



GOLDEN CROSS RESOURCES LTD

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ASX Announcement **Copper Hill** Feasibility: Stage 1 completed, Stage 2 commenced

11 January 2011

GCR APPOINTS WHITTLE CONSULTING TO CREATE AN ENTERPRISE OPTIMISATION MODEL FOR COPPER HILL

Key Points:

- **Feasibility Study enters Stage 2**
- **Development strategy planned for end-March 2011**
- **Encouraging cash flow estimates**

GCR has received, from China Automated Control Systems (CACS), the Copper Hill Feasibility Study - Stage 1 Report by China Nerin Engineering Co. Ltd entitled Copper Hill Cu-Au Mine Project - Technical and Economic Evaluation Report. The report is comprehensive, provides cost estimates of all development aspects of the project and recommends GCR proceed to produce a copper-gold sulphide concentrate on site for sale.

The consulting agreement with CACS has been concluded. GCR is now embarking on Stage 2 of the Feasibility Study and has appointed Whittle Consulting to create an enterprise optimisation model for Copper Hill by late-March 2011. Preliminary results are expected in early March.

Indicative annual cash operating costs and income have been estimated by GCR for an initial eleven-year operation at Copper Hill using cost assumptions sourced from operating mines, data from the NERIN study, and applying a range of copper and gold prices:

Copper Price US\$/lb	Gold Price US\$/oz	Average annual total cash operating cost US\$ million	Average annual net operating income US\$ million
3.30	1200	91	103
3.00	1000	91	80
2.70	800	91	56

Based on mill throughput of 8 million tonnes per annum average annual copper production is estimated to be 45 million pounds with 82.5% achievable overall recovery. Average annual gold production will be in the order of just over 50,000 ounces with an assumed overall gold recovery of 65%. Work is continuing at Metcon to improve recoveries for both metals.

The estimates above are indicative, and will be revised in the next stage of the Feasibility Study as the Whittle studies, set out below, provide a detailed financial analysis of the project.

Whittle Consulting is a leading global mining consultant that specialises in the modelling, analysis and optimisation of complex mining and mineral processing operations. The application of Whittle's Enterprise Optimisation software to the Copper Hill deposit will assist the advancement of the Feasibility Study.

Copper Hill presents several opportunities for value enhancement and the Enterprise Optimisation mechanisms relevant to the Copper Hill project are:

- **Pit optimisation and phasing** – With a 173 million tonne JORC Resource, containing over 500,000 tonnes of copper and 1.45 million ounces of gold, the deposit is large scale. Application of the Enterprise Optimisation approach may yield substantial improvements in the project NPV.
- **Plant size and through-put** - improved economies may come with a larger plant.
- **Scheduling** – the sequencing and timing of material to be mined can be modelled to maximise revenue and minimise costs.
- **Cut-off grades** – grade selection ties in with mine scheduling; the potential use of elevated cut-off grades combined with selective mining will be evaluated.
- **Stockpiles** – modelling the use of long term stockpiling to re-time cash flows while testing the optimal size, and numbers, of stockpiles.
- **Blending** – optimal blending of mined material to produce a higher value concentrate.
- **Plant calibration** – configuration of the processing plant in terms of throughput, recovery and product quality to simultaneously suit both available feed and market driven product specifications.
- **Logistics** – evaluate the effects of any mining, rail and port constraints and determine the cost-benefits of removing or reducing bottlenecks.
- **Capital** – determining the optimal sizing of mining fleet and plant.

The mechanisms listed above will be evaluated simultaneously within a number of Enterprise Optimisation models using a range of throughput, recovery, cost and metal price variables.

GCR 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
Daven Timms	Alternate Director for Mr Timms
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 and 453.7 million 2011 share options listed on the ASX.

Share Registry

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Registered Office

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Please direct shareholding enquiries to the Share Registry.

ABOUT GOLDEN CROSS RESOURCES LTD

GCR is a multi-commodity global explorer with a copper-gold focus. GCR has formed a strategic alliance with Beijing-based CUMIC and its Australian subsidiary HQ Mining Resources providing access to capital and mining and processing equipment from China.

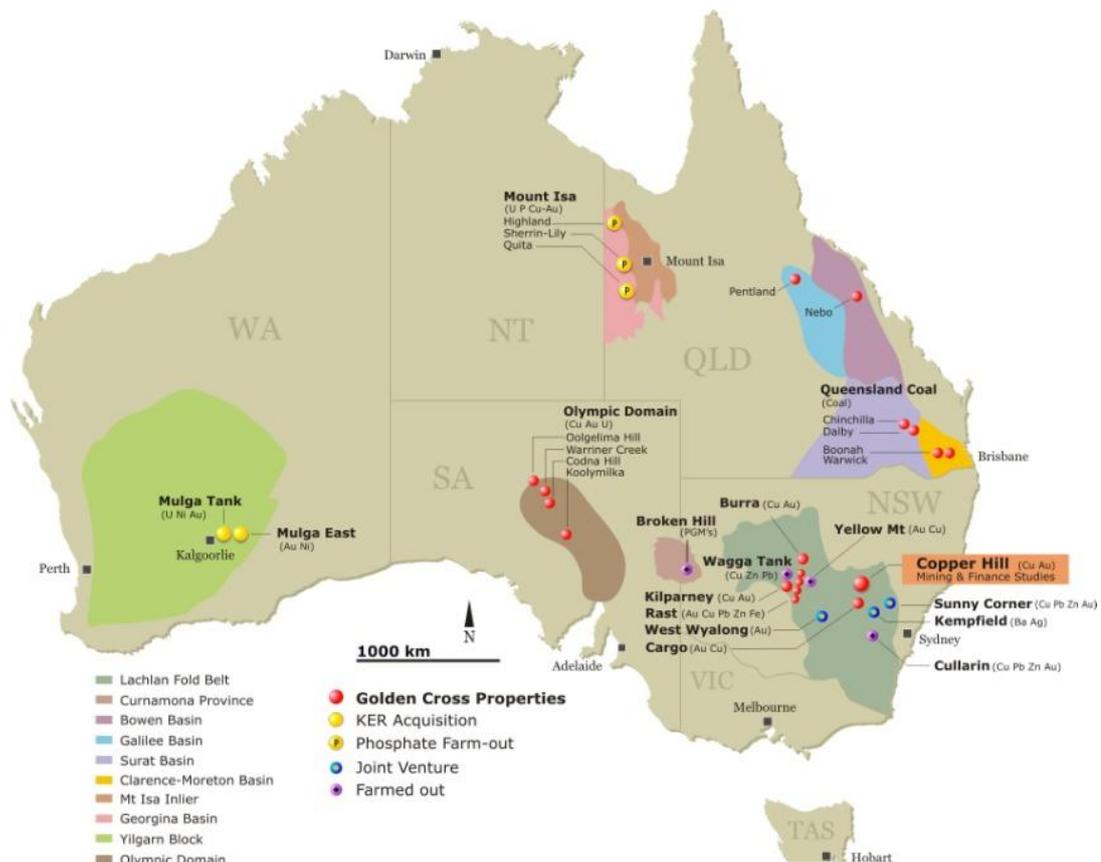
GCR holds, at today's date, \$5.8 million cash and \$2.6 million in tradeable securities. Market cap: \$27.2 million

GCR is focused on advancing its 100%-owned copper-gold Copper Hill Project. Exploration, resource expansion drilling and metallurgical test-work is continuing. Consultants have been appointed covering Mining Engineering, Metallurgical Processing, Geotechnical, Financial Modelling, Environmental Assessments and Hydrology studies. Discussions with State Government authorities regarding permitting requirements have commenced. Molong & district residents continue to be involved by way of public meetings.

On the exploration front, the Cargo Au-Cu, Burra Cu, Rast Cu-Pb-Zn and Mulga Tank Au-Ni-U projects remain active and prospective areas are under application with IOCG potential in South Australia and porphyry copper potential in Panama. GCR also holds substantial phosphate resources and coal exploration tenements and applications in Queensland.

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 January 2011

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