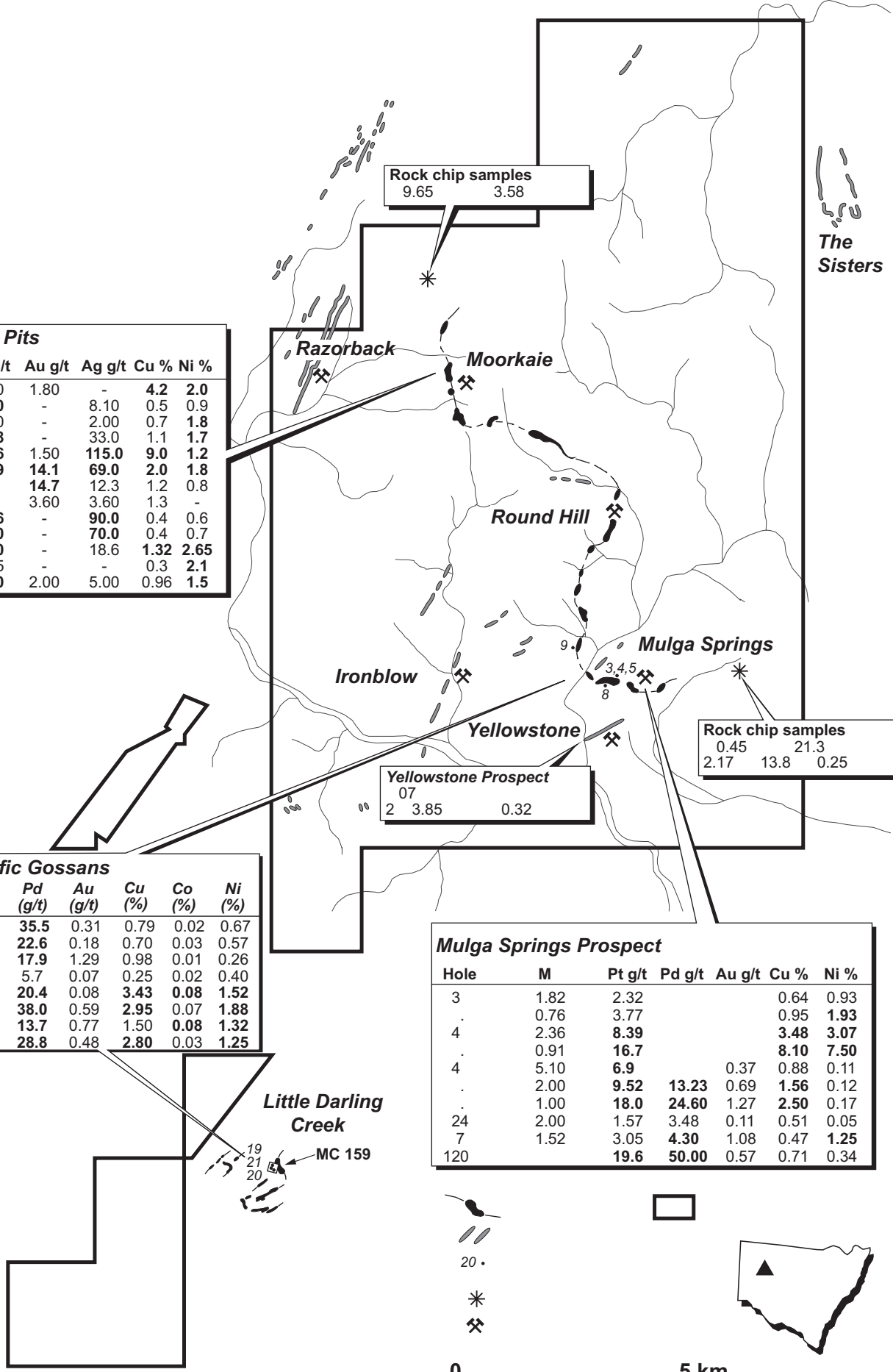
Pt g/t	Pd g/t	Au g/t	Ag g/t	Cu %	Ni %
0.20	4.40	1.80	-	4.2	2.0
27.8	6.00	-	8.10	0.5	0.9
0.30	2.70	-	2.00	0.7	1.8
4.40	14.8	-	33.0	1.1	1.7
1.40	13.6	1.50	115.0	9.0	1.2
6.80	27.9	14.1	69.0	2.0	1.8
0.45	-	14.7	12.3	1.2	0.8
-	-	3.60	3.60	1.3	-
4.40	28.6	-	90.0	0.4	0.6
6.20	12.0	-	70.0	0.4	0.7
14.6	5.60	-	18.6	1.32	2.65
0.50	1.75	-	-	0.3	2.1
2.10	7.50	2.00	5.00	0.96	1.5

Ultramafic Gossans

Line No.	Pt (g/t)	Pd (g/t)	Au (g/t)	Cu (%)	Co (%)	Ni (%)
3	8.02	35.5	0.31	0.79	0.02	0.67
4	4.56	22.6	0.18	0.70	0.03	0.57
5	8.71	17.9	1.29	0.98	0.01	0.26
8	8.96	5.7	0.07	0.25	0.02	0.40
9	6.97	20.4	0.08	3.43	0.08	1.52
19	20.6	38.0	0.59	2.95	0.07	1.88
20	14.9	13.7	0.77	1.50	0.08	1.32
21	17.3	28.8	0.48	2.80	0.03	1.25

Mulga Springs Prospect

Hole	M	Pt g/t	Pd g/t	Au g/t	Cu %	Ni %
3	1.82	2.32			0.64	0.93
.	0.76	3.77			0.95	1.93
4	2.36	8.39			3.48	3.07
.	0.91	16.7			8.10	7.50
4	5.10	6.9		0.37	0.88	0.11
.	2.00	9.52	13.23	0.69	1.56	0.12
.	1.00	18.0	24.60	1.27	2.50	0.17
24	2.00	1.57	3.48	0.11	0.51	0.05
7	1.52	3.05	4.30	1.08	0.47	1.25
120		19.6	50.00	0.57	0.71	0.34



Rock chip samples

9.65	3.58
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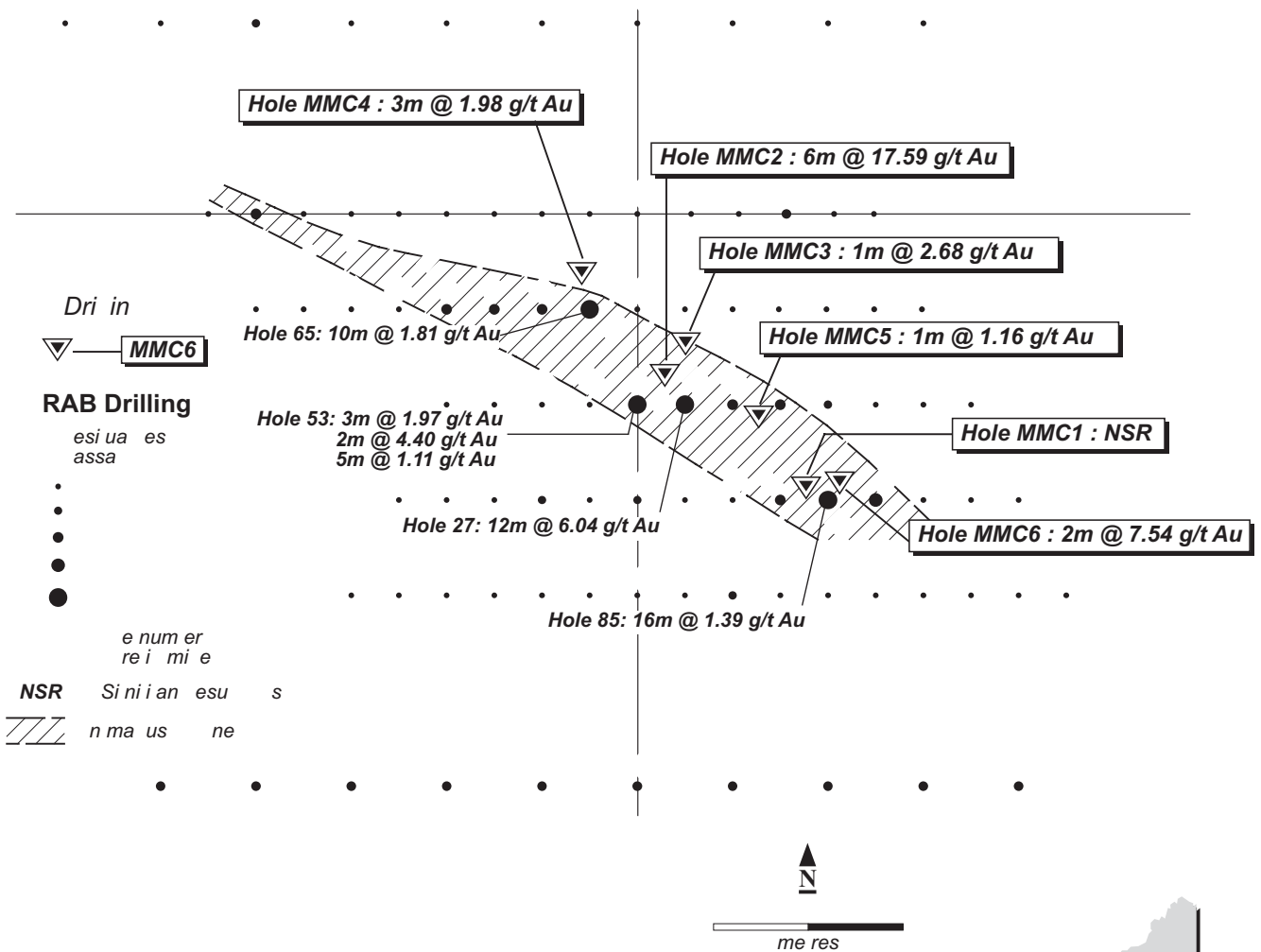
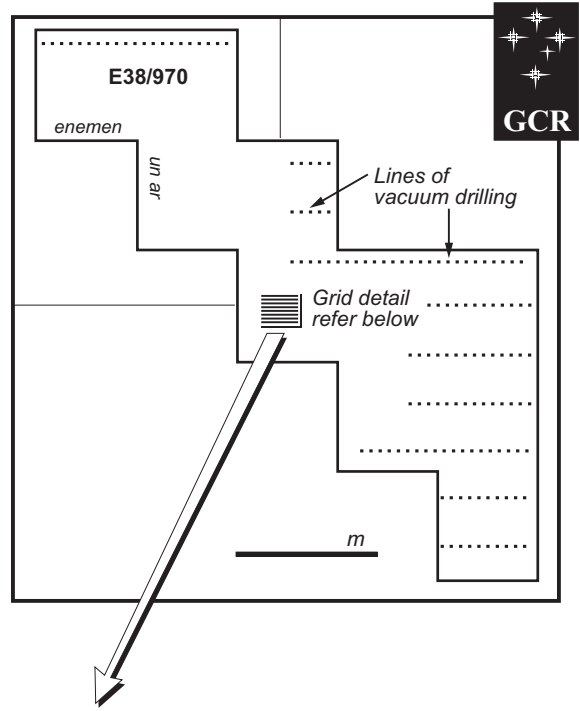
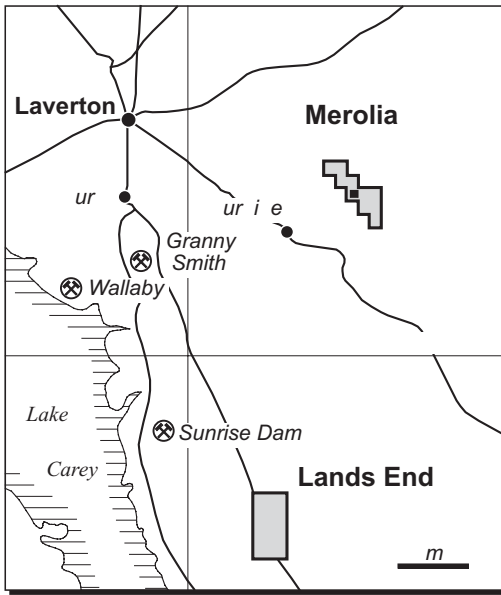
Rock chip samples

0.45	21.3
2.17	13.8
0.25	

Yellowstone Prospect

07		
2	3.85	0.32

Little Darling Creek
MC 159



GOLDEN CROSS RESOURCES N.L.



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