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Golden Cross Resources Ltd
ABN 65 063 075 178

Half-Year Financial Report

31 December 2008

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Company Particulars

Directors:	Chris Torrey, MSc, MAIG, FSEG, RP Geo <i>Chairman</i>
	Kim Stanton-Cook, BA (Geology and Geophysics), MAIG, GSA, ASEG, SEG <i>Managing Director</i>
	Hui (Steven) Xiao, DBA, PhD (economics), MA (economics), MBA, BSc <i>Business Development Director (since 13 January 2009)</i>
	Xiaoming Li, MBA, BA (Commerce) <i>Non-executive Director (since 13 January 2009)</i>
	Xun (Suzanne) Qiu <i>Non-executive Director (since 13 January 2009)</i>
	David Timms, BSc (Hons), PEng, FAIG, FAusIMM <i>Non-executive Director</i>
	Daven Timms, BSc, LLB (Hons), F Fin, AMPLA, MAusIMM <i>Alternate Director for David Timms.</i>
Company Secretary	Simon Lennon, MCom, MBA, BSc, LLB, ACIS
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 2008.

Directors

The following people were Directors of Golden Cross during the whole of the half-year and up to the date of this report, unless otherwise stated:

Chris Torrey
Kim Stanton-Cook
Hui (Steven) Xiao (director since 13 January 2009)
Xiaoming Li (director since 13 January 2009)
Kerry McHugh (director until 13 January 2009)
Xun (Suzanne) Qiu (director since 13 January 2009)
David Timms
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 2008, after providing for income tax, was \$6.349 million, (2007: loss of \$314,000).

The Company continued its principal activity of minerals exploration and development of precious and base metals projects in Australia, Panama, and Canada. On 22 December 2008, it entered into a strategic alliance with HQ Mining Resources Holding Pty Ltd, the Australian investment vehicle of Beijing based China United Mining Investment Co Limited ("CUMIC").

During the six months ended 31 December 2008 the Company:

- Raised approximately \$1.29 million in cash by way of private share placements.
- Borrowed a further \$960,000 in cash. (The \$960,000 borrowing was settled with the issue of 80 million shares at 1.2 cents each following the extraordinary general meeting of the company on Thursday 19 February 2009.)
- Golden Cross entered into a strategic alliance with HQ Mining Resources Holding Pty Ltd (HQ), the Australian investment vehicle of Beijing-based China United Mining Investment Co Ltd (CUMIC), on 22 December 2008. The alliance provides Golden Cross with substantial funding for exploration as well as developmental, operational, and marketing support.
- With the HQ strategic alliance, Golden Cross is pursuing new mineral exploration, development, and production opportunities while expanding its exploration programmes at Copper Hill, Burra, Mulga Tank, Bowen, and Mt Isa.
- At Mulga Tank East Golden Cross has completed an Ionic Leach soil survey comprising 1,100 samples. The results cover 57 elements and work is continuing to determine the best anomalies using absolute values and cross-correlations between various elements. The Mulga Tank Greenstone Belt remains one of the least tested in the Yilgarn Craton and Golden Cross intends to work up drill targets for 2009.

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.

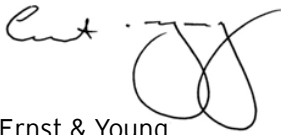


Kim Stanton-Cook, Managing Director
13 March 2009, Sydney

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

In relation to our review of the financial report of Golden Cross Resources Ltd for the half-year ended 31 December 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
13 March 2009

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Income Statement

For the half-year ended 31 December 2008

	Notes	Consolidated	
		2008 \$'000	2007 \$'000
Income	3	122	816
Exploration expenditure written-off	3	(5,176)	(253)
Impairment expense	3	(494)	-
Other expenses from ordinary activities		(801)	(877)
Loss before tax and finance costs		(6,349)	(314)
Finance costs		-	-
Loss before income tax		(6,349)	(314)
Income tax expense		-	-
Loss after tax		(6,349)	(314)
Net loss attributable to members of Golden Cross Resources Ltd		(6,349)	(314)
Basic earnings per share (cents)	2	(0.96)	(0.06)
Diluted earning per share (cents)	2	(0.96)	(0.06)

Balance Sheet

As at 31 December 2008

	Consolidated 31 December 2008 \$'000	Consolidated 30 June 2008 \$'000
ASSETS		
Current Assets		
Cash Assets	3,179	3,156
Trade and other receivables	1,340	2,519
Investments held for trading	197	394
Total Current Assets	4,716	6,069
Non-Current Assets		
Property, Plant and Equipment	98	122
Exploration and Evaluation Expenditure	22,681	26,543
Receivables	1,068	-
Total Non-Current Assets	23,847	26,665
Total Assets	28,563	32,734
LIABILITIES		
Current Liabilities		
Payables	131	315
Loan	960	-
Provisions	56	68
Total Current Liabilities	1,147	383
Non-Current Liabilities		
Provisions	35	36
Total Non-Current Liabilities	35	36
Total Liabilities	1,182	419
Net Assets	27,381	32,315
EQUITY		
Issued Capital	4 44,223	42,838
Reserves	725	2,487
Accumulated Losses	(17,567)	(13,010)
TOTAL EQUITY	27,381	32,315

Statement of Changes in Equity

For the half-year ended 31 December 2008

	Issued Capital	Share-based Compensation Reserve	Asset Revaluation Reserve	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated					
As at 1 July 2008	42,838	695	1,792	(13,010)	32,315
Loss for the period	-	-	-	(6,349)	(6,349)
Total income and expenses for the period	-	-	-	(6,349)	(6,349)
Employee Options	-	30	-	-	30
Share issues	1,385	-	-	-	1,385
Cost of share issues	-	-	-	-	-
Transfer of reserve	-	-	(1,792)	1,792	-
As at 31 December 2008	44,223	725	-	(17,567)	27,381
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

During the six months ended 31 December 2008 the Company:

- raised \$1.29 million by way of share placements.
- issued \$95,000 in shares to joint venture partners.

Cash Flow Statement

For the half-year ended 31 December 2008

	Consolidated HALF YEAR	
	2008	2007
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(668)	(468)
Payments for exploration and evaluation	(1,712)	(2,457)
Interest received	104	173
Other, including receipts from farm-in partners	199	137
Net cash (outflow) from operating activities	<u>(2,077)</u>	<u>(2,615)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(29)	(11)
Payments for equity investments	(10)	-
Payments for prospects	(52)	-
Proceeds from sale of plant and equipment	-	3
Proceeds from sale of exploration property	-	740
Security deposits	(59)	(14)
Net cash inflow (outflow) from investing activities	<u>(150)</u>	<u>718</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares	1,290	2,420
Cost of share issue	-	(37)
Proceeds from borrowings	960	-
Net cash inflow from financing activities	<u>2,250</u>	<u>2,383</u>
NET INCREASE (DECREASE) IN CASH HELD	23	486
Cash at beginning of reporting period	<u>3,156</u>	<u>5,054</u>
CASH AT THE END OF THE REPORTING PERIOD	<u>3,179</u>	<u>5,540</u>

Notes to the Half-Year Financial Statements For the Half-year ended 31 December 2008

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 2008.

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 2008 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, except investments held for trading which are measured at fair value. The half-year financial report 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 2008. There were a number of standards and interpretations that were mandatory for reporting periods beginning on or after 1 July 2008. Adoption of those standards did not have any effect on the financial position or performance of the Group.

2. EARNINGS PER SHARE

	HALF YEAR	
	2008 Cents	2007 Cents
Basic earnings per share	(0.96)	(0.06)
Diluted earnings per share	(0.96)	(0.06)
	No of Shares	No of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	658,731,507	552,523,548
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.	677,714,759	568,864,313
	\$'000	\$'000
Loss used in calculating basic earnings per share:	6,349	314
Loss used in calculating diluted earnings per share:	6,349	314

3. LOSS FROM ORDINARY ACTIVITIES

	HALF YEAR	
	2008 \$'000	2007 \$'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>		
Profit from Sale of Exploration Tenement	-	400
Other	18	243
Interest received	104	173
Total Income	122	816
<i>Expenses include:</i>		
Depreciation	30	30
Exploration expenditure written off	5,176	11
Impairment expense	494	-
Joint venture exploration	2	242
Expense of share-based payments	30	321
<i>Included within deferred exploration and evaluation expenditure and other expenses is:</i>		
Employee benefits	534	562

4. ISSUED CAPITAL

	HALF YEAR 31 Dec 08 Shares	FULL YEAR 30 June 08 Shares	HALF YEAR 31 Dec 08 \$'000	FULL YEAR 30 June 08 \$'000
Opening Balance	631,103,092	540,551,447	42,838	39,171
Share issues	98,800,000	90,551,645	1,385	3,704
Share Issue Costs	-	-	-	(37)
Closing Balance	<u>729,903,092</u>	<u>631,103,092</u>	<u>44,223</u>	<u>42,838</u>

5. SEGMENT REPORTING

Golden Cross currently operates in one business segment being the exploration of mineral resources. Golden Cross is listed on the ASX.

6. SUBSEQUENT EVENTS**(a) Tasman Goldfields Limited**

On 7 January 2009, Golden Cross and Tasman Goldfields Limited ("Tasman") agreed to defer Tasman's Tranche 2 payment obligations under the Adelong sale agreement of 2007, due that day. Tranche 2, which was due on 7 January 2009, obliged Tasman to pay Golden Cross \$1.5 million of which at least \$200,000 was to be in cash and the balance in newly issued Tasman shares at a 5% discount to the 5 day VWAP (volume weighted average share price). The last shares traded in Tasman to the close of trading on 6 January 2009 traded at 5 cents each.

Golden Cross and Tasman agreed that Tasman could satisfy its Tranche 2 obligations to Golden Cross by:

- a) Paying Golden Cross \$200,000 in cash on or before 11 January 2009.
- b) Issuing 1.16 million shares to Warrama Consulting on or before 11 January 2009. At a price of 4.75 cents each, they equate to \$55,100. (The Adelong sale agreement was brokered by Warrama Consulting, for which it is entitled to a commission on payments made by Tasman to Golden Cross.)
- c) Issuing 13 million shares to Golden Cross on or before 11 January 2009. At a price of 4.75 cents each, they equate to \$617,500. In addition to the 2 million Tasman shares Golden Cross held pursuant to Tranche 1, that caused Golden Cross to hold 15 million Tasman shares of a total of 75,633,335 shares on issue, being 19.83% of the issued shares of Tasman.
- d) Under a new tranche 2B, paying Golden Cross \$95,000 on 14 July 2009. Tasman may pay that amount in cash or shares at an issue price of 4.75 cents each. If Tasman elects to pay the full amount in shares, it would issue Golden Cross with 2 million shares.
- e) Amending Tranche 3 so it is due on 21 January 2010 and increasing the amount by \$500,000 from \$600,000 to \$1.1 million of which a minimum \$200,000 will be payable in cash and the balance in newly issued Tasman shares at a 5% discount to the 5 day VWAP (volume weighted average share price) at that time.
- f) The carrying value of the receivable from Tasman at 31 December 2008 has been adjusted to reflect the increased value of the receivable as a consequence of the revised terms.

(b) HQ Mining Resources Holding Pty Ltd

The \$960,000 loan from HQ Mining Resources Holding Pty Ltd was settled with the issue of 80 million shares at 1.2 cents each following the extraordinary general meeting of Golden Cross on Thursday 19 February 2009.

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 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2008 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
13 March 2009, Sydney

To the members of Golden Cross Resources Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Golden Cross Resources Ltd, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year 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 period end or from time to time during the period.

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 Interim and Other Financial Reports 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 2008 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*. As the auditor of Golden Cross Resources Ltd and the entities it controlled during the period, 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

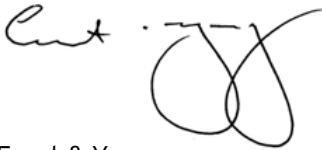
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Golden Cross Resources Ltd 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 2008 and of its performance for the half-year 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
13 March 2009