



**ASX
Announcement**

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**Funding proposal to complete
Pre-feasibility Study for Copper Hill**

- **Funding package to raise up to approximately \$2.45M to fund Copper Hill PFS**
- **Placement to investors to raise up to \$1.4M with commitments received for \$510K**
- **Simulus Group to undertake \$700K of PFS metallurgical and engineering work, to be part paid through \$350K share issue**
- **1 for 2 free Bonus Option Issue to all Shareholders to fund a Definitive Feasibility Study likely to commence in late 2016**
- **Package subject to Shareholder approval to be sought at forthcoming AGM**

Golden Cross Resources Limited (**ASX:GCR**) is pleased to propose a funding package (**Feasibility Study Funding Package**) to complete a Pre-feasibility Study (**PFS**) for the Company's Copper Hill Project by December 2016. The Feasibility Study Funding Package, which is subject to Shareholder approval to be sought at the forthcoming AGM, consists of the following:

- A placement of up to 20M shares at no less than \$0.07 per fully paid ordinary share (**Share**), with one free attaching option for every 2 Shares issued, to raise up to \$1.4M. To date, commitments have been received for \$510,000 at \$0.07 per Share. All Shares issued under the placement prior to the record date for the Bonus Issue will be eligible to participate in that issue.
- Contracts for services to be funded through the issue of up to 15M Shares at no less than \$0.07 per Share. To date, GCR has agreed the essential commercial terms with Simulus Group, a well-regarded metallurgical laboratory, for services with respect to the PFS for a fixed price of \$700,000, to be part satisfied through the issue of 5M Shares (at a deemed issue price of \$0.07 per Share), subject to final documentation and Shareholder approval. Negotiations with other service providers for services to be undertaken for the PFS in consideration for Shares at the prevailing market price at the time the services are provided are on-going.
- Bonus issue of options (vesting in December 2016, when the PFS is expected to be completed, and expiring on 24 March 2017), on the basis of 1 bonus option for every 2 Shares held on the record date of 23 December 2015 (**Bonus Issue**).

Pre-feasibility Study

The Feasibility Study Funding Package will allow the Company to build upon the positive Scoping Study completed in April 2015. Simulus has commenced initial "sighter" metallurgical test work on 2014 Copper Hill drill core which will be funded independently of the Feasibility Study Funding Package.

The PFS will investigate the viability of a 2-3 million tonne per annum mining and processing operation¹ based on the central higher grade mineralisation at Copper Hill and will include a review of several optimisation opportunities identified in the Scoping Study. The PFS program includes

¹ See announcement to ASX on 24 March 2015 and 15 April 2015. All material assumptions underpinning the production target continue to apply and have not been materially changed. The Company is not aware of any new information or data that materially affects the information included in those announcements.

metallurgical test work, mining and closure studies, hydrological evaluation, processing studies, baseline environmental programs, infrastructure requirements, product transport and realisation components, PFS-level engineering, securing infrastructure, determining the other project development components necessary such as environmental approvals and mining lease applications, infill drilling, and development of a preliminary project timeline for development should the PFS confirm a potentially viable development. The PFS is expected to be completed within 9 to 12 months from Shareholders approving the Feasibility Study Funding Package.

Bonus Option Issue

The final component of the Feasibility Study Funding Package is a pro-rata issue of Bonus Options to shareholders on the Record Date with a registered address in Australia or New Zealand (**Eligible Shareholders**), on the basis of 1 Bonus Option for every 2 Shares held on the record date of 23 December 2015.

The Bonus Options will be issued for nil consideration and have an exercise price of \$0.07 per Bonus Option. They will be unlisted and non-transferable. The Bonus Options will be exercisable for a period of 3 months commencing on 24 December 2016. The full terms of the Bonus Options are set out in schedule 2 to GCR's notice of annual general meeting (**Notice of AGM**).

The intention of the pro rata Bonus Options issue is to allow existing Shareholders to participate in the Feasibility Study Funding Package whilst also giving them an opportunity to first assess the success of the PFS. Shareholders should benefit if the PFS is successful and the Company's Share price increases.

The Board (other than the HQ Mining-nominated directors Messrs Li Xiaoming and Wang Yuanheng) believe that the Feasibility Study Funding Package and progressing the Copper Hill Project provide an attractive alternative to the proposed takeover bid by HQ Mining Resources Holding Pty Ltd (**HQ Mining**), as set out in a letter to the Company (announced to ASX on 26 October 2015). GCR's independent Directors' formal recommendations on the HQ Mining bid, should it materialise, will be contained in a target's statement which will be accompanied by an independent expert's report on whether the bid is fair and reasonable to those Shareholders not aligned to HQ Mining. 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 against acceptance.

Furthermore, the independent Directors believe that the Company's current Share price undervalues the potential of Copper Hill and that the market is yet to properly price the Company's Shares. The Feasibility Study Funding Package has been structured to raise additional capital at a price comparable to HQ Mining's proposed bid price whilst also giving Eligible Shareholders an opportunity to later participate through the exercise of Bonus Options at the same price.

ASX Waiver

ASX has granted a waiver from Listing Rule 7.3.2 permitting the Company's notice of AGM seeking shareholder approval for the issue to a drilling contractor of up to 10,000,000 Shares of which 5,000,000 Shares are issued upon Shareholder approval and the remaining 5,000,000 Shares (**Tranche 2 Shares**) are issued progressively upon the presentation of invoices over the course of the drilling program, to state that the Shares will be issued later than 3 months after the date of the shareholder meeting.

The waiver has been granted on the following conditions:

- (a) For any annual reporting period during which any of the Tranche 2 Shares have been issued or remain to be issued, the Company's annual report must set out in detail the number of Tranche 2 Shares issued in that annual reporting period, and the number of Tranche 2 Shares that remain to be issued, and the basis on which those Tranche 2 Shares may be issued;

- For personal use only
- (b) For any half year or quarter during which any of the Tranche 2 Shares have been issued or remain to be issued, the Company's interim report and quarterly activities must include a summary statement of the number of Tranche 2 Shares issued during the reporting period, and the number of Tranche 2 Shares that remain to be issued, and the basis on which those Tranche 2 Shares may be issued;
 - (c) The Tranche 2 Shares must be issued no later than 7 months following the date of the shareholders meeting, subject to shareholder approval at the shareholders meeting.
 - (d) The terms of this waiver are released to the market no later than the time the Notice of AGM is released to the market.

Further information

Further information on the Feasibility Study Funding Package is contained in Notice of AGM, a copy of which was sent to Shareholders yesterday. Shareholders are urged to read the notice of meeting in full, including the effect of approving the Feasibility Study Funding Package on HQ Mining's proposed bid. GCR is preparing a prospectus for the Bonus Issue which will be sent to Shareholders as soon as practicable.

Further information, contact the Company on (02) 9472 3500