



GOLDEN CROSS RESOURCES LTD

ABN 65 063 075 178

QUARTERLY REPORT TO 30 SEPTEMBER 2001



31 October 2001

HIGHLIGHTS

- Drilling is underway or has recently been completed on three properties, **Adelong**, **McPhails** and **Wagga Tank**, and preparations are in place for drilling at the **Broken Hill** platinum property during the December Quarter.
- Drilling at **Adelong** is underway, with:
 - results from the first two holes at the Challenger Extended zone confirming the zone has a plunge parallel to the Challenger zone.
 - results from the first three holes at the Challenger zone upgrading the resource, down to the 1320 level, from inferred to indicated status.
 - good progress being made in preparing a final feasibility study to develop the Challenger and Challenger Extended deposits at Adelong. It is envisaged that a document suitable for use in arranging finance for the project will be finalised shortly.
- GCR has a 100% interest in all properties in its portfolio, half of which contain mineral resources. Four properties are now farmed out and farm-in discussions are in progress on a number of other properties.

2001 ANNUAL REPORT

GCR's 2001 Annual Report was mailed to shareholders on 25 October 2001. Accordingly, this Quarterly Report provides an update on information contained in the Annual Report. If you would like to view the Annual Report visit www.reflections.com.au/goldencross or contact GCR for a hard copy.

EXPLORATION RESULTS

1. **Adelong** (near Tumut, NSW, 280 sq km, GCR purchasing 100%, gold)

GCR has an agreement with Orchid Capital Limited to purchase Orchid's 100%-owned subsidiary Challenger NL for 6 million GCR shares and \$50,000. On completion of the purchase Challenger will own all the assets comprising the Adelong Gold Project.

The Adelong Gold Project presently has inferred resources totaling 1.3 Mt at 2.9 g/t gold containing 121,000 oz of gold. The resources of the Challenger and Challenger Extended zones, lying within the mining lease, are 0.8Mt at 3.0 g/t gold containing 76,800 oz.

A seven-hole drilling programme is underway to upgrade the inferred resource to indicated status. Six RC holes have been drilled and results received for five holes (GRC-17 to GRC-21). Best results are set out in the table below. The seventh hole (numbered GSD-01) is a diamond drill hole designed to pass through the ore zone, producing NQ-size drill core. The core will be used to calculate the rod mill work index of the mineralisation as well as determine the grade.

The best result of the drill programme to date is 25m at 2.80 g/t gold (true width approximately 9.5m), confirming the broad width of the steeply-dipping mineralised structure (Figure 1).

The Adelong gold field comprises over 60 sub-parallel gold-bearing reefs within a 280 sq km exploration licence. It was one of the largest gold fields in NSW, with total recorded production between 1857 and 1941 of 800,600 ounces of gold. Estimates of total historical production range up to 1.4 million ounces with a value of \$700 million at today's prices. Further ore potential remains in all reefs, particularly at depth.

Adelong Gold Project – Best Results from Current Drilling Programme

Hole No.	Northing (m)	Easting (m)	Dip (degrees)	Azimuth (degrees)	Depth (m)	From (m)	Intercept (m)	Gold (g/t)
GRC-17	6093998.8	596935.2	-55	90	90	62	9	1.27
Incl						62	2	3.54
GRC-19	6093754.8	596927.1	-65.5	108.5	132	91	25	2.81
Incl						96	20	3.22
Incl						99	3	6.01
Incl						109	5	6.44
GRC-20	6093755.1	596925.6	-71	108.5	150	122	15	2.20
Incl						122	9	3.17
Incl						124	2	5.09
GRC-21	6093757.5	596926.9	-69	81	138	102	25	2.35
Incl						104	11	3.21
Incl						104	2	8.41

In the early 1900s miners were usually restricted to mining material that assayed over 15 g/t, although the average recovered grade at Adelong was 45 g/t. There is potential to mine mineralised material from pillars, extensions of mined lodes, stope-fill, mullock or stockwork zones not considered economic in the past.

The following drill holes encountered low grade rock fill in previously mined high grade stopes, thereby reducing the average grade of the broader intercepts:

GRC-19 3m at 0.78 g/t from 94m

GRC-20 3m at 2.24 g/t from 121m, and 3m from 147m returning insufficient sample for assay

GRC-21 2.4m at 2.20 g/t from 124.6m

Australian Resource Management Group is undertaking a feasibility study incorporating the recent drilling results, due to be completed in the near future. A successful outcome would provide GCR with funds to progress exploration without recourse to shareholders.

GCR believes the Adelong acquisition holds significant upside for shareholders:

- over 60 other reefs in the gold field, many untested by drilling; and
- it adds significantly to the prospective land position already held by GCR in the area. This strategic landholding will become the focus of future exploration along the Gilmore Suture and the Adelong Gold Project could become a base for gold mining and quarrying operations in the Tumut-Gundagai region.

2. Broken Hill (NSW, 140 sq km, GCR 100%, platinum group metals, gold and base metals)

In July 2001 GCR obtained a high grade sulphide intersection at its 100%-owned Mulga Springs prospect near Broken Hill, NSW. Hole GMS-06 intersected 2m at 10.91 g/t platinum (Pt) and 22.63 g/t palladium (Pd), 1.16 g/t iridium, 1.29 g/t osmium, 1.0 g/t rhodium and 0.5 g/t ruthenium from 45m. This brings the combined platinum group metals (PGMs) contained in this intercept to 37.49 g/t, with a gross value at present prices of over \$1,000 per tonne.

Best results from the drilling programme, comprising 24 vertical RC holes for 510m, are set out in full in the Company's 2001 Annual Report available on the Company's web site at

www.reflections.com.au/goldencross. Most of the results are set out in Figure 2. Of particular significance is the broad width of the intercept in hole GMS-12, which intersected 5m at 6.42 g/t Pt+Pd+Au in the oxide zone of the basal portion of the ultramafic body, giving further encouragement for a significant tonnage of PGMs.

A sinuous belt of ultramafic bodies, extending over 9 km from Mulga Springs in the south to Moorkaie in the north has not been systematically explored. It holds potential for further discoveries of PGMs in massive sulphides. Gossan samples along this zone have returned highly anomalous results, commonly with Pt+Pd values of 15 to 30 g/t. Further geochemical sampling and drill testing is planned for the current quarter, including probing the extensions of the high grade mineralisation in hole GMS-06 to the west and north (Figure 2).

3. Kempfield (near Blayney, NSW, 250 sq km, GCR 100%, silver, barite, gold and base metals)

The Kempfield property hosts significant silver-lead-zinc-barite resources along a 3 km strike length in Silurian Volcanics.

Drilling programmes comprising 22 RC holes for 1,895m were completed during 2000/01. Best results are set out in full in the Company's 2001 Annual Report available on the web site at www.reflections.com.au/goldencross.

The drilling in the McCarron and Mather zones was successful in producing:

- broad intersections of zinc-lead-gold-silver-barite mineralisation; and
- higher grades of zinc-lead-silver-gold mineralisation, including up to 14.50% zinc, 14.98% lead, 360g/t silver and 1.04 g/t gold in separate holes.

4. McPhails (near Peak Hill, NSW, 10 sq km, GCR 100% gold. Subject to 10% free carried interest to Metallic Resources Pty Ltd).

McPhails covers the old Myall United mine workings and reprocessed tailings. Soil samples taken previously by GCR assayed up to 3.4 ppm gold.

Alkane Exploration Ltd may earn a 100% interest in the exploration licence by spending \$30,000 on exploration by 16 July 2002. The farm-in excludes the area containing the old mine workings and tailings dumps, which is retained by GCR.

GCR will retain a royalty of:

- \$0.75/tonne royalty for the first 500,000 tonnes of ore treated;
- 3% net smelter return on additional ounces produced up to 150,000 ounces; and
- 5% net smelter return on additional ounces produced in excess of 150,000 ounces.

McPhails is located 14 km along the Newell Highway from Alkane's Peak Hill plant. Alkane has reported a potentially economic oxide gold zone to the north and south of GCR's licence. The gold zone appears to continue through GCR's licence and further drilling by Alkane is anticipated.

5. Copper Hill (near Molong NSW, 75 sq km, 100% GCR, gold-copper-palladium)

Copper Hill, the site of the first copper mine in NSW, contains a porphyry system extending for over 5 km. Inferred resources, down to 150m below surface at a 0.5 g/t gold cut-off, are 6.6 million tonnes at 0.8% copper and 0.8 g/t gold, for 340,000 ounces gold equivalent.

A recent pole-dipole induced polarisation (IP) survey with 3D inversion modeling revealed a zone of higher chargeability coincident with anomalous copper soil geochemistry, to the east of the main zone, which warrants drill testing.

6. Cargo (NSW, 470 sq km, GCR 100% subject to 1% net smelter royalty to Imperial One Limited. Copper and gold)

Cargo is a large gold-copper mineralised porphyry system approximately 3km by 2km in size with potential to host a Ridgeway-style gold-copper deposit. The system hosts 14 gold reefs mined in the early 1900s. The Spur-Dalcoath zone contains an inferred resource of 3.7 Mt at 1.24 g/t gold for 147,000 ounces.

7. Wagga Tank (near Cobar, NSW, 430 sq km, GCR 100%, gold and base metals. Pasmaenco (manager) may spend \$2.5M by 1.1.2005 to earn 70%)

Wagga Tank contains an inferred resource of 1.25 million tonnes at 0.66 g/t gold, 68.8 g/t silver, 0.81% copper, 1.76% lead and 3.3% zinc. The project contains several other established prospects with potentially economic mineral intersections, including Fenceline, BMW, Siegal's, Blue Mountain and Mt Allen. Pasmaenco has just completed a RC drilling programme at the Seigals, Fenceline and BMW prospects and results are awaited.

8. Yellow Mountain (north of Condobolin, NSW, 310 sq km, 100% GCR. A portion is subject to a 2% NSR to Imperial One Limited. Gold, silver and base metals)

This copper-gold porphyry project, located on the Gilmore Suture north of Condobolin, NSW, contains several old mines and prospects. It also hosts a regionally significant magnetic anomaly known as the Melrose anomaly, which extends for 10 km and is overlain by about 50m of alluvium. No systematic exploration of the 10 km-long Melrose magnetic anomaly has been undertaken.

The Yellow Mountain prospect contains two zones situated 500m apart, the Open Cut zone and the Main zone. The Open Cut zone contains trenching with best reported rock chip sampling of 6m at 4.4 g/t gold, 18m at 29 g/t silver and 4m at 4.5 g/t gold. The Main zone is reported to contain an indicated resource of 4.4 million tonnes at 0.33% copper, 0.93% lead, 1.27% zinc, 25 g/t silver and an inferred average gold grade of 0.22 g/t. The best drill intersection by previous explorers was 111m at 0.4% copper, 1.0% lead, 1.6% zinc and 25 g/t silver.

The Quarry Hill prospect contains a strong gold-arsenic soil anomaly 600m in diameter. Wide-spaced regional soil samples indicate that this anomaly extends to the northwest for 6 km.

9. Pipeline/Canbelego (near Cobar, NSW, 280 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; 3 sq km NW of Pipeline prospect subject to 10% free carried interest to Metallic Resources Pty Ltd)

GCR's tenements are located in the highly prospective Canbelego-Mineral Hill volcanic belt, 40 km east of Cobar, NSW. The historic Mt Boppy Mine near Canbelego produced over 451,000 ounces of gold from ore grading 12 g/t gold. Potential exists for ore shoot repetitions beneath volcanic cover rocks within GCR ground adjacent to the old Mt Boppy mine.

10. West Wyalong (NSW, 230 sq km, GCR 100%, subject to 2.5% net smelter return to Lac, gold and copper)

Newcrest Mining was successful in discovering porphyry copper-gold style mineralisation within the eastern portion of the tenement at Yiddah North and Narragudgil. The best intersection returned 191m of highly anomalous porphyry style mineralisation including 13m at 0.57% copper and 0.40 g/t gold.

11. Laverton (WA, 25 sq km, GCR 100%, gold.)

Placer/Delta withdrew from the joint venture during the year. Drilling by Placer/Delta established a 400m-long gold zone. The best drill results were from two RC holes 200m apart that returned 6m at 17.59 g/t gold and 2m at 7.54g/t gold. An offer has been received for the two properties whereby GCR will receive a 2% gross royalty on gold produced. An agreement is being prepared.

12. – 18. Other Properties

See www.relections.com.au/goldencross or contact GCR for a hard copy of the 2001 Annual Report.

DAVID TIMMS, MANAGING DIRECTOR

This report was prepared by David Timms, Managing Director and full time employee of Golden Cross Resources Ltd, 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

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

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Number of Shareholders

At 21 September 2001 GCR had 989 shareholders.

Major Shareholders

The share register records the following as major shareholders (greater than 1%) at 21 September 2001:

	%
1. David Timms	16.08
2. Metallic Resources Pty Ltd	7.29
3. Aurcay Holdings Inc.	4.83
4. Cairnglen Investments Pty Ltd	3.85
5. Cleo Holdings Pty Ltd	3.70
6. Cyprus Amax Australia	3.62
7. Guardian Trust Australia Ltd	3.36
8. Hysetee Pty Ltd	2.97
9. Golden Cross Plan Managers	2.87
10. Cambra Nominee Pty Ltd	1.97
11. Invia Custodian Pty Limited	1.09

This Quarterly was sent by E-mail

If you haven't already done so, write down your e-mail address & fax to (02) 9482 8488 or email to gcr@dot.net.au

Name

Company

E-mail address

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 October 2001 GCR's issued capital was 84,390,742 ordinary shares, 40 million options exercisable at 20 cents by 31.12.2002, 580,000 employee options exercisable at 30 cents by 22.8.2002, 1,895,000 employee options exercisable at 10 cents by 27.6.2006 and 3.6 million Directors' options exercisable at 20 cents by 31.10.2001.

ASX Listing Code

The Company's ASX listing code is GCR.

Cash Flow

<i>Sept 2001 Quarter (Historical)</i>	\$
Balance at 30 June 2001	666,000
Exploration expenditure	-349,000
Fundraising from Placement	+630,000
Interest and payments received	10,000
Closing Balance at 30 Sept	<u>957,000</u>

<i>Dec 2001 Quarter (Forecast)</i>	
Estimated exploration expenditure	-330,000

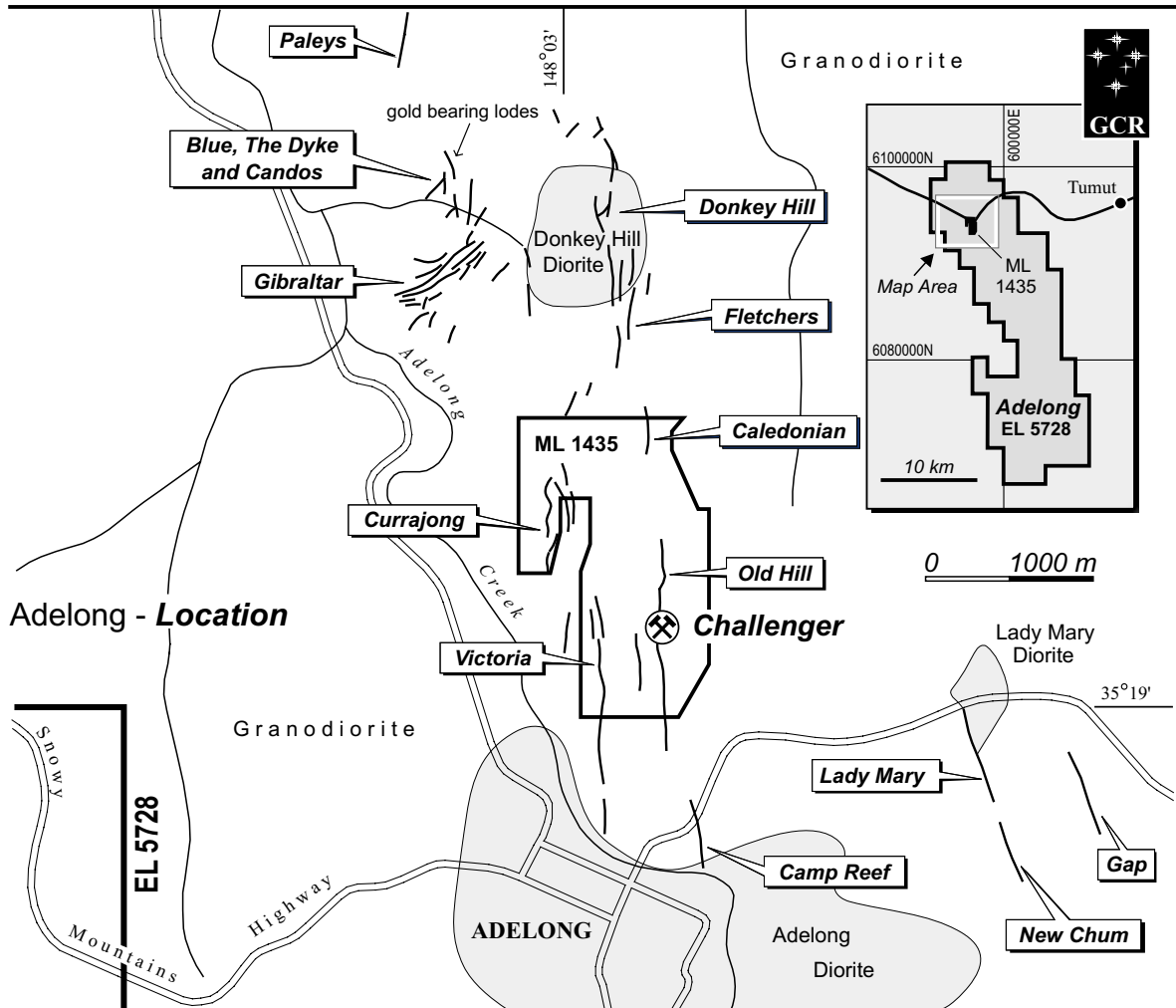
Web Site

Please visit GCR's web site featuring the latest on GCR, which you are free to copy:

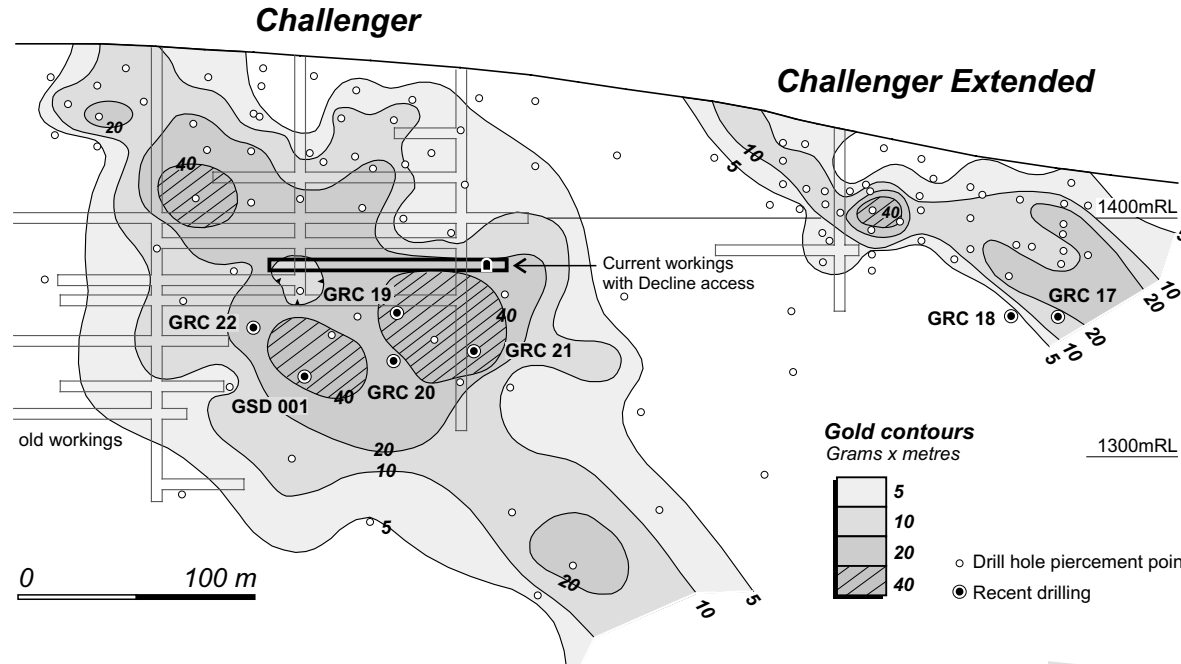
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General Enquiries

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



South North



Challenger Prospect - Longitudinal Section
GOLDEN CROSS RESOURCES LTD
ADELONG PROJECT



FIGURE 1

