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ASX ANNOUNCEMENT

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POLYMETALS FARMS-IN TO GCR'S CANBELEGO AREA

Golden Cross Resources has entered into a farm-in agreement with privately-owned mining company Polymetals Pty Ltd (PM) whereby PM will spend \$200,000 over the next 12 months exploring GCR's Canbelego area near Cobar. If resources of gold or silver are delineated, any ore mined will be shared 50:50 between GCR and PM and processed through PM's Mt Boppy plant.

PM is presently mining an open pit over the old workings of the Mt Boppy Gold Mine at Canbelego, producing approximately 25,000 ounces of gold per annum. GCR's Canbelego licence (EL 5842) surrounds PM's six mining leases (see Figure for map).

PM's objective is to identify open-pittable oxide resources on GCR's area and develop such resources for early processing through its 150,000 tpa processing plant at Mt Boppy. If PM is successful this could lead to an early cashflow for GCR. A number of high priority gold targets exist on GCR ground in the immediate Mt Boppy area (see below).

Farm-in Agreement

Under the agreement PM has the right to apply for mining leases over open-pittable gold or silver mineralisation within the area. On commencement of mining GCR and PM will establish a 50:50 joint venture, with ore mined to be processed through PM's Mt Boppy plant. GCR will be free-carried by PM through to commencement of mining. Thereafter PM will fund GCR's share of costs associated with mining until gold is produced. GCR will repay those costs from 50% of GCR's share of free cashflow. In addition, GCR will reimburse PM for cash costs incurred in mining and processing GCR's 50% share of the ore.

GCR and PM have agreed to negotiate in good faith with respect to meeting the capital costs of any processing plant upgrade that may be necessary to treat joint venture ore and regarding possible joint venture underground operations on GCR ground.

The 5% net profits interest held by a third party over the Canbelego area will be shared 50:50 by GCR and PM.

The Mt Boppy Gold Mine

The Mt Boppy Gold Mine reached peak gold production in 1894, when it was recorded as NSW's richest gold mine. Its historic production was about 380,000 ounces of gold, from 1 million tonnes of ore at an average grade of about 12 g/t gold.

The Mt Boppy gold lode occurs within a syncline that is plunging 20 to 30 degrees into GCR ground (see Figure for longitudinal section). Recent PM drilling identified significant gold mineralisation at depth above the keel of the syncline. Hole PMS 65 averaged 20m at 7.73 g/t gold in the eastern limb of the syncline. This hole is located 100m north of ML 311, in which GCR holds the ground 2m or more beneath the surface. PM is considering underground mining operations to extract ore at depth.

Prospective Gold Targets on GCR Ground

The prospective gold-bearing horizon that hosts the Mt Boppy Gold Mine extends northwest and southeast into GCR ground. Structural settings very favourable for gold deposition are repeated along this horizon in tight folds. These folds are known to contain gold mineralisation yet to date have not been tested by drilling.

At South Mt Boppy, on GCR ground, colloform and crustiform banded epithermal quartz veins outcrop in old pits and shafts. Veins exposed in the top of the No. 2 Shaft returned 16.4 g/t gold over 0.3m and 27.6 g/t gold in grab samples. Rock chip sampling of a stockwork zone adjacent to the veins returned 6.6 g/t gold over 1m. Nine grab samples of banded, fine-grained quartz veins were collected from a line of rubbly subcrop over a strike distance of 50m. These returned an average of 4.8 g/t gold, with the highest being 11.6 g/t gold and the lowest 1.65 g/t gold. Mullock from the old Neshems Shaft returned up to 53.0 g/t gold. RAB and auger geochemistry indicates that the South Mt Boppy prospect is located in a north-trending corridor of silicification and gold mineralisation at least 200m long and up to 80m wide.

At the Birthday prospect previous shallow drilling around the old workings outlined a zone of gold-lead-zinc-antimony mineralisation. Recent RAB drilling along strike extended the length of this north-trending zone to over 500m.

Drilling Scheduled this Month

PM will spend \$200,000 drilling for open-pittable oxide gold deposits over the old gold mines such as Mt Boppy South, Birthday and Mt Boppy West. Drilling is scheduled for April, as soon as the holes are laid out and a suitable drill rig is available. PM's aim is to quickly identify additional ore to feed its 150,000 tpa plant. If PM is successful, GCR would gain its first cash flow.

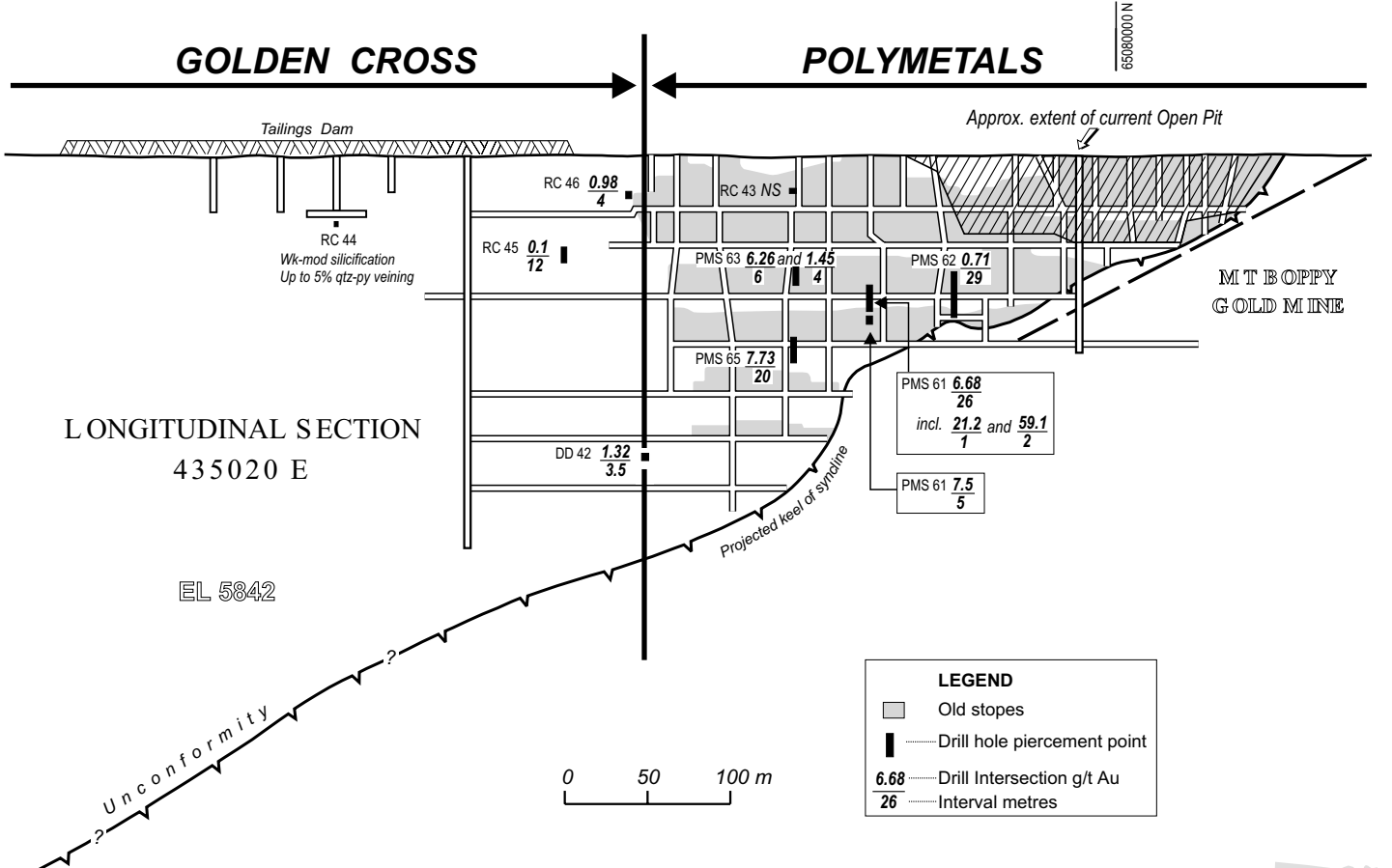
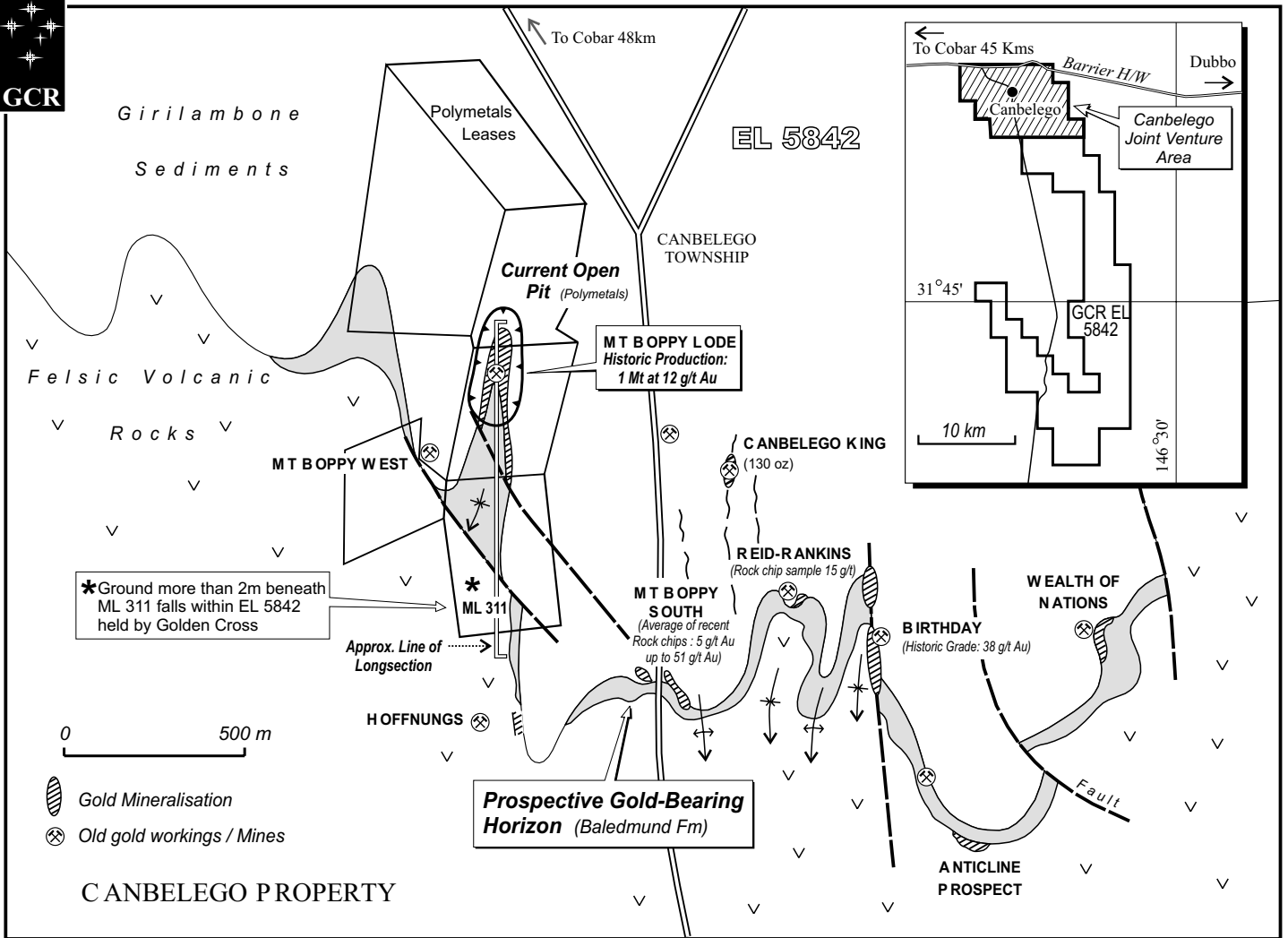
Seven Active Joint Ventures

There are now seven active joint ventures on 100%-owned GCR ground, with total earn-in expenditures exceeding \$17 million: Broken Hill (GCap), Broken Hill (Sipa), Canbelego (Polymetals), Cargo (Falcon Minerals), Wagga Tank (Pasminco), West Wyalong (MIM) and Yellow Mountain (Triako).

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This report was prepared by David Timms, 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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CANBELEGO PROPERTY

