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QUARTERLY REPORT SEPTEMBER 2011

21 October 2011

HIGHLIGHTS

Copper Hill

- Preliminary capital cost estimate studies well advanced
- Mill and Plant Scoping Study with preliminary detailed plans prepared
- Geological Resource: New resource estimate underway
- Metallurgical studies for Mill and Plant throughput options continuing
- Four core holes for 756 metres and 15 RC holes for 1,122 metres

Other Projects

- Drilling at Cargo planned for October
- Drilling planned to test Gawler Craton magnetic-gravity anomalies
- Canbelego – Rosevale: new airborne magnetic survey results are encouraging

Copper Hill

Brisbane-based engineering firm, Calder Maloney Pty Limited, has been retained to complete a Scoping Study of the proposed 2 million tonne per annum mining and mill throughput plan.

The study is very comprehensive and at quarter's end included a complete equipment list, design criteria and mass balance for the mill and plant flowsheet. A detailed high voltage distribution network for the concentrate plant, mine service area, bore fields and tailings water return has been designed.

Over 50% of the capital cost of the process plant and site infrastructure will be attributable to the crushing, grinding and flotation process to recover copper and gold in concentrate for sale.

A project capital cost estimate is anticipated in the December Quarter.

Following completion of the latest round of drilling, a new Copper Hill geological resource will be estimated and announced in the December Quarter.

Copper Hill – Metallurgy

The current metallurgical test work progress has slowed somewhat as a result of laboratory testing and analytical backlogs but advances continue to be made. Extensive testing over a range of parameters for the various ore types includes milling parameters, flotation circuit configurations and reagent suites all of which require evaluation to ensure an optimum economic outcome.

Figure 1. Core Drilling at Copper Hill

Copper Hill

During the September Quarter 756 metres of core drilling was undertaken in four completed holes, and a further 1,122 meters in fifteen RC holes.

Drill assay results received in the September Quarter from these holes and from previously reported holes will extend the resource envelopes at Wattle Hill and Buckley's Hill and contribute tonnes to the October resource estimate.

GCHR449 was drilled to test the up-dip extension of grade mineralisation defined by three deeper holes on section 6150N. A mineralised zone of 118m grading 0.40% copper, 0.19 g/t gold contains the following intercepts, at 0.2% copper cut-off.

- **44 metres @ 0.47% copper, 0.17 g/t gold from 6 metres**
- **9 metres @ 0.35% copper, 0.18 g/t gold from 57 metres**
- **34 metres @ 0.62% copper, 0.30 g/t gold from 90 metres**

GCHR446 was originally drilled for geotechnical purposes to test the northeast wall of the proposed pit. Subsequent assays have returned a gold-rich zone:-

- **5 metres @ 4.43 g/t gold from 107 metres**

The location of the hole is shown on Figure 2, and the gold zone appears to be related to an east-west trending shear zone which returned up to 8 g/t gold from surface sampling 100 metres along strike to the east as shown. Drillholes in this area have also returned high grade gold intercepts and the significance of this feature is being further evaluated. GCHR450 was drilled to intersect the shear zone some 220 metres to the east without success. The high grade zone will be tested by closer spaced drilling when the rig returns to site.

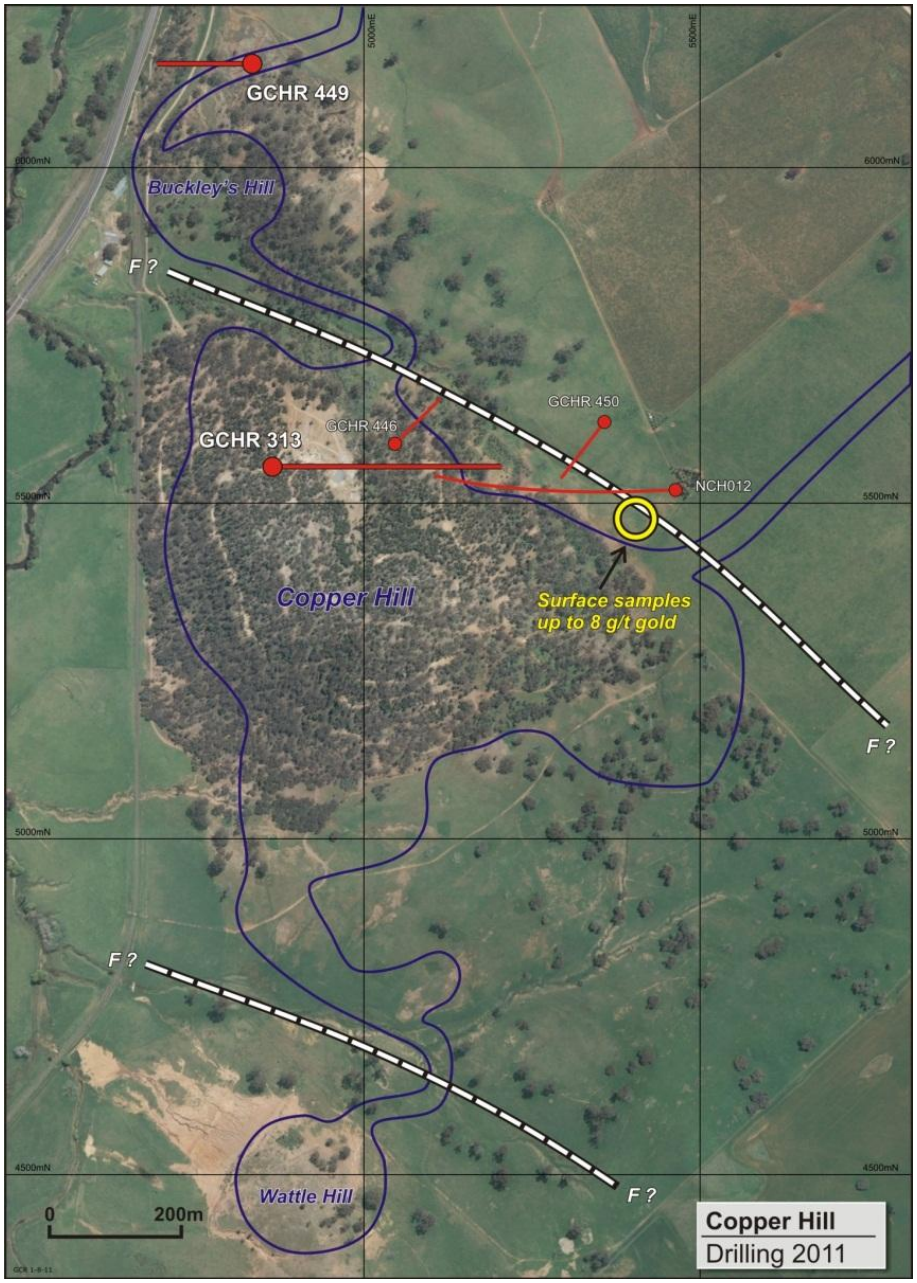

Figure 2. Drill hole locations for GCHR313 Extended, GCHR446, GCHR449 and GCHR450

Cobar Region

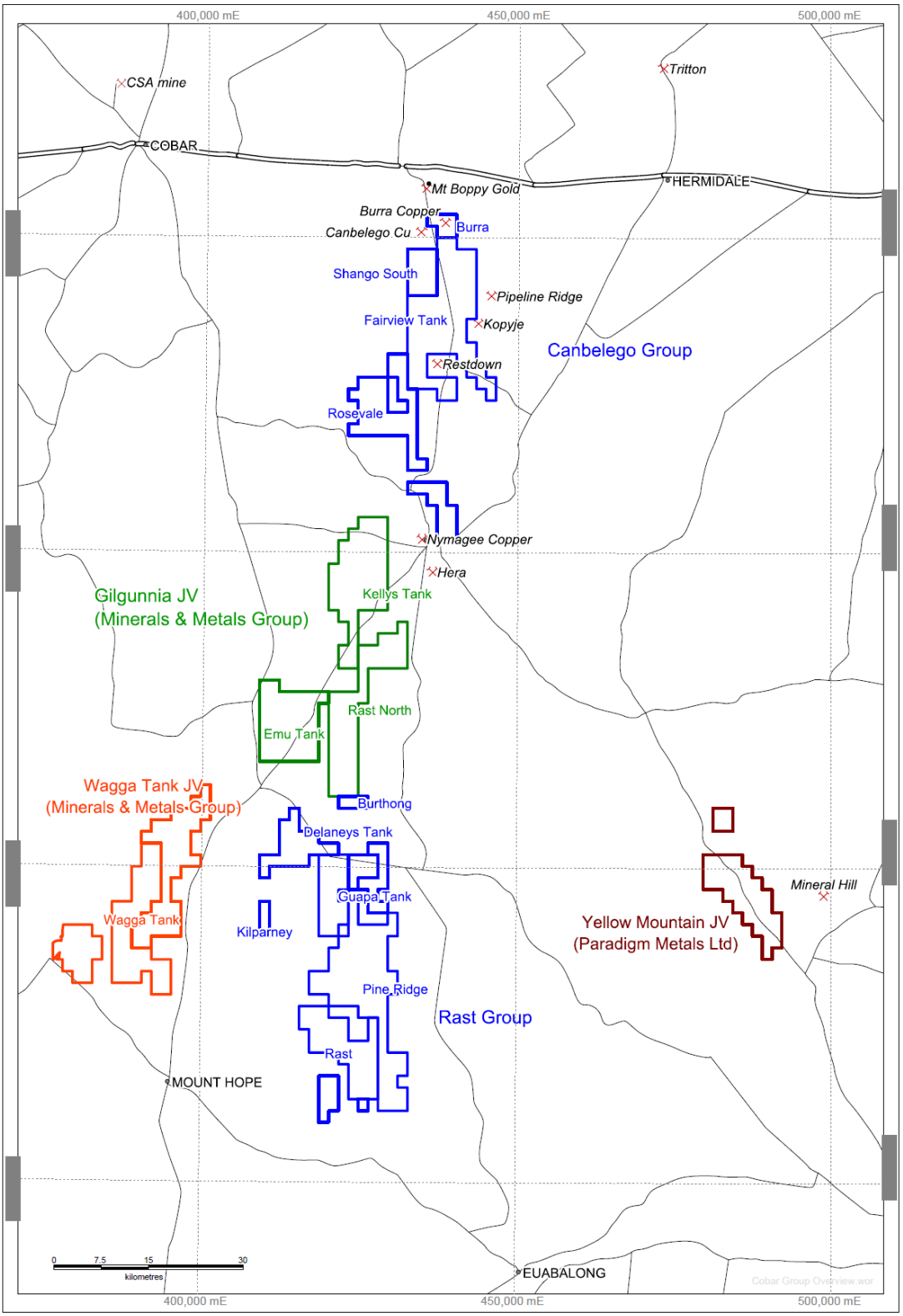

Figure 3. Cobar Region Project and Joint Venture Locations

Canbelego Group

Burra, Shango South, Fairview Tank, Rosevale

Data from the aeromagnetic survey over Burra, Shango South and Fairview Tank was processed to produce a series of images. Figure 4 shows a third, more intense magnetic high southeast of Block 51. Anomalous copper-in-soil values are shown as red and magenta blocks.

This target will be the subject of further surface sampling and drilling.

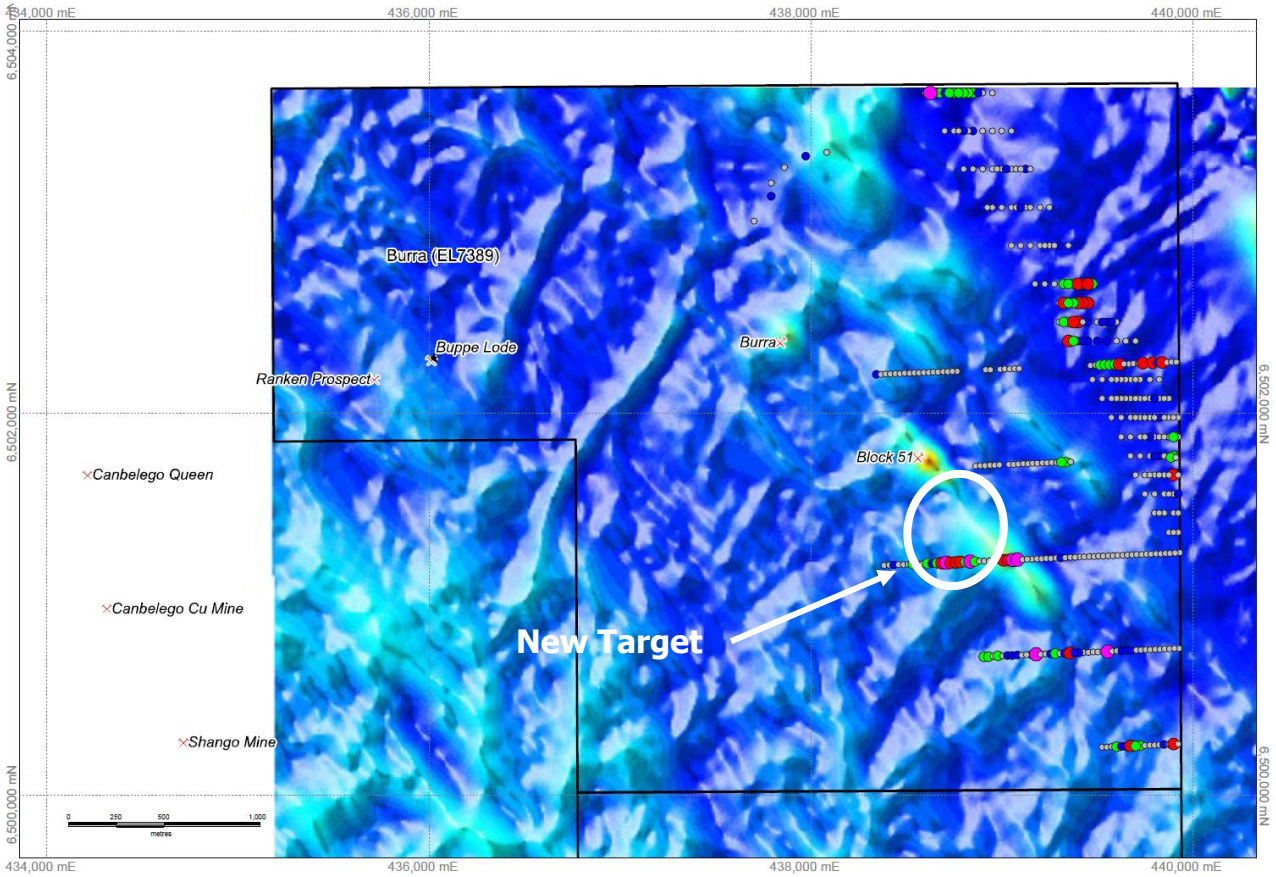

Figure 4. Canbelego: Processed Aeromagnetic Data:
New target, along strike from Block 51 and Burra copper-lead-zinc occurrences

GCR holds a high quality group of tenements in this region which is currently the focus of considerable exploration and development activity at Mount Boppy to the north, at the recent Four Mile base metal discovery to the west and at the Nymagee and Hera base and precious metals deposits to the south.

GCR's joint venturers, MMG and Paradigm have been active at Wagga Tank, Gilgunnia and Yellow Mountain respectively.

South Australia (see Figures 4, 5 & 6)

Oolgelima Hill, Giddinna, Warriner Creek, Codna Hill, Koolymilka

Golden Cross holds over 3,400 km^2 of area within the Gawler Craton of South Australia. The Gawler Craton, and the G2 Structural Corridor which traverses it, host Australia's major Iron Oxide Copper Gold (IOCG) deposits: Olympic Dam, Carapateena and Prominent Hill. (Figure 5)

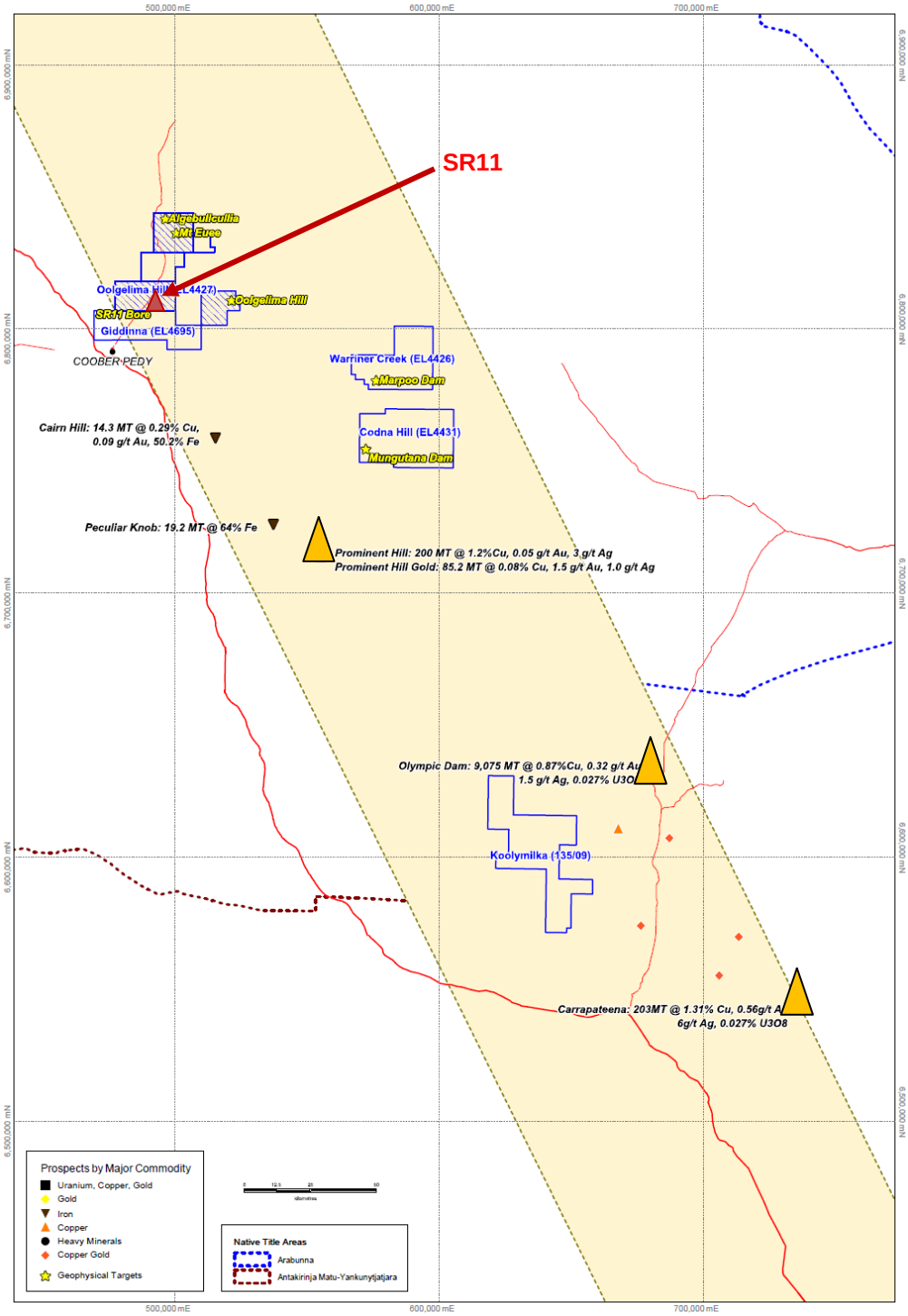

Figure 5. GCR's South Australia Tenements on G2 Structural Trend showing major mines and Golden Cross geophysical targets

Interpretation of open-file and new GCR gravity data has yielded several drill targets within GCR's tenements and details were released to the market in late August.

In particular, an exciting new drill target, Anomaly SR11, has emerged from GCR's new gravity data which shows a clear anomaly coincident with aeromagnetic data. Anomaly SR11 is the southernmost of two gravity anomalies within a distinct north-south, open corridor, an anomalous feature in itself (Figure 5). Both gravity anomalies are coincident with elevated magnetic readings. Anomalies with these characteristics meet the criteria for defining IOCG-type mineralisation at depth.

The SR11 gravity anomaly has a 1 milligal (mgal) intensity with a footprint of 1.8 x 1.4 Km with the long axis trending SW-NE coincident with a pronounced magnetic anomaly as shown in Figures 5 and 6.

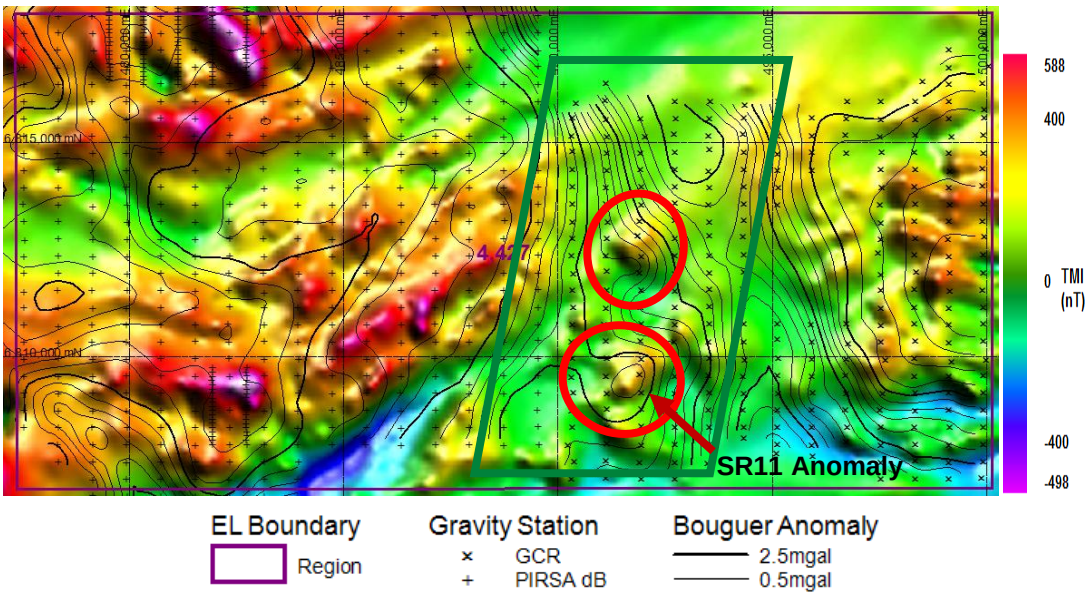

Figure 5. Oolgelima Hill, EL4427. Gravity contours over regional magnetic (TMI) data with two coincident magnetic+gravity anomalies highlighted.

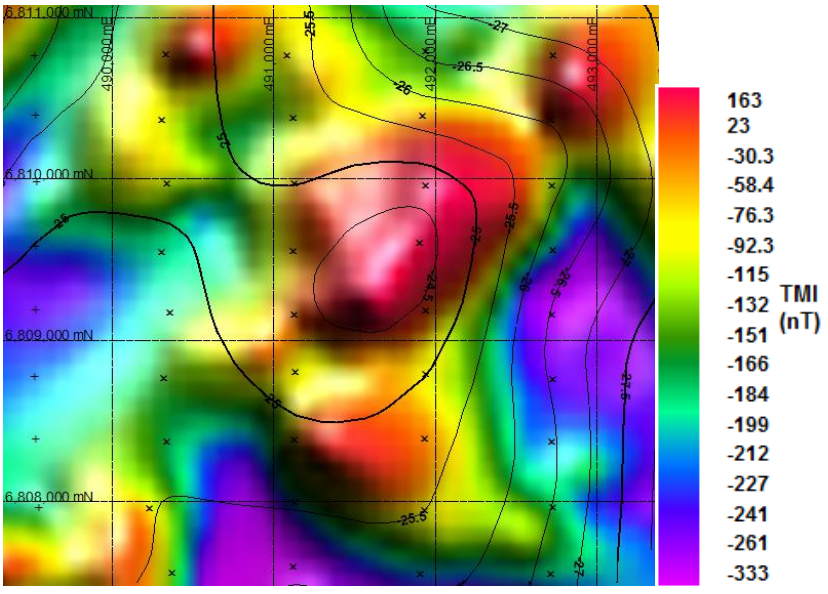

Figure 6. South Australia EL4427: Coincident magnetic & gravity anomalies at SR11 Bore

Queensland Phosphate

(Figure 8: GCR 100%, Legend International has the right to earn 80% interest in the phosphate resources only. GCR free-carried to decision-to-mine)

In August, drilling commenced on EPM 14906 Highlands Plains, northwest of Mount Isa, where established phosphate resources will be defined in more detail.

The rig will then move to EPM 14912 Lily & Sherrin Creeks, due west of Mount Isa, where a program of 3,440 metres of RC drilling will be carried out over an area containing moderate grade phosphate resources drill-defined in the 1960's and 1970's. Higher grade material from this resource could be suitable for direct shipping. Access tracks and drill pads are in place and the program is scheduled for completion in September this year. Resources within this project area, with elevated grades and proximity to Mount Isa, stand the best chance to be considered for early production.

EPM14905 Quita Creek, to the southwest of Mount Isa, will be the last of the GCR projects to be tested in the current program, with 1,120 metres of RC drilling and 120 metres of core drilling scheduled for October, to better define the known mineralisation boundaries and to infill the previous drilling.

Queensland government-compiled results from historical drilling demonstrate that substantial (but not JORC-compliant) phosphate resources are located in each of GCR's tenements. These resources make up approximately one third of the resource inventory quoted by GCR's joint venture partner Legend International. It is hoped that Legend's drilling program will raise the status of the existing deposit resources to meet JORC requirements.

Legend must spend a total of $3 million to earn an 80% interest in the GCR tenements. GCR is free-carried to decision-to-mine. GCR retains a 100% right to all other minerals which may be present including uranium, base & precious metals and Rare Earth Elements (REE's). REE's are known to have a strong association with phosphate deposits elsewhere in the Georgina Basin.

Figure 7. GCR's Quita Creek Project, Mount Isa.

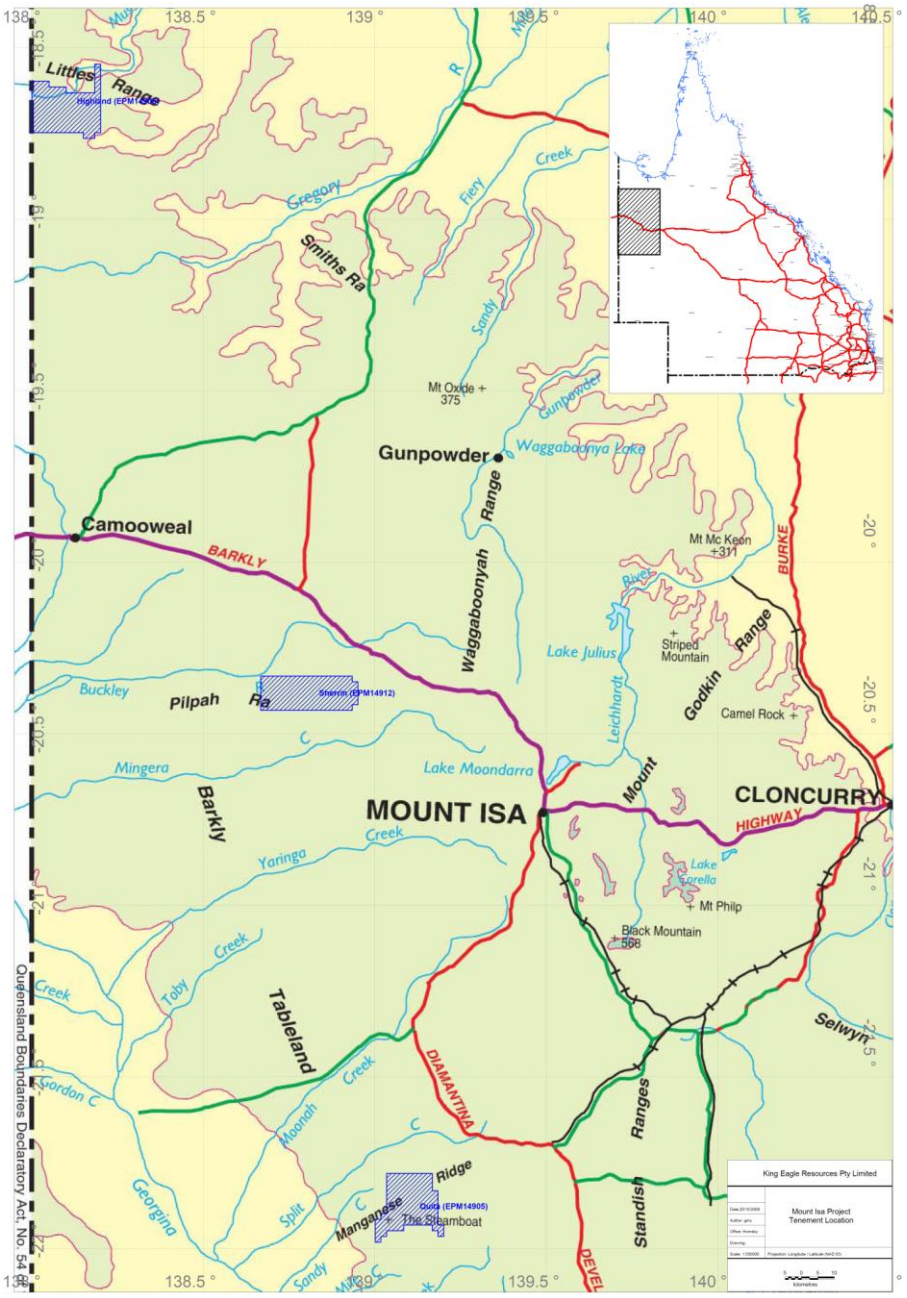

Figure 8. GCR's Phosphate Projects, Mount Isa.

Corporate Directory

Board of Directors

Chris Torrey	Chairman
Kim Stanton-Cook	Managing Director
Li Xiaoming	Non-Executive Director
Jingmin Qian	Non-executive Director
Suzanne Qiu	Non-Executive Director
David Timms	Non-Executive Director
Li Yan	Alternate Director for Mr Li

Company Secretary
Simon Lennon

Issued Share Capital

Golden Cross Resources Ltd has 1,361 million ordinary shares on issue which are listed on the ASX.

Share Registry
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Registered Office

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Fax: (61 2) 9482 8488
www.goldencross.com.au

Please direct shareholding enquiries to the Share Registry.

About Golden Cross Resources Ltd

Golden Cross Resources (ASX:GCR) is a mineral explorer with a copper gold focus. Its major activity is developing the Copper Hill copper-gold project in central NSW. GCR also has many other high quality, prospective projects across Australia as well as joint ventures which are funded and managed by GCR's partners.

The Copper Hill project geological resource contains 618,000 tonnes of copper and 1.6 million ounces of gold. The project is ideal for open pit mining with outcropping mineralisation, and the infrastructure (existing and potential) is excellent. Promising extensions to the known deposits are currently being found.

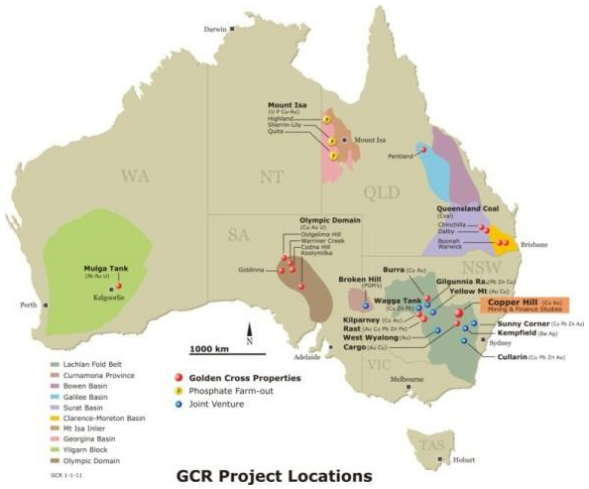
Current drilling efforts are aimed at extending the size and grade of the mineralisation. Metallurgical studies, based on a new strategy, are being undertaken to maximise copper and gold recoveries.

Completion of a Scoping Study for the new 2 Mtpa mine + mill throughput strategy is planned for November 2011 with a Bankable Feasibility Study, acceptable to Chinese or other financiers, now scheduled for mid-2012. When the Scoping Study is complete GCR will have more certainty of the potential for the project to become an operating mine. Indications to date are promising.

HQ Mining Resources (HQMR) holds a 33% shareholding in GCR. HQMR is the Australian investment vehicle of Beijing-based China United Mining Investment Co Ltd (CUMIC). HQMR brings additional operational, development and marketing expertise to GCR, including access to mining and processing equipment from China and a bridge to international investors.

About China United Mining Investment Corporation (CUMIC)

CUMIC is a privately owned, Beijing-based investment company specialising in mineral and mining investment. CUMIC has a portfolio of exploration and mining assets in various parts of the world, focusing on iron, copper and gold. CUMIC developed and controls the Mongolia Eleet River Iron and Steel Company, a major iron ore mining company.



GCR Project Locations