

Golden Cross Resources Ltd
ABN 65 063 075 178

Half-year Financial Report

31 December 2007

Contents

	Page No.
Company Particulars	3
Directors' Report	4
Auditor's Independence Declaration	5
Income Statement	6
Balance Sheet	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Half-year Financial Statements	10
Directors' Declaration	13
Independent Review Report to the Members	14

Company Particulars

Directors:	Christopher Ryan, BEcon, MBA, FAusIMM <i>Chairman</i>
	Kim Stanton-Cook, BA (Geology and Geophysics), MAIG, GSA, ASEG, SEG <i>Managing Director</i>
	Kerry McHugh, BCom (Hons) <i>Non-executive Director</i>
	David Timms, BSc (Hons), PEng, FAIG, FAusIMM <i>Non-executive Director</i>
	Chris Torrey, MSc, MAIG, FSEG, RP Geo <i>Non-executive Director</i>
Company Secretary and Alternate Director:	Daven Timms, BSc LLB (Hons), F Fin, AMPLA, MAusIMM <i>Alternate Director for David Timms</i>
Principal and Registered Office:	22 Edgeworth David Avenue Hornsby NSW 2077
Share Register:	Registries Limited Level 2 28 Margaret Street Sydney NSW 2000
Auditors:	Ernst & Young 680 George Street Sydney NSW 2000
Stock Exchange Listing:	Golden Cross Resources Ltd's shares are quoted on the Australian Stock Exchange (Listing code GCR)

Directors' Report

Your Directors present their report on the consolidated entity consisting of Golden Cross Resources Ltd ("Golden Cross" or the "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2007.

Directors

The following persons were Directors of Golden Cross during the whole of the half-year and up to the date of this report:

Christopher Ryan
Kim Stanton-Cook
Kerry McHugh
David Timms
Chris Torrey
Daven Timms (Alternate Director for David Timms)

Review and Results of Operations

The consolidated loss of the consolidated entity for the six months to 31 December 2007, after providing for income tax, was \$314,000, (2006: loss of \$2,714,000).

The Company continued its principal activity of minerals exploration and development of precious and base metals projects, and expanded its activities from its base in Australia, to Panama and Canada.

During the six months ended 31 December 2007 the Company:

- raised approximately \$2.4 million in cash by way of a share purchase plan;
- issued \$1.2 million worth of GCR shares as final instalment for the acquisition of King Eagle Resources Pty Ltd.
- commenced exploration activities at the Los Hatillos joint venture property in Panama, prospective for gold, and at the Labrador joint venture properties in Canada, prospective for uranium.
- Registered a wholly-owned Panama company, GCR Panama Inc, as the vehicle for the group's exploration effort in Panama.
- entered into a farm-in arrangement with Legend International Holdings Inc whereby Legend may earn an 80% interest in phosphate minerals on the GCR group's Mt Isa properties by spending \$3 million on exploration and development by 7 December 2012.
- increased the number of active farm-ins on GCR properties to nine; farm-in partners must spend up to \$18 million to earn their interests, including up to approximately \$3 million during 2008, in the absence of any withdrawals by farm-in partners.

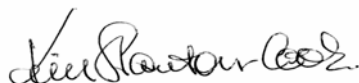
Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration to the Directors as required under section 307C of the *Corporations Act 2001* is set out on page 5.

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 in accordance with that Class Order.

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



Kim Stanton-Cook, Managing Director
7 March 2008, Sydney

Auditor's Independence Declaration



■ Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

■ Tel 61 2 9248 5555
Fax 61 2 9248 5959
DX Sydney Stock
Exchange 10172

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

In relation to our review of the financial report of Golden Cross Resources Limited for the half year ended 31 December 2007, 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
Sydney
7 March 2007

Income Statement

For the half-year ended 31 December 2007

	Notes	Consolidated	
		2007 \$'000	2006 \$'000
Income	3	816	327
Exploration expense	3	(253)	(237)
Mine Property held for Sale – fair value adjustment		-	(2,476)
Other expenses from ordinary activities		(877)	(328)
		<hr/>	<hr/>
Loss before tax and finance costs		(314)	(2,714)
Finance costs		-	-
		<hr/>	<hr/>
Loss before income tax		(314)	(2,714)
Income tax expense		-	-
		<hr/>	<hr/>
Loss after tax		(314)	(2,714)
		<hr/>	<hr/>
Net loss attributable to members of Golden Cross Resources Ltd		(314)	(2,714)
		<hr/> <hr/>	<hr/> <hr/>
Basic earnings per share (cents)	2	(0.06)	(0.63)
Diluted earning per share (cents)	2	(0.06)	(0.63)

Balance Sheet

As at 31 December 2007

	Consolidated 31 December 2007 \$'000	Consolidated 30 June 2007 \$'000
ASSETS		
Current Assets		
Cash Assets	5,540	5,054
Other	1,224	1,457
	<u>6,764</u>	<u>6,511</u>
Property held for Sale	115	115
Total Current Assets	<u>6,879</u>	<u>6,626</u>
Non-Current Assets		
Property, Plant and Equipment	138	144
Exploration and Evaluation Expenditure	24,385	21,899
Receivables	1,806	1,806
	<u>26,329</u>	<u>23,849</u>
Total Assets	<u>33,208</u>	<u>30,475</u>
LIABILITIES		
Current Liabilities		
Payables	441	1,401
Provisions	50	38
	<u>491</u>	<u>1,439</u>
Total Current Liabilities	<u>491</u>	<u>1,439</u>
Non-Current Liabilities		
Provisions	35	28
	<u>35</u>	<u>28</u>
Total Non-Current Liabilities	<u>35</u>	<u>28</u>
Total Liabilities	<u>526</u>	<u>1,467</u>
Net Assets	<u>32,682</u>	<u>29,008</u>
EQUITY		
Issued Capital	4	42,838
Reserves		2,402
Accumulated Losses		(12,558)
		<u>39,171</u>
TOTAL EQUITY		<u>32,682</u>

Statement of Changes in Equity For the half-year ended 31 December 2007

	Issued Capital	Unissued Shares	Share-based Compensation Reserve	Other Reserves	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated						
As at 1 July 2007	39,171	-	289	1,792	(12,244)	29,008
Loss for the period	-	-	-	-	(314)	(314)
Total income and expenses for the period	-	-	-	-	(314)	(314)
Employee Options	-	-	321	-	-	321
Share issues	3,704	-	-	-	-	3,704
Cost of share issues	(37)	-	-	-	-	(37)
As at 31 December 2007	42,838	-	610	1,792	(12,558)	32,682
Consolidated						
As at 1 July 2006	30,238	-	129	1,792	(12,693)	19,466
Loss for the period	-	-	-	-	(2,714)	(2,714)
Total income and expenses for the period	-	-	-	-	(2,714)	(2,714)
Employee Options	-	-	20	-	-	20
Share Issues	7,374	-	-	-	-	7,374
Cost of share issues	(241)	-	-	-	-	(241)
As at 31 December 2006	37,371	-	149	1,792	(15,407)	23,905

During the six months ended 31 December 2007 the Company:

- raised approximately \$2.4 million in cash by way of a share purchase plan; and
- issued \$1.2 million worth of GCR shares as final instalment for the acquisition of King Eagle Resources Pty Ltd.

Cash Flow Statement

For the half-year ended 31 December 2007

	Consolidated HALF YEAR	
	2007	2006
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(468)	(533)
Payments for exploration and evaluation	(2,457)	(2,635)
Interest received	173	123
Other, including receipts from farm-in partners	137	204
Net cash (outflow) from operating activities	<u>(2,615)</u>	<u>(2,841)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(11)	(23)
Proceeds from sale of plant and equipment	3	-
Proceeds from sale of exploration property	740	-
Security Deposits (payment) refund	(14)	20
Net cash inflow (outflow) from investing activities	<u>718</u>	<u>(3)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares	2,420	7,374
Cost of Share issue	(37)	(241)
Net cash inflow from financing activities	<u>2,383</u>	<u>7,133</u>
NET INCREASE (DECREASE) IN CASH HELD	486	4,289
Cash at beginning of reporting period	<u>5,054</u>	<u>2,625</u>
CASH AT THE END OF THE REPORTING PERIOD	<u>5,540</u>	<u>6,914</u>

Notes to the Half-Year Financial Statements For the Half-year ended 31 December 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Golden Cross Resources Ltd ("Golden Cross" or the "Company") as at 30 June 2007.

It is also recommended that the half-year financial report be considered together with public announcements made by Golden Cross during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on an historical cost basis, and is presented in Australian dollars.

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

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Golden Cross and its subsidiaries ("the Group").

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.

(c) Significant accounting policies

The consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2007. There were a number of standards and interpretations that were mandatory for reporting periods beginning on or after 1 July 2007. Adoption of those standards did not have any effect on the financial position or performance of the Group.

2. EARNINGS PER SHARE

	HALF YEAR	
	2007 Cents	2006 Cents
Basic earnings per share	(0.06)	(0.63)
Diluted earnings per share	(0.06)	(0.63)
	No of Shares	No of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	552,523,548	431,240,279
Weighted average number of ordinary shares and dilutive potential ordinary shares. By reason of the losses recorded in both periods, dilutive potential ordinary shares are not used in calculating diluted earnings per share.	568,864,313	503,465,497
	\$'000	\$'000
Loss used in calculating basic earnings per share:	314	2,714
Loss used in calculating diluted earnings per share:	314	2,714

3. LOSS FROM ORDINARY ACTIVITIES

	HALF YEAR	
	2007 \$'000	2006 \$'000
<i>Loss from ordinary activities includes the following items of income and expense which, together with other disclosures in this report, are relevant in explaining the financial performance for the half-year:</i>		
<i>Income</i>		
Revenue from ordinary activities	-	204
Profit from Sale of Exploration Tenement	400	-
Other	243	-
Interest received	173	123
Total Income	816	327
<i>Expenses include:</i>		
Depreciation	30	22
Exploration expenditure written off	11	237
Joint venture exploration	242	-
Expense of share-based payments	321	20
Mine Property held for Sale – fair value adjustment	-	2,476
<i>Included within deferred exploration and evaluation expenditure and other expenses is:</i>		
Employee benefits	562	438

4. ISSUED CAPITAL

	HALF YEAR		HALF YEAR	
	31 Dec 07 Shares	30 June 07 Shares	31 Dec 07 \$'000	30 June 07 \$'000
Opening Balance	540,551,447	357,031,414	39,171	30,238
Share issues	90,551,645	183,520,033	3,705	9,176
Share Issue Costs	-	-	(37)	(243)
Closing Balance	631,103,092	540,551,447	42,839	39,171

5. SEGMENT REPORTING

Golden Cross is listed on ASX and operates predominantly in the one industry and one geographical area; its main operations consist of minerals exploration and development of precious and base metals projects in Australia, principally in New South Wales. During the six months to 31 December 2007 it expanded its activities from its base in Australia, to Panama and Canada, by way of farm-ins to gold and uranium properties, respectively. It also registered a wholly-owned Panama company, GCR Panama Inc, as the vehicle for the group's exploration effort in Panama. As at 31 December 2007 the activities in Panama and Canada were not sufficiently significant to justify separate geographical segments. Hence no additional segmental reporting has been disclosed.

6. SUBSEQUENT EVENTS

There were no significant events subsequent to 31 December 2007.

Directors' Declaration

In accordance with a resolution of the directors of Golden Cross Resources Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 200*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2007 and the performance for the half year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Kim Stanton-Cook, Managing Director

7 March 2008, Sydney



■ Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

■ Tel 61 2 9248 5555
Fax 61 2 9248 5959
DX Sydney Stock
Exchange 10172

To the members of Golden Cross Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying Half-Year financial report of Golden Cross Resources Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the six months ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the Half-Year end or from time to time during the Half-Year.

Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the Half-Year financial report in accordance with 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 Half-Year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Half-Year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the Half-Year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of Golden Cross Resources Limited and the entities it controlled during the Half Year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-Year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

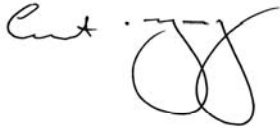
Independence

In conducting our review, we have complied with 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Golden Cross Resources Limited is not in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the six months ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



Ernst & Young



Gary Daniels
Partner
Sydney
7 March 2008