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Epithermal Gold – new Joint Venture in Panama

Golden Cross Resources (GCR) is pleased to announce it has signed a Letter of Intent with Bellhaven Copper & Gold, Inc. (Bellhaven), a Panama-based, TSX-V-listed company, for entry into the Los Hatillos epithermal gold properties in central Panama. The properties contain several zones of high grade, gold-bearing epithermal veins and breccias that are at an early stage of exploration and have not been adequately tested by previous drilling. GCR's geological team believes that these mineralised systems can be rapidly tested by drilling and that extensions and buried deposits could be located by Induced Polarisation (IP) geophysical surveys.

The Los Hatillos areas are easily accessible; less than four hours drive from Panama City and within 40 km of the Pan-American Highway and the large town of Santiago in central Panama. A network of sealed and unsealed roads provide excellent access to and within the properties. The region has moderate topography, comprises wooded to cleared grassland and contains small subsistence farms. Exploration is possible on a year-round basis. Los Hatillos comprises a 4,901.18 hectare granted Concession covering two zones in the Central portion of the Veraguas Gold Belt. The joint venture also includes the Calobre Concession Application (2,502 ha), intended to cover extensions to the east of the Los Hatillos vein systems.

GCR is committed to an up-front payment of US\$25,000 and a first-year expenditure commitment of US\$250,000. These funds will cover the initial drilling required, site works, sampling and an induced polarisation (IP) survey. GCR may earn a 70% interest in the properties by spending US\$3,500,000 within 5 years and making annual cash payments totalling US\$500,000 according to the following schedule:

Year	Option Payments	Work Program
1	US\$25,000	US\$250,000
2	50,000	400,000
3	75,000	600,000
4	125,000	1,000,000
5	<u>225,000</u>	<u>1,250,000</u>
Total	US\$500,000	US\$3,500,000

GCR has gained access to immediately drillable, prospective epithermal gold properties with potential for high-grade deposits containing 0.5 million to 1 million ounces of gold in a stable country with modern mining laws, low sovereign risk, a skilled and enthusiastic local labour force and supportive government officials.

The Los Hatillos prospects comprise low sulphidation epithermal mineralisation hosted in well-defined veins, locally with associated base metals. Host rocks are Miocene andesitic volcanic sequences.

While veins are generally narrow (1m to 4m) the vein systems have extensive strike lengths (2 - 3 km). Historic sampling of underground workings in the joint venture area at Veta Blanca returned a 41m strike length of vein material averaging 27.2 g/t gold, 0.25% copper, 4.8% lead and 5.0% zinc over an average width of about 1.2m. Bellhaven trenching returned 14m at 10.3 g/t gold. Limited sampling by GCR of dump material assayed up to 19.1 g/t gold.



Similarly, at the nearby El Tiro Vein an historic drill hole returned 10.7m at 17.06 g/t gold (interpreted to be 4.5m true thickness). Recent Bellhaven trenching returned 4m at 35.6 g/t gold. Sampling by GCR returned assays up to 62.8 g/t gold, confirming the potential for high grade mineralisation.

Drill targets on high grade veins have been defined, but little work has been undertaken to assess the extensive vein sets mapped to date.

The properties lie adjacent to the Santa Rosa Mine, which originally hosted about 1 million ounces in a caldera rim volcano setting. Gold is hosted in both high grade structures/veins and as disseminations.

GCR Skill Base

GCR director Chris Torrey worked in Panama from 1991 to 1995 and managed the Central American exploration effort for Cyprus Minerals Corporation and then Cyprus-Amax. Chris was largely responsible for the definition of the Cerro Quema gold project in the Azuero Peninsula and initiated exploration programs in the surrounding district prior to the decision by Cyprus to sell Cerro Quema. In about 1994 Cyprus switched its exploration efforts to porphyry copper deposits, and programs for gold were curtailed. Chris will be involved in the Los Hatillos joint venture as a consultant to GCR.

GCR's Exploration Manager, Rob Harley, also has extensive South American experience, having supervised regional and project-based exploration activity within Ecuador and Argentina. Exploration targets included high-sulphidation and low-sulphidation epithermal gold, intrusive – related gold and porphyry copper-gold mineralisation. Rob's involvement in discoveries in Argentina include the La Cabeza low-sulphidation gold project and the Anchoris porphyry copper-gold project. Rob has also supervised exploration on a number of low-sulphidation epithermal gold-silver projects in Argentine Patagonia including Cerro Moro and Cerro Puntudo.

Panama - the Country

Panama is a democratic republic with close ties to the United States. Its principal income is derived from the Panama Canal. It has an open-market economy and an extremely strong banking sector. Panama is a natural transport hub for shipping and air travel. The economy is vibrant, with US\$5.4 billion earmarked for the new, larger lock systems planned for the Panama Canal.

Panama's currency is the US dollar, with no exchange restrictions. The company income tax rate is 30%, and a 2% net smelter return government royalty is payable on mine production.

Other Mineral Deposits

Panama hosts one of the world's largest undeveloped porphyry copper deposits, at Cerro Colorado in eastern Panama, with about 1,400 Mt at 0.78% copper. Petaquilla, also a porphyry deposit, is located in central Panama and contains a resource of 1,115 Mt at 0.5% copper, 0.015% molybdenum and 0.09 g/t gold. The Chorcha porphyry hosts 47 Mt at 0.71% copper and 0.08 g/t gold. All of these deposits are hosted in the high, jungle covered portions of the Cordillera Central. An epithermal gold project adjacent to the Petaquilla porphyry known as Molejon is currently being assessed by Petaquilla Minerals Ltd, which has outlined approximately 893,000 oz at an average grade of about 2.5 g/t gold.

Close to Los Hatillos (see final Figure), the Remance mine produced 88,000 ounces of gold during the mid-1990s, and Santa Rosa produced about 100,000 ounces before closing



down in 1998. These are low sulphidation-style epithermal deposits, with Remance being a vein system and Santa Rosa hosted on the margins of a maar volcano. Both are hosted in an early Tertiary volcanic dome field.

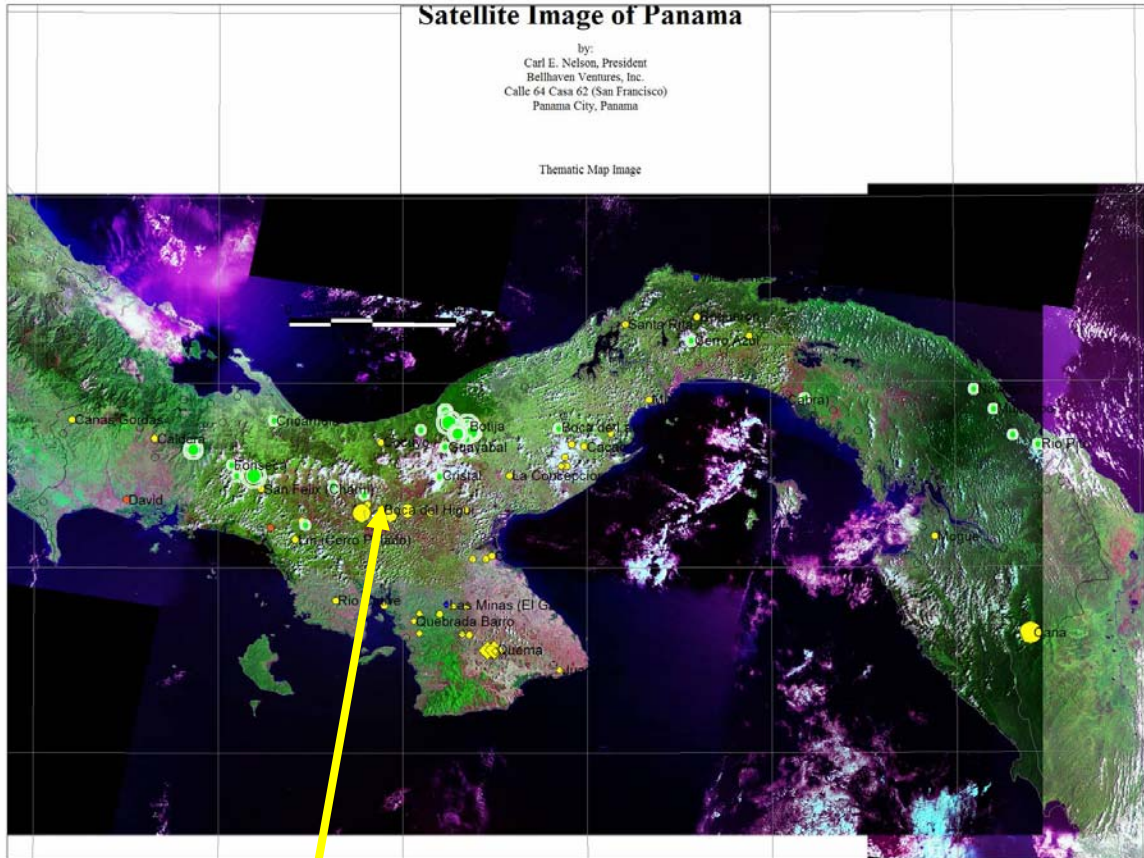
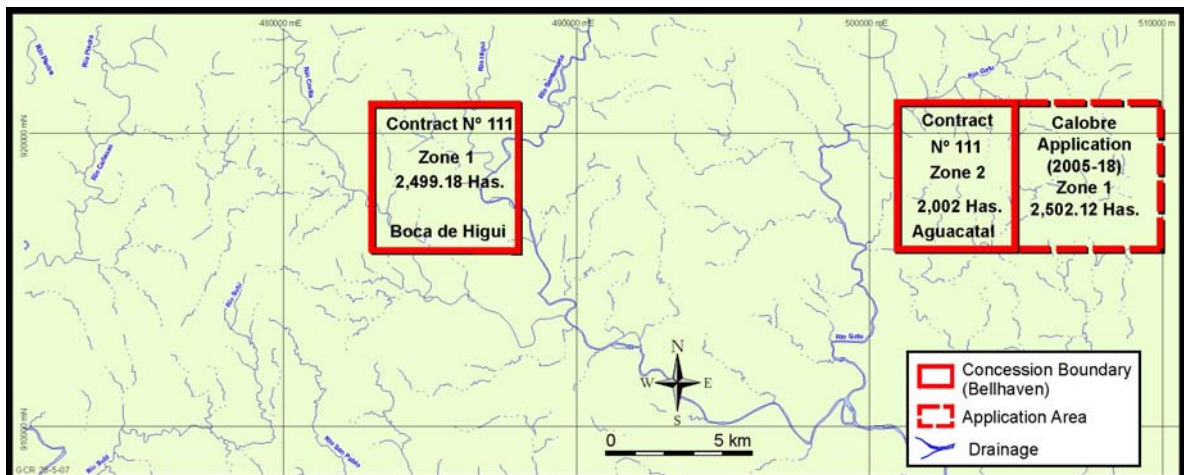


Figure 1 - Satellite Image of Panamanian Isthmus. Yellow circles show gold deposits and green show copper deposits. The Los Hatillos area within the Veraguas gold belt is shown by the arrow.



Los Hatillos Epithermal Gold Project PANAMA

Figure 2 - The Los Hatillos Joint Venture properties are shown by the blocks in blue, comprising the Aguacatal block and Calobre application area and the Boca de Higuí block.



Property Details - Aguacatal Block, Los Hatillos Concession

Veta Blanca Prospect

Veta Blanca is a polymetallic vein system, best defined over some 600m to 700m in the area of old workings. The vein system extends for 2 km to the north, where little or no work has been undertaken. The vein has a north to north-northwest trend and dips steeply to the west.

In the late 1920s two exploration tunnels, with a vertical separation of 30m, were driven along the vein for distances of 250m and 530m. In one area of the upper tunnel, a 41m length of vein material averaged 27.2 g/t gold, 0.25% copper, 4.8% lead, and 5.0% zinc over an average width of about 1.2 metres. Tunnel plans show that the vein varies in width from 0.1m to 2.0m, averaging just under 1m. On the surface, a trench excavated by Bellhaven returned 14m at 10.3g/t gold. Sampling, by GCR, of dump samples adjacent to the now inaccessible tunnel adits returned up to 19.1 g/t gold.

The local stratigraphy comprises a lower massive andesite overlain at higher elevations by an andesitic tuff-breccia about 30m thick. The well defined, high-grade vein material in the old workings is hosted in the massive andesite. Veins in the overlying tuff are diffuse, narrow and irregular.

In 1931, six angled diamond drill holes, two of which failed to reach the vein, yielded equivocal results. Further vertical drilling by the Government's *Direccion General de Recursos Minerales* in 1978 returned 4.6m at 8 g/t gold and another 10.7m at 7.4 g/t gold, however core recoveries were poor and the program was generally ineffective. The vein remains untested at depth and along strike from the exploration tunnels.

El Tiro Prospect

El Tiro is located approximately 2 km to the east of Veta Blanca and is part of a vein system extending for over 3 km. The main area of interest is about 600m long, located in a zone of historic workings. On site the only evidence of the vein occurs in float and dump samples, which are highly siliceous and pyritic. Bellhaven grab samples returned up to 16 g/t gold. The trend and location of the vein is marked only by the position of old mine pits. Recent trenching returned 4m at 35.6 g/t gold, providing one of the few exposures of the vein.

Previous explorer Minas Santa Rosa tested the northern part of this zone and returned the following:

Hole AG06: 1.5m at 13.3 g/t gold and 4.6m at 4.26 g/t gold

Hole AG07: 1.5m at 3.87 g/t gold

Hole AG08: 10.7m at 17.06 g/t gold (interpreted to be 4.5m true thickness)

Bellhaven has conducted soil sampling, rock chip sampling and limited trenching.

Boca de Higuí Block, Los Hatillos Concession

This block contains two prospects within a broad (2 x 3 km) area containing north-northwest trending narrow vein systems.

The western prospect is dominated by a number of sub-parallel barite-quartz veins which appear to be vertical, extend for at least 200m and are about 1m to 2m wide. Gold is hosted within the vein and in adjacent replacement zones. In one trench across the zone, the grade is 16m at 2.97 g/t gold, including a zone of 2m at 13 g/t in replaced tuffaceous rock. In one location within an old pit, a well developed vein 0.5m wide was located at the faulted contact between a massive andesite and weakly layered and barite-replaced tuffs. A grab sample of the vein returned 3.5 g/t gold.



The eastern prospect contains two highly silicified outcrops in the Rio Higuí. Tuffs in these zones are extensively replaced by silica and host numerous quartz-pyrite (and locally haematite) veins and vein breccias. Veins range in thickness from 2mm to 4m. Breccia zones appear to be polymict, suggesting significant hydrothermal fluid flow. A 1m chip sample of vein material returned 26.6 g/t gold. This vein system extends for a further 400m to the north, with rock chip values ranging from 0.6 g/t to 3.5 g/t gold.

Potential exists for bulk tonnage mineralisation in the Boca de Higuí area, with indications of diffuse gold and pyrite disseminated in tuffaceous units. IP will be used to define targets.

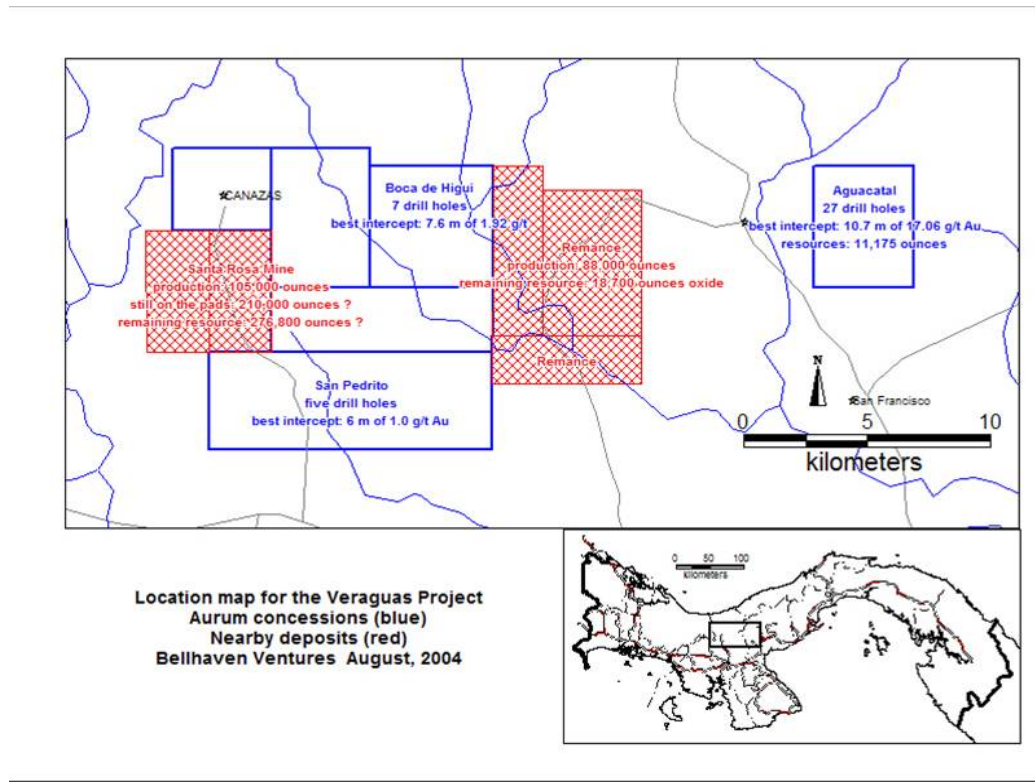
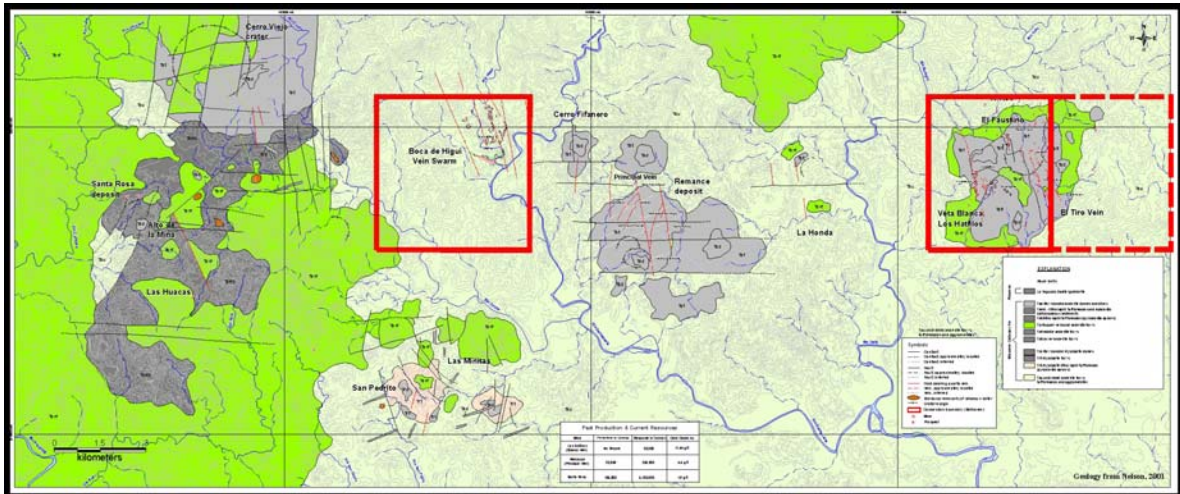


Figure 3 - Bellhaven Tenements in the Veraguas District. Joint venture covers the *Boca de Higuí* block and the *Aguacatal* block. Santa Rosa and Remance mine areas marked in red.



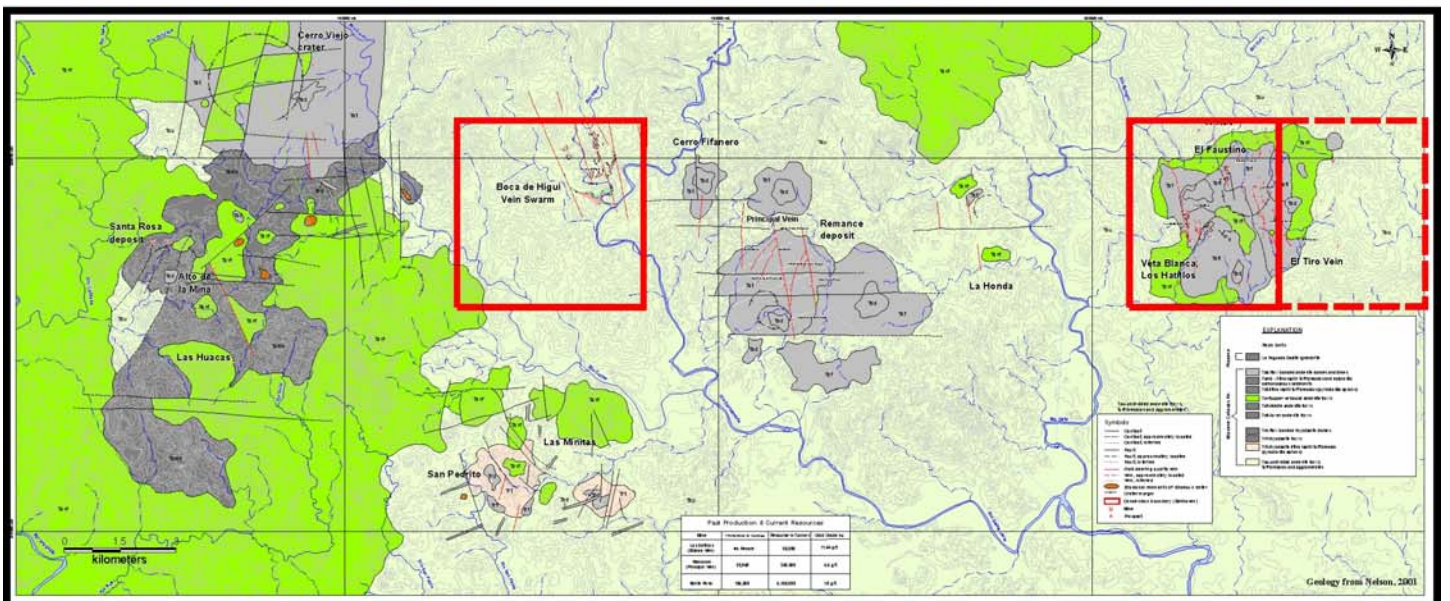
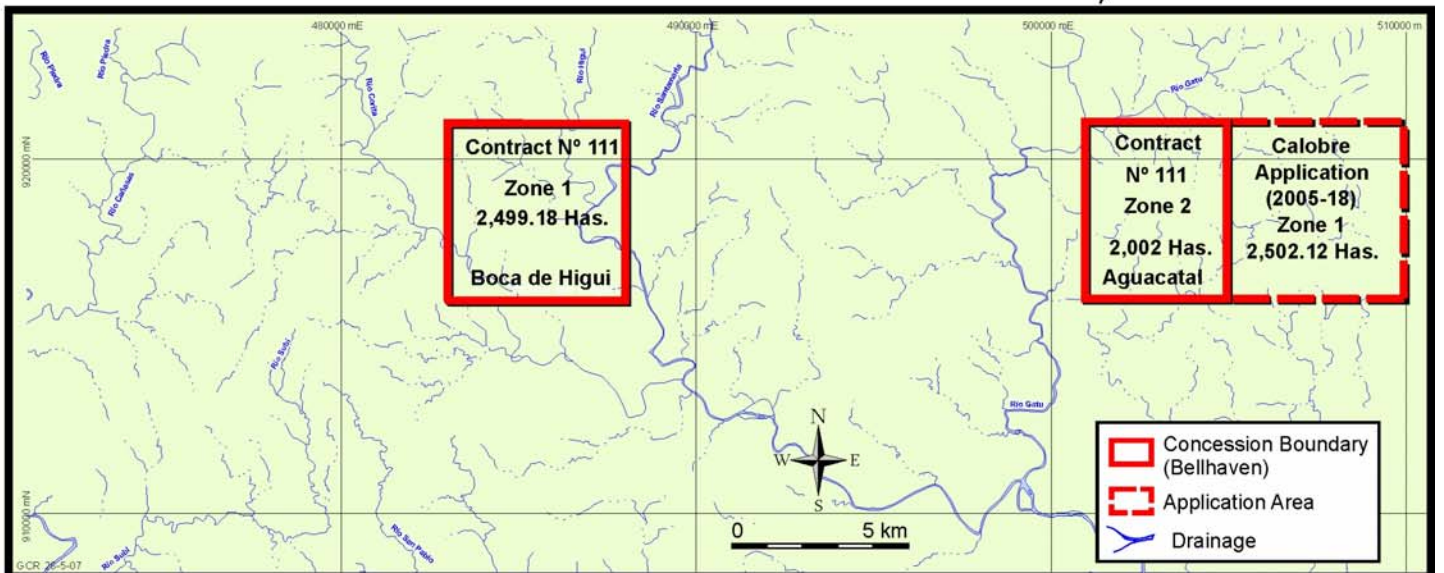
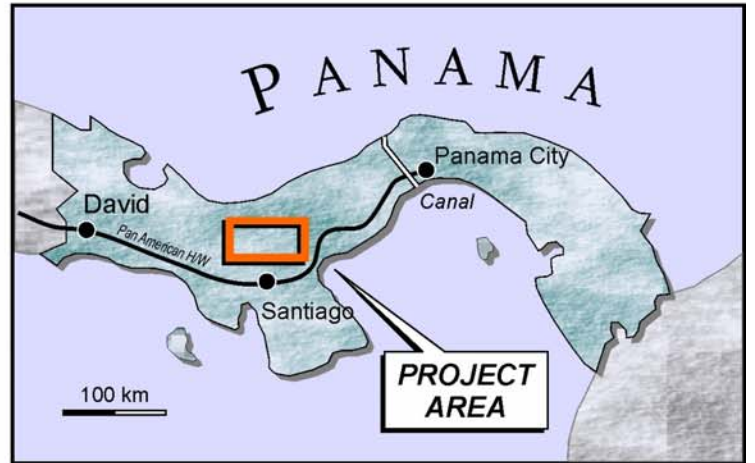
Los Hatillos Epithermal Gold Project GEOLOGY

Figure 4 - Regional Geology. The joint venture covers the Boca de Higuí and Aguacatal blocks as marked above.

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Golden Cross is a gold, uranium and base metals explorer holding tenements in the Lachlan Fold Belt, Curnamona Province and Thomson Orogen of New South Wales, the Mount Isa, Georgetown and Bowen regions of Queensland and the Yilgarn Block of Western Australia, and exploration interests in Panama. GCR continues to take its 100%-owned Copper Hill project forward, with mining and financial studies in progress. Joint venturers are active on six GCR properties, and deep drilling is planned on at least three of these.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Kim Stanton-Cook, who is a member of the Australian Institute of Geoscientists, is a full-time employee of GCR, has visited the prospects set out above and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Kim consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



Los Hatillos Epithermal Gold Project PANAMA