



# GOLDEN CROSS RESOURCES LTD

ABN 65 063 075 178

## QUARTERLY REPORT

**December 2005**

3 January 2006

### HIGHLIGHTS

- Higher grade results received from a number of holes in the Saddle area at **Copper Hill**, including 129.8m at 1.80 g/t gold and 0.79% copper from 48m, which included 20m at 6.43 g/t gold and 2.28% copper from 114m.
- In view of the good results and in order to fund an aggressive exploration effort at Copper Hill, GCR announced a number of **offers to shareholders** during the quarter, including a \$3 million entitlements offer and shortfall offer of shares and options, and a bonus issue of options. The offers were extended after an underwriter was secured for the final \$1.75 million.
- GCR's **bonus options**, exercisable at 5 cents by 30 September 2006, commenced trading on 29 December 2005 under the symbol GCRO. To date they have traded in a range of 1.5 cents to 2.5 cents.

### CORPORATE

#### Entitlements Offer, Shortfall Offer and Bonus Issue

Under a Prospectus dated 18 November 2005 and Supplementary Prospectus dated 19 December 2005 the Company made a number of offers to shareholders, including an entitlements offer of shares and options, a shortfall offer of shares and options, and a bonus issue of options. Prospectuses and accompanying forms were mailed to eligible shareholders during November and December 2005.

The final \$1.75 million of the entitlements offer is underwritten. The underwriting is fully sub-underwritten by two institutional fund managers. With the underwriting, the total raising could be up to \$4.8 million.

Bonus option holding statements were mailed to eligible shareholders on 28 December 2005. These options (exercisable at 5 cents by 30 September 2006) will merge with the options due to be issued on 24 January 2006 under the entitlements and shortfall offers. As stated in the Chairman's letter in the Prospectus, if the Copper Hill project progresses well, there is a good chance that the options will all be exercised. This will raise up to a further \$5.5 million.

The closing date for the Entitlements and Shortfall Offers was extended to 16 January 2006. Replacement forms were *not* sent to shareholders with the supplementary prospectus, so shareholders wishing to participate should remit their *original* forms and payments by 16 January 2005. Replacement forms are available by telephoning Registries Limited on +612 9290 9600.

#### General Meeting of Shareholders

A general meeting of GCR shareholders will be held at History House, 133 Macquarie St, Sydney, at 4.00 pm on Friday 20 January 2006. The purpose of the meeting is to seek approval for the placement of shares to the sub-underwriters and shortfall applicants, and for two Directors to participate in the shortfall offer. An update on GCR's exploration activities will be given at the meeting.



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## **EXPLORATION PROPERTIES** *(Ranked in order of priority)*

### **Copper Hill** (near Orange, NSW, 93 sq km, GCR 100%, gold-copper)

During the quarter GCR focussed work on the Copper Hill Project in central NSW. At year end the Company had one diamond drill rig operating on site, with an RC rig due to commence work in mid to late January.

During 2005 almost 4000m of RC and diamond drilling was completed, culminating in the discovery of the highly mineralised Saddle area.

The last hole reported during 2005 (GCHR064) returned a number of higher grade intersections including 22m at 2.26 g/t gold and 1.19% copper and 20m at 6.43 g/t gold and 2.28% copper.

Results for quartz stockwork mineralisation identified in the diamond tail of hole GCHR069 are pending. Significant drill results for holes GCHR053 to 070 are tabulated below.

Copper Hill lies adjacent to the Mitchell Highway, about 4 km north of the town of Molong in NSW. This is just over 30 km north of the regional centre of Orange and 45 km north of the large Cadia Valley gold-copper mine owned and operated by Newcrest Mining Limited (Figure 1). Both Cadia and Copper Hill are located within the Molong Volcanic Belt, a magmatic complex of intrusive and volcanic rocks of Ordovician age. Importantly, GCR controls 100% of Copper Hill under an Exploration Licence of approximately 93 square kilometres.

Copper Hill, like the Cadia Valley Mines to the south, was mined in the 1800s, explored for copper in the 1970s and explored again for copper and gold from the mid 1980s into the new millennium. Unlike Cadia, drilling during the 1990s failed to rapidly delineate resources or lead to the discovery of high grade zones similar to Cadia's Ridgeway deposit, despite the similar geological setting at Copper Hill. Although various companies drilled deep holes beneath the Copper Hill prospect, few stepped out into ground away from zones of known mineralisation.

GCR's approach at Copper Hill has been to explore both the area around the main mineralised zone at the Copper Hill prospect and the regional prospects. Work during the quarter focussed on the Copper Hill prospect. Work scheduled for early 2006 will include drilling at the regional prospects - Shades Road, Copper Hill North and Larras Lee (Figure 2).

Drilling by GCR to date has shown that within a 2 km strike length, despite over 27,000m of historic drilling, new zones of undiscovered mineralisation occur. The best example of this is the discovery of the Saddle mineralisation in holes GCHR058, 063, 064 and 069, not previously included in any resource inventory (Figures 3 and 4).

Within the Saddle area, hole GCHR064 (a diamond drill hole) was planned as a twin hole to GCHR058, however re-surveying of both holes confirms that the holes are not parallel and deviate significantly at depth. The vertical separation between the holes at depth is up to 20m and the variation in grade between the holes may reflect normal geological variability. Check assays for both holes are pending. Hole GCHR071, designed to test the up-dip extensions to the Saddle mineralisation, was commenced prior to Christmas and is presently at a depth of 117m. Visual estimates of the core in hole 71 indicate copper sulphide mineralisation from 1% to 4% in a zone of strong magnetite alteration. Hole GCHR072 is scheduled to commence early in January, designed to test beneath the high grade sections in hole 64 (Figure 4).



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## Copper Hill prospect, Significant Drill Results - December 2005 Quarter

Hole No	Easting (MGA)	Northing (MGA)	From (m)	Intersection (m)	Gold (g/t)	Copper (%)
GCHR054	674818	6341071	50	24	0.66	0.42
GCHR055	674237	6341461	22	8	1.31	0.39
			46	76	0.43	0.32
<i>Incl</i>			64	12	0.74	0.52
and			94	28	0.36	0.36
GCHR056*	674622	6341228	56	144	0.22	0.39
<i>Incl</i>			56	30	0.29	1.05
GCHR057	674515	6341175	0	56	0.30	0.03
			74	75	0.18	0.31
<i>Incl</i>			74	16	0.29	0.68
GCHR058	674700	6341303	64	86 (EOH)	1.32	0.65
<i>Incl</i>			82	64	1.69	0.79
<i>Incl</i>			112	26	2.53	1.03
GCHR059	674414	6341289	36	76	0.24	0.45
			154	12	0.32	0.45
GCHR061	674693	6341106	14	10	0.11	0.47
GCHR062	674697	6341202	8	48	0.33	0.69
<i>Incl</i>			24	18	0.39	1.26
GCHR063	674702	6341202	0	164	0.90	0.62
<i>Incl</i>			16	16	0.45	0.90
and			40	124	1.11	0.68
<i>Incl</i>			40	56	1.52	0.87
GCHR064	674696	6341310	8	129.8(EOH)	1.80	0.79
<i>Incl</i>			82	22	2.26	1.19
and			114	36	4.43	1.60
<i>Incl</i>			114	20	6.43	2.28
GCHR068	674944	6341351	2	124(EOH)	0.14	0.23
<i>Incl</i>			20	22	0.15	0.49
GCHR069*	674582	6341245	18	96	0.76	0.52
<i>incl</i>			58	54	1.02	0.90
<i>Incl</i>			78	26	1.44	1.11
GCHR070	674593	6340974	18	14	0.24	0.49
and			52	24	0.23	0.18

Details of these and other holes have been released in ASX announcements throughout the quarter. The results above represent the weighted average of 2m down hole samples of speared RC chips, half NQ or quarter HQ diamond drill core. Core was cut using a core saw and core recoveries are in excess of 95%.

\*Results for RC portion only, assays for diamond tails are pending.



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## *Resource Estimation Work at Copper Hill*

In various presentations GCR foreshadowed that a resource estimate is due out during the first quarter of 2006. Consulting geologists Hellman & Schofield Pty Ltd have been engaged to provide guidance with the estimate. This work, in conjunction with preliminary metallurgical testwork, will form the basis for initial economic scoping studies and a major campaign of drilling to advance the project to a pre-feasibility study.

At the Copper Hill prospect alone, based on the porphyry model of mineralisation, the extent of known mineralisation (greater than 2 km in strike and 0.5 km wide) and comparisons with deposits in the district, notably Cadia Hill, GCR suggests a target size of 100 to 200 million tonnes at grades between 0.3 and 1.0% copper and 0.3 and 1.0 g/t gold, or perhaps 1 to 2.5 g/t gold equivalent. Within that overall resource GCR envisages a number of higher grade, near-surface zones such as the Saddle area, comprising gold-rich chalcopyrite and bornite ores (possibly 10 to 40 million tonnes of 1 g/t gold and 1% copper) which could provide initial feed for project start-up.

Significant further work, specifically infill and step-out drilling, is required to determine the extent and distribution of mineralisation. GCR has planned a 10,000m program of RC and diamond drilling, designed primarily to assess mineralisation to a depth 200m (effectively the readily open-pittable range) and to provide samples for more detailed metallurgical work.

Some deeper diamond drilling has been designed to test the extent of mineralisation down-plunge in the Western Zone.

## *Regional Exploration at Copper Hill*

To the north of the Copper Hill prospect GCR has identified three prospects of geochemical anomalism, each associated with magnetic anomalies which have surface dimensions comparable in size to Copper Hill (Figure 6). These all have the same orientation (northwest-trending) as Copper Hill mineralisation, and are predominantly hosted in volcanic rocks. In at least two of these, Larras Lee and Shades Road, porphyritic intrusions of the same type as those at Copper Hill have been recognised in drilling.

Each of the three prospects, Larras Lee, Shades Road and Copper Hill North, are characterised by RAB and/or RC drill geochemical anomalism comprising predominantly copper and gold, but locally also lead, zinc or molybdenum. Each straddles an area of comparatively low magnetic susceptibility adjacent to a magnetic high and contains locally abundant quartz-carbonate or quartz-epidote veins. At Larras Lee four historic RC holes were drilled, with two returning broad widths of highly anomalous gold. For example LLR004 returned 30m of 0.2 g/t gold. No deep drilling (greater than 20m) has been undertaken at Shades Road or Copper Hill North.

Each of these prospects has potential to augment resources outlined at Copper Hill.

GCR plans to undertake a first pass RC drilling program to test these prospects to depths of 100m to 150m, for a total of approximately 3,000m.

## **Canbelego**

(part of the Pipeline property near Cobar, totalling 216 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; 3 sq km NW of Pipeline property subject to 10% free carried interest to Metallic Resources Pty Ltd)

Induced polarisation and drilling programs on this project have been deferred until the second quarter of 2006 while the Company focuses on Copper Hill.



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## McArthur River

(near McArthur River Mine, Northern Territory, NSW, 4,900 sq km, GCR option to acquire 100%, base metals, diamonds, manganese and uranium)

A detailed photogeologic interpretation of the entire group of Northern Territory tenements is near completion. This work has been designed to identify favourable structural and stratigraphic settings for diamondiferous kimberlite emplacement. Target definition is anticipated to be completed by the end of February. Field evaluation of these is due to commence on in May or June 2006.

## Trewilga-Parkes

(near Forbes-Parkes, NSW, 181 sq km, GCR 100%, gold. Elephant Mines holds a 2% net smelter return royalty over 52 sq km Trewilga licence)

GCR's exploration licence covers much of the Parkes-Forbes gold belt, which over time has produced over 1 million ounces of gold. The proposed aircore drilling program has been postponed until the harvesting of local crops in early 2006.

## ROYALTIES

Details of GCR's five royalties are set out on page 13 of the 2005 Annual report, available at [www.goldencross.com.au](http://www.goldencross.com.au)

### Mt Boppy Royalty

During the quarter Golden Cross received 140 ounces of gold from Polymetals under the 3% gold outturn royalty held over the Mt Boppy Gold Mine. 5% of the gold was transferred to third parties under their 5% net profits royalty. The balance was sold at spot prices, for a total of approximately \$86,000.

Production from Mt Boppy is nearing completion, and Polymetals is reviewing the economics of deepening the pit in order to resume gold production in 2006.

Golden Cross' minimum royalty entitlement is 750 ounces, payable at a rate of 50 ounces per month in the event that production ceases for a period of 6 months.

### Excellence in Exploration and Mining Conference

The 2006 conference will be held from 8-10 October at the Hilton Hotel in Sydney.

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.*



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## GCR AT A GLANCE

### Directors

Christopher Ryan	Chairman
David Timms	Managing Director
Kerry McHugh	Director
Chris Torrey	Director - Exploration
Daven Timms	Alternate Director & Company Secretary

### Registered and Principal Office

22 Edgeworth David Avenue  
 Hornsby NSW 2077 Australia  
 Ph +612 9482 8833  
 Fax +612 9482 8488  
 Email [info@goldencross.com.au](mailto:info@goldencross.com.au)

### Number of Shareholders

At 28 December 2005 GCR had 1,530 shareholders.

### Major Shareholders

The share register records the following as major shareholders at 28 December 2005.

	%
1. David Timms	7.31
2. Metallic Resources Pty Ltd	2.54
3. John Dennis Quirk	2.34
4. Golden Cross Plan Managers	2.30
5. Aurcay Holdings Inc	2.11
6. Erwin John Clayton	1.59
7. Sipa Resources International	1.38
8. Central Exchange Limited	1.38
9. Forbar Custodians Ltd	1.30
10. Robert Cameron Galbraith	1.29
11. Cyprus Amax Australia	1.24
12. Tasman Management Ltd	1.20
13. Arnold and Ruth Getz Super Fund	1.16

### Cash Balance

At 31 December 2005 GCR's cash balance was approximately \$1.3 million.

### ASX Listing Code

The Company's ASX listing code is GCR.

### Issued Capital

At 28 December 2005 GCR's issued capital was 217,756,163 ordinary shares, 41,384,600 options exercisable at 5 cents by 30.9.06, 3,505,000 employee options exercisable at 10 cents by 20.7.2010 and 7.6 million Directors' options exercisable at 15 cents by 30.11.2006.

### 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: +612 9290 9600

This Quarterly was sent by email.

To receive GCR's announcements by email, write down your e-mail address & fax to +612 9482 8488 or email to [info@goldencross.com.au](mailto:info@goldencross.com.au)

**Name** .....

**E-mail address** .....

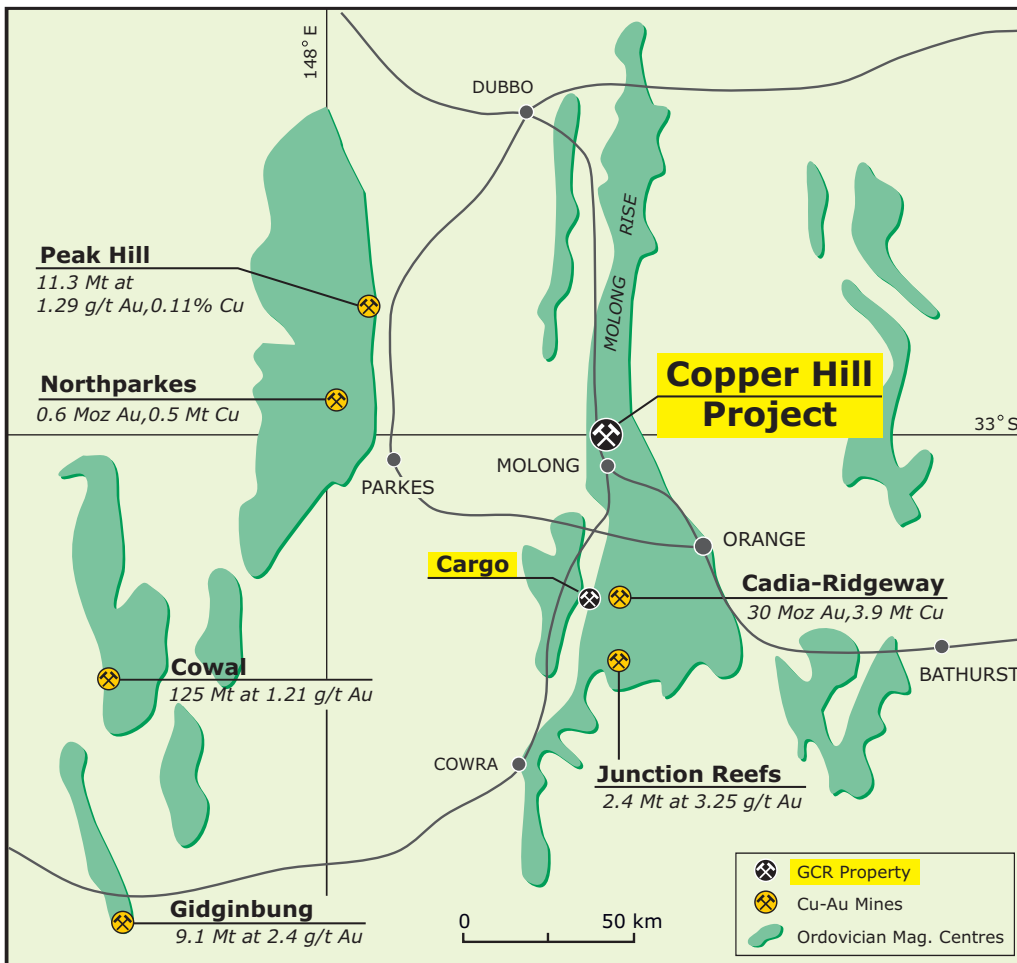
### Website

Please visit GCR's website featuring the latest on GCR:

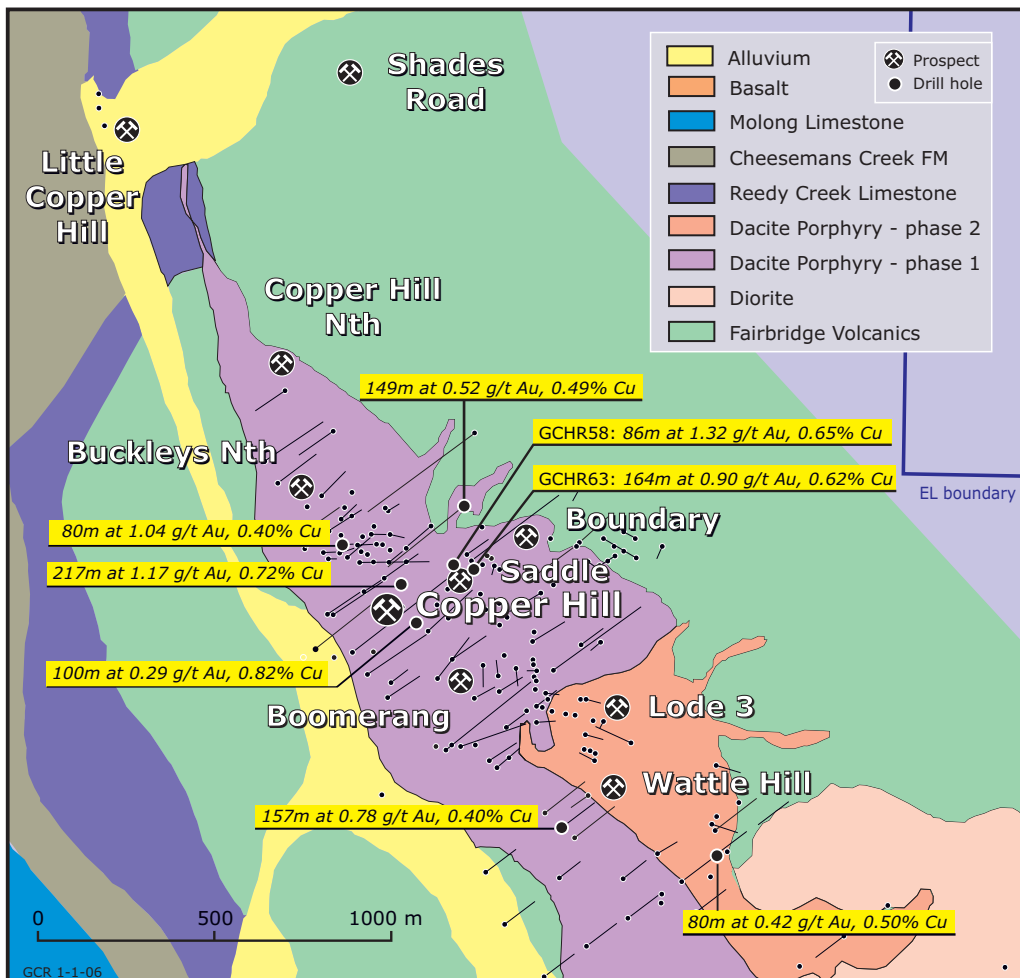
[www.goldencross.com.au](http://www.goldencross.com.au)

### General Enquiries

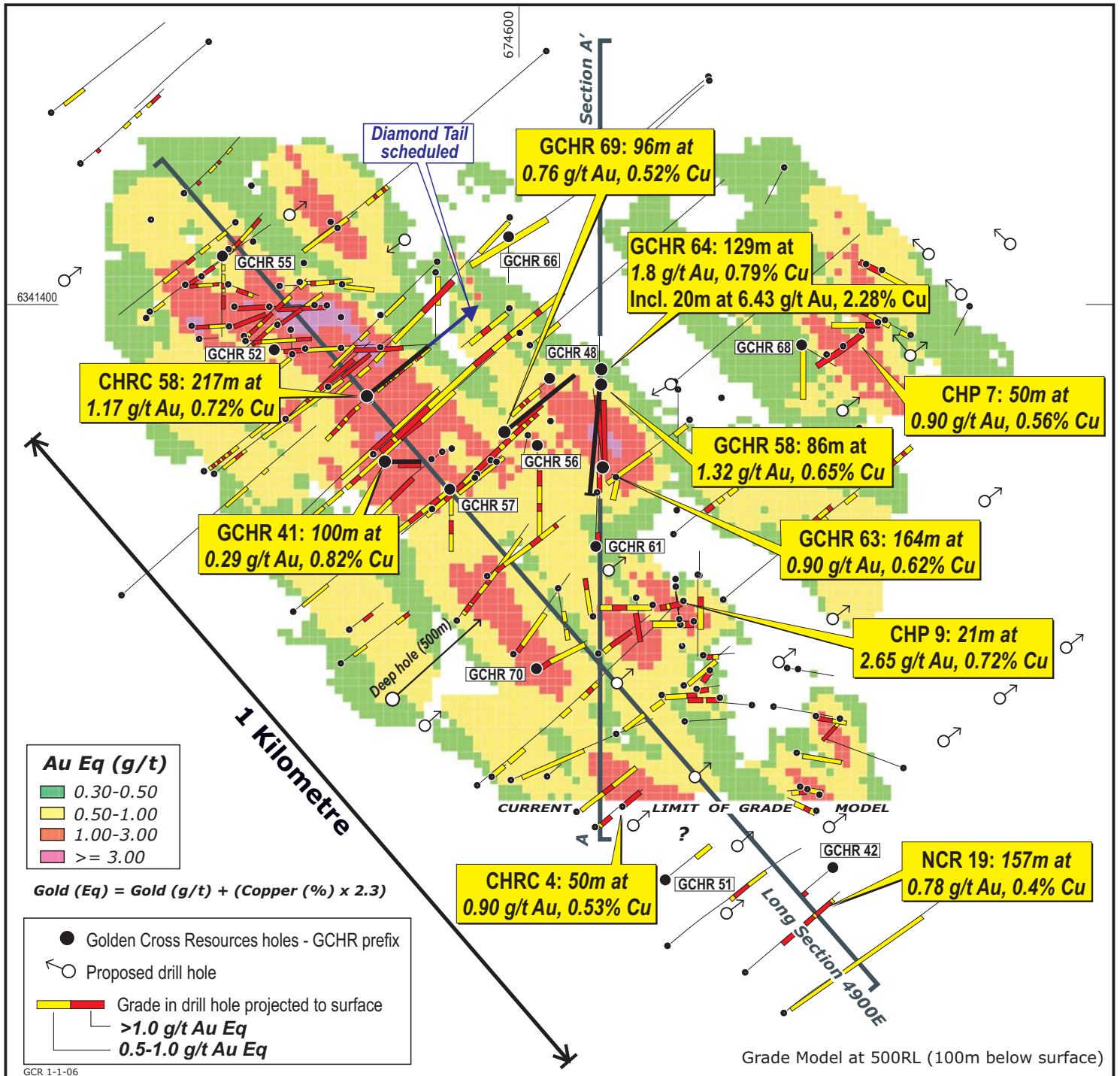
Contact David Timms or Chris Torrey at the principal office: phone +612 9482 8833



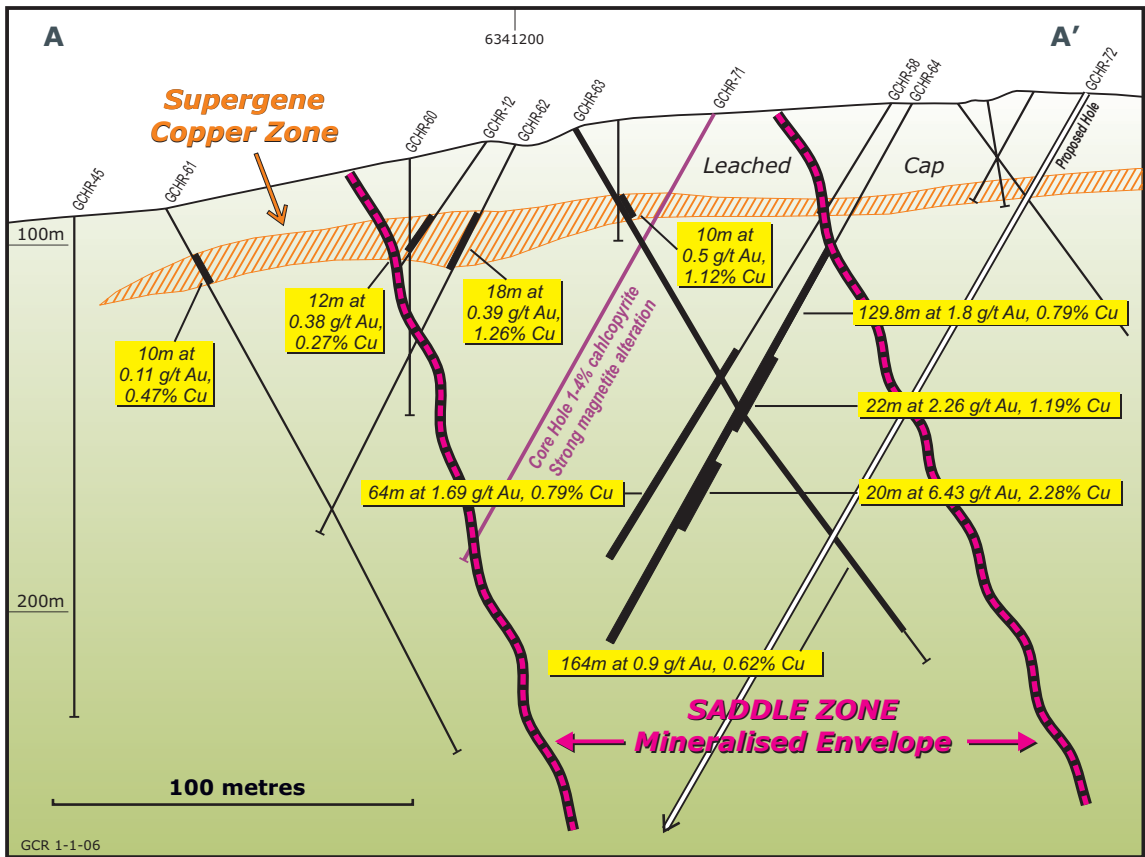
Copper Hill : Regional Cu-Au Occurrences  
Figure 1



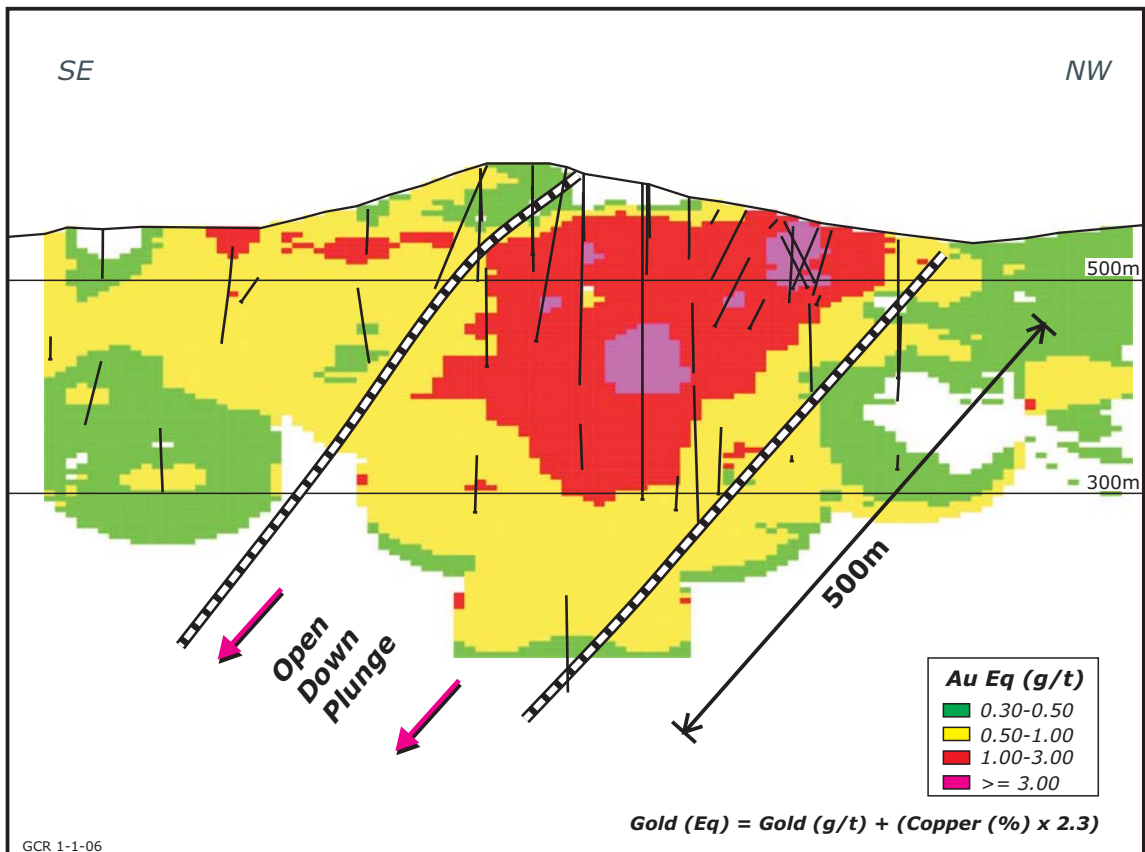
Copper Hill : Geology  
Figure 2



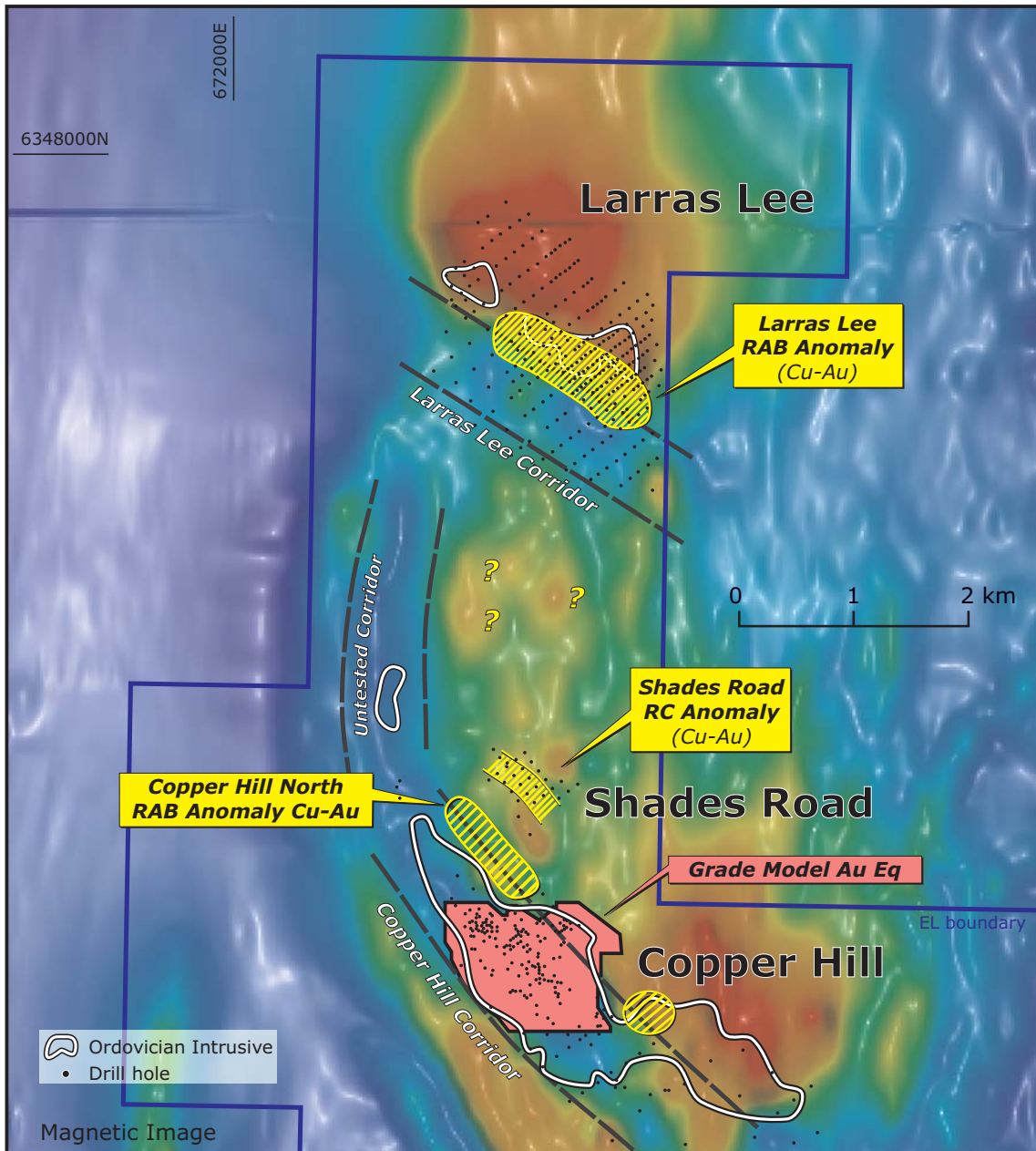
Copper Hill : **Gold Equivalent**  
Figure 3



Copper Hill : Saddle Zone - **Section A-A'**  
Figure 4



Copper Hill : Grade Model - **Long Section 4900E**  
Figure 5



Copper Hill : Regional Prospects  
Figure 6