



GOLDEN CROSS RESOURCES LTD

ABN 65 063 075 178

304/66 Berry Street
North Sydney NSW 2060
Phone (02) 9922 1266
Fax (02) 9922 1288

2 December 2015

Dear Shareholder

Supplementary Notice in relation to the AGM to be held on 16 December 2015

Your directors wish to provide updated information in relation to the proposals to be put to shareholders at the Company's Annual General Meeting to be held on 16 December 2015 in the context of the takeover bid announced by HQ Mining Resources Holding Pty Limited (**HQ Mining**) on 18 November 2015. Mr Li and Mr Wang are nominees of HQ Mining and have not participated in the preparation of this letter.

Summary of changes to AGM agenda

Resolutions 7, 8 and 9 set out in the Notice of AGM will not now be put to shareholders. These resolutions relate, respectively, to a proposed issue of shares and options to HQ Mining, a proposed pro rata issue of bonus options to shareholders, and a proposed issue of shares to HQ Mining upon capitalisation of a loan made by HQ Mining to the Company.

Resolutions 7 and 9 are being withdrawn because HQ Mining has advised the Company that it does not wish to proceed with the issues of securities the subject of those resolutions, whilst resolution 8 is being withdrawn because the Company has been unable to obtain the relief from the Australian Securities and Investments Commission (**ASIC**) necessary to issue a prospectus in relation to the bonus issue.

Updated information

This letter is for information purposes only and relates to events which have occurred since the Notice of AGM was sent to shareholders on 17 November 2015. Shareholders do not need to take any specific action in response to this letter.

As noted above, HQ Mining has announced its intention to make a takeover bid for the Company. That bid is conditional, amongst other things, on shareholders not approving resolutions 4 to 13 set out in the Notice of AGM. Notwithstanding this condition of HQ Mining's bid, your directors (other than Mr Li and Mr Wang and, insofar as resolution 6 approves an issue of free attaching options, Ms Jingmin Qian) continue to recommend that shareholders vote in favour of resolutions 4 to 6 (concerning the Feasibility Study Funding Package) for the following reasons:

- (a) The Feasibility Study Funding Package will allow the Company to build upon the positive scoping study completed for the Company's Copper Hill Project in April 2015 and enable the Board to better quantify the value of Copper Hill and thereby determine whether the price being offered by HQ Mining under its bid represents fair value for your shares in the Company.

- (b) Resolution 6 will allow the Company to raise further funds, which will provide working capital, part fund a pre-feasibility study for Copper Hill, and repay a \$150,000 loan owed to HQ Mining. Without the ability to raise these funds, and in the absence of other funding options, the Company will be unable to proceed with development of the Copper Hill Project and its other assets.

The Board (other than Mr Li and Mr Wang) considers the Feasibility Study Funding Package, in light of the HQ Mining bid, will best advance the Copper Hill Project and as such is in the best interests of the Company and all shareholders. Specifically, funds are being raised from industry experts and professional investors at a price comparable to the offer price under HQ Mining's bid of \$0.07. The Board (excluding Mr Li and Mr Wang) continues to recommend that shareholders vote in favour of resolutions 10 to 13 (concerning share issues to directors in satisfaction of a loan and fees) for the reasons set out in the Explanatory Memorandum which accompanied the Notice of AGM.

In reiterating these recommendations, the Board (other than Mr Li and Mr Wang) have had regard to the fact that a possible consequence of shareholders approving resolutions 4 to 6 and 10 to 13 will be that HQ Mining may discontinue with its takeover bid.

HQ Mining's bid is on broadly the terms announced by the Company on 25 October 2015 and as described in sections 2.1 and 2.6 of the Notice of AGM, namely a cash bid at \$0.07 per share which is conditional, amongst other things, on HQ Mining acquiring an interest in the Company of at least 50.1%. As noted above, the bid is also conditional on shareholders not approving the issue of any new securities (other than the proposed issue of 543,734 shares to Mr Ken Hellsten as set out in resolution 14). HQ Mining has the right to waive that condition, but at the date of this letter the Company has no information as to whether HQ Mining intends to do so if the relevant resolutions are in fact passed at the AGM.

A copy of HQ Mining's bidder's statement (announced on 24 November 2015) is available from www.asx.com.au. The Company understands that HQ Mining intends to mail the bidder's statement and offer document to shareholders shortly.

Your independent directors have retained BDO Corporate Finance (WA) Pty Limited to prepare an independent expert's report to accompany a target's statement which must be provided to shareholders in response to HQ Mining's bid. Those documents are expected to be sent to shareholders within the next four weeks. However, having regard to the matters set out above and due to the timing of the AGM, the Board (other than Mr Li and Mr Wang) consider it to be in shareholders' best interests to approve the Feasibility Study Funding Package at the AGM ahead of receiving the target's statement and independent expert's report.

Your independent directors' formal recommendations on the HQ Mining bid will be contained in the target's statement. However, at this stage, and based on information presently available to them, your independent directors believe that the proposed bid price of \$0.07 per share does not represent fair value and would accordingly recommend shareholders take no action in relation to the bid.

Action to be taken by shareholders

Shareholders should read the Notice of AGM and the Company's ASX announcements dated 24 November 2015 and 25 November 2015 carefully before deciding on how to vote at the AGM. If at all uncertain, advice should be sought from your financial or legal advisers.

The proxy included with the Supplementary Notice of Meeting sent to shareholders on 25 November 2015 (coloured yellow and containing resolutions 2 to 18) should be used in voting at the AGM and must be lodged with the Company on or before 2pm AEST on 14 December 2015.

Shareholders who have already submitted a proxy for the AGM and for whatever reason wish to change their proxy vote may do so by contacting the Company on (02) 9922 1266.

Yours sincerely,

Jingmin Qian
Interim Chairman

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