GOLDEN CROSS RESOURCES LTD

minerals explorer

Annual Report 2005

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COMPANY PARTICULARS

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Chairman

David Timms, BSc (Hons), PEng, FAusIMM, FAIG
Managing Director

Kerry McHugh, BCom (Hons)
Non-executive Director

Chris Torrey, BSc, MSc, MAIG
Director – Exploration

Daven Timms, BSc LLB (Hons), AMPLA, MAusIMM, ASIA
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STOCK EXCHANGE LISTING

Golden Cross Resources Ltd's shares are listed on the Australian Stock Exchange (Listing Code GCR)

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CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholder

Golden Cross Resources Ltd was listed on the Australian Stock Exchange on 27 March 1996, having successfully completed a $7.2 million capital raising. The prospectus issued for the capital raising stated that the Company aimed to become:

- a successful minerals explorer;
- a competent developer;
- a profitable producer,

with a prime focus in NSW on the Lachlan Fold Belt, particularly along the Gilmore Suture, and the Broken Hill mineral field.

In its almost 10 years of operations, much excellent exploration work has been done, but to date the three aims of the Company remain unrealised.

Successful exploration requires a harmonious four part marriage of prospective land holdings, a high level of exploration skill and experience, adequate capital and good fortune. It is testimony to the evident skills and experience available to the Company and the Company's relentless endeavour to succeed that shareholders, new investors and farm-in partners have provided the funds required to sustain a rigorous exploration effort across the Company's excellent property portfolio over the past 10 years.

With the aim of accelerating the delivery of a material sustainable increase in the value of the Company, we have been looking at ways in which we might make our own luck to a degree. With this intention, we have decided to create three distinct streams in the Company's operations with a view to advancing the date when I can report to shareholders that the three objectives of 10 years ago have been met.

The Three Pillars strategy, as I call it, involves:

- **development**. For several years the Company has studied the Adelong gold project to determine the most economical means of its development. In addition, potentially economic silver and barite resources exist in our Kempfield property. In order to sharpen the focus of our efforts aimed at moving these deposits into development, we intend to transfer the Kempfield property into our wholly owned subsidiary Challenger Mines Ltd, which also holds the Adelong project. The plan is to advance the planning for the development of Adelong as far as we can as soon as possible and then seek to raise the capital required for its development through an issue of shares (and separate ASX listing) by Challenger Mines. A successful capital raising will allow the development of the Adelong project to follow immediately after the share issue. As a second initiative, once Adelong is in operation, the feasibility of, and options for, the development of Kempfield will be examined. The special task of advancing Adelong to its development point and the Challenger Mines share issue is being managed by David Timms, assisted by Kerry McHugh;
- **exploration**. This is business as usual as exploration has been our core activity to date. The promise of the portfolio of property interests held by the company remains high. We are particularly encouraged by the results of our re-invigorated Copper Hill exploration program and optimistic that we are delineating the beginnings of an economic copper-gold porphyry orebody. The Canbelego property offers much promise for gold and copper exploration. Our holdings at Broken Hill hold out the prospect of platinum, gold and nickel discoveries. And our new venture into the McArthur Basin of the Northern Territory offers promise of diamonds and manganese.
- **business development**. In last year's annual report, I referred to some executive time having been allocated to the identification and pursuit of acquisition and other opportunities to add value to GCR. Over the course of the year in review, we have recognised that this endeavour requires greater commitment and a dedicated executive resource if it is to bear fruit. I hope that in a year's time I am able to reflect on positive achievement from this initiative.

I am optimistic that our Three Pillars strategy will result in a better focussed endeavour and that it will materially increase the prospect of meeting our aims as stated nearly 10 years ago.

Yours faithfully

Christopher Ryan
Chairman

CORPORATE OBJECTIVES

Objectives

The Company's long-term objective is to participate in the discovery of one or more world-class mineral deposits.

The short-term objective is to add value through exploration and development of mineral properties.

Value may be added through identifying and acquiring mineral properties in prospective locations, generating drill targets through sampling and innovative modelling, delineating resources, entering into significant farm-out or royalty arrangements with other companies, together with developing projects through to production, or acquiring advanced projects, to provide cash flow.

Risk and Reward

The Company seeks to balance its quest for significant shareholder rewards with the prudent management of downside risk.

On the reward upside, the Company is constantly searching for new mineral properties in prospective locations, such as new or proven mineral fields or geologically-prospective terrain. The option over the McArthur River base-metal/diamond property in the Northern Territory, acquired in July 2005, is an example. Once a property is acquired, a detailed investigation is undertaken to ascertain its potential and whether the possible size and prospectivity of the mineral targets warrants sole funding by the Company or the sharing of funding by means of a farm-out.

Farm-outs are a tool used by the Company to manage downside risk, inherent in exploration, by sharing the exploration and development costs and the ownership of a project. For a large copper-porphyry system, for instance, it may be prudent to farm the property out to a major mining company that has the large sums of money required to undertake extensive drilling programmes and carry out any required development work on the project to bring it into production. If a large deposit was brought into production with GCR holding, for example, a 30% interest, it could be a "company-maker" for GCR, achieved with little risk to shareholders during the farm-in phase.

Exploration on Golden Cross properties during 2005

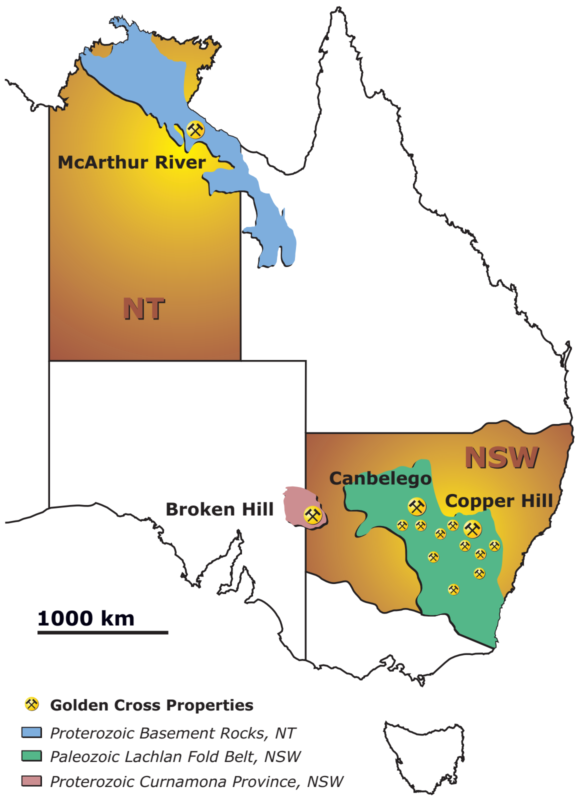
Exploration expenditure on GCR properties during 2005 demonstrates the risk-reward balance sought by the Company. Of the $3.3 million spent on GCR properties during 2005, $1.0 million was spent by farm-in partners. In addition to the $3.3 million, a further $2 million was spent on properties over which GCR holds royalties.

Once again a considerable amount of drilling was undertaken on GCR properties. During 2005 a total of 17,100m of drilling was completed, of which 11,100m was by drilled by GCR.

Royalties

GCR now holds five royalties, described on page 13. During 2005 GCR acquired two new royalties:

- Mt Boppy royalty, comprising a 3% outturn royalty over the Mt Boppy Gold Mine owned by Polymetals Mining Services Pty Ltd near Canbelego, NSW. The agreement provides for a minimum royalty of 750 ounces of gold, worth $440,000 in today's dollars, and has potential to provide cash flow in the order of $400,000 pa; and
- EEM Conference royalty, comprising a 3% gross royalty over the annual Excellence in Exploration and Mining Conference, formerly the NSW Miners and Explorers Conference founded by GCR in 2003.



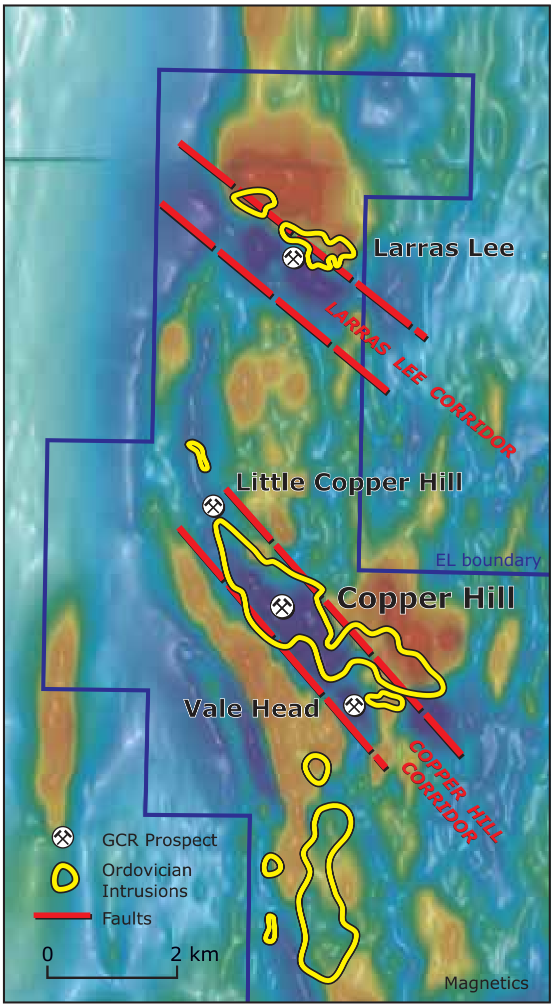
GCR Australian Projects

REVIEW OF EXPLORATION

Copper Hill

Location: 10 km north of Molong, NSW
Size: 93 sq km
Ownership: 100% GCR
Commodities: Gold-copper

Copper Hill, like the Cadia Valley mines to the south, was mined in the 1800s and has been explored for copper and gold since the 1970s. Unlike Cadia, drilling at Copper Hill during the 1990s failed to rapidly delineate resources or lead to the discovery of high grade zones such as Ridgeway. 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 has been to review the potential in the area around the main mineralised zone at the Copper Hill prospect and to look at the remainder of the tenement to assess regional potential.



Copper Hill Magnetics

Copper Hill Prospect

Drilling to date indicates that gold and copper minerals are hosted in two sub-parallel zones. The Western Zone outcrops at surface, is 600m long, 100 to 150m wide, extends to depths of 300m below surface and has a steep dip. In contrast the Eastern Zone has only been intersected in 5 holes that indicate it is 400m long, 50-100m wide and extends from about 150m to at least 300m below surface. It does not outcrop at surface.

During 2005 GCR engaged Hellman and Schofield Pty Ltd (H&S) to undertake a preliminary resource estimate for the Western Zone. H&S reported an Inferred resource of 4.9Mt at 0.7% copper and 0.9 g/t gold at a 0.5% copper cut-off, to a depth of 200m. (GCR Quarterly Report September 2004). This resource remained in the low confidence category due to uncertainties relating to H&S's knowledge of assay data quality, geological interpretations, density measurements and the overall preliminary nature of the estimate.

GCR recognised that drilling to date at Copper Hill prospect indicated that a large, poorly drilled, mineralised halo surrounds the resource and believed there was significant potential to upgrade this to a resource category. The Company resolved to further assess this concept and early in 2005 drilled a hole off the southeastern end of the mineralised zone in an area previously considered to be unmineralised. This hole returned 100m of 0.8% copper and 0.29 g/t gold. Not only did this hole indicate the potential to locally expand the resource, but it also intersected a broad, deep zone of chalcocite mineralisation. Prior to this, chalcocite (Cu_2S) was only recognised in a high grade, flat-lying supergene blanket which overlies the main mineralised zones.

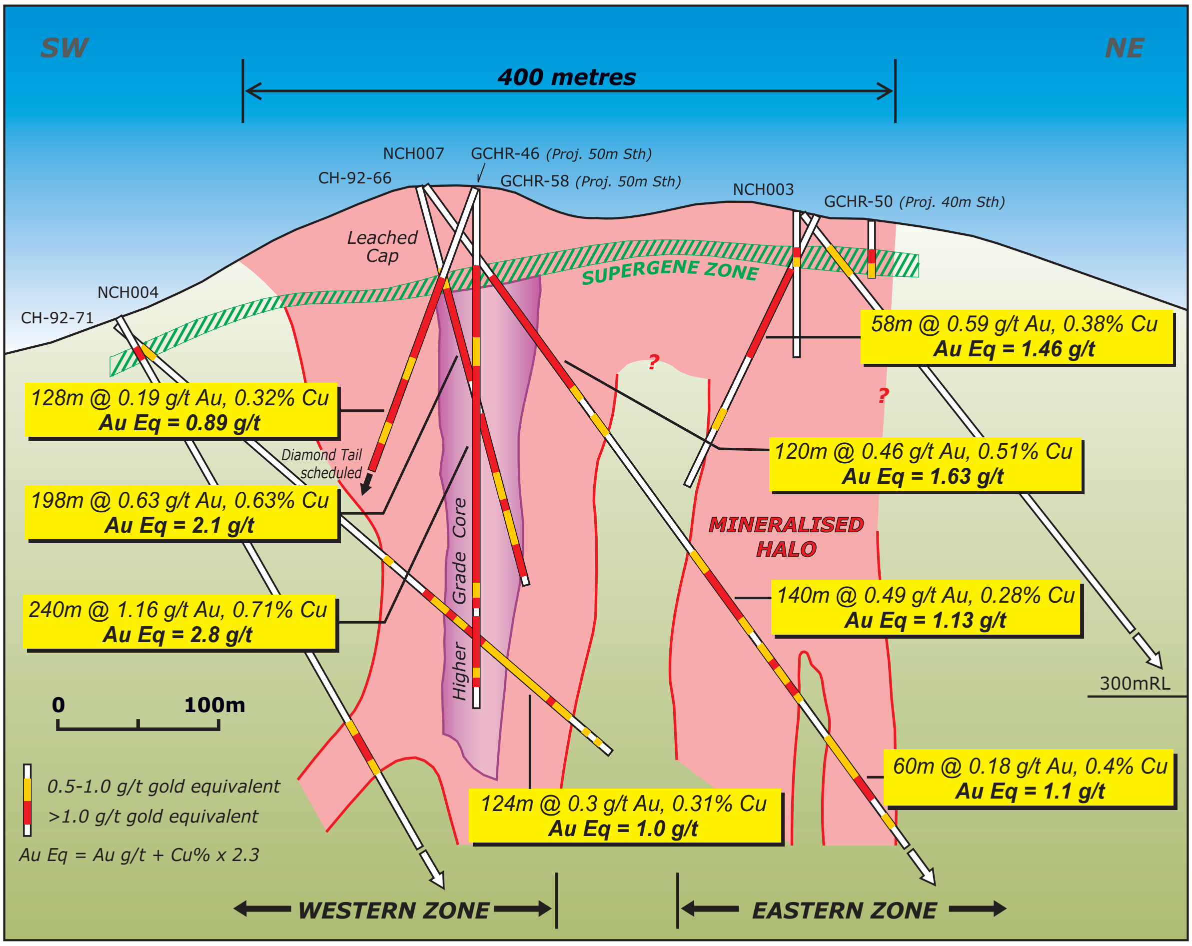
Revision of the geological interpretation led GCR to the conclusion that there is potential to expand higher grade zones and incorporate portions of the mineralised halo into the resource model. While GCR intends to continue to focus on expanding the higher grade zones, it also plans to assess the potential of the much larger mineralised system with a view to targeting a resource inventory in the order of 40 Mt to 50 Mt at 1 g/t to 2.5 g/t gold equivalent. A resource of this size might be expected to sustain a mining operation of 6 Mt per annum that produces 75,000 oz to 150,000 oz (gold equivalent) per annum for 5 to 10 years.

In order to test the concept, GCR commenced a program of six exploratory holes in areas of sparse drilling, from surface to 200m depth. At the time of writing, three holes, 100m apart had been drilled to assess southwestern extensions to the Western Zone, with two additional holes designed to test the up-dip portion of the Eastern Zone. Results to hand have been encouraging and are tabulated below. At the time of writing only pre-collar RC percussion holes had been

Copper Hill Prospect - Significant Drill Intersections

Hole No	Easting (MGA)	Northing (MGA)	From (m)	Intersection (m)	Gold (g/t)	Copper (%)	Gold(Eq) (g/t)*
GCHR46	674414	6341287	52	128	0.19	0.32	0.89
Incl.			52	50	0.18	0.47	1.22
			118	28	0.30	0.33	1.13
			162	18	0.27	0.39	1.16
GCHR47	674506	6341221	0	180	0.21	0.45	1.25
Incl			76	104	0.24	0.76	1.98
			86	86	0.27	0.86	2.25
			86	14	0.26	1.62	3.99
			112	22	0.40	1.31	3.41
GCHR48	674638	6341310	40	110	0.09	0.23	0.62
GCHR50	674588	6341396	36	58	0.59	0.38	1.46
Incl			76	18	1.68	0.88	3.70
GCHR52	674323	6341340	38	56	0.10	0.36	0.93
Incl			50	20	0.15	0.63	1.60
And			124	12	0.1	1.23	2.93

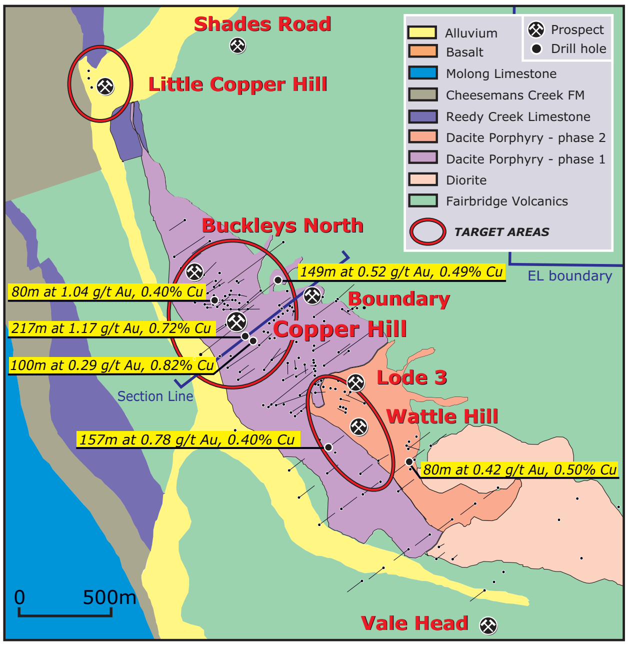
Note: * Gold Equiv (Au E g/t) = Au (g/t) + (Cu (%) x 2.3)



Copper Hill Cross Section 5400N

completed, with diamond tails scheduled for completion in October 2005.

If these holes are successful in validating the concept, GCR will undertake more detailed scoping studies coupled with metallurgical testwork with the view to undertaking preliminary feasibility studies and more detailed drilling.



Copper Hill Location

Regional Exploration

There a number of locations around the Copper Hill Prospect that host old workings, hydrothermally-altered rock and outcropping copper mineralisation. Some of these locations have previously been drilled or sampled. In the current program GCR has decided to systematically follow-up three of these.

1. At Wattle Hill, GCR plans to drill to assess the up-dip, near-surface potential of an historic hole which returned 157m at 0.78 g/t gold and 0.4% copper with zones of 26m at 1.28 g/t gold and 0.65% copper and 38m at 1.14 g/t gold and 0.44% copper from a depth of 150m.
2. Larras Lee consists of a broad northwest-trending structural corridor containing hydrothermally altered, and copper-gold anomalous rocks adjacent to a large magnetic anomaly; almost the identical setting to Copper Hill itself. This area has not been systematically explored and GCR intends to complete induced polarization geophysical surveys in order to target new zones of mineralisation.
3. Shades Road lies 1.5 km to the north of Copper Hill and was discovered by GCR geologists following up weak stream sediment geochemical anomalies adjacent to a magnetic high within volcanic rocks. First pass rock chip sampling and shallow RC drilling indicates a northwest-trending zone of quartz-carbonate veins that host anomalous base metal and gold mineralisation. The veins occur in volcanic rocks intruded by altered dacite porphyry dykes, similar to Copper Hill.

Work Planned

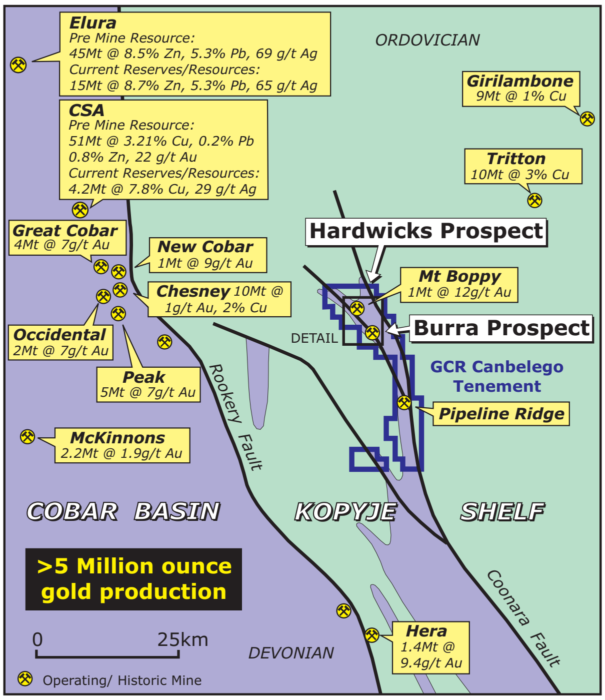
The work on the Copper Hill project is designed to assess the concept that poorly-drilled portions of the Copper Hill prospect may provide a considerably larger resource than previously considered. In addition, GCR has begun to assess other prospects within its exploration licence, with the view to augmenting resources at Copper Hill. Initial results indicate that a number of these prospects have potential to add to the resource inventory.

Drilling at Copper Hill

Canbelego

Location: 45 km east of Cobar
Size: 216 sq km
Ownership: 100% GCR
Commodities: Gold copper base metals

Exploration



Canbelego Location

During 2005 GCR undertook a significant program of exploration, including extensive surface geochemical sampling, geophysical surveys, geological mapping and almost 6,000m of drilling in 100 drillholes on 9 different prospects. Drilling was mostly of a shallow reconnaissance nature, in the order of 20 to 50m downhole, however two prospects, Mt Boppy and Burra, were drilled to depths of greater than 300m. The results from this work have outlined three mineralised zones, Hardwicks, Burra and Birthday, and identified new targets at Native Dog Hill and New Haven.

At Hardwicks and Birthday, GCR outlined gold-bearing fault zones close to the contact between Devonian sediments and older Ordovician metasedimentary rocks. Both prospects returned some spectacular grades in the near-surface supergene zone. For example, at Hardwicks, hole GCB88 returned 38m at 3.36 g/t gold from surface, including 18m at 6.78 g/t gold from 10m, and at Birthday, hole GCB-30 returned 5m at 39.8 g/t gold from 2m. These occur in structural corridors where drilling returns anomalous gold (0.1 to 1.0 g/t range), and sporadically high grade gold results. At surface these corridors are characterised by strong lead-arsenic-gold anomalies in soils, and rock chip samples in the range of 0.1 to 5 g/t gold.

At Burra, drilling by GCR returned an intersection of 12m at 2.8% copper including 2m at 13.7%. This intersection occurs 30m beneath an old hole drilled in the 1960s that returned 9.9m at 1.9% copper. GCR has drilled a number of holes to the north and south and has succeeded in intersecting copper and iron sulphides associated with magnetite, albeit at lower grades.

Work Planned

At the gold prospects close to the Mt Boppy Gold Mine GCR intends to continue exploration using induced polarisation geophysics (designed to detect sulphides associated with the gold) and drilling.

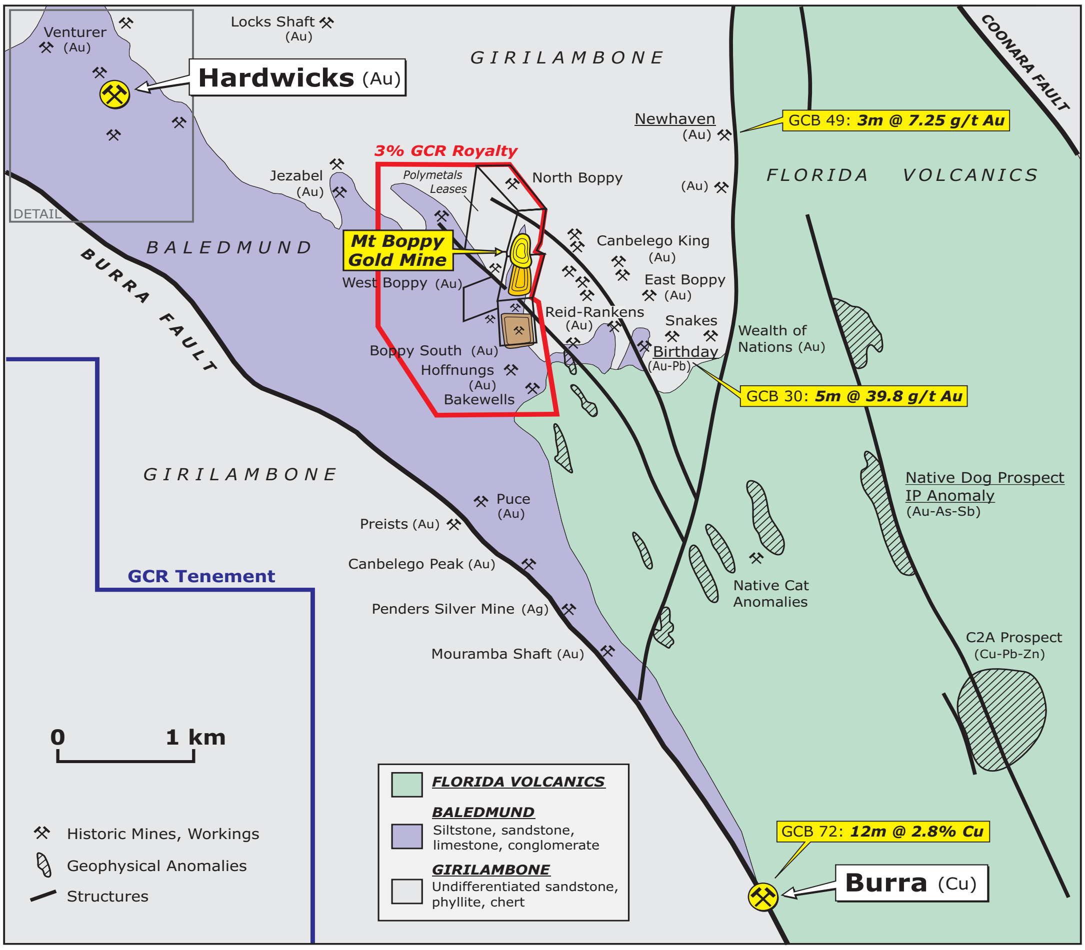
At Burra, GCR has recently conducted downhole EM surveys to assess the extent of the sulphides zone. No significant EM responses were detected around existing holes, suggesting that any further drilling would need to be of a step-out nature, both at depth and along strike.

GCR considers the discovery of another Mt Boppy-style deposit (500,000 oz of high grade gold) is a realistic target and that prospects outlined to date exhibit similarities to Mt Boppy. Similarly the copper mineralisation at Burra displays characteristics similar to the CSA copper mine at Cobar, which is currently mining grade of up to 10% copper from depths of 1400m and have ore grade intercepts down to 2 kilometres.

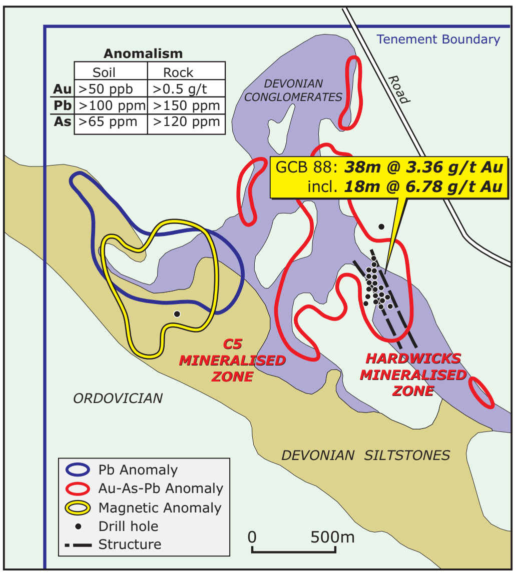
GCR intends to continue its exploration program with the view to outlining viable resources.

Polymetals Deal at Mt Boppy

In May 2005 GCR entered into an agreement with private mining group Polymetals to acquire a 3% gross outturn royalty on production from Polymetals' Mt Boppy Gold mine located at Canbelego in NSW. At recent rates of production this has the potential to provide GCR with $300,000 to $400,000 annually.

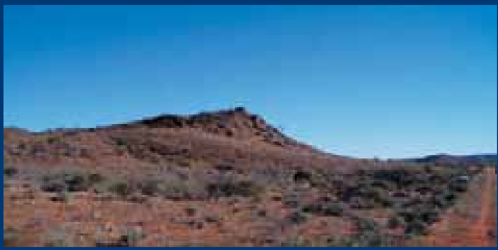


Canbelego Region



Hardwicks Prospect

Canbelego Field Work



Broken Hill

Location: Broken Hill
Size: 573 sq km
Ownership: 100% GCR
Commodities: Ni-PGEs, base metals, gold

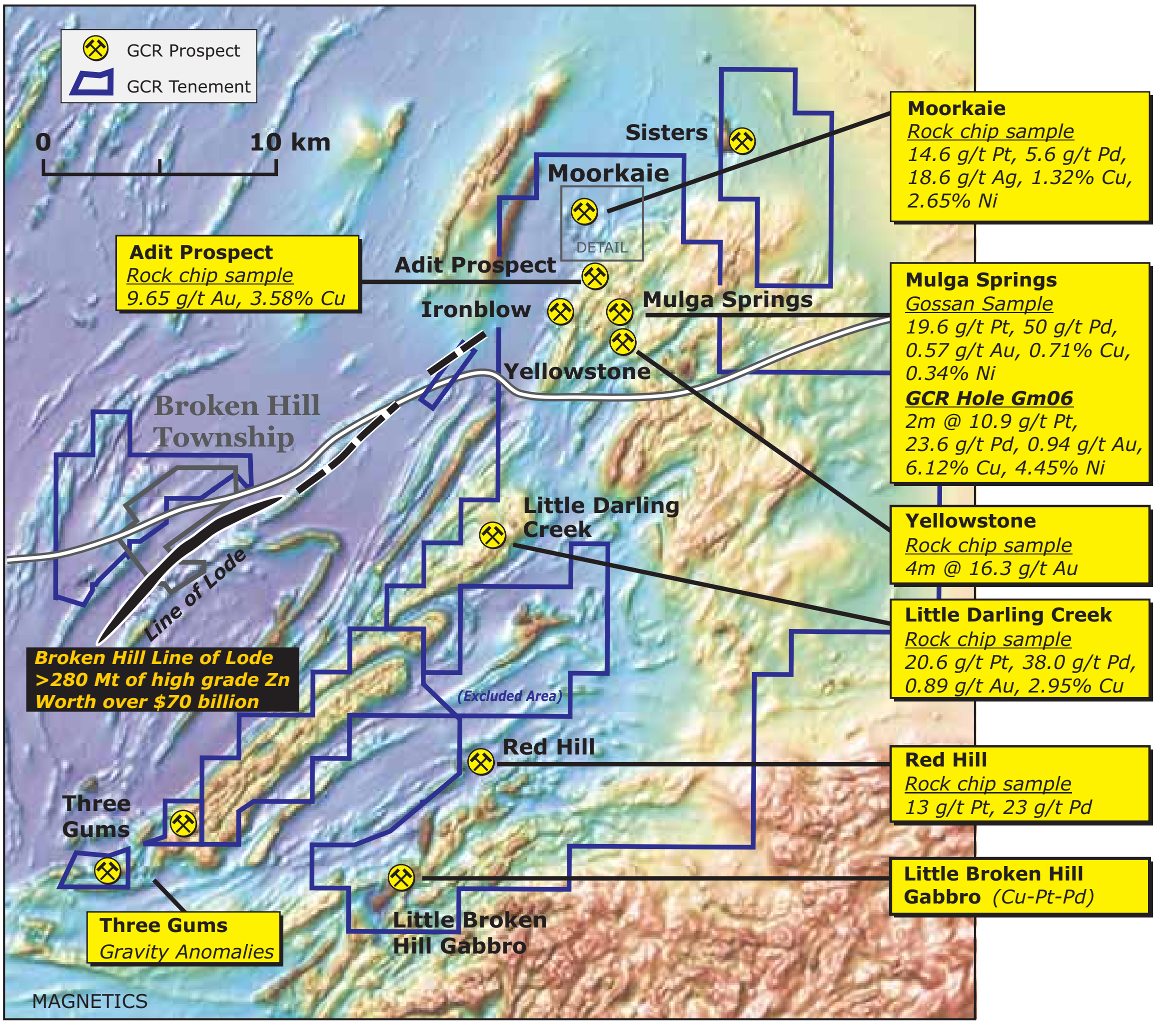
The withdrawal of Sipa Resources and Gravity Capital from the Broken Hill Joint Venture during the year gave GCR 100% control over 573 square kilometres of ground at Broken Hill. The Broken Hill orebody is the largest silver-lead-zinc deposit of its kind in the world. It is located in the southeastern part of the Curnamona Province in Proterozoic rocks around 1,700 million years old.

GCR has inherited an extensive geological and geophysical data package that it will use to explore for Broken Hill-style lead-zinc-silver, iron oxide copper-gold and platinum group elements (PGEs) associated with nickel-copper sulphides.

History

Historically, work has focused on exploration for the Broken Hill-style lead-zinc-silver mineralisation, however a number of campaigns in the 1970s and 1980s recognised the association of small PGE-Ni-Cu gossans associated with intrusive mafic-ultramafic complexes that are probably about 600 million years old, much younger than the Broken Hill host rocks. Sampling of these gossans returned spectacular grades of PGEs and gold, commonly over 15 g/t combined.

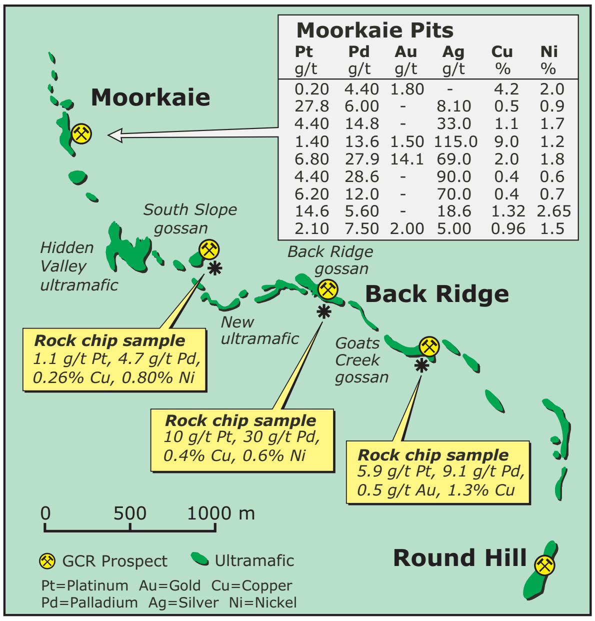
In the 1970s CRA drilled a diamond hole into the Mulga Springs prospect and recorded a two to three metre intersection of layered nickel, copper and iron sulphides associated with olivine-rich mafic rocks. Whilst the tenor of this hole was assessed for nickel and copper,



Broken Hill Prospects

no systematic analyses for PGEs were undertaken. GCR drilled a hole nearby in 2001 which returned 2m at 10.9 g/t platinum, 23.6 g/t palladium, 0.94 g/t gold, 6.12% copper and 4.45% nickel in massive sulphides. Detailed drill evaluation of the prospect by GCR failed to delineate any continuity of the sulphide zone and further work ceased.

Geological mapping by the NSW geological survey had outlined a discontinuous zone of mafic rocks extending from Mulga Springs for a distance of almost 9 km to the northwest, to the Moorkaie prospect. GCR undertook prospecting over this zone and discovered a number of previously unmapped mafic intrusions and gossans which returned highly anomalous PGEs. The Back Ridge gossan, for example, returned 40 g/t combined platinum and palladium.



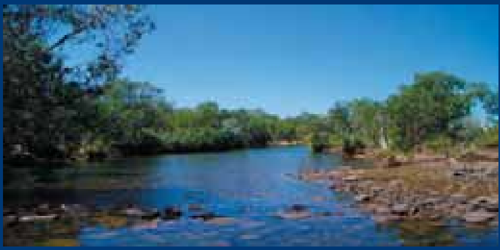
Broken Hill Platinum Prospects

At about this time GCR undertook to consolidate tenure in the district and secured at large licence to the south which hosts the Little Darling Creek PGE zone, also assessed during the 1980s. From 2003 to 2005 a joint venture with Sipa Resources led to accumulation of more ground, in particular, the Red Hill and Little Broken Hill Gabbro prospects, both hosting PGE-bearing mafic-ultramafic complexes. Sipa undertook ground EM surveys over the Mulga Springs and Moorkaie prospects, and drilled holes at Mulga Springs, Mulga West and Round Hill. Newly discovered gossans were not drilled at that time. During the year Sipa and Gravity Capital drilled a number of gravity anomalies derived from Gravity Capital's use of the Falcon airborne gravity gradiometer in the district. No significant results were reported.

Work Planned

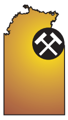
Over the second half of 2005 GCR plans to focus on nickel-copper-platinum-palladium style, massive sulphide mineralisation. Electromagnetic surveys and drilling are planned.

Investigating gossans at Broken Hill

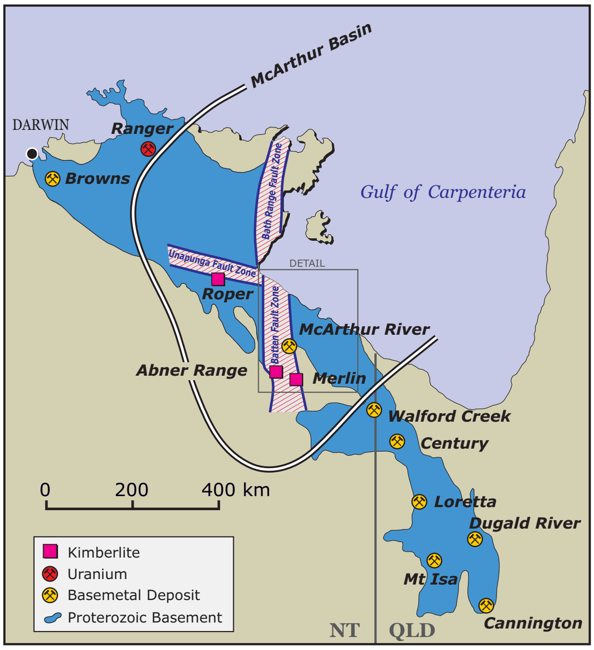


McArthur River

Location: North of the McArthur River Mine, NT.
Size: 4,900 sq km
Ownership: An option to earn 100%
Commodities: Base metals and diamonds



GCR recently entered into an option agreement with Finching Pty Ltd over two granted Exploration Licences and four Exploration Licence Applications located in the McArthur River area in the Northern Territory. The tenements cover an area of 4,900 square kilometres in the northern part of the Batten Fault Zone, a major zone of crustal deformation trending north-northwest and bisecting the McArthur River Basin of Proterozoic age. The tenements are prospective for diamonds, manganese, lead-zinc (McArthur River style) and uranium.



McArthur River Location

The large McArthur River base metal mine lies approximately 80 km to the south of the tenements, close to the Emu Fault.

The Emu Fault is believed to have played a major role in the location and formation of the McArthur River Deposit and the diamondiferous Merlin kimberlite pipes further to the south. This important fault traverses the western side of two optioned tenements.

Of particular interest to GCR are the occurrences of diamond-bearing kimberlite pipes in the region at Merlin and Abner Range. The Merlin pipe was mined in the 1990s and produced 500,000 carats at an average value of US$108 per carat. Recent work by the new owner suggests that significantly more diamonds can be extracted from old tailings, with other pipes holding significant exploration potential. The Merlin project has recently gone back into production with an anticipated value of US$148 per carat (Australian Mining Club Journal, June 2005).

In five of the tenements, there are positive indications of diamonds in gravel and loam samples collected in surveys by others during the 1980s and early 1990s. Indicator minerals, chromite and chrome-diopside have been identified, as have numerous microdiamonds and, in one locality, a macrodiamond. Compared to the southern part of the Batten Fault Zone the tenements have been sparsely sampled, with little attention paid to modern geophysical methods or photo-geological interpretation in the search for kimberlite pipes.

In addition to diamonds, two of the tenements host manganese prospects. One of these, at Rosie Creek, has been drilled over an area of 900m x1,200m and is reported to contain drill intersections with up to 25% manganese in a discontinuous layer 1m to 3m thick at between 10m and 40m depth. No resource has been reported.

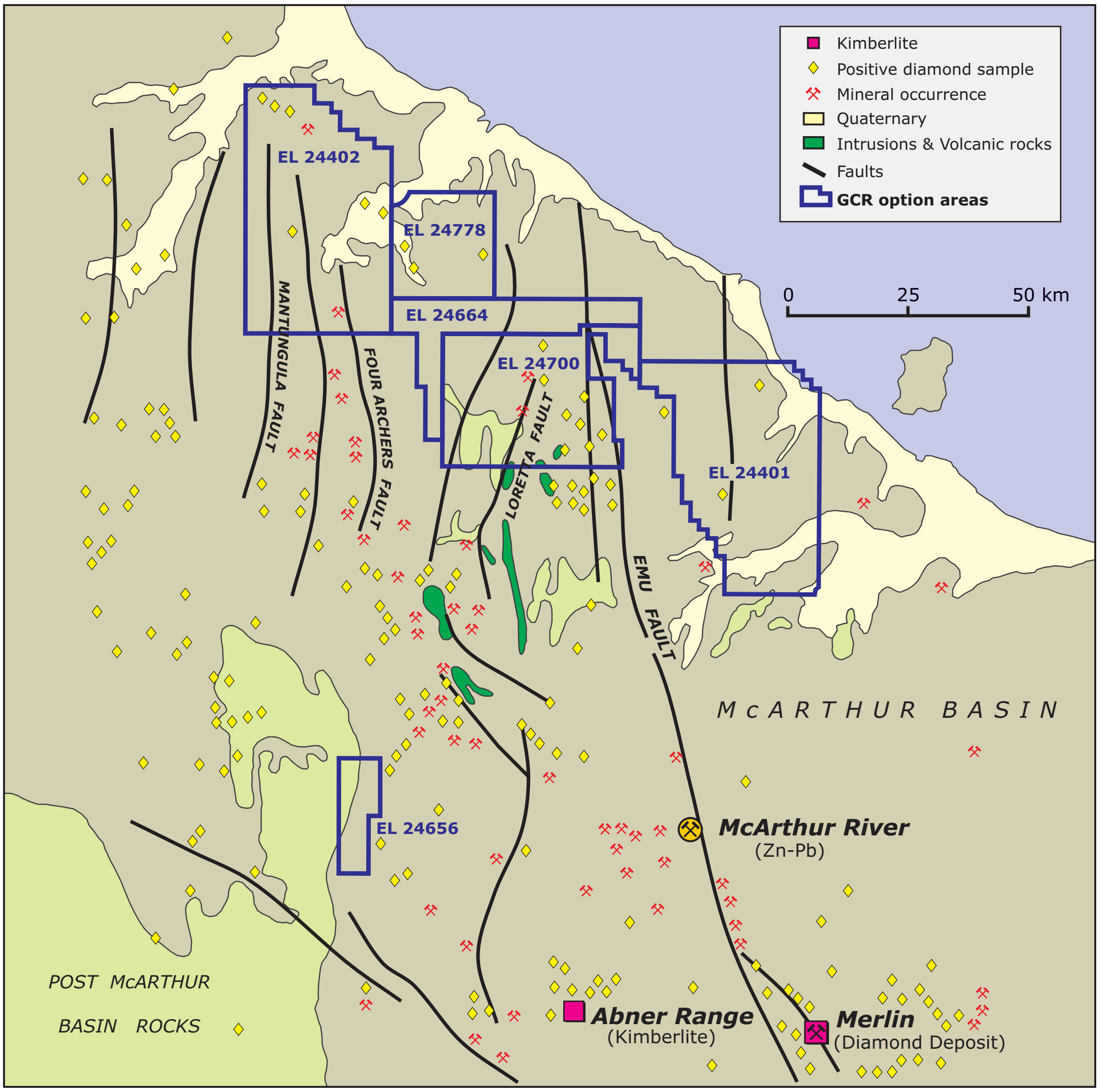
To the northwest, within EL 24402, uranium-anomalous springs have developed in close proximity to a particular sandstone unit and a number of airborne radiometric anomalies are yet to be explained.

Work Planned

GCR intends to immediately focus its effort on diamond and manganese exploration with follow-up sampling, photo-geological interpretation and assessment of existing geophysical data.

GCR considers McArthur River to be an exciting new project hosted in a district that boasts significant diamond and base metal resources. Exploration activity in the district has increased markedly as a number of new players have entered the district, especially in areas where exploration sampling has been sparse.

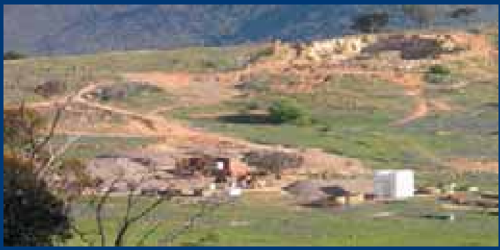
Diamond Sampling - Rawali Inlet



McArthur River Project


Sampling by quad bike


Typical country in the project area



Adelong

Location: Near Tumut, NSW

Size: 925 sq km

Ownership: GCR 100%

Commodities: Gold

A new conceptual model for the development of the Adelong Project is currently being assessed. It proposes mining by open-pit methods and using gravity, flotation and heap leach methods for gold recovery. This is in contrast to previous work which proposed underground mining and conventional CIP extraction.

To this end GCR has engaged SMG Consultants to construct a new geological model and resource estimate which indicates 134,000 ounces of gold at 2.22 g/t gold, as detailed in the table below. Studies are underway to assess project economics based on this resource.

Other Projects

This year GCR drilled three holes at the Bobs Creek prospect at Sunny Corner to assess the extent of gold mineralisation. While broad zones of anomalous gold were intersected, no significant results were forthcoming.

At the BMW Prospect at Wagga Tank, south of Cobar, aircore drilling delineated weak gold and lead anomalism. Follow-up drilling is planned.

A large soil geochemical program was conducted to investigate the gold potential at Belah Tank, due north of Canbelego.

Four aircore holes, designed to follow-up an historic, gold-anomalous hole at West Wyalong were completed, but failed to duplicate original results.

Drilling programs designed for Trewilga and Parkes, near the town of Parkes, were postponed due to heavy rains. These are scheduled to be drilled in February 2006, after local crops have been harvested.

Adelong Resources - Challenger and Currajong Zones – July 2005

Zone	**Cutoff**	**INDICATED**		**INFERRED**		**TOTAL RESOURCE**		
	Au (g/t)	**Tonnes (kt)**	**Gold (g/t)**	**Tonnes (kt)**	**Gold (g/t)**	**Tonnes (kt)**	**Gold (g/t)**	**Gold (koz)**
Chall+Curr	0.50	1,256	2.17	637	2.35	1,873	2.22	134
Chall+Curr	1.00	871	2.76	397	3.33	1,268	2.91	119
Chall+Curr	1.50	616	3.40	273	4.30	889	3.67	105
Chall+Curr	2.00	453	4.00	204	5.15	657	4.35	92
Chall+Curr	2.50	336	4.60	146	6.35	482	5.13	79
Chall+Curr	3.00	259	5.17	115	7.28	374	5.82	70
Chall+Curr	5.00	100	7.25	81	8.77	181	7.93	46

Competent Person: This statement was made with permission of Robin Rankin, Principal Geologist with SMG Consultants, a Competent Person in the JORC resource reporting context with respect to vein gold mineralisation, a Member of the AusIMM, and registered as a Chartered Professional Geologist (CPGeo).

Underground at the Adelong Gold Project

ROYALTIES

GCR now holds five royalties, as follows:

MT BOPPY

This royalty comprises a 3% outturn royalty over the Mt Boppy Gold Mine near Canbelego, NSW, owned by private mining company Polymetals Mining Services Pty Ltd. The agreement provides for a minimum royalty of 750 ounces of gold, worth $440,000 in today's dollars, and has potential to provide cash flow in the order of $400,000 pa for a number of years. Five percent of the royalty is payable to Nosebi Mining & Management Pty Ltd. The first payment of gold into GCR's metal account is due in October, 2005.

WYOMING ONE

GCR holds a 90% interest in the area of the former McPhails Mining Lease, and a royalty of up to 5% net smelter return over the remainder of EL 5830, held by Alkane Exploration Limited. Ten percent of the royalty is payable to Metallic Resources Pty Ltd. EL 5830 contains the southern portion of the Wyoming One gold resource of over 500,000 ounces, under consideration by Alkane for development in 2006. Wyoming One is situated near the town of Tomingley, NSW.

Details of the royalty are $0.75 per tonne for the first 0.5 Mt, then 3% net smelter return up to 150,000 oz of gold production, then 5% net smelter return.

BRIGHTSTAR

GCR holds a 2% gross royalty over former E38/970, which contains the southeastern part of the 2 km long BrightStar Alpha Area under exploration by A1 Minerals Limited. BrightStar is located near Laverton in WA.

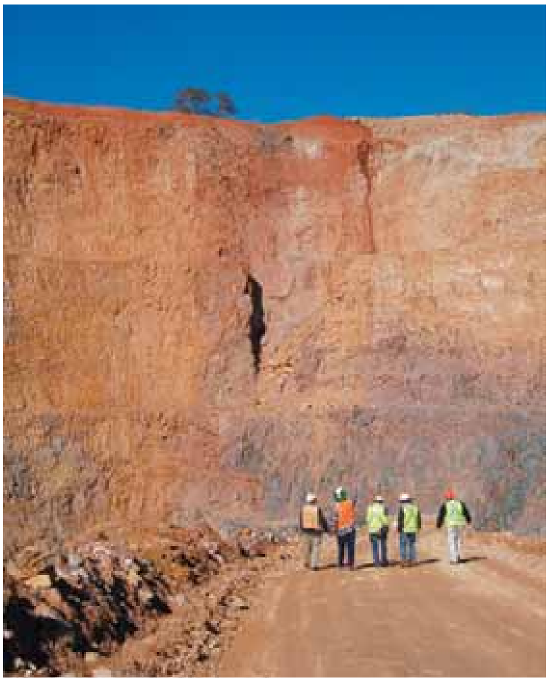
YELLOW MOUNTAIN

GCR holds a 2% net smelter return royalty over former EL 5721 "Yellow Mountain", in addition to a 30% participating interest in the Yellow Mountain exploration joint venture with Triako Resources Limited. Yellow Mountain lies 20 km to the west of the Mineral Hill Mine, NSW.

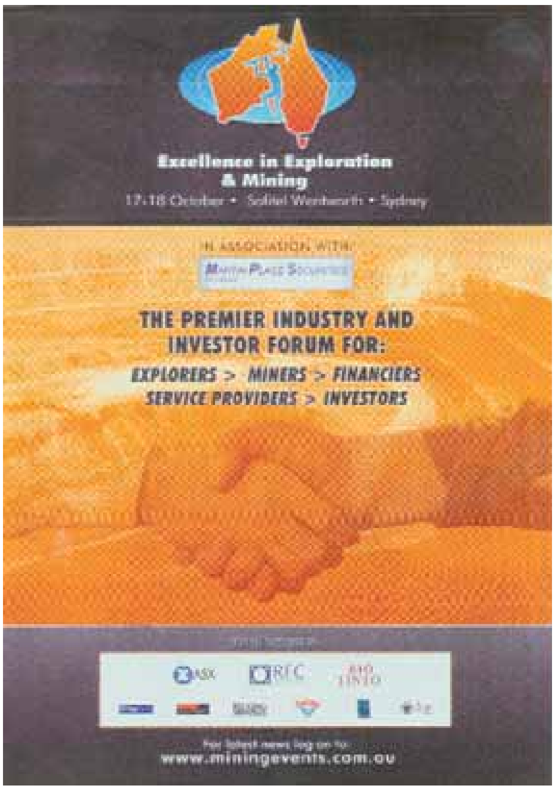
EXCELLENCE IN EXPLORATION AND MINING CONFERENCE

GCR holds a 20% non-participating interest and a 3% gross royalty in the Excellence in Exploration and Mining Conference (incorporating the former GCR NSW Miners and Explorers Conference convened by GCR in 2003 and 2004). This year the conference will be held at the Sofitel Wentworth Hotel in Sydney, on 17 and 18 October 2005.

The conference is now run by London-based Mining Communications (publisher of Mining Magazine, Mining Journal and other publications) and Perth-based Aspermont (publisher of MiningNews.net, Resource Stocks and other publications). It is the aim of the three owners to ultimately make this Sydney-based conference Australia's answer to Canada's huge international Prospectors and Developers conference, based in Toronto.



Mt Boppy Pit



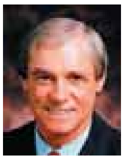
EEM Conference Flyer

PEOPLE AT GCR

Directors

Christopher Ryan, Chairman - *c.ryan@goldencross.com.au*
Non-executive Chairman since 2003. BEcon, MBA, FAusIMM, ASIA, MPESA. Principal of Westchester Corporate Finance, a corporate advisory business located in Sydney focusing on the resources sector. Extensive experience in providing financial and corporate advice to mining and petroleum companies and as a director and chairman of listed public companies in the mining and petroleum industries. He is Chairman of Bligh Ventures Limited (director since 2003) and Blue Ensign Technologies Limited (director since 2002), and a director of Bentley International Limited (since 2003) and Scarborough Equities Limited (since 2004).

Kerry McHugh, Non Executive Director - *kerry.mchugh@goldencross.com.au*
Non-executive Director since 1998. BCom (Hons). Policy advisor to Australian and Papua New Guinean governments, 1967 to 1987. Manager, Strategy and Planning, Pioneer International Limited, 1987 to 1991. General Manager, Business Development, Plutonic Resources Ltd, 1991 to 1998.

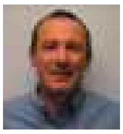


David Timms, Managing Director - *david.timms@goldencross.com.au*
BSc (Hons), PEng, FAIG, FAusIMM. Managing Director since 1994. BSc (Hons), PEng, FAusIMM, FAIG. Manager, Amoco Minerals Australia from 1972 to 1985. Exploration Manager, Cyprus Gold from 1985 to 1990. Managed teams that discovered 30 mineable deposits including Red Dome, Gidgee, Junction Reefs, Selwyn-Starra, Moline, Mt McClure, Gold Ridge (Sol. Is) and Dinkidi (Phil.).

Chris Torrey, Director - Exploration - *chris.torrey@goldencross.com.au*
BSc, MSc, MAIG. Director-Exploration since 2003. BSc, MSc, MAIG. Formerly Exploration Manager, GCR, 1996 – 2003. Geologist with Cyprus Amax, 1986 to 1996, exploring in Australia, New Zealand, Central America and Indonesia. He has explored for copper-gold porphyries, porphyry-related skarns, epithermal-gold silver and shear-hosted gold systems.

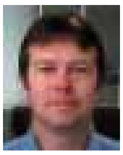
Daven Timms, Alternate Director to David Timms /CFO & Company Secretary - *daven.timms@goldencross.com.au*
Alternate Director to David Timms since 2003. BSc LLB (Hons), AMPLA, MAusIMM, ASIA. Formerly Executive Director, GCR, 1994 – 2003. Solicitor with over 15 years' experience. Corporate Solicitor/Company Secretary, Delta Gold, from 1998 – 2001. Corporate Lawyer, AurionGold, 2002. He provides legal and company secretarial services through his law firm, Resources Legal.

Exploration Team

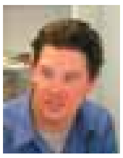


Vladimir David, Senior Geologist - *vladimir.david@goldencross.com.au*
BSc, MAIG. Vladimir has worked for the Geological Survey of Croatia, Coeur Gold, Pasminco and for the Geological Survey of New South Wales. His experience across Croatia, Slovenia, Switzerland, New Zealand and Eastern Australia covers a wide range of geological and metallogenic terrains including VMS, epithermal, MVT, mesothermal and porphyry copper-gold styles of mineralisation.

Glenn Coianiz, Senior Geologist - *glenn.coianiz@goldencross.com.au*
BSc (Hons), Grad Dip Comm, MAIG. Glenn joined GCR in April 2005. Geological research at James Cook University, 1982 to 1986 looking at gold deposits in NQ. Geological database management, resource modelling and IT roles 1986 to 1994 in both precious and base metals and mineral sands. Product Development Manager in mineral sands 1994 to 1998. Sales and management roles following and prior to joining GCR.



Paul Burrell, Geologist
Paul has 17 years experience in mineral exploration and resource drilling specifically with respect to Paleozoic porphyry systems in Eastern Australia. He is Golden Cross' principal consultant on the Copper Hill Project.



Russell Blackall, Geologist, - *russell.blackall@goldencross.com.au*
Russell is commencing a career in exploration with GCR, conducting drilling and surface geochemistry programs at various locations within the Lachlan Fold Belt including Canbelego, Gundagai and Adelong.

Accounting

Carl Hoyer, Accountant - *carl.hoyer@goldencross.com.au*
Carl joined GCR part time in 2000 with 15 years experience as an accountant. Previously worked in varying roles with CSR for 22 years.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Golden Cross Resources Ltd ("GCR") and the entities it controlled at the end of, or during, the year ended 30 June 2005.

DIRECTORS

The following persons were Directors of GCR during the financial year and up to the date of this report:

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

PRINCIPAL ACTIVITIES

The principal continuing activities of the consolidated entity during the year consisted of minerals exploration and development of precious and base metals projects in Australia, principally in NSW. There were no significant changes in the nature of the Company's activities during the year.

OBJECTIVE

The Company's long-term objective is to participate in the discovery of one or more world-class mineral deposits. The short-term objective is to add value through exploration and development of mineral properties. Value may be added through identifying and acquiring mineral properties in prospective locations, generating drill targets through sampling and innovative modelling, delineating resources, entering into significant farm-in arrangements with other companies or developing projects through to production to provide cash flow.

DIVIDENDS

The Directors report that during the year ended 30 June 2005, no dividends were declared or paid. The Directors of the Company do not recommend the payment of a dividend in respect of the financial year.

OPERATING AND FINANCIAL REVIEW

The most significant developments in the Company's operations and financing activities were as follows:

1. **Copper Hill** drilling south of the existing resource returned 100m at 0.8% copper and 0.29 g/t gold, and has prompted a program of resource drilling and regional exploration drilling;
2. **Canbelego** 3% gross outturn royalty acquired over Polymetals' Mt Boppy Gold Project, and drilling produced grades of up to 18m at 6.78 g/t gold at Hardwicks prospect, 12m at 2.8% copper at Burra prospect and 5m at 39.8 g/t gold at Birthday prospect;
3. **McArthur River** option acquired over 4,900 sq km of ground prospective for diamonds, manganese, base metals and uranium in the Northern Territory, GCR's first exploration outside NSW in 8 years;
4. **Broken Hill** property was returned to GCR 100% as GCap and Sipa withdrew from the relevant farm-ins and handed over all the data, generated from over $1 million in exploration expenditure; and
5. **Fundraisings** in early 2005 by way of placements and a share purchase plan raised $1.65 million.

The Company has in 2005 recorded provisions against the carrying value of a number of exploration properties, to recognise the possibility that farm-in partners will not be found and the likelihood that carried forward expenditures will need to be written off.

EARNINGS PER SHARE

	2005 Cents	2004 Cents
Basic and diluted earnings per share	(2.07)	(0.13)
Weighted average number of ordinary shares during the year used in the calculation of basic earnings per share	196,971,977	161,829,997

CASH RESERVES

At 30 June 2005 the consolidated entity held cash reserves of $1,807,639.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

At the date of this report there are no matters that have arisen since 30 June 2005 that have significantly affected or may significantly affect the operations of the consolidated entity in future financial years, the results of those operations in future financial years, or the state of affairs in future financial years of the consolidated entity.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company is concentrating on drilling its prospective Copper Hill, Broken Hill and Canbelego properties and is seeking to farm-out a number of properties that require large expenditures to ascertain their potential.

DIRECTORS' REPORT cont'd

INFORMATION ON DIRECTORS AND SECRETARIES

Director	Experience	Special Responsibility	Particulars of Directors' Interest in Shares and Options of Parent Entity	
			Ordinary Shares	**Options**
Christopher Ryan	Non-executive Chairman since 2003. BEcon, MBA, FAusIMM, ASIA, MPESA. Principal of Westchester Corporate Finance, a corporate advisory business located in Sydney with a focus on the resources sector. Formerly Director, Corporate Finance Division, Schroders Australia Limited. Extensive experience in providing financial and corporate advice to mining and petroleum companies and as a director and chairman of listed public companies in the mining and petroleum industries. He is also Chairman of Bligh Ventures Limited (director since 2003) and Blue Ensign Technologies Limited (director since 2002), and a director of Bentley International Limited (since 2003) and Scarborough Equities Limited (since 2004).	Non-executive Chairman, Remuneration Committee Chairman and Audit Committee member	462,500	1.0M Director Options exercisable at 15c by 30.11.2006
David Timms	Managing Director since 1994. BSc (Hons), PEng, FAusIMM, FAIG. Manager, Amoco Minerals Australia from 1972 to 1985. Exploration Manager, Cyprus Gold from 1985 to 1990. Managed teams that discovered 30 mineable deposits including Red Dome, Gidgee, Junction Reefs, Selwyn-Starra, Moline, Mt McClure, Gold Ridge (Sol. Is) and Dinkidi (Phil.)	Managing Director	19,371,289	1.5M Director Options exercisable at 15c by 30.11.2006
Kerry McHugh	Non-executive Director since 1998. BCom (Hons). Policy advisor to Australian and Papua New Guinean governments, 1967 to 1987. Manager, Strategy and Planning, Pioneer International Limited, 1987 to 1991. General Manager, Business Development, Plutonic Resources Ltd, 1991 to 1998.	Non-executive Director, Audit Committee Chairman and Remuneration Committee member	780,206	1.0M Director Options exercisable at 15c by 30.11.2006
Chris Torrey	Director-Exploration since 2003. BSc, MSc, MAIG. Formerly Exploration Manager, GCR, 1996 – 2003. Geologist with Cyprus Amax, 1986 to 1996, exploring in Australia, New Zealand, Central America and Indonesia. He has explored for copper-gold porphyries, porphyry-related skarns, epithermal-gold silver and shear-hosted gold systems.	Director-Exploration	555,482	1.41M Employee Options exercisable at 10c by 11.11.2008
Daven Timms	Alternate Director to David Timms since 2003. BSc LLB (Hons), AMPLA, MAusIMM, ASIA. Formerly Executive Director, GCR, 1994 – 2003. Solicitor with over 15 years' experience. Corporate Solicitor/Company Secretary, Delta Gold, from 1998 – 2001. Corporate Lawyer, AurionGold, 2002. He provides legal and company secretarial services through his law firm, Resources Legal.	Alternate Director to David Timms, Chief Financial Officer and Company Secretary	414,194	1.0M Director Options exercisable at 15c by 30.11.2006
Margaret Greentree	Company Secretary. BEc, BBus (Accounting). Experience in the banking and finance sector (Commonwealth Bank of Australia, Indo-Suez Niugini Finance Company) prior to joining GCR in 2000.	Company Secretary	Nil	0.335M Employee Options exercisable at 10c by 1.7.10

The particulars of Directors' interests in shares and options are as at the date of this report.

RETIREMENT AND ELECTION OF DIRECTORS

Christopher Ryan retires as a Director in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

DIRECTORS' REPORT cont'd

MEETINGS OF DIRECTORS

The number of meetings of the Company's Directors (including meetings of committees of Directors) held during the year ended 30 June 2005, and the numbers of meetings attended by each Director were:

Name	Full Board Meetings Held While a Director	Full Board Meetings Attended While a Director	Audit and Remuneration* Committee Meetings Held While a Member	Audit and Remuneration* Committee Meetings Attended While a Member
Christopher Ryan	12	12	4 (1)	4 (1)
David Timms	12	12	-	-
Kerry McHugh	12	12	4 (1)	4 (1)
Chris Torrey	12	12	-	-
Daven Timms	12	12	-	-

Note: * Remuneration Committee Meeting statistics are shown in brackets.

REMUNERATION REPORT

REMUNERATION OF DIRECTORS

Principles Used to Determine the Nature and Amount of Remuneration

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the Company. All Directors may participate in the Share Acquisition Scheme and only Executive Directors may participate in the Employee Option Plan, which assist in the motivation and retention of Directors.

Director's Fees

The current base fees, reviewed in March 2004, are $30,000 for the Non-executive Director and $40,000 for the Chairman. These are within the aggregate Directors Fee Pool Limit of $150,000 set at the 2002 Annual General Meeting ("AGM").

Executive Pay

The Executive Directors are remunerated at a level appropriate to an exploration company the size of GCR. Remuneration is set having regard to performance and relevant comparative information. In addition to a base salary, remuneration packages include superannuation, termination entitlements, fringe benefits and Employee Options. Employee Options are issued, following a recommendation to the Board by the Remuneration Committee, in consideration of an employee's efforts undertaken on behalf of the Company, and assist with the motivation and retention of employees. The issue of options to Directors requires shareholder approval.

Details of Remuneration

Details of the remuneration of each Director of Golden Cross Resources Ltd, including their personally-related entities, are set out in the following table.

Year ended 30.6.05 Name	Primary: Salary/Fee $	Post Employment: Superannuation $	Equity: Shares* $	Equity: Options** $	Total $
Christopher Ryan	40,000	-	-	-	40,000
Kerry McHugh	30,000	2,700	-	-	32,700
David Timms	72,365	11,250	52,635*	-	136,250
Chris Torrey	121,276	10,800	4,000*	13,453	149,529
Daven Timms	82,800	-	-	-	82,800
Total	346,441	24,750	56,635	13,453	441,279

Note: * During part of the 2005 financial year David Timms and Chris Torrey participated in the Company's Share Acquisition Scheme (SAS) through salary sacrifice, in the amount of $62,500 and $6,000 respectively (1,250,000 shares and 120,000 shares, respectively, issued at 5c per share, the market value of the shares at the time of issue). The above share issues were approved by special resolutions of shareholders at the 2004 AGM

Note: ** See "Note **" beneath table below.

DIRECTORS' REPORT cont'd

Details of the remuneration, in the *2004* financial year, of each Director of Golden Cross Resources Ltd, including their personally-related entities, are set out in the following table.

Year ended 30.6.04 Name	Primary: Salary/Fee $	Post Employment: Superannuation $	Equity: Shares* $	Equity: Options** $	Total $
Christopher Ryan	33,333	-	-	-	33,333
Kerry McHugh	23,333	2,100	-	-	25,433
David Timms	56,292	9,015	43,875*	-	109,182
Chris Torrey	115,109	9,900	-	18,732***	143,741
Daven Timms	82,800	-	-	-	82,800
Total	310,867	21,015	43,875	18,732	394,489

Note: * During part of the 2004 financial year David Timms participated in the Company's Share Acquisition Scheme (SAS), approved by shareholders at the 2003 AGM, through salary sacrifice, in the amount of $43,875 (487,500 shares issued at 9c per share, the market value of the shares at the time of issue). The above share issue was approved by special resolution of shareholders.

Note: ** The amounts disclosed above for equity remuneration relating to options are the assessed fair values of options at the date they were granted, allocated pro rata over the period between grant date and vesting date. This represents a change from previous years to the Company's remuneration valuation policy; in previous years the value of options at grant date was allocated in full to the year of grant. Fair values have been assessed using the Black & Scholes option pricing model. Factors taken into account by the model include the exercise price, the term of the option, the share price on the date of grant and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Employee options vest as follows: Pre-November 2008 expiry dates: on date of grant, 0%; after 1 year, 10%; after 2 years, 25%; after 3 years, 45%, after 4 years 70% and after 5 years 100%. For expiry dates of November 2008 and beyond: on date of grant, 10%; after 1 year, 30%; after 2 years, 60%; after 3 years, 100%. The only vesting hurdle for Employee Options is the passage of time; there are no performance hurdles.

Note: *** During the 2004 financial year Chris Torrey was granted 500,000 employee options exercisable at 10 cents by 11.11.2008, as approved by shareholders at the 2003 AGM.

Service Agreements

Remuneration and other terms of employment for Executive Directors are formalised in written agreements.

David Timms, Managing Director, is employed under a contract that is continuing from year to year. It provides for termination by the Company on three months' notice. No termination benefits are provided for in addition to statutory entitlements. His present salary, reviewed in March 2004, is $125,000 per annum plus superannuation.

Chris Torrey, Director-Exploration, is employed under a contract that is continuing from year to year. It provides for immediate termination by the Company in the event of a breach of the agreement. No termination benefits are provided for in addition to statutory entitlements. His present salary, reviewed in March 2004, is $120,000 per annum, plus superannuation and health insurance.

Daven Timms, Company Secretary, provides legal and company secretarial services to GCR through his law firm, Resources Legal Pty Ltd. The consultancy deed is continuing on a month to month basis and provides for the supply of the services two days per week, including eight days paid time off per year, at the rate of $82,800 per annum plus GST. The deed may be terminated by either party on three months' notice.

There are no service agreements in place for the Non-executive Directors.

Share-based compensation – options

Director Options were granted for no consideration with approval of shareholders. Employee Options were granted for no consideration under the GCR Employee Option Plan approved by shareholders at the 2003 AGM. Option holders have no rights to participate in new issues of shares. When exercisable, each option is convertible into one ordinary share.

Share-based Compensation – Share Acquisition Scheme

All Directors may participate in the GCR Employee Share Acquisition Scheme through salary sacrifice. As detailed in the note below the remuneration table above, only David Timms and Chris Torrey participated during the financial year.

NON-AUDIT SERVICES

The auditor, Ernst & Young, has not provided any non-audit services to the Company.

AUDITOR INDEPENDENCE

The auditor's declaration of independence immediately follows the Directors' Declaration. The Directors are satisfied as to the independence of the auditors.

DIRECTORS' REPORT cont'd

ANNUAL GENERAL MEETING

GCR's 2005 Annual General Meeting is scheduled to be held in Sydney, NSW, on Wednesday 9 November 2005.

ENVIRONMENTAL REGULATION

The consolidated entity is subject to significant environmental regulation in respect to its exploration activities in gold and base metals. The Company meets the standards set by the Australian Minerals Industry Code for Environmental Management.

The Company has developed criteria to determine areas of 'particular' or 'significant' importance, with regard to environmental performance. These are graded 1 to 4 in terms of priority.

Level 1 incident	major non-compliance with regulatory requirement resulting in potential public outcry and significant environmental damage both long and short-term nature.
Level 2 incident	significant non-compliance resulting in regulatory action, however environmental damage is only of a short-term nature.
Level 3 incident	minor non-compliance – no fine is imposed, however regulatory authority is notified.
Level 4 incident	non-compliance with internal policies and procedures. The incident is contained on-site.

In the last year no incidents have occurred.

INSURANCE OF OFFICERS

During the financial year Golden Cross Resources Ltd paid a premium to insure the Directors and other officers of the Company and its wholly owned subsidiary. Under the terms of the policy the policy premium and policy liability cannot be disclosed.

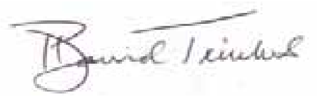
ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

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, or in certain cases, to the nearest dollar, in accordance with that Class Order.

AUDITOR

Ernst & Young was appointed as the Company's auditors, in accordance with section 327 of the Corporations Act 2001, at the Company's 2004 Annual General Meeting.

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



David Timms, Managing Director
Sydney, 6 September 2005

CORPORATE GOVERNANCE STATEMENT

The Company's main corporate governance practices are set out below. These practices are generally in line with the ASX Corporate Governance Council's Best Practice Recommendations, with three exceptions noted. Further information is available in the Corporate Governance section of the Company's website *www.goldencross.com.au*

THE BOARD OF DIRECTORS

The Board takes ultimate responsibility for corporate governance and operates in accordance with the following principles:

- the Board comprises a minimum of four Directors;
- not less than one half of the Board should be independent Non-executive Directors;
- the Chairman should be an independent Non-executive Director who is elected by the full Board; and
- the Board should comprise Directors with a broad range of skills and experience relevant to the business of the Company.

The Board Charter is available on the Company's website. The Board considers that four Directors is the optimal number for the timely and efficient decision-making required by the Company in its present circumstances. The Company does not comply with Best Practice Recommendation 2.1, which recommends that a majority of the board should be independent directors.

The Company's independent Directors are Christopher Ryan, Chairman (appointed 2003) and Kerry McHugh, Non-executive Director (appointed 1998). Relevant skills and experience of Directors are set out in the Directors' Report and in the Corporate section of the website.

The performance of the Directors is subject to review by the Chairman.

AUDIT COMMITTEE

The Audit Committee consists of the Company's two independent Non-executive Directors, Kerry McHugh (Chairman) and Christopher Ryan, and thus does not comply with Best Practice Recommendation 4.3, which recommends that an audit committee have at least three members.

The purpose of the Audit Committee, as set out in the Charter posted on the website, is to:

- review and report to the Board on the annual report and financial statements
- provide assurance to the Board that it is receiving adequate, up to date and reliable information
- assist the Board in reviewing the effectiveness of the Company's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting, and
  - compliance with applicable laws and regulations

The Committee is also charged with the responsibility of recommending to the Board the appointment, removal and remuneration of the auditors, and reviewing the terms of their engagement, and the scope and quality of the audit. Details of the procedures for the selection and appointment of the auditors, and for the rotation of the audit engagement partners, are posted on the website.

In fulfilling its responsibilities the Committee meets at least twice each year and receives regular reports from management and the auditors. It also meets with the auditors at least twice each year, and more frequently if necessary. The auditors have a clear line of direct communication at any time with the Chairman of the Audit Committee and the Chairman of the Board. The auditor attends annual general meetings of the Company to answer questions about the audit.

The Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party, and to obtain external legal or other independent professional advice. The Committee also requires the Managing Director and Company Secretary to sign off on the Company's financial reports and the soundness of the Company's risk management and internal compliance and control systems.

The Committee reports to the full Board after each Committee meeting and Audit Committee minutes are provided to all Directors.

REMUNERATION COMMITTEE

The Remuneration Committee consists of the Non-executive Directors, Christopher Ryan (Chairman) and Kerry McHugh. Company officers and directors are remunerated to a level consistent with the size of the Company. The Golden Cross Share Acquisition Scheme and Employee Option Plan, approved by shareholders in 2002 and 2003 respectively, assist with motivating and retaining Company employees. Non-executive Directors receive a director's fee and can participate in the Share Acquisition Scheme.

The Committee reports to the full Board after each Committee meeting and Remuneration Committee minutes are provided to all Directors.

NOMINATION POLICY

The Company does not comply with Best Practice Recommendation 2.4, as the Board believes that a Nomination Committee is not warranted by a company the size of Golden Cross. In effect, the full Board acts as the Nomination Committee. The Board's Nomination Policy is posted on the website.

RISK MANAGEMENT

The Company has established a Risk Management Policy, which is posted on the website.

INDEPENDENT PROFESSIONAL ADVICE

Directors have the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, which will not be unreasonably withheld.

CONTINUOUS DISCLOSURE POLICY

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. The Company's Continuous Disclosure Policy is posted on the website.

All information disclosed to the Australian Stock Exchange is immediately posted on the website and emailed to those persons who have supplied their email address. When analysts are briefed on aspects of the Company's operations, the material to be used in the presentation is released to the Australian Stock Exchange and posted on the website.

SECURITIES TRANSACTION RULES

The Company has in place written Securities Transaction Rules. These are binding on Directors, officers and employees of the Company and prohibit trading in GCR securities while in possession of price-sensitive information. The Company Secretary must be notified of trading in GCR securities and the securities of the Company's joint venture partners. The Securities Transaction Rules are posted on the website.

CORPORATE CONDUCT

The Board has adopted policies on Ethics, Safety & Health, and the Environment. These policies seek to foster high standards of conduct and integrity among GCR employees, officers and Directors. The policies are posted on the website.

STATEMENTS OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

	Notes	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000
Revenue from ordinary activities	2	229	202	97	90
Exploration expense	3	(4,042)	(86)	-	-
General & administrative expenses	3	(264)	(321)	(4,328)	(322)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		(4,077)	(205)	(4,230)	(232)
Income Tax attributable to ordinary activities	4	-	-	-	-
NET LOSS ATTRIBUTABLE TO MEMBERS OF GOLDEN CROSS RESOURCES LIMITED		(4,077)	(205)	(4,230)	(232)
Revenues, expenses and valuation adjustments attributable to Members recognised directly in equity		(86)	(124)	(86)	(124)
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		(4,163)	(329)	(4,316)	(356)

EARNINGS PER SHARE		**2005 Cents**	2004 Cents
Basic and diluted earnings (loss) per share	25	(2.07)	(0.13)

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

STATEMENTS OF FINANCIAL POSITION
at 30 June 2005

	Notes	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000
CURRENT ASSETS					
Cash assets	5	1,808	2,570	1,789	2,554
Inventories		-	19	-	-
Other	6	381	365	40	43
Total Current Assets		2,189	2,954	1,829	2,597
NON-CURRENT ASSETS					
Receivables	7	-	-	12,943	14,763
Investments	21	-	-	-	-
Exploration Properties, Plant and Equipment	8	13,267	15,021	115	116
Intangibles	9	5	7	-	-
Total Non-Current Assets		13,272	15,028	13,058	14,879
TOTAL ASSETS		15,461	17,982	14,887	17,476
CURRENT LIABILITIES					
Payables	10	190	259	50	46
Provisions	11	36	48	-	-
Total Current Liabilities		226	307	50	46
NON-CURRENT LIABILITIES					
Provisions	12	197	197	-	-
Total Non-Current Liabilities		197	197	-	-
TOTAL LIABILITIES		423	504	50	46
NET ASSETS		15,038	17,478	14,837	17,430
EQUITY					
Contributed equity	13	25,434	23,797	25,434	23,797
Reserves	14(a)	1,792	1,792	599	599
Accumulated losses	14(b)	(12,188)	(8,111)	(11,196)	(6,966)
TOTAL EQUITY		15,038	17,478	14,837	17,430

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

STATEMENTS OF CASH FLOWS
for year ended 30 June 2005

	Notes	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT ENTITY 2005 $'000	PARENT ENTITY 2004 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(671)	(397)	(126)	(148)
Exploration and evaluation expenditure		(1,873)	(1,528)	-	-
Interest received		106	95	97	90
Other income		123	92	-	-
Net cash inflow (outflow) from operating activities	23	(2,315)	(1,738)	(29)	(58)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant		-	15	-	-
Payments for mine property, property, plant and equipment		(16)	(154)	-	-
Security deposits		-	(20)	-	-
Loan to controlled entity		-	-	(2,305)	(1,835)
Net cash inflow (outflow) from investing activities		(16)	(159)	(2,305)	(1,835)
CASH FLOWS FROM FINANCING ACTIVITIES					
Gross proceeds from issue of shares		1,655	3,643	1,655	3,643
Other finance		-	(98)	-	(98)
Cost of issue of shares		(86)	(124)	(86)	(124)
Net cash inflow (outflow) from financing activities		1,569	3,421	1,569	3,421
NET INCREASE (DECREASE) IN CASH HELD		(762)	1,524	(765)	1,528
Cash at beginning of financial year		2,570	1,046	2,554	1,026
CASH AT END OF FINANCIAL YEAR	5	1,808	2,570	1,789	2,554
Non cash financing activities	24				

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006. Information about how the transition to Australian equivalents to IFRS is being managed, and the key differences in accounting policies that are expected to arise, is set out in note 1(s).

(a) Principles of Consolidation

The consolidated accounts incorporate the assets and liabilities of all entities controlled by Golden Cross Resources (Parent Entity) as at 30 June 2005 and the results of all controlled entities for the year then ended. Golden Cross Resources Ltd and its controlled entities are together referred to in this financial report as the Golden Cross Group. The effects of all transactions between entities in the economic entity are eliminated in full.

(b) Foreign Currency

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the transaction date. At balance date, amounts payable to and by the Company in foreign currencies have been translated to Australian currency at rates of exchange ruling at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

Hedging of foreign currency revenue and/or expenditures is not undertaken.

(c) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition. Where shares are issued in an acquisition, the value of the shares is determined having reference to the fair value of the assets or net assets acquired, including goodwill or discount on acquisition where applicable.

Costs relating to the acquisition of new areas of interest are classified as either exploration and evaluation expenditure, development properties or mine properties based on the stage of development reached at the date of acquisition.

(d) Cash

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(e) Inventories

Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost. Obsolete or damaged inventories of such items are valued at net realisable value. A regular and ongoing review is undertaken to establish the extent of surplus items, and a provision is made for any potential loss on their disposal.

Insurance and capital (or circulating) spare parts are capitalised and depreciated over the same remaining life as the equipment with which they are associated.

(f) Property, Plant and Equipment

Property, plant and equipment are included at cost. Depreciation is provided on a diminishing value basis on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value at the end of the useful lives of the assets, over those estimated useful lives. The expected useful lives are as follows:

Plant and equipment	4 years
Motor vehicles	5 years

(g) Exploration and Evaluation Costs

Exploration and evaluation expenditure on exploration tenements and rights to farm-in are accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Exploration and evaluation expenditure that fails to meet at least one of the conditions outlined above is written off or a provision made.

Provisions are made where farm-in partners are sought and there is a possibility that carried-forward expenditures may have to be written off in the future if a farm-in partner is not found. In the event that farm-in agreements are reached or the Company undertakes further exploration in its own right on those properties, the provisions would be reviewed and if appropriate, written back.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off. Expenditure is not carried forward in respect of any area of interest unless the Company's right of tenure to that area of interest is current.

Identifiable exploration assets acquired from another mining company are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 1015 Accounting for the Acquisition of Assets. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the above conditions is met.

(h) Mine Properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the entity in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs are provided on the unit-of-production method with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves. Development costs still to be incurred in relation to the current reserves are included in the amortisation calculation.

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount, that excess is either fully provided against or written off in the financial year in which this is determined.

(i) Intangible Assets and Expenditure Carried Forward

Goodwill

On acquisition of some, or all, of the assets in another entity or, in the case of an investment in a controlled entity, the identifiable net assets acquired are measured at fair value. In determining the fair value of any identifiable exploration assets acquired, and in allocating the cost of acquisition of them, all risks relating to such assets are considered. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over 20 years, being the period during which the benefits are expected to arise. The cost of acquisition is discounted as described in Note 1(c) where settlement of any part of cash consideration is deferred.

(j) Other Creditors

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(k) Non-Current Assets

Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market determined, risk-adjusted discount rate.

(l) Employee Entitlements

Wages and Salaries, Annual Leave and Sick Leave

In accordance with the revised AASB 1028 employee entitlements, liabilities for wages, salaries, annual leave and sick leave (regardless of whether they are expected to be settled within 12 months of the reporting date) and other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts, using the remuneration rates expected to be paid when these obligation are settled.

Long Service Leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(m) Restoration, Rehabilitation and Environmental Expenditure

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are accrued at the time of those activities and treated as exploration and evaluation expenditure.

Expenditures relating to ongoing rehabilitation and restoration programs are provided for or charged to costs of production as incurred. Other restoration costs are accrued over the life of the mine.

Restoration rehabilitation and environmental obligations recognised include the costs of reclamation, plant and waste site closure and subsequent monitoring of the environment.

Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off. Changes in estimates of costs relating to producing areas are dealt with prospectively over the remaining mine life.

(n) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with accounting profit (after allowing for permanent differences). Income tax on net cumulative timing differences is set aside to the deferred income tax and future tax benefit accounts at the rates which are expected to apply when those timing differences reverse. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation. To date the Golden Cross group has not elected to consolidate for tax purposes.

(o) Maintenance and Repairs

Maintenance, repair costs and minor renewals are expensed as incurred.

(p) Earnings per Share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Commitments for Expenditure

The Company has certain obligations to perform minimum exploration work in the next twelve months on tenements held. Details of these commitments are set out in Note 18.

(r) Revenue Recognition

Revenue consists primarily of interest revenue that is brought to account on an accruals basis.

(s) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The effect on the consolidated entity from the transition to Australian equivalents to IFRS is disclosed in Note 26.

2. REVENUE

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Revenue from operating activities				
Exploration Rights	-	87	-	-
Total Operating Revenue	-	87	-	-
Revenue from outside the operating activities				
Interest Received/Receivable	106	95	97	90
Other Revenue	123	20	-	-
Total Non-operating Revenue	229	114	97	90
Total Revenue	229	202	97	90

NOTES TO THE FINANCIAL STATEMENTs cont'd

3. OPERATING PROFIT/(LOSS)

Loss from ordinary activities before income tax includes the following specific gains and expenses:

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
GAINS AND EXPENSES				
Exploration expense				
Depreciation				
Plant and equipment	42	23	-	-
Amortisation				
Goodwill	2	2	-	-
Exploration and Evaluation				
Capital expenditure written off	2,713	1	1	-
Carrying amount of disposal in joint venture	112	-	-	-
Provision for diminution of exploration properties	1,099	-	-	-
Operating Lease				
Rental expense	74	60	-	-
	4,042	86	1	-
General & administrative expenses				
Other charges against assets				
Write down of inter-company loan receivable	-	-	4,200	100
Other items				
Employee entitlements	62	83	-	-
Audit fees	28	23	18	15
Insurance	48	44	48	44
Inventory written off	19	-	-	-
Stock exchange fees	31	35	31	22
Other	76	136	30	141
	264	321	4,327	322
Total	4,306	407	4,328	322

4. INCOME TAX

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Note 4(a)				
The income tax expense for the financial year differs from the prima facie amount calculated on the loss for the year. The differences are reconciled as follows:				
Operating loss before tax	4,077	205	4,230	232
Income tax benefit @ 30%	(1,223)	(62)	(1,269)	(70)
Tax effect of permanent differences				
Non-deductibles	(27)	23	-	-
Inter-company receivables writedown	-	-	1,231	52
Income tax adjusted for permanent differences	(1,250)	(39)	(38)	(18)
Future income tax benefit not recognised	1,250	39	38	18
Income tax expense	-	-	-	-
Note 4 (b)				
Potential future income tax benefit not brought to account at 30%:				
Tax Losses	4,486	3,695	317	279
Timing differences	(2,299)	(2,746)	4	5
	2,187	949	321	284

This benefit of income tax losses will only be obtained if:

(i) the consolidated group of companies derives future assessable income of a nature and of an amount to enable the benefit from the deductions for the losses to be realised; or

(ii) the losses are transferred to an eligible subsidiary in the consolidated group; and

(iii) the consolidated group of companies continue to comply with the conditions for deductibility imposed by tax legislation; and

(iv) no changes in tax legislation adversely affect the consolidated group of companies in realising benefit from the deductions from the losses.

NOTES TO THE FINANCIAL STATEMENTs cont'd

5. CURRENT ASSETS – Cash assets

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	58	70	39	54
Deposits at call (a)	1,750	2,500	1,750	2,500
	1,808	2,570	1,789	2,554
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:				
Balances as above	1,808	2,570	1,789	2,554
Balances per statement of cash flows	1,808	2,570	1,789	2,554

Deposits at call

(a) The deposits are bearing variable interest rates that at year-end were 5.00% (2004: 4.75%).

6. CURRENT ASSETS - Other

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Prepayments	80	63	39	43
Security deposits (a)	301	301	-	-
	381	364	39	43

(a) Security deposits are required by government legislation as a prerequisite to exploration.
The deposits are bearing floating interest rates between 4.90% and 5.65% (2004 between 4.50% and 5.50%).

7. NON-CURRENT ASSETS - Receivables

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Amounts owed by controlled entities	-	-	12,943	14,763
	-	-	12,943	14,763

8. NON-CURRENT ASSETS – Exploration Properties, Plant and Equipment

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Exploration Properties				
Exploration Assets				
Costs brought forward	14,402	12,597	1	1
Expenditure incurred during the year	1,974	1,806	-	-
Carrying value written off	112	-	-	-
Expenditure written off during the year	(2,713)	(1)	(1)	-
Provision for diminution of exploration properties	(1,099)	-	-	-
Costs carried forward	12,676	14,402	-	1
Costs incurred on current areas of interest				
- Adelong	164	463	-	-
- Copper Hill	145	-	-	-
- Kempfield	54	70	-	-
- Parkes	73	28	-	-
- Pipeline/Canbelego	1,008	18	-	-
- Sunny Corner	209	695	-	-
All other properties	322	530	-	-
	1,974	1,806	-	-
Properties Plant and Equipment				
Cost	928	914	115	115
Provision for depreciation/amortisation	(337)	(295)	-	-
Net book value	591	619	115	115
Net book value at beginning of year	619	488	115	115
Expenditure incurred during the year	14	154	-	-
Depreciation/amortisation expense	(42)	(23)	-	-
Carrying amount at 30 June 2005	591	619	115	115
Total Exploration Properties, Plant and Equipment	13,267	15,021	115	116

Exploration Properties

Details of the economic entity's exploration tenements are disclosed at the back of the Annual Report.

At year-end there were several areas of interest for which a farm-in partner was being sought. While there are reasonably-held expectations of such farm-in partners being found, Directors deemed it prudent to bring forward from 2004 the provisions of 50% against some of the previously carried-forward book values, and make further provisions against the possibility that farm-in partners will not be found and the likelihood that carried forward expenditures will need to be written down in the future. A number of carried forward expenditures were also written down during the year and one provision written back, as summarised in the first table above.

At 30 June 2005, cumulative provisions against the carrying values of exploration properties amounted to $5.6 million (2004: $4.3 million). In the event that farm-in agreements are reached or if GCR undertakes further exploration in its own right on those properties, the provisions will be reviewed and if appropriate, written back.

9. NON-CURRENT ASSETS – Intangibles

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Goodwill on consolidation	7	9	-	-
Less: Accumulated amortisation	(2)	(2)	-	-
	5	7	-	-

10. CURRENT LIABILITIES - Payables

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Other creditors	190	259	50	46

11. CURRENT LIABILITIES – Provisions

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Provision for Annual Leave (See Note 19)	36	48	-	-

12. NON-CURRENT LIABILITIES – Provisions

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Provision for Mine Rehabilitation	140	140	-	-
Provision for Long Service Leave (Note 19)	57	57	-	-
	197	197	-	-

13. CONTRIBUTED EQUITY

	PARENT ENTITY		PARENT ENTITY	
	2005 Shares '000	2004 Shares '000	**2005 $'000**	2004 $'000
(a) Issued and paid up Ordinary shares	216,703	185,238	25,434	23,797

NOTES TO THE FINANCIAL STATEMENTs cont'd

Movements in issued and paid up ordinary share capital and options of the Company during the past two years were as follows:

DATE	DETAILS	NO. OF SHARES	ISSUE PRICE CENTS	NO. OF OPTIONS	$'000
01.7.03	Opening Balance	131,737,012		12,120,000	19,855
18.7.03	Issued in consideration of 5% interest in Challenger Joint Venture at Adelong	5,639,100	5.3		300
27.7.03	Expiry of Employee options			(270,000)	
30.7.03	Issue to employees under SAS - Note (e)	66,000	5		3
8.10.03	Placement of shares to raise additional capital	19,800,000	7.7		1,525
31.10.03	Issue to employees under SAS - Note (e)	25,000	8		2
13.11.03	Issue to Director under SAS - Note (e)	487,500	9		44
	Issue of Employee Options to Director – Notes (c), (d)			500,000	
19.12.03	Expiry of Employee options			(220,000)	
5.2.04	Issue under Share Purchase Plan	23,829,714	8		1,907
25.2.04	Issue under Share Purchase Plan	2,653,717	8		212
16.4.04	Issue in consideration for termination of the Strategic Alliance agreement- Note (f)	1,000,000	7.3		73
	Closing Balance	185,238,043		12,130,000	23,921
	Less: Transaction costs arising on share issues				(124)
	Balance	185,238,043			23,797
01.7.04	Expiry of Employee Options			(70,000)	
12.7.04	Expiry of Employee Options			(205,000)	
17.8.04	Issue of Employee Options			670,000	
30.11.04	Expiry of Employee Options			(230,000)	
30.11.04	Issue to Directors under SAS – Note (e)	1,370,000			68
07.2.05	Placement of shares to raise additional capital	19,500,000	5.5		1,072
07.3.05	Placement of shares to raise additional capital	4,000,000	5.5		220
07.3.05	Issue under Share Purchase Plan	6,311,443	5.5		347
18.3.05	Issue under Share Purchase Plan	284,046	5.5		16
29.6.05	Expiry of Employee Options			(300,000)	
	Closing Balance	216,703,532		11,995,000	25,520
	Less: Transaction costs arising on share issues				(86)
	Balance	216,703,532		11,995,000	25,434

(b) Options to take up ordinary shares in the capital of the Company are set out in the above table and the table headed "Information on Directors" in the Directors' Report.

(c) The Employee Option Plan, re-approved by shareholders at the 2003 AGM, is described at Note 19. Details of options issued to Directors under the Plan are set out in the Directors' Report.

(d) At the date of this report the following Employee Options were on issue, all exercisable at 10 cents: 285,000 exercisable by 22.12.2005, 315,000 exercisable by 27.6.2006, 325,000 exercisable by 21.12.06, 325,000 exercisable by 28.6.2007, 355,000 exercisable by 20.12.2007, 370,000 exercisable by 25.6.08, 500,000 exercisable by 11.11.2008, 670,000 exercisable by 17.8.2009 and 645,000 exercisable by 20.7.2010 (total of 3,790,000 Employee Options).

(e) The Share Acquisition Scheme, re-approved by shareholders at the 2002 AGM, is described at Note 19. Details of shares issued to Directors under the SAS are set out in the Directors' Report.

(f) On 16 April 2004, 1,000,000 shares were issued to Aurcay Holdings Inc of Canada in consideration of the termination of the Strategic Alliance agreement between Aurcay and GCR dated 31 December 1997.

Voting Rights

At a general meeting of the Company, every shareholder present in person or by an attorney, representative or proxy has one vote on a show of hands and one vote per ordinary share on a poll.

Options do not carry voting rights.

14. RESERVES

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
(a) Composition:				
Asset revaluation reserve	1,792	1,792	599	599
	1,792	1,792	599	599
Asset revaluation reserve				
Opening Balance	1,792	1,792	599	599
Balance 30 June 2005	1,792	1,792	599	599
(b) Accumulated losses				
Accumulated losses at the beginning of the financial year	(8,111)	(7,906)	(6,966)	(6,734)
Net loss attributable to members of Golden Cross Resources Ltd	(4,077)	(205)	(4,230)	(232)
Accumulated losses at the end of the financial year	(12,188)	(8,111)	(11,196)	(6,966)

15. FINANCIAL INSTRUMENTS

(a) Interest rate risk exposure

At balance date, the Golden Cross Group is exposed to floating weighted average interest rates for financial assets of 0.25% on $57,638 cash balances, 5.00% on $1,750,000 deposits at call, and between 4.90% and 5.65% on $301,200 security deposits.

All other financial assets and liabilities are non-interest bearing.

(b) Net fair value of financial assets and liabilities

The net fair value of all monetary financial assets and financial liabilities of the Golden Cross Group approximate their carrying value.

There are no off balance sheet financial assets and liabilities at year-end.

All financial assets and liabilities are denominated in Australian dollars.

(c) Credit risk exposures

The credit risk on financial assets of the consolidated entity which have been recognised on the balance sheet is generally the carrying amount, net of any provision for doubtful debts.

(d) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

16. DIRECTOR AND EXECUTIVE DISCLOSURES

The following persons were Directors of Golden Cross Resources Ltd ("the Company/GCR") during the financial year:

Chairman – Non-executive
Christopher Ryan

Executive Directors
David Timms, Managing Director
Chris Torrey, Director-Exploration

Non-executive Director
Kerry McHugh

Alternate Director
Daven Timms (Alternate Director for David Timms), Chief Financial Officer and Company Secretary

EXECUTIVES WITH AUTHORITY FOR STRATEGIC DIRECTION AND MANAGEMENT

Under the definition contained in AASB 1046, the Company has no executives other than those included in the above list of directors who are responsible for the strategic direction and operational management of the Company. In addition to the specified directors, the Company has only five employees, who conduct field and administrative work, and have no responsibility for the strategic decision making of the Company.

REMUNERATION OF DIRECTORS

Principles Used to Determine the Nature and Amount of Remuneration

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the Company. All Directors may participate in the Share Acquisition Scheme and only Executive Directors may participate in the Employee Option Plan, which assist in the motivation and retention of Directors.

Director's Fees
The current base fees, reviewed in March 2004, are $30,000 for the Non-executive Director and $40,000 for the Chairman. These are within the aggregate Directors Fee Pool Limit of $150,000 set at the 2002 Annual General Meeting ("AGM").

Executive Pay

The Executive Directors are remunerated at a level appropriate to an exploration company the size of GCR. Remuneration is set having regard to performance and relevant comparative information. In addition to a base salary, remuneration packages include superannuation, termination entitlements, fringe benefits and Employee Options. Employee Options are issued, following a recommendation to the Board by the Remuneration Committee, in consideration of an employee's efforts undertaken on behalf of the Company, and assist with the motivation and retention of employees. The issue of options to Directors requires shareholder approval.

Details of Remuneration

Details of the remuneration of each Director of Golden Cross Resources Ltd, including their personally-related entities, are set out in the following table.

Year ended 30.6.05 Name	Primary: Salary/Fee $	Post Employment: Superannuation $	Equity: Shares* $	Equity: Options** $	Total $
Christopher Ryan	40,000	-	-	-	40,000
Kerry McHugh	30,000	2,700	-	-	32,700
David Timms	72,365	11,250	52,635*	-	136,250
Chris Torrey	121,276	10,800	4,000*	13,453	149,529
Daven Timms	82,800	-	-	-	82,800
Total	346,441	24,750	56,635	13,453	441,279

Note: * During part of the 2005 financial year David Timms and Chris Torrey participated in the Company's Share Acquisition Scheme (SAS) through salary sacrifice, in the amount of $62,500 and $6,000 respectively (1,250,000 shares and 120,000 shares, respectively, issued at 5c per share, the market value of the shares at the time of issue). The above share issues were approved by special resolutions of shareholders at the 2004 AGM.

Note: ** See "Note **" beneath table below.

Details of the remuneration, in the 2004 financial year, of each Director of Golden Cross Resources Ltd, including their personally-related entities, are set out in the following table.

Year ended 30.6.04 Name	Primary: Salary/Fee $	Post Employment: Superannuation $	Equity: Shares* $	Equity: Options** $	Total $
Christopher Ryan	33,333	-	-	-	33,333
Kerry McHugh	23,333	2,100	-	-	25,433
David Timms	56,292	9,015	43,875*	-	109,182
Chris Torrey	115,109	9,900	-	18,732***	143,741
Daven Timms	82,800	-	-	-	82,800
Total	310,867	21,015	43,875	18,732	394,489

Note: * During part of the 2004 financial year David Timms participated in the Company's Share Acquisition Scheme (SAS), approved by shareholders at the 2003 AGM, through salary sacrifice, in the amount of $43,875 (487,500 shares issued at 9c per share, the market value of the shares at the time of issue). The above share issue was approved by special resolution of shareholders.

Note: ** The amounts disclosed above for equity remuneration relating to options are the assessed fair values of options at the date they were granted, allocated pro rata over the period between grant date and vesting date. This represents a change from previous years to the Company's remuneration valuation policy; in previous years the value of options at grant date was allocated in full to the year of grant. Fair values have been assessed using the Black & Scholes option pricing model. Factors taken into account by the model include the exercise price, the term of the option, the share price on the date of grant and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Employee options vest as follows: Pre-November 2008 expiry dates: on date of grant, 0%; after 1 year, 10%; after 2 years, 25%; after 3 years, 45%, after 4 years 70% and after 5 years 100%. For expiry dates of November 2008 and beyond: on date of grant, 10%; after 1 year, 30%; after 2 years, 60%; after 3 years, 100%. The only vesting hurdle for Employee Options is the passage of time; there are no performance hurdles.

Note: *** During the 2004 financial year Chris Torrey was granted 500,000 employee options exercisable at 10 cents by 11.11.2008, as approved by shareholders at the 2003 AGM.

Service Agreements
Remuneration and other terms of employment for Executive Directors are formalised in written agreements.
David Timms, Managing Director, is employed under a contract that is continuing from year to year. It provides for termination by the Company on three months' notice. No termination benefits are provided for in addition to statutory entitlements. His present salary, reviewed in March 2004, is $125,000 per annum plus superannuation.

Chris Torrey, Director-Exploration, is employed under a contract that is continuing from year to year. It provides for immediate termination by the Company in the event of a breach of the agreement. No termination benefits are provided for in addition to statutory entitlements. His present salary, reviewed in March 2004, is $120,000 per annum, plus superannuation and health insurance.

Daven Timms, Company Secretary, provides legal and company secretarial services to GCR through his law firm, Resources Legal Pty Ltd. The consultancy deed is continuing on a month to month basis and provides for the supply of the services two days per week, including eight days paid time off per year, at the rate of $82,800 per annum plus GST. The deed may be terminated by either party on three months' notice.

There are no service agreements in place for the Non-executive Directors.

Share-based compensation – options

Director Options were granted for no consideration with approval of shareholders. Employee Options were granted for no consideration under the GCR Employee Option Plan approved by shareholders at the 2003 AGM. Option holders have no rights to participate in new issues of shares. When exercisable, each option is convertible into one ordinary share.

Share-based Compensation – Share Acquisition Scheme

All Directors may participate in the GCR Employee Share Acquisition Scheme through salary sacrifice. As detailed in the note below the remuneration table above, only David Timms and Chris Torrey participated during the financial year.

EQUITY INSTRUMENT DISCLOSURES RELATING TO DIRECTORS

Options provided as remuneration
During the financial year there were no options over ordinary shares in the Company provided as remuneration to a Director.

Option Vesting and Valuations
Details of option vesting and valuations are set out below. Further information on vesting hurdles of Employee Options is set out in Note **, above.

Name	Vested Number	Granted number	Grant date	Value per option at grant date (cents)	Exercise Price $	First exercise date	Last exercise date
Christopher Ryan	1,000,000	1,000,000	25.6.03	1.30	0.15	25.6.03	30.11.06
Kerry McHugh	400,000	400,000	9.12.02	1.30	0.15	9.12.02	30.11.06
	600,000	600,000	21.12.01	2.80	0.15	21.12.01	30.11.06
David Timms	1,500,000	1,500,000	21.12.01	2.80	0.15	21.12.01	30.11.06
Chris Torrey	98,000	140,000	22.12.00	3.60	0.10	22.12.01	22.12.05
	105,000	150,000	27.6.01	3.80	0.10	27.6.02	27.06.06
	67,500	150,000	21.12.01	3.73	0.10	21.12.02	21.12.06
	67,500	150,000	28.6.02	4.00	0.10	28.6.03	28.6.07
	40,000	160,000	20.12.02	2.39	0.10	20.12.03	20.12.07
	40,000	160,000	25.6.03	2.59	0.10	25.6.04	25.6.08
	150,000	500,000	11.11.03	4.89	0.10	11.11.03	11.11.08
Total for C Torrey	568,000	1,410,000					
Daven Timms	1,000,000	1,000,000	21.12.01	2.80	0.15	21.12.01	30.11.06
Total	5,068,000	5,910,000					

Shares provided on Exercise of Remuneration Options
There were no remuneration options exercised during the year.

Option Holdings

Name	Balance 1.7.04 (number)	Granted as remuneration (number)	Net Change other (number)	Balance 30.6.05 (number)	Vested at 30.06.2005 Total (number)	Vested at 30.06.2005 Exercisable (number)
Christopher Ryan	1,000,000	-	-	1,000,000	1,000,000	1,000,000
Kerry McHugh	1,000,000	-	-	1,000,000	1,000,000	1,000,000
David Timms	1,500,000	-	-	1,500,000	1,500,000	1,500,000
Chris Torrey	1,825,000	-	(415,000) (expired)	1,410,000	568,000	568,000
Daven Timms	1,000,000	-	-	1,000,000	1,000,000	1,000,000
Total:	6,325,000	-	(415,000)	5,910,000	5,068,000	5,068,000

Note: No options were exercised during the financial year and there were no options vested that were unexercisable at 30.6.05.

Share Holdings

The numbers of shares in the Company held during the financial year by each Director of Golden Cross Resources Ltd, including their personally-related entities, are set out below.

Name	Balance 30.6.04 (number)	Received as remuneration (number)	Options Exercised (number)	Net Change Other (number)	Balance 30.6.05 (number)
Christopher Ryan	312,500	-	-	150,000(1)	462,500
Kerry McHugh	689,297	-	-	90,909(2)	780,206
David Timms	18,121,289	-	-	1,250,000(3)	19,371,289
Chris Torrey	417,300	-	-	138,182(4)	555,482
Daven Timms	323,285	-	-	90,909(2)	414,194
Total	19,863,671	-	-	1,720,000	21,583,671

Notes:

(1) Christopher Ryan purchased 150,000 GCR shares on market at 4.4c per share on 8.4.05.

(2) Kerry McHugh and Daven Timms participated in the GCR Share Purchase Plan, through the purchase of $5,000 worth of GCR shares at 5.5c per share.

(3) David Timms participated in the Share Acquisition Scheme through salary sacrifice in the amount of $62,500 at 5c per share, as approved at the 2004 AGM.

(4) Chris Torrey participated in the Share Acquisition Scheme through salary sacrifice in the amount of $6,000 at 5c per share, as approved at the 2004 AGM, and also participated in the GCR Share Purchase Plan, through the purchase of $1,000 worth of GCR shares at 5.5c per share

LOANS TO DIRECTORS

There were no loans to directors or director-related entities during the financial year.

OTHER TRANSACTIONS WITH DIRECTORS

Christopher Ryan is a director and shareholder of Westchester Corporate Finance, which was paid a fee of $8,250 in connection with the placement of shares conducted by the Company in March 2005. The fee was based on arms' length commercial terms and conditions.

Kerry McHugh is a director and shareholder of Barkly Adams Pty Ltd, which was paid a fee of $13,000 for business development services provided to GCR. The contract was based on normal commercial terms and conditions.

Amounts Recognised as Expense

	2005 $	2004 $
Corporate advisory fees – Share Purchase Plan	-	18,341
Fees for placement	8,250	-
Business development fees	13,000	10,000
	21,250	28,841

Aggregate amounts payable to Directors of Golden Cross Resources Ltd at 30 June 2005 relating to the above types of other transactions.

	2005 $	2004 $
Current/Non-current liabilities	-	-

17. REMUNERATION OF AUDITORS

	CONSOLIDATED		PARENT ENTITY	
	2005 $	2004 $	**2005 $**	2004 $
Remuneration for audit or review of the accounts and consolidated accounts of Golden Cross Resources Ltd				
Auditors of parent entity				
- Parent entity	19,500	16,000	18,250	16,000
- Controlled entity	10,000	7,000	-	-
	29,500	23,000	18,250	16,000

18. COMMITMENTS FOR EXPENDITURE

Commitments in relation to non-cancellable operating leases contracted for are payable as follows:

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Operating Leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Not later than 1 year	74	78	-	-
Later than 1 year but not later than 2 years	77	78	-	-
Commitments not recognised in the financial statements	151	156	-	-
Exploration Commitments				
In order to maintain current rights of tenure to exploration tenements, the economic entity has the following discretionary exploration expenditure requirements up until expiry of the leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:				
Not later than one year	747	383	-	-
Later than one year but not later than 2 years	517	595	-	-
	1,264	978	-	-

If the economic entity decides to relinquish certain leases and/or does not meet these joint venture or annual exploration expenditure obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

19. EMPLOYEE BENEFITS

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Provision for employee entitlements				
Current (Note 11)	36	48	-	-
Non-current (Note 12)	57	57	-	-
Aggregate employee entitlements liability	93	105	-	-

	CONSOLIDATED		PARENT ENTITY	
	2005	2004	**2005**	2004
	Number	Number	**Number**	Number
Average number of employees during the financial year	10	9	-	-

GOLDEN CROSS EMPLOYEE SHARE ACQUISITION SCHEME (SAS)

The SAS, re-approved by shareholders at the 2002 AGM, enables the Company to conserve cash by remunerating its employees and Directors in shares instead of cash. Participation in the SAS was offered to all employees in respect of up to half of their remuneration on a quarterly basis, with elections to be made by employees during the last month of each quarter. The issue price of the shares is equal to the weighted average price of GCR shares for the three months immediately preceding the election date. Details of shares issued are set out in Note 13.

The total number of shares issued under the SAS and held in trust must not exceed 15% of the total number of the Company's issued shares at any time, and those shares issued under the SAS in any year must not exceed 7.5% of the total number of the Company's issued shares.

GOLDEN CROSS RESOURCES EMPLOYEE OPTION PLAN

The Golden Cross Resources Employee Option Plan was re-approved by shareholders at the 2003 AGM. All full-time employees (including executive directors) of Golden Cross Resources Ltd and its controlled entity are eligible to participate in the plan. Employee options vest as follows: on date of grant, 10%; after 1 year, 30%; after 2 years, 60%; after 3 years, 100%. For issues made prior to November 2003 options vested as follows: on date of grant, nil; after 1 year, 10%; after 2 years, 25%; after 3 years, 45%; after 4 years, 70%; and after 5 years, 100%.

Refer to Note 13 for details of options issued during the year. The number of shares in respect of which options are on issue at any time must not exceed 5% of the issued capital of the Company at that time.

Unissued ordinary shares of Golden Cross Resources Ltd under option at the date of this report include 7.6 million Director options exercisable at 15 cents by 30.11.2006, 1.25 million unquoted options exercisable at 12.5 cents by 1.1.06 and 3.790 million employee options exercisable at 10 cents as follows:

	Number	Exercise Price	Expiry Date
Golden Cross Resources Employee Option Plan Options	285,000	10 cents	22.12.2005
	315,000	10 cents	27.06.2006
	325,000	10 cents	21.12.2006
	325,000	10 cents	28.06.2007
	355,000	10 cents	20.12.2007
	370,000	10 cents	25.06.2008
	500,000	10 cents	11.11.2008
	670,000	10 cents	17.08.2009
	645,000	10 cents	20.07.2010
	3,790,000		

20. RELATED PARTIES

Directors

Disclosures relating to directors are set out in Note 16.

Wholly Owned Group

The wholly-owned group consists of Golden Cross Resources Ltd and its wholly-owned controlled entities, Golden Cross Operations Pty Ltd and Challenger Gold Limited. Ownership interests in these controlled entities are set out in Note 21. Golden Cross Resources Ltd is the ultimate parent entity.

Transactions between Golden Cross Resources Ltd and related parties in the wholly-owned group during the year ended 30 June 2005 and 2004 consisted of:

- loans advanced by Golden Cross Resources Ltd; and
- loans repaid to Golden Cross Resources Ltd.

Aggregate amounts receivable from related parties in the wholly-owned group at balance date were as follows. These loans are non-interest bearing with no fixed repayment terms:

	PARENT ENTITY	
	2005 $'000	2004 $'000
Loans advanced to controlled entities	12,943	14,763

21. INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorp-oration	Class of Shares	Parent Entity's Investment		Equity Holding		Contribution to Consolidated Operating Profit/(Loss) After Tax	
			2005 $'000	2004 $'000	**2005 %**	2004 %	**2005 $'000**	2004 $'000
Parent Entity								
Golden Cross Resources Ltd							(30)	(232)
Controlled Entities								
Golden Cross Operations P/L	Australia	Ordinary	-	-	100	100	(3,998)	27
Challenger Gold Limited	Australia	Ordinary	-	-	100	100	(49)	-
			-	-			(4,077)	(205)

22. SEGMENT INFORMATION

The economic entity operates in the one industry and in one geographical area, namely Australian mineral exploration, evaluation and development. The assets, liabilities and results of this entity are disclosed in the statements of financial position and statements of financial performance set out in these financial statements.

23. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES AFTER INCOME TAX

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Operating profit/(loss)	(4,077)	(205)	(4,230)	(232)
Depreciation and amortisation	44	25	-	-
Consideration for termination of Strategic Alliance agreement	-	73	-	73
Write down of inter company receivable	-	-	4,200	100
Exploration expenditure capitalised	(1,974)	(1,748)	-	-
Exploration and evaluation expenditure written off	2,713	1	1	-
Provision for diminution of exploration properties	1,099	-	-	-
(Increase)/decrease in other debtors	(16)	(19)	(4)	(3)
Increase/(decrease) in creditors	(70)	105	4	4
Increase/(decrease) in non current liability	-	17	-	-
Increase/(decrease) in other provisions	(34)	13	-	-
Net cash inflow/(outflow) from operating activities	(2,315)	(1,738)	(29)	(58)

24. NON-CASH FINANCING ACTIVITIES

	CONSOLIDATED		PARENT ENTITY	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Consideration by way of shares for termination of Strategic Alliance agreement	-	73	-	73
Consideration by way of shares for 5% interest in Challenger Joint Venture	-	300	-	300
Payments by way of shares to directors and employees under Share Acquisition Scheme	68	49	68	49

25. EARNINGS PER SHARE

	CONSOLIDATED	
	2005 Cents	2004 Cents
Basic and diluted earnings (loss) per share	(2.07)	(0.13)
	2005 No of Shares	2004 No of shares
Weighted average number of ordinary shares during the year used in the calculation of basic earnings per share	196,971,977	162,127,464
	2005 $'000	2004 $'000
Earnings (loss) used in calculating basic earnings per share	(4,077)	(205)

Options

Options granted to Directors and Employees are considered to be potential ordinary shares. However, diluted earnings per share is the same as basic earnings per share as the potential ordinary shares would reduce the loss per share. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 13.

26. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

The Company has commenced the transition of its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS), which will be applicable for the financial year ended 30 June 2006. Set out below are the key areas where accounting policies will change from 1 July 2004, the Company's transition date to AIFRS, and may have an impact on the Company's financial reporting.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken; (b) potential amendments to AIFRSs and Interpretations thereof being issued by the standard setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

(i) Income tax

Under the new AASB 112 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity. It is expected that there will be no material effect for the Company.

(ii) Exploration expenditure

Under the new AASB 6 Exploration for and Evaluation of Mineral Resources, the tests under which exploration companies may carry forward exploration expenditure will be required to use an "area of interest" approach. It is expected that there will be no material effect for the Company.

(iii) Intangible assets – goodwill

Under the new AASB 3 Business Combinations, amortisation of goodwill will be prohibited, and will be replaced by annual impairment testing focusing on the cash flows of the related cash generating unit.

This will result in a change to the current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise and not exceeding 20 years. It is expected that there will be no material effect for the Company.

(iv) Equity-based compensation benefits

Under AASB2 Share based Payments, the Company would recognise the fair value of options granted to employees as remuneration as an expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity. Share-based payment costs are not recognised under AGAAP.

The change in accounting policy would result in adjustments to retained earnings (net of tax), and a reduction of net profit, of $19,297 as at 1 July 2004 and $28,128 at 30 June 2005.

DIRECTORS' DECLARATION

The Directors declare that:

(a) in their opinion:

(i) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(ii) the financial statements and notes comply with the Corporations Act 2001, including:

(A) the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(B) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

(b) they have received the declaration from the Chief Executive Officer and Chief Financial Officer required under section 295(4) of the Corporations Act 2001.

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

David Timms

David Timms, Managing Director,
Sydney, 6 September 2005

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF GOLDEN CROSS RESOURCES LIMITED

ERNST & YOUNG

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Sydney NSW 2000
Australia

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Sydney NSW 2001

Tel 61 2 9248 5555
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DX Sydney Stock Exchange 10172

In relation to our audit of the financial report of Golden Cross Resources Limited for the year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Gary Daniels
Partner

31 August 2005

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

ERNST & YOUNG

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INDEPENDENT AUDIT REPORT TO MEMBERS OF GOLDEN CROSS RESOURCES LIMITED

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 Golden Cross Resources Limited (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, 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.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors[2] and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration a copy of which is included in the Annual Report. The Auditors' Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this audit report was signed.

Audit opinion

In our opinion, the financial report of Golden Cross Resources Limited is in accordance with:

(a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of Golden Cross Resources Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

GG Daniels
Partner
Sydney
6 September 2005

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

INTERESTS IN MINING TENEMENTS

As at 29 August 2005.

Property Name	Tenement Name	Tenement (1)	Area (Sq Km)	Holder (2)	Percent Holding	Joint Venture Partner (2)
NSW						
Adelong	Challenger	ML 1435	1.5	CGL	100	
	Batlow	EL 5728	80	CGL	100	
	Batlow South	EL 5995	22	GCO	100	
	Mineral Claims	13 Mineral Claims	Held in trust for CGL by GCR, GCO and employees			
Broken Hill	Broken Hill	EL 6371	437	GCO	100	
	Corruga	EL 6109	31	GCO	100	
	Little Darling Creek	MC 159	2 ha	GCO	100	
	Sisters	EL 6368	35	GCO	100	
	Sisters Extended	EL 5784	23	GCO	100	
	Thackaringa	EL 6369	47	GCO	100	
Cargo	Cargo	EL 5238	60	GCO	100	
	Belubula	ELA 2510	420	GCO	100	AEI (3)
Cobar Region	Pipeline/Canbelego	EL 5842	216	GCO	100 (4)	
	Belah Tank	EL 6216	47	GCO	100	
	Buppe	EL 6440	3	GCO	100	
	Wagga Tank	EL 5130	163	GCO	100	
Copper Hill	Copper Hill	EL 6391	93	GCO	100	
Eastern NSW	Breadalbane	EL 6292	75	GCO	100	
	Sunny Corner	EL 5964	110	GCO	100	
Kempfield	Kempfield	EL 5748	120	GCO	100	
	Bean Lease	Priv. lands lease 519	0.66 ha	GCO	100	
	Henrys' Leases	ML 4870, PLL 517, PLL 727, PLL 728	2.4 ha	GCO	Option to purchase 100% for $120,000	
	Kempfield Group 2	EL 5645	8	GCO	100	
Parkes	Parkes	EL 6087	129	GCO	100 (5)	
	McPhails	Former ML 1387	13 ha	GCO	90 (6)	
	Trewilga	EL 6195	52	GCO	100 (7)	
South Gilmore	Nangus	EL 6372	734	GCO	100	
West Wyalong	West Wyalong	EL 5915	230	GCO	100 (8)	
Yellow Mountain	Yellow Mountain	EL 6325	365	GCO/Triako	30	Triako holds 70%
NORTHERN TERRITORY						
McArthur River	Maria Lagoon	EL 24402	1435	Finching	Option (9)	
	Mt Young	ELA 24778	467	Finching	Option (9)	
	Yiyintyi	ELA 24664	463	Finching	Option (9)	
	Rosie Creek	ELA 24700	1025	Finching	Option (9))	
	Rawali Inlet	EL 24401	1338	Finching	Option (9))	
	Bauhinia Downs	ELA 24656	178	Finching	Option (9)	
ROYALTIES						ROYALTY TYPE
Mt Boppy	Canbelego	Mt Boppy Gold Mine	2.2	Polymetals	Royalty	3% gross outturn
BrightStar	Merolia	Former E 38/970	25	A1 Minerals	Royalty	2% gross production.
Wyoming One	McPhails	EL 5830	10	Alkane	Royalty (10)	Up to 5% nsr.
Yellow Mountain	Yellow Mountain	Former EL 6325	365	GCO/Triako	Royalty	2% net smelter return

Notes

(1) Full titles for abbreviations in Tenement column are as follows:

EL/E, or ELA	Exploration Licence, or Exploration Licence Application
ML	Mining Lease

(2) Full Names for abbreviated names of Tenement Holders and Joint Venture Partners are as follows:

A1 Minerals	A1 Minerals Limited (ASX: AAM)
Alkane	Alkane Exploration Limited (ASX:ALK)
AEI	Agricultural Equity Investments Pty Ltd
CGL	Challenger Gold Limited, a wholly-owned subsidiary of Golden Cross Resources
Finching	Finching Pty Ltd
GCO	Golden Cross Operations Pty Ltd, a wholly-owned subsidiary of Golden Cross Resources
Polymetals	Polymetals Mining Services Pty Ltd
Triako	Triako Resources Limited (ASX:TKR)

(3) AEI can earn 70% by spending $3.1 million, following grant of the EL.

(4) Various portions are subject to a 10% free carried interest held by Metallic Resources P/L and a 5% net profits interest payable to Nosebi Mining & Management P/L.

(5) Sipa Exploration NL and Michelago Limited each hold a 0.5% nsr royalty over a portion of the tenement.

(6) GCO holds a 90% equitable interest in the area of former ML 1387 "McPhails", consisting of 13 hectares. Metallic Resources Pty Ltd holds a 10% free carried interest.

(7) Elephant Mines Pty Limited holds a 2% net smelter return royalty.

(8) Subject to 2.5% net smelter return royalty held by Lac Minerals (Australia) NL, subsidiary of Barrick Gold Corp.

(9) GCO can earn 100% by payment of $120,000 by 28 February 2007 and the issue of $400,000 worth of GCR shares by 28 February 2008. A royalty of $0.50/t applies for the first 5Mt, thereafter $1.00/t, commencing 24 months after commencement of mining operations.

(10) GCO holds a royalty of $0.75/t (first 0.5 Mt), then 3% net smelter return (to 150,000 oz), then 5% net smelter return. GCO's royalty interest is subject to a 10% free carried interest held by Metallic Resources Pty Ltd.

SHAREHOLDER INFORMATION

The shareholder information set out below was correct at 29 August 2005.

A. DISTRIBUTION OF SHARES

Holding Range			Holders	Total Held	%
1	-	1,000	18	10,712	0.005
1,001	-	5,000	187	780,566	0.360
5,001	-	10,000	183	1,619,904	0.748
10,001	-	100,000	754	37,340,454	17.231
100,001	+		387	176,951,896	81.656
Total			**1,529**	**216,703,532**	**100.00**

(a) There were 435 holders of less than a marketable parcel of fully paid shares (less than $500 worth) based on the closing price of 3.8 cents per share.
(b) The twenty largest shareholders held 34.98% of the shares on issue (see table below).
(c) There were 3.79 million employee options on issue (ex. 10 cents by 20.7.2010 – see Note 19 of the Financial Report for details), held by five employees.
(d) There were 7.6 million directors' options on issue (ex. 15 cents by 30.11.2006).
(e) There were 1.25 million unquoted public options on issue, held by Darmal Pty Ltd (ex. 12.5 cents by 1.1.2006).

B. RESTRICTED SECURITIES

The Company had no restricted securities on issue. The Company has 1 million shares subject to voluntary escrow, held by Orchid Capital Limited.

C. SUBSTANTIAL SHAREHOLDERS

The only substantial shareholder, as determined by substantial shareholder notices received by GCR, is:

Name	No. of Shares Held	%
David Timms	19,371,289*	10.4

D. VOTING RIGHTS

One vote for each ordinary share held in accordance with the Company's Constitution. Options do not carry voting rights.

E. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest registered holders of fully paid ordinary shares are listed below:

	Name	No. Held	%
1	David Timms	15,837,739	7.31
2	Metallic Resources Pty Ltd	5,537,719	2.55
3	Mr John Dennis Quirk	5,000,000	2.31
4	Aurcay Holdings Inc	4,600,000	2.12
5	Golden Cross Plan Managers	4,490,128	2.07
6	Forbar Custodians Limited	3,879,969	1.79
7	Mr Erwin John Clayton	3,336,717	1.54
8	Sipa Resources International NL	3,000,000	1.38
9	Central Exchange Limited	3,000,000	1.38
10	Mr Robert Cameron Galbraith	2,800,150	1.29
11	Cyprus Amax Australia	2,695,556	1.24
12	Tasman Asset Management Ltd	2,599,000	1.20
13	Mr Arnold & Mrs Ruth Getz <Super Fund A/c>	2,509,219	1.16
14	ANZ Nominees Limited <Cash Income A/c>	2,230,226	1.03
15	Mr Colin Glanville Young	2,000,000	0.92
16	Mr John William Meredith	1,962,500	0.91
15	Mr Arnold & Mrs Ruth Getz	1,859,834	0.86
16	Mr Peter John Corbett	1,799,592	0.83
17	Mr Malcolm & Mrs Mayumi Price	1,739,140	0.80
18	Stadjoy Pty Ltd	1,712,500	0.79
19	Paso Holdings Pty Ltd	1,700,000	0.78
20	Piranha Nominees Pty Ltd	1,540,909	0.71
	TOTAL	**75,811,679**	**34.98**

Note: * David Timms' substantial shareholding includes relevant interests in shares held by Golden Cross Plan Managers and Jennifer Timms, and differs from his registered shareholding.

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