

**Golden Cross Resources Ltd**  
ABN 65 063 075 178

**2008 Full-Year Accounts**

## 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 2008.

### DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report, unless noted otherwise, are as follows.

Director	Experience	Special Responsibility
Chris Torrey	Non-executive Director since 10 February 2006. MSc, MAIG, FSEG, RP Geo. Formerly Director-Exploration, GCR, 2003 – 2006 and Exploration Manager, 1996 – 2003. Principal of geological consulting company CTEX Pty Ltd. 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.	Non-executive Interim Chairman, Interim Remuneration Committee Chairman and Interim Audit Committee member
Kim Stanton-Cook	Managing Director since 1 March 2006. BA (Geology and Geophysics), MAIG, GSA, ASEG, SEG. Geologist with over 30 years' experience. Held senior management roles with a number of major companies, including Getty Oil, Delta Gold, where he was involved in the discovery and proving up of the Kanowna Belle Gold Mine, and Otter Gold Mines Group. Involved in mineral exploration and development for gold, base metals and uranium throughout Australia and North America, and has explored for a range of metals in New Zealand, PNG, Southeast Asia and Zimbabwe. In 1998 Kim founded Millennium Minerals NL, which holds exploration interests in NSW, WA and Queensland and is now a subsidiary of CopperCo Ltd.	Managing Director
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. Executive Chairman, Argent Minerals Limited.	Non-executive Director, Audit Committee Chairman and Remuneration Committee member
David Timms	Non-executive Director since 1 March 2006. BSc (Hons), PEng, FAIG, FAusIMM. Formerly Managing Director, GCR, 1994 - 2006. 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.)	Non-executive Director
Daven Timms	Alternate Director to David Timms since 2003. BSc LLB (Hons), AMPLA, MAusIMM, FinSIA. 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
Christopher Ryan (Resigned on 2 July 2008)	Non-executive Chairman since 2003. BEcon, MBA, FAusIMM. Principal of Westchester Corporate Finance, a corporate advisory business located in Sydney with a focus on the resources sector. Formerly Director, Corporate Finance Division, Schrodgers 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 Blue Ensign Technologies Limited (director since 2002), and a director of Bentley International Limited (since 2003) and Scarborough Equities Limited (since 2004). He was a director of Bligh Ventures Limited from 2003 to 2006.	Formerly Non-executive Chairman, Remuneration Committee Chairman and Audit Committee member

### PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the year consisted of mineral exploration and development, with a focus on exploration for gold, phosphates, base metals and uranium.

### 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 geological modelling, delineating resources, entering into beneficial farm-in arrangements with other companies, or developing projects through to production to provide cash flow.

The Company is assessing and further exploring its Copper Hill Project, has added to its portfolio a number of properties prospective for phosphates and uranium, and has expanded its reach to Panama and Labrador.

## DIVIDENDS

The Directors report that during the year ended 30 June 2008, 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:

1. **Copper Hill copper-gold porphyry project**, near Molong, NSW, with a resource of 133Mt at 0.31% copper and 0.28 g/t gold (Measured, Indicated and Inferred), using a 0.2% copper cutoff, contains, in-ground, 420,000 tonnes of copper and 1.2Moz of gold. Geophysical and geochemical surveys have revealed additional exploration targets, including the Power Anomaly and Molong South, with potential to add to the resource;
2. **Mt Isa Phosphates** farm-in and joint venture established with Legend International Holdings Inc (OTCBB: LGDI). Legend can earn an 80% interest in phosphate minerals on the Highland Plains, Lily and Sherrin Creek and Quita Creek properties by spending \$3 million on exploration by 2012. GCR's 20% interest is free carried to decision to mine. Legend is due to commence its first drilling program, at Highland Plains;
3. **Panama** drilling during May-June 2008 produced narrow intersections of gold and base metals. GCR can earn a 70% interest in the Veraguas properties by spending US\$4 million by 2012.
4. **Labrador** uranium exploration, produced rock chip assays of up to 2.28% U<sub>3</sub>O<sub>8</sub> from Notakwanon, with another significant uranium occurrence discovered during July 2008. GCR can earn a 50% interest in Altius Resources' (TSX:ALS) Notakwanon and Nuiklavik properties by spending C\$5.5 million by 2012.
5. **Nine active farm-ins or joint ventures on GCR properties** were in place at year-end, as follows:
  - Broken Hill, with Vale-CVRD;
  - Cargo, with Calibre Resources;
  - Cullarin, with Tri Origin Minerals; and
  - Kempfield, with Argent Minerals;
  - Mt Isa Phosphates, with Legend International Holdings (Highland Plains; Lily & Sherrin Ck, Quita Ck).
  - Sunny Corner, with Argent Minerals;
  - Wagga Tank, with Zinifex;
  - West Wyalong, with Argent Minerals;
  - Yellow Mountain, with Triako Resources (CBH Resources) (joint venture);
6. **Sale of Adelong Gold Project** to Tasman Goldfields Limited (ASX:TGX) for approximately \$2.7 million plus a royalty in May 2007 yielded the first instalment (2 million TGX shares) in January 2008. The second instalment, \$200,000 cash and \$1.3 million worth of TGX shares, is due in January 2009.
7. **Fundraising** through a Share Purchase Plan at 3.75 cents per share in November 2007 raised \$2.4 million. At 30 June 2008 the consolidated entity held cash reserves of \$3.1 million.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

At the date of this report there are no matters that have arisen since 30 June 2008 that have significantly affected or may significantly affect the operations of the consolidated entity in future financial years, the results of operations in future financial years, or the state of affairs in future financial years of the consolidated entity.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

GCR is active on all of its major properties, and all of its farm-in and joint venture partners are actively exploring under the various farm-in and joint venture arrangements.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity is subject to significant environmental regulation in respect to its exploration activities. 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 past year a Level 3 incident occurred when a small amount of oil leaked from a drill rig while it was parked on an access track at Sunny Corner. The oil was removed and the track rehabilitated.

## **INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The Company has entered into deeds of indemnity, insurance and access with the directors, indemnifying them against claims, liabilities and defence costs, to the extent permitted by the Corporations Act.

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.

## **REMUNERATION REPORT** (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group. For the purposes of this report Key Management Personnel (**KMP**) of the group are those persons responsible for the strategic direction and operational management of the Company.

### **Remuneration Philosophy**

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. KMP, including Directors, may participate in the Share Acquisition Scheme and Employee Option Plan, which assist in the motivation and retention of KMP.

### **Non-executive Directors' Fees**

The current base fees, last reviewed in March 2004, are \$30,000 for a 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 Remuneration**

Executive management is 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.

### **Service Agreements**

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

Kim Stanton-Cook, Managing Director, is employed under a 12-month contract that commenced on 1 March 2006, which continues from month to month. It provides for termination by either party on three months' notice. No termination benefits are provided for in addition to statutory entitlements. His salary was increased on 1 July 2008 to \$175,000 per annum (previously \$140,000) plus superannuation and use of a Company four wheel drive vehicle.

Daven Timms, Company Secretary and Alternate Director, 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 2 days per week, including eight days paid time off per year, at the rate of \$99,600 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.

### **Details of Key Management Personnel**

#### **DIRECTORS**

Chris Torrey	Interim Chairman (non-executive)
Kim Stanton-Cook	Managing Director
Kerry McHugh	Director (non-executive)
David Timms	Director (non-executive)
Daven Timms	Alternate Director for David Timms, Chief Financial Officer and Company Secretary
Christopher Ryan	Chairman (non-executive) (resigned on 2 July 2008)

#### **EXECUTIVES**

Rob Harley	Exploration Manager (resigned on 14 July 2008)
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### Remuneration of Key Management Personnel for year ended 30 June 2008

Year ended 30 June 2008 Name	Short Term: Salary/Fee \$	Post Employment: Superannuation \$	Share-based payment Options \$	% of remuneration in options	Total \$
Chris Torrey	30,000	1,260	12,362	28.3%	43,622
Kim Stanton-Cook	140,000	12,600	63,824	29.5%	216,424
Kerry McHugh	30,000	2,700	12,362	27.4%	45,062
David Timms	30,000	2,700	12,362	27.4%	45,062
Rob Harley	120,000	10,800	14,650	10.1%	145,450
Daven Timms	99,600	-	18,543	15.7%	118,143
Christopher Ryan	40,000	-	27,814	41.0%	67,814
Total	489,600	30,060	161,917	28.8%	681,577

None of the Key Management Personnel's remuneration is performance related.

### Remuneration of Key Management Personnel for year ended 30 June 2007

Year ended 30 June 2007 Name	Short Term: Salary/Fee \$	Post Employment: Superannuation \$	Share-based payment Options* \$	% of remuneration in options	Total \$
Chris Torrey	30,000	2,700	25,071	43.4%	57,771
Kim Stanton-Cook	140,000	12,600	50,700	24.9%	203,300
Kerry McHugh	30,000	2,700	9,820	23%	42,520
David Timms	30,000	38,729	9,820	12.5%	78,549
Rob Harley	50,000	4,500	-	-	54,500
Daven Timms	83,490	-	14,730	15%	98,220
Christopher Ryan	40,000	-	22,095	35.5%	62,095
Total	403,490	61,229	132,236	22.2%	596,955

### Key Management Personnel Options granted and vested during the year ended 30 June 2008

Year ended 30 June 2008 Name	Vested Number	Granted number	Grant date	Weighted Average Fair Value per option* (cents)	Exercise Price \$	First exercise date	Last exercise date
Chris Torrey	48,000	160,000	20.12.02	2.39	0.10	20.12.03	20.12.07
	48,000	160,000	25.06.03	2.59	0.10	25.06.04	25.06.08
	300,000	1,000,000	13.04.06	4.91	0.10	13.04.06	31.03.11
Total for C Torrey	396,000	1,320,000					
Kim Stanton-Cook	1,500,000	5,000,000	13.04.06	5.07	0.08	13.04.06	31.03.11
Kerry McHugh	300,000	1,000,000	13.04.06	4.91	0.10	13.04.06	31.03.11
David Timms	300,000	1,000,000	13.04.06	4.91	0.10	13.04.06	31.03.11
Rob Harley	50,000	500,000	10.07.07	2.93	0.10	10.07.07	10.07.12
Daven Timms	450,000	1,500,000	13.04.06	4.91	0.10	13.04.06	31.03.11
Christopher Ryan	675,000	2,250,000	13.04.06	4.91	0.10	13.04.06	31.03.11
Total	3,671,000	12,570,000					

## Key Management Personnel Options granted and vested during the year ended 30 June 2007

Year ended 30 June 2007				Weighted Average Fair Value per option on grant date (cents)*	Exercise Price \$	First exercise date	Last exercise date
Name	Vested Number	Granted number	Grant date				
Christopher Ryan	675,000	2,250,000	13.04.06	4.91	0.10	13.04.06	31.03.11
K. Stanton-Cook	1,500,000	5,000,000	13.04.06	5.07	0.08	13.04.06	31.03.11
Kerry McHugh	300,000	1,000,000	13.04.06	4.91	0.10	13.04.06	31.03.11
David Timms	300,000	1,000,000	13.04.06	4.91	0.10	13.04.06	31.03.11
Chris Torrey	112,000	160,000	20.12.02	2.39	0.10	20.12.03	20.12.07
	112,000	160,000	25.06.03	2.59	0.10	25.06.04	25.06.08
	500,000	500,000	11.11.03	4.89	0.10	11.11.03	11.11.08
	300,000	1,000,000	13.04.06	4.91	0.10	13.04.06	31.03.11
Total for C Torrey	1,024,000	1,820,000					
Daven Timms	450,000	1,500,000	13.04.06	4.91	0.10	13.04.06	31.03.11
Total	4,249,000	12,570,000					

Note: \* The amounts disclosed above for equity remuneration relating to options are the assessed fair values of options at the date of grant, allocated pro rata over the period between grant date and vesting date. Fair values have been assessed using the Black & Scholes option pricing model. Factors taken into account by the model include the exercise price, term of the option, share price on the date of grant and expected price volatility of the underlying share, expected dividend yield and risk-free interest rate for the term of the option. Vesting and any performance hurdles are not taken into account. 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%. Employee Options held in the name of a related party nominee are included in the table under the name of the relevant officebearer. Option holders have no rights to participate in new issues of shares. When exercisable, each option is convertible into one ordinary share. No options were exercised during the 2007 or 2008 financial years.

### ANNUAL GENERAL MEETING

GCR's 2008 Annual General Meeting is scheduled to be held in Sydney, NSW, on Wednesday 15 October 2008.

### ROUNDING

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.

### MEETINGS OF DIRECTORS

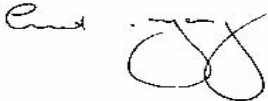
The number of meetings of the Company's Directors (including meetings of committees of Directors) held during the year ended 30 June 2008, and the numbers of meetings attended by each Director were:

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	11	8	4 (1)	3 (1)
Kim Stanton-Cook	11	11	-	-
David Timms	11	11	-	-
Kerry McHugh	11	11	4 (1)	4 (1)
Chris Torrey	11	9	-	-
Daven Timms	11	11	-	-

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

**Auditor's Independence Declaration to the Directors of Golden Cross Resources Ltd**

In relation to our audit of the financial report of Golden Cross Resources Ltd for the year ended 30 June 2008, 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.



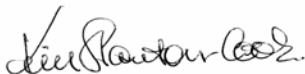
Ernst & Young



Gary Daniels  
Partner  
22 August 2008

Liability limited by a scheme approved under  
Professional Standards Legislation.

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



Kim Stanton-Cook  
Managing Director

Sydney, 22 August 2008

## INCOME STATEMENT

for the year ended 30 June 2008

	Notes	CONSOLIDATED		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue	6	970	855	512	313
Exploration asset provision reversals	15a	-	4,756	-	-
Exploration expense	7a	(481)	(2,314)	-	-
Loss on sale of subsidiary		-	-	-	(1,119)
Gain/(Loss) on sale of property		445	(1,993)	45	-
General and administrative expenses	7b	(1,700)	(855)	(967)	(282)
<b>Profit/(Loss) before income tax</b>		(766)	449	(410)	(1,088)
Income tax expense	8	-	-	-	-
<b>Profit/(Loss) after tax</b>		(766)	449	(410)	(1,088)
<b>Net profit/(loss) attributable to members of Golden Cross Resources Ltd</b>		(766)	449	(410)	(1,088)

### EARNINGS PER SHARE

		2008 Cents	2007 Cents
Basic earnings (loss) per share (cents)	9	(0.13)	0.10
Diluted earnings (loss) per share (cents)	9	(0.13)	0.09

**BALANCE SHEET**

as at 30 June 2008

	Notes	CONSOLIDATED		PARENT ENTITY	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	10	3,156	5,054	3,132	5,035
Trade and other receivables	11	2,499	1,376	2,050	850
Prepayments		20	39	18	45
Investments – held for trading	12	394	42	394	42
		<u>6,069</u>	<u>6,511</u>	<u>5,594</u>	<u>5,972</u>
Property held for sale	16	-	115	-	115
Total Current Assets		<u>6,069</u>	<u>6,626</u>	<u>5,594</u>	<u>6,087</u>
<b>Non-Current Assets</b>					
Receivables	13	-	1,806	21,293	18,393
Investments	14	-	-	3,311	3,300
Property, plant and equipment	15b	122	144	-	-
Exploration and evaluation expenditure	15a	26,543	21,899	-	-
Total Non-Current Assets		<u>26,665</u>	<u>23,849</u>	<u>24,604</u>	<u>21,693</u>
<b>Total Assets</b>		<u>32,734</u>	<u>30,475</u>	<u>30,198</u>	<u>27,780</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables	18	315	1,401	14	1,259
Provisions	19	68	38	-	-
Total Current Liabilities		<u>383</u>	<u>1,439</u>	<u>14</u>	<u>1,259</u>
<b>Non-Current Liabilities</b>					
Provisions	20	36	28	-	-
Total Non-Current Liabilities		<u>36</u>	<u>28</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>		<u>419</u>	<u>1,467</u>	<u>14</u>	<u>1,259</u>
<b>Net Assets</b>		<u>32,315</u>	<u>29,008</u>	<u>30,184</u>	<u>26,521</u>
<b>EQUITY</b>					
Issued capital	21	42,838	39,171	42,838	39,171
Reserves	22	2,487	2,081	1,294	888
Accumulated losses		(13,010)	(12,244)	(13,948)	(13,538)
<b>TOTAL EQUITY</b>		<u>32,315</u>	<u>29,008</u>	<u>30,184</u>	<u>26,521</u>

## CASH FLOW STATEMENT

for the year ended 30 June 2008

	Notes	CONSOLIDATED		PARENT ENTITY	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Payments to suppliers and employees		(1,316)	(686)	(213)	(167)
Interest received		366	305	348	298
Receipts from farm-in partners		376	550	65	15
Research and Development Tax Refund		380	-	-	-
<b>Net cash (outflow) inflow from operating activities</b>	23	<b>(194)</b>	<b>169</b>	<b>200</b>	<b>146</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for plant and equipment		(38)	(89)	-	-
Payments for exploration and evaluation		(4,997)	(4,510)	-	-
Proceeds from sale of plant		2	11	-	-
Proceeds from sale of property		1,240	25	-	25
Proceeds from disposal of subsidiary		-	-	500	-
Acquisition of subsidiary		-	(300)	-	(300)
Acquisition of shares		(190)	-	(190)	-
Security deposits established		(104)	(10)	(90)	(10)
Loan to controlled entities		-	-	(4,706)	(4,566)
<b>Net cash outflow from investing activities</b>		<b>(4,087)</b>	<b>(4,873)</b>	<b>(4,486)</b>	<b>(4,851)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from the issue of shares		2,383	7,133	2,383	7,133
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(1,898)</b>	<b>2,429</b>	<b>(1,903)</b>	<b>2,428</b>
Cash at beginning of the reporting period		5,054	2,625	5,035	2,607
<b>CASH AT END OF THE REPORTING PERIOD</b>	10	<b>3,156</b>	<b>5,054</b>	<b>3,132</b>	<b>5,035</b>
<b>Non cash financing activities</b>	23				

## STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2008

	Issued Capital	Share-based Compensation Reserve	Other Reserves	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>					
<b>As at 1 July 2006</b>	30,238	129	1,792	(12,693)	19,466
Profit for the period	-	-	-	449	449
Total income and expense for period	-	-	-	449	449
Share Issues	9,176	-	-	-	9,176
Share issue costs	(243)	-	-	-	(243)
Employee Options	-	160	-	-	160
<b>As at 30 June 2007</b>	<b>39,171</b>	<b>289</b>	<b>1,792</b>	<b>(12,244)</b>	<b>29,008</b>

<b>Consolidated</b>					
<b>As at 1 July 2007</b>	39,171	289	1,792	(12,244)	29,008
Loss for the period	-	-	-	(766)	(766)
Total income and expense for period	-	-	-	(766)	(766)
Share Issues	3,704	-	-	-	3,704
Share issue costs	(37)	-	-	-	(37)
Employee Options	-	406	-	-	406
<b>As at 30 June 2008</b>	<b>42,838</b>	<b>695</b>	<b>1,792</b>	<b>(13,010)</b>	<b>32,315</b>

<b>Parent</b>					
<b>As at 1 July 2006</b>	30,238	129	599	(12,450)	18,516
Loss for the period	-	-	-	(1,088)	(1,088)
Total income and expense for period	-	-	-	(1,088)	(1,088)
Share Issues	9,176	-	-	-	9,176
Share issue costs	(243)	-	-	-	(243)
Employee Options	-	160	-	-	160
<b>As at 30 June 2007</b>	<b>39,171</b>	<b>289</b>	<b>599</b>	<b>(13,538)</b>	<b>26,521</b>

<b>Parent</b>					
<b>As at 1 July 2007</b>	39,171	289	599	(13,538)	26,521
Loss for the period	-	-	-	(410)	(410)
Total income and expense for period	-	-	-	(410)	(410)
Share Issues	3,704	-	-	-	3,704
Share issue costs	(37)	-	-	-	(37)
Employee Options	-	406	-	-	406
<b>As at 30 June 2008</b>	<b>42,838</b>	<b>695</b>	<b>599</b>	<b>(13,948)</b>	<b>30,184</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

### 1. CORPORATE INFORMATION

The financial report of Golden Cross Resources Ltd (the "Company" or "GCR") for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 21 August 2008.

Golden Cross Resources Ltd (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. It has been prepared on an historical cost basis except for investments in listed shares, which are measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

#### (b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As at 30 June 2008, a number of accounting standards have been issued with applicable commencement dates subsequent to the year end. The expected impact of these accounting standards should not materially alter the accounting policies of Golden Cross Resources Ltd and its controlled entities at the date of this report.

#### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Golden Cross Resources Ltd ("Golden Cross" or the "Company") and its subsidiaries (collectively, the "Group") as at 30 June each year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

#### (d) Business Combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell) all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. This discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

#### (e) Cash

Cash and short-term deposits in the balance sheet comprise cash at bank and short-term deposits with an original maturity of less than twelve months.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

#### **(f) Trade and other receivables**

Trade receivables, which generally have 5-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

#### **(g) Exploration, evaluation, development and restoration costs**

##### *Exploration & Evaluation*

Exploration and evaluation expenditure incurred by or on behalf of the Company is 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 connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

##### *Exploration & Evaluation - Impairment*

The Group assesses at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

##### *Development*

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

##### *Restoration*

Provisions for restoration costs of drilling sites and other areas disturbed by exploration activities are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### *Remaining Mine Life*

In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

#### **(h) Property held for sale**

Where the carrying amount of property and related assets will be recovered principally through a sale transaction rather than through continuing use, the assets are reclassified as Property Held for Sale and carried at the lower of the assets' carrying amount and fair value less costs to sell - where such fair value can be reasonably reliably determined, and otherwise at its carrying amount. Liabilities and provisions related to property held for sale are similarly reclassified to Liabilities - Property Held for Sale and Provisions - Property Held for Sale, as applicable, and carried at the value at which the liability or provision is expected to be settled.

### **(i) Investments**

All investments are initially recognised at fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, being the date that the Group commits to purchase the asset.

Investments in subsidiaries are held at cost less accumulated provisions for impairment.

### **(j) Interest in jointly controlled operation**

The Group has an interest in a joint venture, the Yellow Mountain Joint Venture, which is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other recourses of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising its interest in the assets and the liabilities of the joint venture. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

### **(k) Property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Land is measured at cost.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- plant and equipment - 4 years; and
- motor vehicles - 5 years

#### *Impairment*

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

### **(l) Leases**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

### **(m) Goodwill and intangibles**

#### *Goodwill*

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the fair value of the acquirer's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

### *Intangibles*

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the "administrative expenses" line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

#### **(n) Pensions and other post-employment benefits**

The Group contributes to defined contribution superannuation funds for employees. The cost of these contributions is expensed as incurred.

#### **(o) Trade and other payables**

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **(p) Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

#### **(q) Provisions and employee leave benefits**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

#### *Employee Leave Benefits*

##### *(i) Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

##### *(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

#### **(r) Share-based payment transactions**

In addition to salaries, the Group provides benefits to certain employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

There are currently two plans in place to provide these benefits:

- the Employee Share Acquisition Scheme; and
- the Employee Option Plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the options is determined by using the Black & Scholes option pricing model.

In valuing transactions settled by way of issue of options, no account is taken of any vesting limits or hurdles, or the fact that the options are not transferable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised is recognised immediately. However, if a new award is substituted for the cancelled award and designated a replacement award on the date it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share except where such dilution would serve to reduce a loss per share.

#### **(s) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

##### *Interest*

Revenue is recognised as the interest accrues.

##### *Royalties*

Royalties are recognised in accordance with substance of the relevant agreement.

##### *Contract exploration*

Contract exploration revenue earned from third parties is recognised when rights to receive the revenue are assured.

#### **(t) Income tax and other taxes**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

#### *Other taxes*

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### **(u) Currency**

The functional and presentation currency for the Group is Australian dollars (\$).

#### **(v) Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **(w) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's Risk Management Policy sets out the Company's overall risk management framework and policies, including monthly review by the Board of the Company's financial position and financial forecasts, and maintaining adequate insurances.

The Company's cash reserves are held at call with Westpac Banking Corporation and BankWest, in accounts selected to maximise the return of interest.

AASB 7 introduced new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to AASB 101 introduces disclosures about the level of an entity's capital and how it manages capital.

(a) Capital Management

The Group considers its capital to comprise its ordinary share capital net of accumulated retained losses.

In managing its capital, the Group's primary objective as an explorer is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. The Group has no debt hence has a nil gearing ratio.

In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or consideration of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

(b) Principal financial instruments

The principal financial instruments are as follows:

- Cash
- Trade and other receivables
- Intercompany balances
- Trade and other payables

The Group does not use derivative financial instruments, and has no off-balance sheet financial assets and liabilities at year-end.

(c) Financial instrument risk exposure and management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. These main risks, arising from the group's financial instruments are interest rate risk, liquidity risk, currency risk, share market risk and credit risk. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(d) General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

(ii) Interest rate risk

At balance date, the Group is exposed to floating weighted average interest rates for financial assets of 0.05% on \$55,959 in cash (2007: 0.05%), 7.20% on \$350,000 in deposits at call (2007: 6.20%), between 8.03% and 8.24% on short term deposits of \$2,750,000 and between 4.50% and 7.79% on \$268,414 in security deposits (2007: 5.50% - 6.30%). All other financial assets and liabilities are non-interest bearing.

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the following tables:

## CONSOLIDATED

Notes		Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000		
<b>Financial assets</b>							
	10	406	2,750	-	-	-	3,156
	11	-	268	-	-	2,231	2,499
		406	3,018	-	-	2,231	5,655
		6.21%	7.98%				
<b>Financial liabilities</b>							
	18	-	-	-	-	315	315
		-	-	-	-	315	315
		406	3,018	-	-	1,916	5,340

Notes		Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000		
<b>Financial assets</b>							
	10	5,054	-	-	-	-	5,054
	11	-	155	-	-	1,221	1,376
	13	-	-	-	-	1,806	1,806
		5,054	155	-	-	3,027	8,236
		6.13%	5.90%				
<b>Financial liabilities</b>							
	18	-	-	-	-	1,401	1,401
		-	-	-	-	1,401	1,401
		5,054	155	-	-	1,626	6,835

## PARENT

Notes		Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000
			1 year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000		
<b>Financial assets</b>							
	10	382	2,750	-	-	-	3,132
	11	-	100	-	-	1,950	2,050
		-	-	-	-	21,293	21,293
		382	2,850	-	-	23,243	26,475
		6.21%	8.08%	-			
<b>Financial liabilities</b>							
	18	-	-	-	-	14	14
		-	-	-	-	14	14
		382	2,850	-	-	23,229	26,461

Year ended 30 June 2007

	Notes	Floating interest rate \$'000	Fixed interest maturing in:			Non- interest bearing \$'000	Total \$'000
			1 year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000		
<b>Financial assets</b>							
Cash	10	5,035	-	-	-	-	5,035
Receivables - Current	11	-	10	-	-	840	850
Receivables – Non Current	12	-	-	-	-	18,393	18,393
		5,035	10	-	-	19,233	24,278
Weighted average interest rate		5.31%	6.60%				
<b>Financial liabilities</b>							
Payables	18	-	-	-	-	1,259	1,259
		-	-	-	-	1,259	1,259
Net financial assets		5,035	10	-	-	17,974	23,019

At balance date, the Group had the following mix of financial assets exposed to Australian Variable Interest rate risk.

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Financial Assets</b>				
Cash	3,156	5,054	3,132	5,035
<b>Net exposure</b>	3,156	5,054	3,132	5,035

**Risk Exposures and Responses**

Judgements of reasonably possible movements:

	Post Tax Loss Lower/(Higher)		Equity Lower/(Higher)	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Consolidated</b>				
+ 1% (100 basis points)	48	58	48	58
- 1% (100 basis points)	(48)	(58)	(48)	(58)
<b>Parent</b>				
+ 1% (100 basis points)	48	58	48	58
- 1% (100 basis points)	(48)	(58)	(48)	(58)

(iii) Foreign Exchange Currency risk

All financial assets and liabilities are denominated in Australian dollars. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere.

The Group is presently expending funds on its Labrador, Canada and Panama farm-ins, in which exploration costs are largely denominated in Canadian and US dollars, respectively. A large portion of the Group's expenditures under the farm-ins are subject to unhedged foreign exchange risks. The Group may withdraw from the farm-ins at any time.

(iv) Share market risk

The Company relies greatly on equity markets to raise capital for its exploration activities, and is thus exposed to equity market volatility. When markets conditions require, for prudent capital management, in consultation with its professional advisers the Group looks to alternative sources of funding, including the sale of assets and royalties.

(v) Credit risk

Credit risk arises principally from the Group's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments.

The Group trade only with recognized, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### *Other receivables*

Other receivables comprise GST. Credit worthiness of debtors is undertaken when appropriate.

#### (vi) Market risk

Market risk does not arise as the Group does not use interest bearing, tradable and foreign currency financial instruments.

#### (vii) Equity price risk

Price risk arises from investments in equity securities and from GCR's issued capital.

All equity investments held by GCR are publicly traded on the ASX.

The price risk for listed securities is immaterial in terms of the possible impact on profit and loss or total equity and as such a sensitivity analysis has not been completed.

The capacity of the company to raise capital from time to time may be influenced by either or both market conditions and the price of GCR's quoted shares at that time.

#### (e) Accounting policies

Accounting policies in relation to financial assets and liabilities and share capital are contained in Note 1.

#### (f) Fair Value of financial assets and liabilities

The 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 asset and liabilities at year-end.

All financial assets and liabilities are denominated in Australian dollars.

## **4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

### **Significant accounting judgements**

#### *Impairment of non-financial assets other than goodwill*

The group assesses impairment of all assets (including capitalised exploration costs) at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment.

### **Significant accounting estimates and assumptions**

#### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date they were granted. The fair value is determined using the Black and Scholes model, with the assumptions detailed in the Remuneration Report. The accounting estimates and assumptions relating to equity-settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

## **5. SEGMENT INFORMATION**

The economic entity operates in the one industry, mineral exploration, evaluation and development, in three geographical areas, namely Australia, Panama and Labrador, Canada. Capitalised expenditures for the properties in Panama and Labrador, and the principal Australian properties, are shown in Note 15.

## **6. OTHER REVENUE**

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Revenue from non-operating activities</b>				
Interest received	510	305	492	298
Royalties	20	460	20	-
Contract exploration expenditure	440	90	-	15
<b>Total other revenue</b>	<b>970</b>	<b>855</b>	<b>512</b>	<b>313</b>

## 7. GAINS & EXPENSES

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>(a) Exploration expense</b>				
Exploration and Evaluation				
Capitalised expenditure written off	50	2,314	-	-
Contract exploration expenses	431	-	-	-
	<u>481</u>	<u>2,314</u>	<u>-</u>	<u>-</u>
<b>(b) General &amp; administrative expenses</b>				
Other charges against assets				
Write-down of inter-company loan receivable	-	-	-	1,062
Other items				
Employee entitlements	122	90	-	-
Superannuation contributions	26	9	-	-
Audit fees	45	49	34	42
Depreciation of plant and equipment	60	52	-	-
Insurance	52	46	52	46
Legal	20	1	-	-
Operating Lease - rental expense	96	91	-	-
Overseas admin expense	47	-	-	-
Business development	128	69	-	-
Stamp duty	19	-	-	-
Stock exchange fees	35	29	35	29
Share-based payments – employee options	406	160	406	160
Unrealised losses (Gains) on investments	339	(42)	339	(42)
Web site and computer maintenance	32	12	-	-
Other	273	289	101	47
	<u>1,700</u>	<u>855</u>	<u>967</u>	<u>282</u>

## 8. INCOME TAX

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
8A - The components of income tax expense are:				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (i) The parent entity and the Group are not tax consolidated.
- (ii) The parent entity and each of the subsidiaries are in tax loss for the year and have substantial tax losses carried forward.
- (iii) The Directors are of the view that there is insufficient probability that the parent entity and its subsidiaries will derive sufficient income in the foreseeable future to justify booking the tax losses and temporary differences as deferred tax assets and deferred tax liabilities.

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
8B - Numerical reconciliation of income tax expense to prima facie tax payable is as follows:				
Profit (loss) from operations before income tax expense	(766)	449	(410)	(1,088)
Tax at Australian tax rate of 30% (2007 also at 30%)	(230)	135	(123)	(326)
Tax effect of non-temporary differences	79	371	78	384
Tax effect of equity raising costs debited to equity	(38)	(39)	(38)	(39)
Tax effect of tax losses and temporary differences (recognised)/not recognised	189	(467)	83	(19)
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

8C - There is no amount of tax benefit recognised in equity, as the tax effect of temporary differences has not been booked.

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
8D – Tax Losses				
Unused tax losses for which no tax loss has been booked as a deferred tax asset	23,180	22,277	1,056	1,077
Potential benefit at 30%	<u>6,954</u>	<u>6,683</u>	<u>317</u>	<u>323</u>

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

- (i) the respective companies derive future assessable income of a nature and of an amount to enable the benefit from the deductions for the losses to be realised;
- (ii) the respective companies continue to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the respective companies in realising benefit from the deductions from the losses.

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
8E – Unrecognised (non-booked) temporary tax differences				
Non deductible amounts as temporary differences	(485)	(32)	(381)	(32)
Accelerated deductions for book compared to tax	21,788	19,013	1	-
Total	21,303	18,981	(380)	(32)
Potential effect on future tax expense @ 30%	6,391	5,694	(114)	(10)

## 9. EARNINGS PER SHARE

	CONSOLIDATED	
	2008	2007
	Cents	Cents
Basic earnings profit (loss) per share	(0.13)	0.10
	2008	2007
	No of Shares	No of Shares
Weighted average number of ordinary shares during the year used in the calculation of basic earnings per share	597,016,964	467,992,697
Diluted earnings profit (loss) per share	(0.13)	0.09
	2008	2007
	No of Shares	No of Shares
Weighted average number of ordinary shares during the year used in the calculation of diluted earnings per share	597,016,964	511,351,176
	2008	2007
	\$'000	\$'000
Earnings (loss) used in calculating basic and diluted earnings per share	(766)	449

### Options

Options granted to employees, including Key Management Personnel, described in the Remuneration Report, are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been considered in the determination of basic earnings per share.

In 2008 the weighted average number of options that were not included in the calculation of loss per share as they are anti-dilutive: 16,307,931.

## 10. CASH

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	56	54	32	35
Deposits at call	3,100	5,000	3,100	5,000
	3,156	5,054	3,132	5,035

**Note:** The deposits bear variable interest rates that at year-end were 7.90% (2007: 6.20%).

## 11. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Security deposits	268	155	100	10
Accounts receivable – disposal of subsidiary (Note 17)	1,950	840	1,950	840
Accounts receivable - other	84	381	-	-
Other Debtors	197	-	-	-
	2,499	1,376	2,050	850

Security deposits are required by government legislation as a prerequisite to exploration. The cash held in security deposits is not available until leases are relinquished or sold. The deposits are bearing floating interest rates between 4.50% and 7.79% (2007 between 5.50% and 6.30%).

Balances within trade and other receivables (in both the consolidated and the parent entity) do not contain impaired assets and are not past due. It is expected that these balances will be received in full.

## 12. INVESTMENTS – Held for trading

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Investments				
Shares in Alkane Resources Ltd	41	42	41	42
Shares in Argent Minerals Limited	143	-	143	-
Shares in Tasman Goldfields Limited	210	-	210	-
	<u>394</u>	<u>42</u>	<u>394</u>	<u>42</u>

## 13. NON-CURRENT ASSETS - Receivables

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Amounts owed by controlled entities	-	-	21,293	16,587
Other receivable – disposal of subsidiary	-	1,806	-	1,806
	<u>-</u>	<u>1,806</u>	<u>21,293</u>	<u>18,393</u>

## 14. INVESTMENTS IN SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Parent Entity's Investment		Equity Holding		Contribution to Consolidated Operating Profit/ (Loss) After Tax	
			2008 \$'000	2007 \$'000	2008 %	2007 %	2008 \$'000	2007 \$'000
<b>Parent Entity</b>								
Golden Cross Resources Ltd							(410)	(1,088)
<b>Controlled Entities</b>								
Golden Cross Operations Pty Ltd	Australia	Ordinary	-	-	100	100	(208)	2,792
Challenger Mines Ltd	Australia	Ordinary	-	-	-	-	-	(1,255)
King Eagle Resources Pty Ltd	Australia	Ordinary	3,300	3,300	100	100	-	-
GCR Panama Inc	Panama	Ordinary	11	-	100	-	(148)	-
			<u>3,311</u>	<u>3,300</u>	<u>-</u>	<u>-</u>	<u>(766)</u>	<u>449</u>

## 15. EXPLORATION AND EVALUATION EXPENDITURE, MINE PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>15a. Exploration and Evaluation Expenditure</b>				
<i>Exploration Assets</i>				
Costs brought forward	21,899	12,697	-	-
Expenditure incurred during the year	5,034	3,465	-	-
Expenditure written off during the year	(50)	(2,314)	-	-
Disposal of exploration property	(340)	-	-	-
Reversal of provision for diminution of exploration properties	-	4,756	-	-
King Eagle exploration properties acquired	-	3,295	-	-
Costs carried forward	<u>26,543</u>	<u>21,899</u>	<u>-</u>	<u>-</u>
Costs incurred on current areas of interest				
- Copper Hill	657	3,343	-	-
- Pipeline/Canbelego	1,133	83	-	-
- Veraguas – Panama	917	-	-	-
- Labrador - Canada	895	-	-	-
- Pine Ridge	307	-	-	-
- Bowen (including Mt MacKenzie and Mt Cavana)	183	-	-	-
- Rast	88	-	-	-
- Yarindury	82	-	-	-
- Other properties	432	39	-	-
	<u>4,694</u>	<u>3,465</u>	<u>-</u>	<u>-</u>

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>15b. Property, Plant and Equipment</b>				
Cost	403	322	-	115
Provision for depreciation/amortisation	(281)	(178)	-	-
Net book value	<u>122</u>	<u>144</u>	-	<u>115</u>
Net book value at beginning of year	144	222	-	115
Expenditure incurred during the year	38	89	-	-
Depreciation/amortisation expense	(60)	(52)	-	-
Transfer to Property Held for Sale	-	(115)	-	(115)
Net book value at 30 June	<u>122</u>	<u>144</u>	-	<u>-</u>

#### Exploration and Evaluation Expenditure

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

Recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the respective areas of interest.

At 30 June 2006 there were several areas of interest for which a farm-in partner was being sought. A provision was raised for some areas of interest in the year ended 30 June 2006.

During the year ended 30 June 2007 these areas were farmed-out and were actively explored, therefore the provisions were written back.

## 16. CURRENT ASSETS – Property Held for Sale

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Property held for sale	-	115	-	115
	<u>-</u>	<u>115</u>	<u>-</u>	<u>115</u>

## 17. DISPOSAL OF SUBSIDIARY

During May 2007 the Group disposed of the Adelong Gold Project, through the sale to the Tasman Goldfields group of all of the issued capital of GCR's wholly-owned subsidiary Challenger Mines Ltd. At the date of disposal the proceeds and loss on disposal were:

	\$'000
<i>Proceeds</i>	
Cash received	25
Current receivable	840
Non-current receivable	1,806
	<u>2,671</u>
Carrying value of net amount on disposal	<u>4,664</u>
Gain (loss) on disposal	<u>(1,993)</u>

Tasman Goldfields is required under the sale agreement to pay GCR the following instalments:

- By 7 January 2008: \$500,000 cash (\$340,000 was received in consideration for the sale of Challenger, while \$160,000 was for the purchase of house and land in Adelong) and 2 million Tasman shares (Tranche 1, received by GCR);
- By 7 January 2009: \$200,000 cash and \$1,300,000 worth of Tasman shares (Tranche 2);
- By 7 January 2010: \$200,000 cash and \$400,000 worth of Tasman shares\* (Tranche 3).  
(Note \*: The Tranche 2 and 3 payments may be satisfied by a single payment of \$400,000 cash and \$1,550,000 worth of Tasman shares, for a total of \$1.95 million, by 7 January 2009) At 30 June 2007 this was recorded at the discounted value of 1.806m.

GCR recorded a gain on the sale of Adelong property in the amount of \$45,000 during 2008.

## 18. CURRENT LIABILITIES - Payables

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Consideration for King Eagle Resources Pty Ltd	-	1,200	-	1,200
Trade payables and other creditors	315	201	14	59
	<u>315</u>	<u>1,401</u>	<u>14</u>	<u>1,259</u>

Trade payables and other creditors are non-interest bearing and are normally settled on 30-day terms.

## 19. CURRENT LIABILITIES – Provisions

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Opening provision for Annual Leave	38	36	-	-
Provisions made during the year	76	45	-	-
Provisions utilised during year	(46)	(43)	-	-
Closing Provision for Annual Leave	<u>68</u>	<u>38</u>	-	-

Annual leave is accrued by all permanent employees and provided for based on current salaries.

## 20. NON-CURRENT LIABILITIES – Provisions

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Opening Provision for Long Service Leave	18	28	-	-
Provisions made during the year	8	11	-	-
Provisions utilised during year	-	(21)	-	-
Closing Provision for Long Service Leave	<u>26</u>	<u>18</u>	-	-
Opening Provision for Lease Rehabilitation	10	-	-	-
Provisions made during the year	-	10	-	-
Closing Provision for Lease Rehabilitation	<u>10</u>	<u>10</u>	-	-
Total non-current liabilities - Provisions	<u>36</u>	<u>28</u>	-	-

## 21. CONTRIBUTED EQUITY

	PARENT ENTITY		PARENT ENTITY	
	2008 Shares '000	2007 Shares '000	2008 \$'000	2007 \$'000
(a) Issued and paid up Ordinary shares	631,103	540,551	42,838	39,171

Movements in the securities of the Company during the past two years were as follows:

DATE	DETAILS	NO. OF SHARES	ISSUE PRICE CENTS	NO. OF OPTIONS	\$'000
30.06.06	Balance	357,031,414	-	129,128,288	30,238
01.07.06	Opening Balance	357,031,414	-	129,128,288	30,238
04.07.06	Option Conversion	10,230	5.0	(10,230)	1
13.07.06	Option Conversion	1,200	5.0	(1,200)	0
26.07.06	Option Conversion	53,144	5.0	(53,144)	3
11.08.06	Option Conversion	134,162	5.0	(134,162)	7
24.08.06	Option Conversion	207,426	5.0	(207,426)	10
25.08.06	Option Conversion	343,082	5.0	(343,082)	17
31.08.06	Option Conversion	10,969,299	5.0	(10,969,299)	549
07.09.06	Option Conversion	642,454	5.0	(642,454)	32
13.09.06	Option Conversion	5,326,285	5.0	(5,326,285)	266
20.09.06	Option Conversion	3,545,950	5.0	(3,545,950)	177
21.09.06	Option Conversion	3,467,642	5.0	(3,467,642)	173
22.09.06	Option Conversion	1,818,627	5.0	(1,818,627)	91
27.09.06	Option Conversion	11,361,806	5.0	(11,361,806)	568
29.09.06	Option Conversion	14,181,469	5.0	(14,181,469)	709
30.09.06	Expiry of unexercised Options	-	5.0	(10,743,255)	-
06.10.06	Issue of Employee Options – Note (c), (f)	-	-	740,000	-
06.10.06	Option Conversion	44,957,257	5.0	(44,957,257)	2,248
06.10.06	Subunderwriters of Option Conversion	50,000,000	5.0	-	2,500
03.11.06	Placement	500,000	5.0	-	25
30.11.06	Expiry of Director Options	-	15.0	(7,600,000)	-
21.12.06	Expiry of Employee Options – Note (c)	-	-	(170,000)	-
28.06.07	Expiry of Employee Options – Note (c)	-	-	(170,000)	-
28.06.07	Placement – KER first instalment (e)	36,000,000	5.0	-	1,800
30.06.07	Closing Balance	540,551,447	-	14,165,000	39,414
	Less Transaction costs of shares issue	-	-	-	(243)
30.6.07	Opening Balance	540,551,447	-	14,165,000	39,171
20.12.07	Expiry of Employee Options – Note (c)	-	-	(185,000)	-
10.07.07	Issue of Employee Options – Note (c), (f)	-	-	2,300,000	-
23.10.07	Placement	2,000,000	4.2	-	84
30.10.07	Placement - KER final instalment (e)	24,000,000	5.0	-	1,200
22.11.07	Share Purchase Plan issue	64,551,645	3.75	-	2,420
25.06.08	Expiry of Employee Options – Note (c)	-	-	(185,000)	-
30.06.08	Closing Balance	631,103,092	-	16,095,000	42,875
	Less Transaction costs of shares issue	-	-	-	(37)
	Balance	631,103,092	-	16,095,000	42,838

(b) Options to take up ordinary shares in the capital of the Company are set out in the above table and the table headed "Option Holdings of Key Management Personnel" in the Directors' Report.

(c) The Employee Option Plan, re-approved by shareholders at the March 2006 General Meeting, is described at Note 25. Details of options issued to Directors under the Plan are set out in the Directors' Report.

(d) At 30 June 2008 the following Employee Options were on issue, 500,000 exercisable by 11.11.2008, 240,000 exercisable by 17.8.2009, 565,000 exercisable by 20.7.2010, 11,750,000 exercisable by 31.3.2011, 740,000 exercisable by 6.10.2011 and 2,300,000 exercisable by 10.7.2012 (total of 16,095,000 Employee Options);

(e) On 28 June 2007 GCR acquired King Eagle Resources Pty Limited.

(f) The weighted average fair value of the options granted during the year was 2.93 cents (2007: 4.25 cents)

### 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.

## 22. RESERVES

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Opening Asset revaluation reserve	1,792	1,792	599	599
Transfers in/out	-	-	-	-
Closing Asset revaluation reserve	1,792	1,792	599	599
Opening Share-based compensation reserve	289	129	289	129
Share based expense	406	160	406	160
Closing Share-based compensation reserve	695	289	695	289
	2,487	2,081	1,294	888

### *Asset revaluation reserve.*

The asset revaluation reserve is used to record increments and decrements in the fair value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.

### *Share-based compensation reserve*

The share-based compensation reserve is used to record the value of share based payments provided to employees as part of their remuneration. Refer to note 25 for further details of this plan.

## 23. CASH FLOW STATEMENT RECONCILIATION

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Operating profit/(loss)	(766)	449	(410)	(1,088)
Depreciation and amortisation	60	54	-	-
Gain on sale of property	(445)	-	(45)	-
Loss on sale of property held for sale	-	1,993	-	-
Loss on sale of subsidiary	-	-	-	1,119
Exploration and evaluation expenditure written off	50	2,314	-	-
Reversal of provision for diminution of exploration properties	-	(4,756)	-	-
(Increase)/decrease in other debtors	756	-	690	-
Increase/(decrease) in creditors	114	103	(35)	115
Increase/(decrease) in other provisions	37	12	-	-
Net cash inflow/(outflow) from operating activities	(194)	169	200	146

### **Non-cash financing and investing activities**

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Share issue to Joint Venture partner	84	-	84	-
Share issue for King Eagle	1,200	-	1,200	-
	1,284	-	1,284	-

## 24. RELATED PARTY DISCLOSURE

### **Directors**

Disclosures relating to Directors are set out in the Remuneration Report, included in the Directors' Report.

### **Wholly Owned Group**

The wholly-owned group consists of Golden Cross Resources Ltd and its wholly-owned controlled entities, Golden Cross Operations Pty Ltd, King Eagle Resources Pty Limited and GCR Panama Inc. Ownership interests in these controlled entities are set out in Note 14. Golden Cross Resources Ltd is the ultimate parent entity.

### **Compensation of Key Management Personnel**

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Short-term employee benefits (Salary/fee)	490	404	490	404
Post-employment benefits (Superannuation)	30	25	30	25
Termination benefits	-	36	-	36
Share-based payments (Shares/Options)	162	132	162	132
	682	597	682	597

## Transactions

Transactions between Golden Cross Resources Ltd and related parties in the wholly-owned group during the year ended 30 June 2008 and 2007 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	
	2008 \$'000	2007 \$'000
Total loans advanced to controlled entities	29,205	24,499
Less provision	(7,912)	(7,912)
Loans advanced to controlled entities	<u>21,293</u>	<u>16,587</u>

## Loans to Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year.

## Other transactions and balances with Key Management Personnel and their related parties

David Timms is a director and shareholder of Endeavour Minerals Pty Ltd, which was paid fees totaling \$34,925 for geological consulting and business development services. The contract was based on normal commercial terms and conditions (2007: \$88,125).

Chris Torrey is a director and shareholder of CTEX Pty Ltd, which was paid fees totaling \$22,303 for geological consulting services (2007: \$26,313). The contract was based on normal commercial terms and conditions.

Daven Timms is a director and shareholder of Resources Legal Pty Ltd, which was paid fees totaling \$109,560 for legal and company secretarial consulting services (2007: \$107,998). The contract was based on normal commercial terms and conditions.

There were no amounts outstanding to related parties at 30 June 2008. (2007: \$7,000)

## Amounts Recognised as Expense

	2008 \$	2007 \$
Underwriting fees	-	212,000
Geological consulting and business development fees	57,228	215,063
	<u>57,228</u>	<u>427,063</u>

Aggregate amounts payable to Directors of Golden Cross Resources Ltd at 30 June 2007 relating to the above types of other transactions.

	2008 \$	2007 \$
Current/Non-current liabilities	-	7,000

## Shareholdings of Key Management Personnel

Name	Balance 01.07.07 (number)	Received as remuneration (number)	Options Exercised (number)	Net Change Other (number)	Balance 30.6.08 (number)
Chris Torrey	500,000	-	-	53,334 <sup>(1)</sup>	553,334
Kim Stanton-Cook	100,000	-	-	100,000 <sup>(1)</sup>	200,000
Kerry McHugh	1,500,816	-	-	-	1,500,816
David Timms	30,293,783	-	-	133,333 <sup>(1)</sup>	30,427,116
Daven Timms	1,953,094	-	-	46,906 <sup>(1)</sup>	2,000,000
Christopher Ryan	1,457,500	-	-	-	1,457,500
Total	35,805,193	-	-	333,573	36,138,766

Note <sup>(1)</sup>: Shares purchased by Directors on 30 November 2007 at 3.75 cents per share under the Golden Cross Share Purchase Plan.

## Option Holdings of Key Management Personnel

Name	Balance 01.07.07 (number)	Granted as remuneration (number)	Option expiry (number)	Balance 30.06.08 (number)	Vested at 30 June 2008 Total (number)	Exercisable %
Chris Torrey	1,820,000	-	(320,000)	1,500,000	1,100,000	73.3%
Kim Stanton-Cook	5,000,000	-	-	5,000,000	3,000,000	60.0%
Kerry McHugh	1,000,000	-	-	1,000,000	600,000	60.0%
David Timms	1,000,000	-	-	1,000,000	600,000	60.0%
Daven Timms	1,500,000	-	-	1,500,000	900,000	60.0%
Christopher Ryan	2,250,000	-	-	2,250,000	1,350,000	60.0%
Rob Harley	-	500,000	-	-	50,000	10.0%
Total:	12,570,000	500,000	(320,000)	12,250,000	7,600,000	62.0%

## 25. SHARE-BASED PAYMENT PLANS

### Recognised share-based payment expenses

The expenses recognised for employee services received during the year is shown in the table below:

	CONSOLIDATED		PARENT ENTITY	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Payments by way of shares to directors and employees under Share Acquisition Scheme	-	-	-	-
Payments by way of options to directors and employees under Employee Option Plan (value of options vested during the year)	406	160	406	160
Total	406	160	406	160

### Types of share-based payment plans

#### Golden Cross Employee Share Acquisition Scheme (SAS)

The SAS, re-approved by shareholders at the 2005 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. No shares were issued under the SAS during the 2007 or 2008 financial years.

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 general meeting of shareholders held in March 2006. All employees (including directors and consultants) 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 21 for details of options issued during the year. The number of employee options on issue at any time must not exceed 5% of the issued capital of the Company at that time.

At 30 June 2008 Golden Cross had on issue 16,095,000 employee options exercisable at 8 cents or 10 cents as follows:

	Number	Exercise Price	Expiry Date
Golden Cross Resources Employee Option Plan Options	500,000	10 cents	11.11.2008
	240,000	10 cents	17.08.2009
	565,000	10 cents	20.07.2010
	6,750,000	10 cents	31.03.2011
	5,000,000	8 cents	31.03.2011
	740,000	10 cents	06.10.2011
	<u>2,300,000</u>	10 cents	10.07.2012
	<u>16,095,000</u>		

Valuation inputs for employee options issued in 2006 and 2007 are as follows:

Grant Date	Expiry Date	Exercise price	Dividend yield	Expected volatility *	Risk free interest rate	Expected life of option years	Share Price at Grant date
06.10.06	06.10.11	10 cents	0%	100%	6.00%	5	6.0 cents
10.07.07	10.07.12	10 cents	0%	100%	6.25%	5	4.4 cents

\*Volatility is determined by with reference to historical share prices.

## 26. COMMITMENTS AND CONTINGENCIES

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

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<b>Operating Leases</b>				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Not later than 1 year	97	93	-	-
Later than 1 year but not later than 2 years	101	97	-	-
Commitments not recognised in the financial statements	198	190	-	-

### 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	557	362	-	-
Later than one year but not later than 2 years	1,067	560	-	-
	1,624	922	-	-

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.

## 27. REMUNERATION OF AUDITORS

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
Remuneration for audit or review of the accounts and consolidated accounts of Golden Cross Resources Ltd				
Auditors of parent entity				
- Parent entity	34,150	37,203	34,150	37,203
- Controlled entities	11,300	12,000	-	-
	45,450	49,203	34,150	37,203

## 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, notes and the additional disclosures included in the directors' report designated as audited, of the Company and of the consolidated entity are in accordance 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 2008 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
  - (iii) 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
- (b) they have received the declaration from the Chief Executive Officer and Chief Financial Officer required under section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2008.

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



Kim Stanton-Cook  
Managing Director

Sydney, 22 August 2008

## **Independent auditor's report to the members of Golden Cross Resources Ltd**

### **Report on the Financial Report**

We have audited the accompanying financial report of Golden Cross Resources Ltd, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### ***Directors' Responsibility for the Financial Report***

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Independence***

In conducting our audit we have met the independence requirements of 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 directors' report.

### **Auditor's Opinion**

In our opinion:

1. the financial report of Golden Cross Resources Ltd is in accordance with the *Corporations Act 2001*, including:

- i giving a true and fair view of the financial position of Golden Cross Resources Ltd and the consolidated entity at 30 June 2008 and of their performance for the year ended on that date; and
- ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

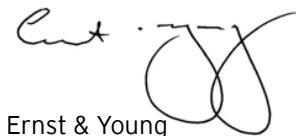
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Auditor's Opinion**

In our opinion the Remuneration Report of Golden Cross Resources Ltd for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to be 'Ernst & Young', with a large, stylized flourish.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Gary Daniels', with a large, stylized flourish.

Gary Daniels  
Partner  
Sydney  
22 August 2008