



# GOLDEN CROSS RESOURCES LTD

ABN 65 063 075 178

## QUARTERLY REPORT TO 31 DECEMBER 2002



31 January 2003

### HIGHLIGHTS

- **Drilling** scheduled for **five properties** during the March Quarter – Broken Hill, West Wyalong, Yellow Mountain, Cargo and Wyoming One (GCR royalty).
- GCR now has **seven active farm-ins** on its 100%-owned properties. Earn-in expenditures total \$13.8 million, plus, in the case of the Sipa and GCap farm-ins at Broken Hill, a bankable feasibility study.
- World-class orebodies sought on GCR-Sipa **Broken Hill** properties through a gravity survey presently being flown. GCap (or BHP Billiton) may earn a 51% interest in nominated target areas by completing a bankable feasibility study. Sipa to drill five targets commencing in February.
- Intersection by Alkane of 76m at 8.68 g/t gold at its **Wyoming One** prospect. This intersection lies approximately 100m from EL 5830, on which GCR holds a royalty of up to 5% net smelter return.
- At **West Wyalong**, MIMDAS IP targets to be drilled by MIM in February.
- Falcon Minerals will drill-test for Cadia and Ridgeway-style mineralisation at **Cargo** during February, following recent positive IP survey results.
- **GCR Share Purchase Plan** success. Participation by 320 shareholders raised over \$1.25 million.
- During 2003 GCR anticipates significant exploration activity on its properties, **all of which are prospective for gold.**

1. **Broken Hill** (NSW, 520 sq km, GCR 100%, platinum group metals, gold and base metals. Sipa (manager) may complete a bankable feasibility study by 2.5.2008 to earn 70%. GCap may earn a 51% interest in GCR-Sipa JV ground by completing a bankable feasibility study on nominated target areas by 31.1.2007.)

GCR announced on 15 January 2003 that it and Sipa Resources International, participants in the Broken Hill Farm-in and Joint Venture, had jointly reached agreement with Gravity Capital Limited ("GCap"), for GCap to conduct an airborne gravity survey to search for world-class orebodies. The survey, presently being flown, will cover over 80% of the Broken Hill JV ground (Figure 1) and will utilise BHP Billiton's proprietary Falcon™ gravity technology, designed to identify world-class orebodies hidden under cover.

On the GCR-Sipa ground the airborne survey will also test for repetitions of very dense ultramafic rocks and Ernest-Henry-style ironstones already known to exist. Drill results of up to 2m at 10.91 g/t platinum, 22.63 g/t palladium, 4.45% nickel and 6.12% copper have previously been obtained where dense ultramafic units are exposed at surface at Mulga Springs (Figure 2).

The GCR-Sipa ground to be covered by the survey is approximately 500 sq km in area, representing approximately 45% of the survey area. The survey is due to be completed early in February, with results to be released to the participants in the first quarter of 2003.

## **GCap Agreement**

GCap may earn a 51% interest in nominated target areas through completing a bankable feasibility study ("bfs") by 31 January 2007. A maximum of 10 target areas must be nominated by 30 April 2003, each being no more than 5 sq km in size. Existing targets have been quarantined from the GCap farm-in however GCR-Sipa will still receive all Falcon™ data relating to the quarantined areas.

GCap will have until 31 August 2004 to carry out preliminary testing on target areas, and until 31 January 2007 to complete a bfs on any target area. GCap's rights are freely assignable to BHP Billiton, under the terms of the GCap-BHP Billiton Falcon™ System Deployment Agreement. Once GCap (or BHP Billiton) complete a bfs, GCR and Sipa will each hold a 24.5% interest in each target area joint venture.

## **GCR-Sipa Agreement Modified**

In order to accommodate the GCap farm-in, GCR and Sipa have modified the terms of their farm-in and joint venture agreement. Sipa will now have until 2 May 2008 (previously 2006) to complete a bankable feasibility study on the GCR-Sipa joint venture ground, now increased in size by 55% as shown in Figure 1. The increase in size is the result of three recent tenement applications by Sipa, and two by GCR, near Broken Hill.

Minimum expenditure requirements to be met by Sipa on the joint venture ground until completion of a bankable feasibility study or withdrawal are:

Year 1	\$245,000
Year 2	\$500,000
Year 3	\$1,000,000
Year 4	\$1,500,000
Year 5	\$2,000,000
Year 6	<u>\$3,000,000</u>
<b>Total</b>	<b><u>\$8,245,000</u></b>

## **Drilling Planned for March Quarter**

The aerial survey, using BHP Billiton's latest proprietary technology, has the ability to locate world-class orebodies hidden under cover such as the Broken Hill massive sulphide deposit, deposits of platinum bearing massive nickel-copper-sulphides, and Ernest-Henry style ironstone deposits rich in gold and copper. Approximately 500 sq km of the 645 sq km GCR-Sipa joint venture ground is due to be flown, and Broken Hill hosts one of the largest lead-zinc-silver orebodies in the world.

In the immediate future Sipa will continue to explore, with drilling planned to commence in February at five targets within the quarantined ground where mineralisation is already known to exist, namely Moorkaie, Round Hill, Mulga Springs, Mulga West and Mt Darling Creek.

Ground geophysics (fixed loop EM and magnetics) will be employed over the three newly-discovered gossan areas at South Slope, Back Ridge, Goats Creek and historic workings at Red Hill, to be followed by drilling (Figure 2). In other words, GCR will benefit from both the Sipa and GCap farm-ins.

## **2. McPhails**

(near Peak Hill, NSW, 10 sq km. GCR holds area of old mining lease and a graduated royalty of up to 5% nsr on the remainder of EL 5830. 10% of the royalty is payable to Metallic Resources Pty Ltd).

GCR holds the area of the old mining lease at McPhails and a graduated royalty of up to 5% net smelter return on EL 5830 (Figure 3). Alkane recently announced drill results from the Wyoming One prospect, partly hosted in the northern part of EL 5830. Best results for the holes drilled inside EL 5830 are set out in the table (see Figure 4 for location of intercept on longitudinal section).

Details of the royalty are:

- \$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.

**Wyoming One Intercepts Inside EL 5830 where GCR holds a royalty of up to 5% net smelter return**

Hole No.	Easting (m)	Northing (m)	Azimuth (deg)	From (m)	Intercept (m)	Gold (g/t)	End of Hole (m)
WY 336	614240	639250	270	172	29	1.69	240
and				208	5	2.16	
WY 337	614285	6393150	270	175	12	2.75	258
incl.				179	<b>4</b>	<b>5.44</b>	
WY 338	614220	6393204	270	168	3	4.38	264
WY 339	614220	6393275	270	176	58	1.23	252
WY 408	614350	6393150	270	305	<b>5</b>	<b>8.68</b>	544
And				404	101	0.65	

Alkane announced in its December Quarterly Report a spectacular intersection in hole WY 376 of 76m at 8.68 g/t gold from 184m downhole. Hole WY 376 is located approximately 100m north of EL 5830 (Figure 3). Alkane indicated that the intercept is hosted in a new, high-grade ore zone and supplements the broad widths of dominantly porphyry-related mineralisation previously reported. A longitudinal section of the Wyoming One gold mineralisation is shown in Figure 4. The mineralised body is plunging to the south, towards EL 5830, on which GCR holds a royalty of up to 5% nsr.

Alkane plans to follow-up with a major resource drilling programme at its Wyoming prospects, commencing in February.

### 3. West Wyalong (NSW, 230 sq km, GCR 100%, gold and copper. MIM (manager) may spend \$2.5M by 28.6.2006 to earn 70%)

The focus has been on the Gilmore Suture structural zone containing significant gold deposits worked in the late 1800s and early 1900s. Within the joint venture area previous explorers identified porphyry copper-gold systems along the Gilmore Suture at Narragudgil and Yiddah North.

During the quarter MIM has completed approximately 50 line-kilometres of MIMDAS IP surveys over these areas to identify drill targets. MIM has been encouraged by the results and plans to drill up to 1,800m in five to seven RC holes in February to test gold and gold-copper porphyry targets generated by the surveys.

### 4. Yellow Mountain (Nth of Condobolin, NSW, 310 sq km, 100% GCR, gold, silver, base metals. Triako (manager) may earn a 70% interest by spending \$1.3M by 19.10.2005)

Drilling is scheduled this quarter to follow up gold intersections obtained recently at three separate prospects: Claytons Dam, Quarry Hill and the large Melrose Magnetic Anomaly.

The best result from Claytons Dam drilling to date was hole TYM035, which returned 4m at 3.6 g/t gold from 17m downhole.

During the quarter Triako drilled 39 aircore holes at 750m centres over the Melrose Magnetic Anomaly to provide basement samples. Anomalous levels of gold and base metals were returned. Further aircore infill drilling is scheduled in order to generate targets for RC drilling.

### 5. Cargo (NSW, 470 sq km, GCR 100%, copper and gold. Falcon Minerals (manager) may spend \$3M by 3.9.2006 to earn 70%)

Falcon Minerals, previously known as Yardarino, completed an induced polarisation survey over an area of approximately 9 sq km at Cargo, NSW as part of a joint venture with GCR whereby Falcon may earn a 70% interest by spending \$3 million on exploration by 3 September 2006. The survey, designed to cover the Cargo Intrusive Complex, outlined an extensive chargeability zone, almost 2.8 km long and up to 500m wide. Very high chargeability anomalies between 30 and 200 mV/V were recorded. A reading of 30mV/V is considered to be a significant response in this geological environment.

The northern part of the anomaly forms a broad arcuate feature concave to the west. Potassically-altered intrusive rocks occur on the western side of the anomaly and are associated with a large area of highly anomalous copper (>600 ppm) in soils and rock samples. On the convex eastern side, gold mineralisation in old workings, drill holes, rocks and soil samples is located on the leading edge. At surface the anomaly coincides with areas of both phyllic alteration and magnetite in volcanic rocks.

The anomaly is believed to represent sulphide-bearing rock with potential to host copper-gold mineralisation similar to the nearby Cadia-Ridgeway mine. The Spur-Dalcoath inferred resource, containing 3.7 Mt at 1.24 g/t gold, is located at the southern end of the anomaly in a zone of moderate chargeability.

The IP response resembles that of the Copper Hill porphyry copper-gold prospect 45 km to the north, where broad intersections of economic copper and gold mineralisation have previously been intersected.

Falcon Minerals and GCR have developed targets to drill-test for Cadia and Ridgeway-style mineralisation during February. Cargo is located 12 km west of Ridgeway, lies within rocks of similar age, and contains a similar style of mineralisation. Cadia Hill alone produces around 270,000oz of gold and 22,000 tonnes of copper each year from a measured resource in the order of 260 Mt at 0.73 g/t gold and 0.17% copper.

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

Plans are underway to drill the high grade silver zones intersected in the last drilling programme. Results included 6m at 243 g/t silver and 2m at 170 g/t silver. Drilling will also take place at the Causeway gold zone, where previous intercepts include 52m at 0.37 g/t gold, and 26m at 0.20 g/t gold plus 43.5 g/t silver.

**7. Adelong** (near Tumut, NSW, 280 sq km, GCR 95% (ML 1435), 100% (EL 5728), gold)

GCR is reviewing various alternatives for the project given the recent rise in the gold price.

**8. Pipeline/Canbelego** (near Cobar, NSW, 280 sq km, GCR 100%, gold and base metals; 60 sq km around 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 has prepared an information memorandum and distributed it to parties interested in farming-in to this highly prospective area where colloform and crustiform banded epithermal quartz veins were recently discovered containing up to 51g/t gold in grab samples.

**9. Copper Hill** (near Molong NSW, 75 sq km, 100% GCR, gold-copper-palladium. MIM (manager) may spend \$4.5M by 1.3.2006 to earn 70%)

The inferred resource remains at 6.6Mt at 0.6 g/t gold plus 0.6% copper for 340,000 ounces gold equivalent. No fieldwork was conducted during the quarter and MIM has advised that it intends to withdraw from the farm-in. GCR is currently seeking a farm-in partner for the property.

**10. Breadalbane** (near Goulburn, NSW, 210 sq km, GCR 100%, gold and base metals)

The Breadalbane property has potential to host base and precious metals deposits in skarn, porphyry and volcanogenic massive sulphide (VMS) settings.

Wet Lagoon contains VMS-style mineralisation similar to the Henty deposit on Tasmania. Previous drilling at Wet Lagoon prospect returned 148m at 1.0 g/t gold including 14.6m at 5.1 g/t gold together with 142m at 0.9 g/t gold, including 12m at 4.4 g/t gold, in the adjoining section, 60m away.

**11. Laverton** (near Laverton, WA, gold. Wholly owned by Desert Exploration, with 2% gross production royalty held by GCR)

There has been no follow-up to date on previously reported drilling by Desertex comprising 17 RC holes to a maximum depth of 118m. Results reported by Desertex included 12m at 47.66 g/t gold from 52m downhole. GCR holds a 2% gross production royalty over the property.

**12. Wagga Tank** (near Cobar, NSW, 320 sq km, GCR 100%, gold and base metals. Pasmenco (manager) may spend \$2.5M by 1.12.2005 to earn 70%)

The previously reported discovery of significant gold at Seigal's Prospect has opened up a number of avenues for further exploration at Wagga Tank.

**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

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

### Registered and Principal Office

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 Hornsby NSW 2077 Australia  
 Ph (02) 9482 8833  
 Fax (02) 9482 8488  
 Email [info@goldencross.com.au](mailto:info@goldencross.com.au)

### Number of Shareholders

At 14 January 2003 GCR had 1,166 shareholders.

### Major Shareholders

The share register records the following as major shareholders (greater than 1%) at 14 January 2003:

	%
1. David Timms	10.43
2. Metallic Resources Pty Ltd	4.79
3. Aurcay Holdings Inc	3.16
4. Hysette Pty Ltd	2.85
5. Sipa Resources International	2.60
6. Cyprus Amax Australia	2.33
7. Guardian Trust Australia Ltd	2.25
8. John Dennis Quirk	2.03
9. Philippa Helen McGuckin	1.89
10. Golden Cross Plan Managers	1.82
11. Ledge Finance Ltd	1.73
12. Wythenshawe Pty Ltd	1.37
13. Brutis Pty Ltd	1.11
14. Arnold and Ruth Getz	1.04

### This Quarterly was sent by E-mail

To receive GCR's announcements by email, write down your e-mail address & fax to (02) 9482 8488 or email to [info@goldencross.com.au](mailto:info@goldencross.com.au)

Name .....

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) 9290 9600

### Issued Capital

At 31 January 2003 GCR's issued capital was 131,655,582 ordinary shares, 1,125,000 options exercisable at 12.5 cents by 1.1.06, 2,900,000 employee options exercisable at 10 cents by 20.12.2007 and 6.6 million Directors' options exercisable at 15 cents by 30.11.2006.

### ASX Listing Code

The Company's ASX listing code is GCR.

### Cash Balance

GCR's cash balance is presently \$1.5 million.

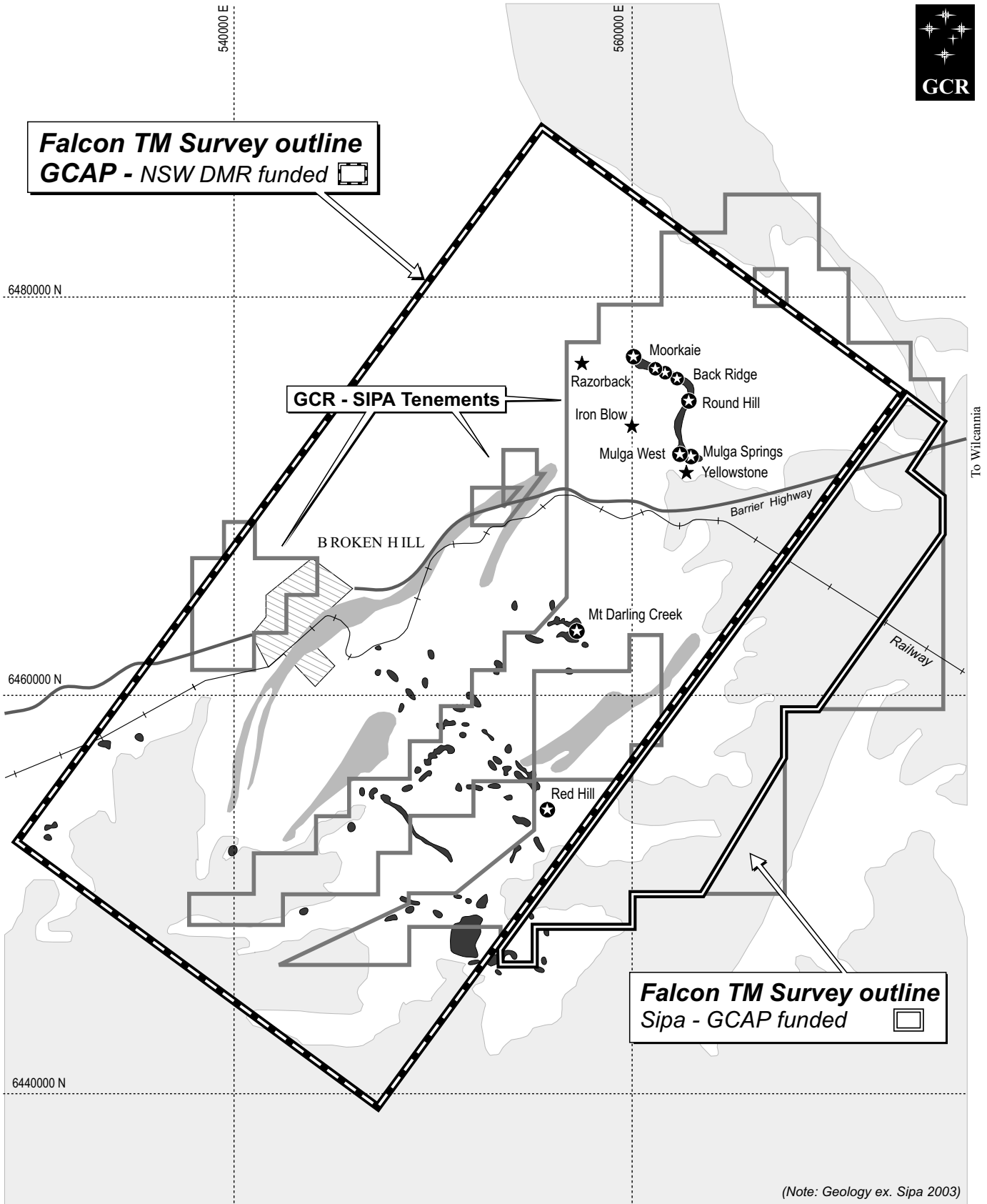
### Website

Please visit GCR's website featuring the latest on GCR, which you are welcome to copy:

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

### General Enquiries

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



(Note: Geology ex. Sipa 2003)



- Shallow cover
- Exposed metamorphics
- Broken Hill Stratigraphy-host Broken Hill orebodies
- Ultramafic- host Ni, Cu, Pt, Pd mineralisation
- Ni-Cu-PGE Prospects (drill targets)
- Cu-Au, Iron Oxide Prospects

GOLDEN CROSS RESOURCES LTD  
SIPA EXPLORATION  
BROKEN HILL JOINT VENTURE PROJECT AREA



FIGURE 1



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

Pt g/t	Pd g/t	Au g/t	Cu %	Co %	Ni %
8.02	35.5	0.31	0.79	0.02	0.67
4.56	22.6	0.18	0.70	0.03	0.57
8.71	17.9	1.29	0.98	0.01	0.26
8.96	5.70	0.07	0.25	0.02	0.40
6.97	20.4	0.08	3.43	0.08	1.52
20.6	38.0	0.59	2.95	0.07	1.88
14.9	13.7	0.77	1.50	0.08	1.32
17.3	28.8	0.48	2.80	0.03	1.25

Hole	M	Pt g/t	Pd g/t	Au g/t	Cu %	Ni %
DD3	1.82	2.32	NA	NA	0.64	0.93
incl.	0.76	3.77	NA	NA	0.95	1.93
DD4	2.36	8.39	NA	NA	3.48	3.07
incl.	0.91	16.7	NA	NA	8.10	7.50
MS4	5.10	6.9	NA	0.37	0.88	0.11
incl.	2.00	9.52	13.23	0.69	1.56	0.12
incl.	1.00	18.0	24.60	1.27	2.50	0.17
MS24	2.00	1.57	3.48	0.11	0.51	0.05
PMS7	1.52	3.05	4.30	1.08	0.47	1.25
120kg Gossan samp.	19.6	50.00	0.57	0.71	0.34	

Recent Rock chip sampling  
10 g/t Pt, 30 g/t Pd, 0.4% Cu, 0.6% Ni

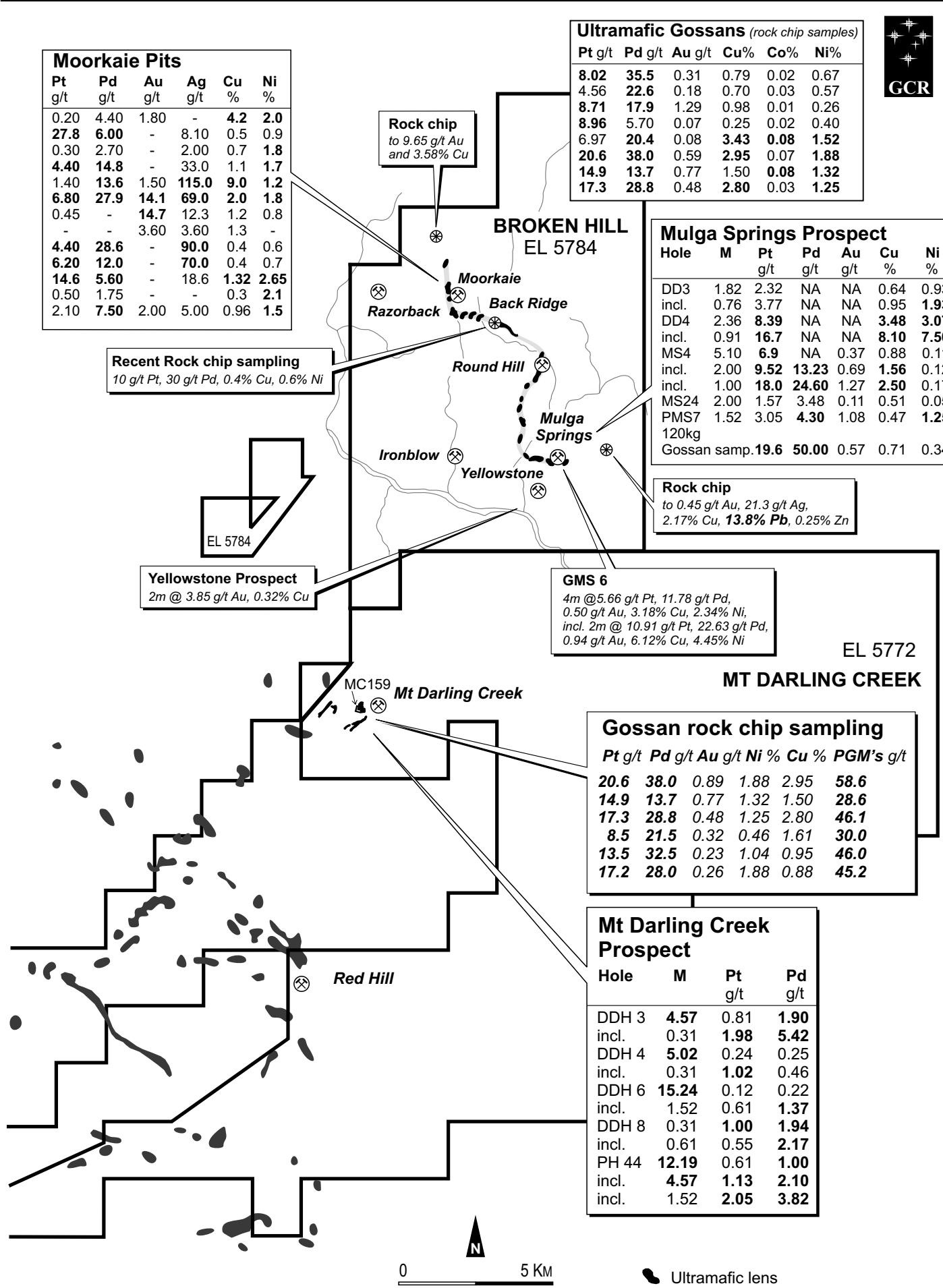
Rock chip  
to 0.45 g/t Au, 21.3 g/t Ag, 2.17% Cu, 13.8% Pb, 0.25% Zn

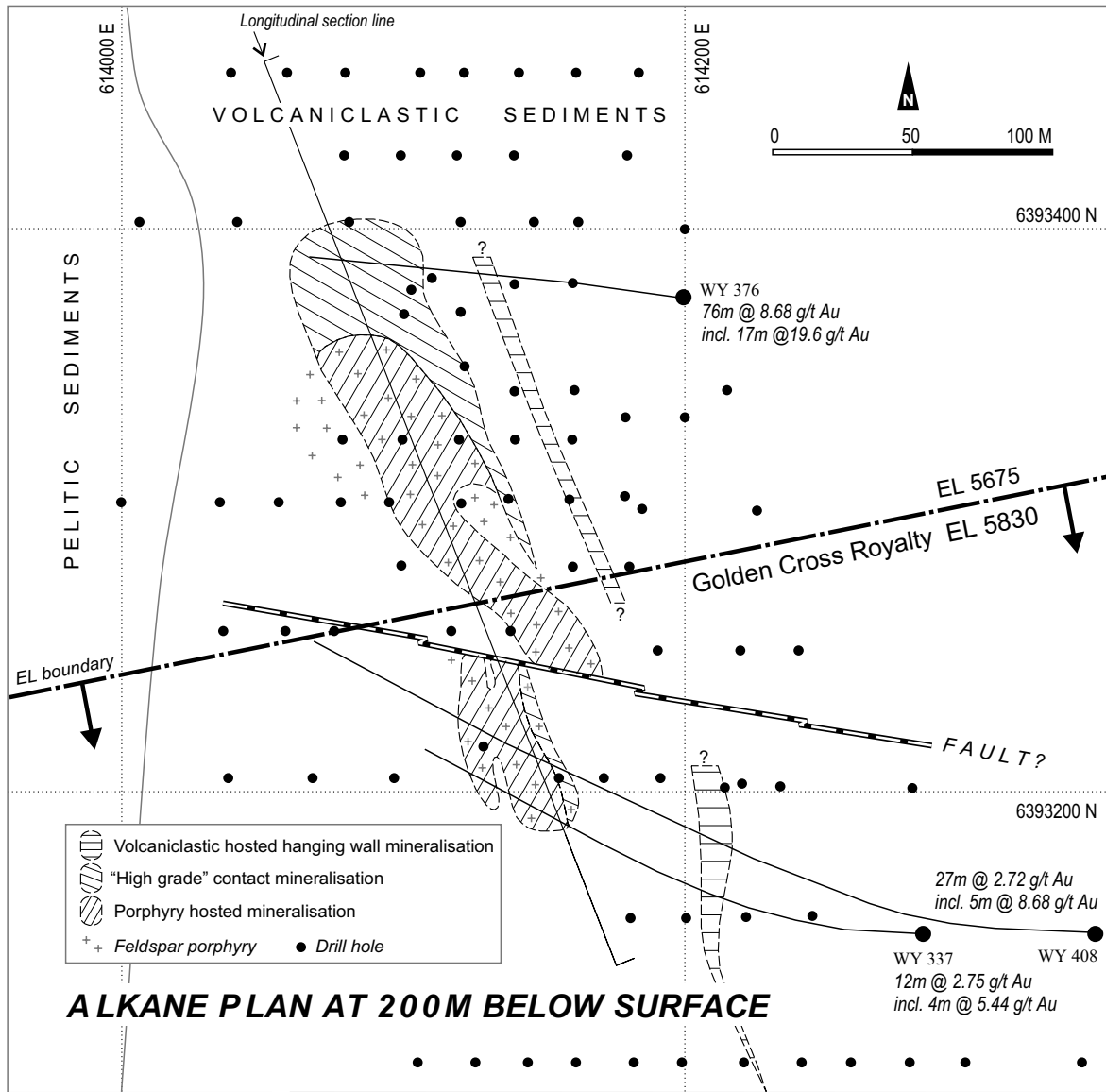
Yellowstone Prospect  
2m @ 3.85 g/t Au, 0.32% Cu

GMS 6  
4m @ 5.66 g/t Pt, 11.78 g/t Pd, 0.50 g/t Au, 3.18% Cu, 2.34% Ni, incl. 2m @ 10.91 g/t Pt, 22.63 g/t Pd, 0.94 g/t Au, 6.12% Cu, 4.45% Ni

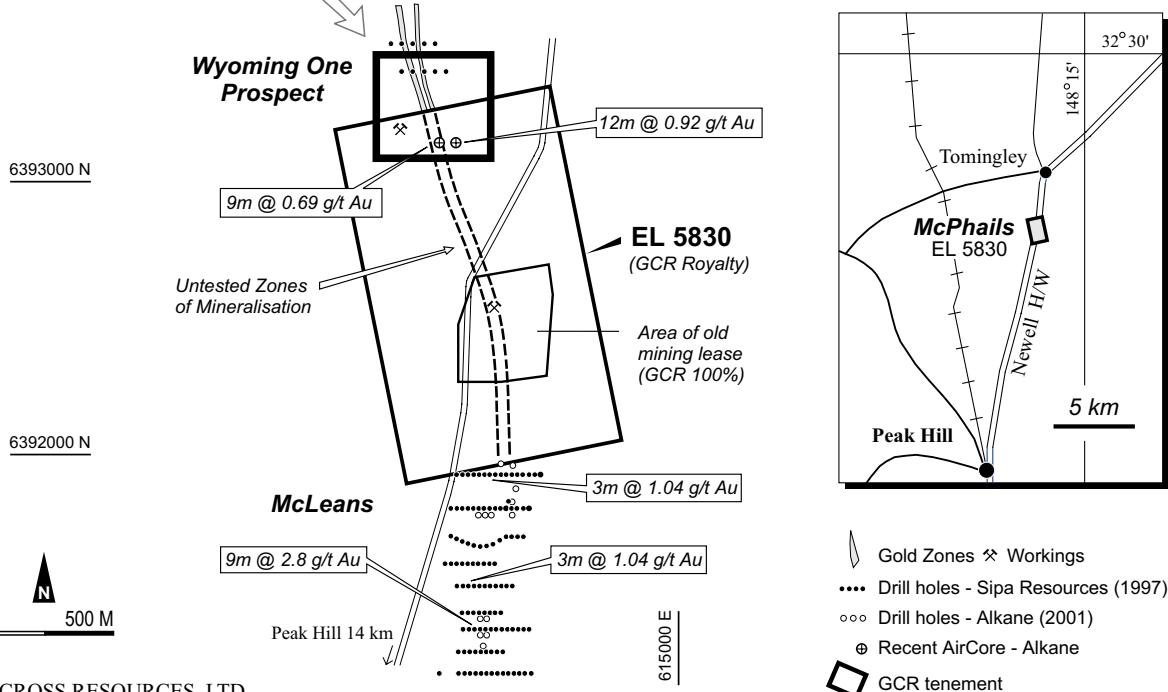
Pt g/t	Pd g/t	Au g/t	Ni %	Cu %	PGM's g/t
20.6	38.0	0.89	1.88	2.95	58.6
14.9	13.7	0.77	1.32	1.50	28.6
17.3	28.8	0.48	1.25	2.80	46.1
8.5	21.5	0.32	0.46	1.61	30.0
13.5	32.5	0.23	1.04	0.95	46.0
17.2	28.0	0.26	1.88	0.88	45.2

Hole	M	Pt g/t	Pd g/t
DDH 3	4.57	0.81	1.90
incl.	0.31	1.98	5.42
DDH 4	5.02	0.24	0.25
incl.	0.31	1.02	0.46
DDH 6	15.24	0.12	0.22
incl.	1.52	0.61	1.37
DDH 8	0.31	1.00	1.94
incl.	0.61	0.55	2.17
PH 44	12.19	0.61	1.00
incl.	4.57	1.13	2.10
incl.	1.52	2.05	3.82





Area of Detail above



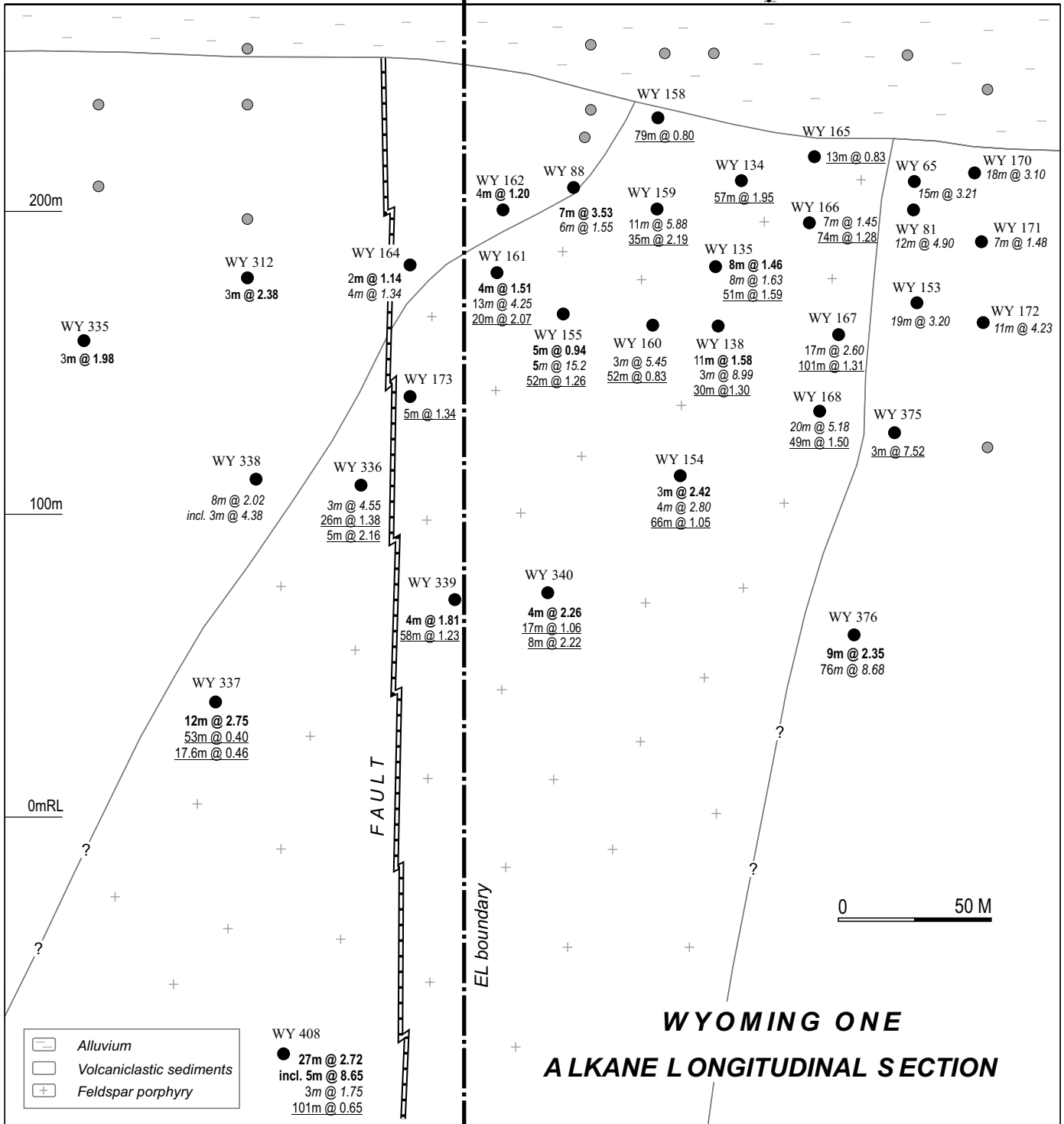
SE

NW



Golden Cross Royalty EL 5830

EL 5675



Golden Cross Royalty EL 5830

- WY 135 ● Drill hole location
- 8m @ 1.46 g/t Gold Volcaniclastic hosted hanging wall mineralisation
- 8m @ 1.63 g/t Gold "High grade" contact mineralisation
- 51m @ 1.59 g/t Gold Porphyry hosted mineralisation
- (Unflagged drill hole)

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MCP HAILS PROPERTY

GCR 28-1-2003



FIGURE 4