

Golden Cross Resources Ltd

ABN 65 063 075 178

Half Year Report

31 December 2003

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Company Particulars

Directors:	Christopher Ryan, BEcon, MBA, FAusIMM, ASIA, MPESA <i>Chairman</i>
	David Timms, BSc (Hons), PEng, FAusIMM, FAIG, <i>Managing Director</i>
	Christopher Torrey, MSc <i>Director – Exploration</i>
	Kerry McHugh, BCom (Hons) <i>Non-executive Director</i>
	Daven Timms, BSc.LLB (Hons), ASIA, MAusIMM, AMPLA <i>Alternate Director to David Timms</i>
Company Secretaries:	Daven Timms, BSc.LLB (Hons), ASIA, MAusIMM, AMPLA
	Margaret Greentree, BEc, BBus (Accounting)
Principal and Registered Office:	22 Edgeworth David Avenue Hornsby NSW 2077
Share Register:	Registries Limited Level 2 28 Margaret Street Sydney NSW 2000
Auditor:	PricewaterhouseCoopers Chartered Accountants 201 Sussex Street Sydney NSW 1171
Stock Exchange Listing:	Golden Cross Resources Ltd's shares are quoted on the Australian Stock Exchange (Listing code GCR)

Directors' Report

Your Directors present their report on the consolidated entity consisting of Golden Cross Resources Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2003.

Directors

The following persons were Directors of Golden Cross Resources Ltd ("Golden Cross") during the whole of the half-year and up to the date of this report.

Christopher Ryan
David Timms
Kerry McHugh
Chris Torrey
Daven Timms (Alternate Director to David Timms)

Review of Operations

The consolidated loss of the consolidated entity for the six months to 31 December 2003, after providing for income tax, was \$26,264 (2002: \$307,776 loss).

The Company continued its principal activity of minerals exploration and development of precious and base metals projects in New South Wales.

During the six months ended 31 December 2003 the Company:

- Issued 19.8 million shares at 7.7 cents per share by way of a placement;
- Received encouraging results from drilling programmes at its Sunny Corner and Canbelego properties; and
- Implemented a Share Purchase Plan to raise working capital.

Events Occuring after Reporting Date

In February 2004 the Company:

- Completed a Share Purchase Plan, which raised approximately \$2.1 million before costs through the issue of approximately 26 million shares at 8 cents per share; and
- paid out its \$98,000 Adelong housing loan in order to reduce interest costs.

Rounding of Amounts to the Nearest Thousand Dollars

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the Directors.

David Timms, Managing Director

25 February 2004, Sydney

Consolidated Statement of Financial Performance For the half-year ended 31 December 2003

	Notes	HALF YEAR	
		2003 \$'000	2002 \$'000
Revenue from ordinary activities		115	65
Carrying amount of disposal of share in joint venture		-	(107)
Other expenses from ordinary activities		(141)	(266)
Loss from ordinary activities before income tax expense		26	308
Income tax attributable to operating loss		-	-
Loss from ordinary activities after income tax expense		26	308
Total changes in equity other than those resulting from transactions with owners as owners		26	308
Basic earnings per share (cents)	2	(0.02)	(0.30)
Diluted earning per share (cents)		(0.02)	(0.30)

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position As at 31 December 2003

	Notes	31 December 2003 \$'000	30 June 2003 \$'000
Current Assets			
Cash Assets		1,702	1,046
Other		355	364
Total Current Assets		2,057	1,410
Non-Current Assets			
Property, Plant and Equipment		508	488
Exploration and Evaluation Expenditure		10,706	9,982
Mine Properties		2,667	2,615
Intangible Assets		9	9
Total Non-Current Assets		13,890	13,094
Total Assets		15,947	14,504
Current Liabilities			
Payables		117	150
Non Interest Bearing Liabilities-Convertible Note	6	-	300
Provisions		36	35
Total Current Liabilities		153	485
Non-Current Liabilities			
Provisions		183	180
Loans		98	98
Total Non-Current Liabilities		281	278
Total Liabilities		434	763
Net Assets		15,513	13,741
EQUITY			
Contributed Equity		21,653	19,855
Reserves		1,792	1,792
Retained Losses		(7,932)	(7,906)
TOTAL EQUITY		15,513	13,741

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows For the half-year ended 31 December 2003

	HALF YEAR	
	2003 \$'000	2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(140)	(147)
Payments for exploration and evaluation	(741)	(1,050)
Interest received	27	12
Other, including receipts from farm-in partners	91	53
Net cash outflow from operating activities	<u>(763)</u>	<u>(1,132)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of interest in joint venture	-	300
Proceeds from redemption exploration lease deposit	-	10
Payments for Plant and Equipment	(29)	(6)
Net cash outflow from investing activities	<u>(29)</u>	<u>(304)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares	1,524	809
Share issue costs	(76)	(7)
Net cash inflow from financing activities	<u>1,448</u>	<u>802</u>
NET INCREASE IN CASH HELD	656	(26)
Cash at beginning of reporting period	<u>1,046</u>	<u>801</u>
CASH AT THE END OF THE REPORTING PERIOD	<u>1,702</u>	<u>775</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements For the half-year ended 31 December 2003

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 has been prepared in accordance with Accounting Standard AASB 1029: *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Golden Cross during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. EARNINGS PER SHARE

	HALF YEAR	
	2003	2002
	Cents	Cents
Basic earnings per share	(0.02)	(0.30)
Diluted earnings per share	(0.02)	(0.30)
	2003	2002
	No of	No of
	Shares	Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	145,157,614	103,344,098
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share:	145,157,614	103,344,098
	HALF YEAR	
	2003	2002
	\$'000	\$'000
Loss used in calculating basic earnings per share:	26	308
Loss used in calculating diluted earnings per share:	26	308

3. LOSS FROM ORDINARY ACTIVITIES

	HALF YEAR	
	2003	2002
	\$'000	\$'000

Loss from ordinary activities includes the following items of expense which, together with other disclosures in this report, are relevant in explaining the financial performance for the half-year:

Carrying value of disposal of 5% share in Challenger Mining Lease	-	107
Exploration expenditure capitalised	774	646
Exploration expenditure written off	-	-

4. EQUITY SECURITIES ISSUED

	HALF YEAR		HALF YEAR	
	2003	2002	2003	2002
	Shares	Shares	\$'000	\$'000
Shares and options issued under private placement	19,800,000	5,589,475	1,448	370
Shares issued under Shareholder Purchase Plan	-	7,839,376	-	439
Shares issued to Directors and employees in lieu of remuneration	578,500	1,074,276	49	69
Shares issued to Investor Group for 5% of Challenger JV	5,639,100	-	300	-
Shares issued to vendors of access rights	-	300,000	-	30
Shares issued to contractors in lieu of cash	-	1,456,327	-	134
Total Shares at 31 December	157,754,612	116,459,493		

5. SEGMENT INFORMATION

The economic entity operates predominantly in the one industry and in one geographical area, namely Australian mineral exploration and evaluation.

6. NON INTEREST BEARING LIABILITY – CONVERTIBLE NOTE

On 18 July 2003 Golden Cross issued the Investor Group with 5,639,100 shares in consideration of its 5% interest in the Challenger Joint Venture at Adelong, following the exercise by the Investor Group of its put option.

7. EVENTS OCCURRING AFTER REPORTING DATE

In December 2003 the Company implemented a Share Purchase Plan, which closed on 16 February 2004. The plan raised a total of approximately \$2.1 million before costs, through the issue of approximately 26 million shares at 8 cents per share.

On 17 February 2004 the company paid out its \$98,000 Adelong housing loan in order to reduce interest costs.

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 4 to 9:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, and
- (b) there are reasonable grounds to believe that Golden Cross Resources Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

David Timms, Managing Director

25 February 2004, Sydney

Independent review report to the members of Golden Cross Resources Ltd

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Golden Cross Resources Ltd:

- does not give a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of the Golden Cross Resources Ltd Group (defined below) as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Golden Cross Resources Ltd Group (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both Golden Cross Resources Ltd (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel/the responsible entity's personnel, and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

PricewaterhouseCoopers

Peter Buchholz
Partner

Sydney
25 February 2004