

GOLDEN CROSS RESOURCES LTD

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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the members of Golden Cross Resources Ltd (the **Company**) will be held at History House, 133 Macquarie Street, Sydney, NSW at 2.00 pm on Thursday 27 February 2014 for the following business:

1. Heron Resources Limited share placement

To consider and, if thought fit, pass as an Ordinary Resolution:

“For all purposes including the ASX Listing Rules, members

(a) approve the issue by the Company of 375,970,579 fully paid ordinary shares to Heron Resources Limited (“Heron Resources”) at \$0.005 per share and on the other terms and conditions set out in Heron’s Offer which is Attachment A to the explanatory notes accompanying this Notice and direct the Board of the Company to issue such shares on receipt of \$1,879,853 as subscription monies for such shares in cleared funds from Heron Resources and to give effect to such terms and conditions (including implementing the proposed exploration program) and

(b) appoint Ian Buchhorn as a director of the Company effective from the date of receipt of \$1,879,853 as subscription monies for such shares in cleared funds from Heron Resources.”

2. HQ Mining Resources Holding Pty Ltd proposal

To consider and, if thought fit, pass as an Ordinary Resolution if the Heron Resources Limited share placement resolution is not passed:

“If Motion 1 in this Notice is not passed, members direct the Company to undertake a pro-rata rights offer (the Rights Offer) of 4 fully paid shares for every 9 fully paid ordinary shares held at the record date determined by the Board of the Company at an issue price of \$0.005 per share and with fractions disregarded and members having the first right to subscribe for additional shares (in excess of their entitlement under the Rights Offer) that are not taken up under the Rights Offer, up to their pro-rata share of any shortfall under the Rights Offer and with HQ Mining Resources Holding Pty Ltd (“HQ Mining”) underwriting the balance of any shares not taken under the shareholder first right to subscribe for additional shares and the Rights Offer on the terms and conditions set out in Attachment B to the explanatory notes accompanying this Notice and the members direct the Board of the Company to take all required steps to give effect to the above including issuing the relevant shares on receipt of subscription monies for those shares in cleared funds.”

IT SHOULD BE NOTED THAT THE CHAIRMAN INTENDS TO PUT TO THE MEMBERS MOTION NO 1 FIRST AND, IF IT IS PASSED, HE WILL NOT BE PUTTING MOTION NO 2.

See director recommendations and reasons, voting exclusion statement and other information on the two Motions in the Explanatory Notes on the accompanying pages.

The directors invite shareholders and guests to join them for afternoon tea after the meeting.

Meeting called by Steve Gemell, Director,
pursuant to section 249CA of the Corporations Act 2001 (Cth)



Steve Gemell, Chairman

21 January 2014

EXPLANATORY NOTES

BACKGROUND

On 29 November 2013, following an earlier approach by the Company to Heron Resources to underwrite the recent rights issue to members, Heron Resources provided the Company with a non-binding indicative proposal to take up 24.8% of the capital out of the shortfall from the rights issue and to have one director appointed subject to various conditions. The proposal was rejected at the 2 December 2013 Board meeting. On 16 December 2013, the Company received a binding offer from Heron Resources for 19.9% of the capital from the shortfall from the rights issue. The Board convened a meeting on 18 December 2013 to consider that offer. Shortly before the Board meeting, the Company received a binding offer from HQ Mining for funding the Company. As previously announced, the Board rejected both offers and the Chairman exercised his right as a director to call this extraordinary general meeting of shareholders to allow the shareholders to consider the offers and determine which one should be accepted given the deadlock at Board level.

HQ Mining and Heron Resources agreed to extend the date of acceptance of their offers to the date of the meeting. Since then, revised offers have been received from HQ Mining and Heron Resources. These offers have not been put to the Board as the deadlock remains. The Chairman is putting the revised proposals to the members for consideration. The Heron offer being put to members is set out in Attachment A. The HQ Mining offer is set out in Attachment B. The HQ Mining offer is for up to \$3.4 million. Motion 2 with a 4 for 9 rights issue if passed and implemented will raise approximately \$3,362,953.

The Chairman considers the motions as a choice between two proposals since the HQ Mining proposal is conditional on the Heron Resources proposal not proceeding and the Heron Resources proposal is conditional on the HQ Mining proposal not proceeding. The Chairman is concerned that if both proposals are put and both proposals are passed then neither proposal may become available to the Company. For example, if the Board sought to implement both proposals, each of Heron Resources and HQ Mining would be entitled to refuse to proceed with their proposal because it is a condition of their proposal that the other proposal does not proceed. That condition would not be met where the shareholders direct the other proposal to be implemented. If each party took this position, there would be a stalemate again and neither proposal would proceed. The Company would be deprived of required funds. In view of this, the structure of the resolutions has to allow the shareholders to select only one proposal.

To ensure that only one proposal is accepted by the Company, the Chairman has decided that the Heron Resources proposal will be put to members first. If it is passed, then the HQ Mining proposal will not be put to a vote.

LEGAL REQUIREMENTS

The Heron Resources proposal was initially a proposal to take up shortfall shares under the rights issue relying on Exception 3 in ASX Listing Rule 7.2 which permitted the Board to place the shortfall within 3 months from the close of the rights issue without affecting the Company's placement capacity limit in Listing Rule 7.1. The rights issue closed on 15 November 2013. The meeting is being held after the 3 month period i.e., after 15 February 2013. Consequently Exception 3 is no longer available to the Company.

The current share placement capacity of the Company following the AGM on 21 November 2013 is 25%. The Heron Resources share placement falls within that capacity. The seeking of shareholder approval under Listing Rule 7.1 for the Heron Resources share placement would mean that this 25% capacity would not be used up by the Heron Resources placement in the event it proceeds and would remain available for the Company for the period to 21 November 2014. This is a preferable position for the Company.

The Motion 2 is a direction to the Board from the members and will raise approximately \$3,362,953 with the HQ Mining underwriting in place. The pro rata rights issue and the underwriting agreement referred to in Motion 2 in the accompanying notice of extraordinary general meeting do not require shareholder approval under the ASX Listing Rules or the Corporations Act. The direction has been added to enable members to make a selection between the two proposals.

IMPACT OF PROPOSALS

The Company currently has 1,513,328,812 shares on issue.

If the Heron Resources share placement is implemented and neither Heron Resources nor HQ Mining and its related parties purchase or sell shares before allotment, the resulting share holdings after allotment of shares to Heron Resources would be:

- Heron Resources: 375,970,579 shares, representing 19.9% of the issued capital of the Company
- HQ Mining (including Yu Jin Investment, Business Universe, and Xun Qiu): 459,140,637 shares, representing 24.3% of the issued capital of the Company.

If the HQ Mining proposal is implemented, the resulting share holdings after allotment to HQ Mining would be:

- Heron Resources: no shares, representing 0% of the issued capital of the Company
- HQ Mining (including Yu Jin Investment, Business Universe and Xun Qiu): up to 1,131,731,220 shares, representing up to 51.8% of the issued capital of the Company. HQ Mining's final holding will vary according to take-up by other shareholders. It will reduce by approximately 2.14% for each 10% of other shareholders' total entitlement accepted. For example, if other shareholders take up 30% of their total entitlement, HQ Mining's final holding will be approximately 45.3% of the Company.

Only 10% of the available shares were accepted by members in the recent rights issue. The price was set at \$0.005 per share and members had the option to accept additional shares at that price. It is not known what level of member participation will occur if the HQ Mining proposal proceeds and as a result a new rights issue supported by the major shareholder is made at the same price.

DIRECTOR RECOMMENDATIONS AND REASONS

The Chairman has asked each director to provide a recommendation for the motions and reasons. The responses are below.

Steve Gemell, Chairman - Recommendations and Reasons

The Company has received two Offers for funding in the near term. In my view, both of these Offers have merit, but are likely to take the Company in different directions.

Shareholders are urged to read the Heron Resources and HQ Mining Offers carefully and to form their own opinions on the terms of Offer and the arguments supporting the Offers. It is not my intention to reproduce here a comprehensive analysis of each of the advantages and disadvantages of each Offer, and shareholders should note that these recommendations and reasons represent my personal views.

My first recommendation is that shareholders should vote FOR Motion 1. The key reasons for my support of the Motion are as follows.

An additional major shareholder should provide additional impetus to exploration and development programs.

Copper Hill is a difficult project, because of marginal copper and gold grades. Nevertheless, there is a significant copper-gold resource delineated, and there are opportunities for the project to be rendered economically viable. Many, if not most, of the programs which could provide these breakthroughs require significant expenditure. In my opinion, the lack of sufficient funds in 2013 hampered progress. There is no certainty that future economic conditions or the specific circumstances of a single major shareholder would not cause a recurrence of this situation. This risk would be alleviated by the presence of a second significant shareholder.

The presence of an additional major shareholder will assist in capital raisings.

In 2013, HQ Mining abstained from participating in the Company's rights issue, leaving the Company in a weak position when attempting to raise capital. Lack of major shareholder support in this instance may well have discouraged other shareholders from participating. As with funding levels, I believe that having two strong shareholders on the GCR register would significantly reduce the likelihood of the Company having again no significant major shareholder support in a capital raising.

Heron Resources has considerable financial strength.

Heron Resources published a cash balance of \$38.56 million as at 30 September 2013 million in its September 2013 Quarterly Report. Heron Resources is therefore in a position, should it wish, to provide significant financial support for future exploration and development at Copper Hill, an objective to which both Heron Resources and HQ Mining appear currently committed.

Heron Resources is an active explorer in its own right and has a good working knowledge of the Copper Hill environment.

Heron Resources has proposed actively addressing a particular aspect of the Copper Hill exploration opportunity that, because of shortage of funds, has previously been unavailable to the company. The proposed program is not without risk, but the rewards may be substantial. Heron Resources has been actively exploring in the Lachlan Fold Belt for porphyry copper deposits, and this offer demonstrates their confidence in Copper Hill compared to other opportunities.

Heron Resources' Offer is clearly not intended to obtain a controlling position.

The Heron Resources shareholding, should the Company make the proposed placement, would represent 19.9% (compared to HQ Mining's 24.3%). Heron would be represented by one director on the Board, whereas HQ Mining would be represented by two directors. This is in contrast to Heron Resources' earlier non-binding indicative offer of 29 November 2013, where a placement for a higher percentage of the issued capital and a restructured board with representation equal to that of HQ Mining was proposed.

Heron Resources' offer price is not less than previous board expectations for an underwriting by non-shareholder

Heron Resources' offer price is no less than the price which the board approved when seeking an underwriter for the most recent rights issue. No premium was at that time sought by the Board.

Accepting Heron Resources' Offer should accelerate receipt of funds and initiation of a substantial Copper Hill program.

Heron Resources funds should be received by the Company within a short time following the meeting. Receipt of HQ Mining funds may take longer, as following the meeting the Company would have to distribute rights issue documentation and follow prescribed timeframes. This may affect the timing of rebuilding momentum to the Company's exploration activities.

Heron Resources proposed appointee to the Board is of high calibre.

At this time, Heron Resources proposed appointee to the Company board is Ian Buchhorn, an experienced and reputable mineral explorer who would, in my opinion, bring valuable skills to the board and fresh insights to the Copper Hill opportunity. The appointment of Heron Resources' nominee does not preclude future changes to the composition of the Board, which remains the right of directors with respect to a casual appointment and of shareholders with respect to elections in general meetings.

Heron Resources conditions are not onerous.

Many of Heron Resources conditions will lapse at a date proximate to the meeting.

Heron Resources conditions do not preclude subsequent consideration of an expanded Copper Hill program in the near future.

Heron Resources Condition 7 which precludes the issue of other shares only applies until such time as the Heron Resources Offer is implemented. This does not preclude consideration of a future rights issue to undertake other exploration and development programs of the nature currently envisaged by both HQ Mining and the Company. I would expect such decisions to be made by the Board in light of then-prevailing circumstances, and I also expect Heron Resources' interest would be the future funding of Copper Hill development by whatever mechanism generates best value for shareholders.

The comparative quanta is an important consideration as a counter-argument to my support.

The key argument against voting for Motion 1 that I consider relevant at the current time is that the funds offered by HQ Mining, either alone or in conjunction with other shareholders, may be as much as \$3.40 million, whereas Heron Resources offer involves the provision of a fixed \$1.88 million.

I have therefore made my recommendation on the basis of my interpretation of the balance of arguments for each alternative Offer.

My second recommendation is that if Motion 1 fails and Motion 2 is put to shareholders then shareholders should vote FOR Motion 2. The key reason for my support of the motion is as follows.

It is critical that the Company develops and maintains momentum in exploring and, hopefully, developing the Copper Hill project. Alternatively, it must develop one of its other

projects or acquire an advanced project if it is to achieve its previously stated goal of becoming a mining company (as distinct from an explorer). Failure to pass this motion, should it be presented, will mean that neither the Heron Resources exploration program nor any larger-scale HQ Mining-sponsored exploration/development program can be conducted at Copper Hill.

Kim Stanton-Cook, Managing Director - Recommendations and Reasons

I support the Heron Resources proposal Motion 1:

- (1) The funds to be provided by Heron Resources will be delivered to the Company soon after the Board has approved the transaction.
- (2) A director, Mr Ian Buchhorn, who has extensive mineral industry experience will be appointed to the Company board, thereby re-balancing the Board.
- (3) Heron Resources' support for the Company's projects and the proposed expenditures are in line with good industry practice
- (4) Heron Resources can provide technical input into the Company's exploration and development activities.

If the Heron Resources proposal is rejected I will support the HQ Mining proposal (Motion 2).

Both proposals will result in existing shareholders being diluted and it should be noted that neither company is offering a premium for the dominant positions either will hold depending on the outcome of the EGM.

Personally my hope is that Heron Resources and HQ Mining will reach an accommodation that benefits both of them and the Company.

Jingmin Qian, Director - Recommendations and Reasons

Jingmin Qian, a director of Golden Cross Resources (GCR), is pleased that GCR received two proposals to fund the Company's operations. Having considered both proposals, Qian recommends GCR shareholders to **vote in favour of Motion 2** – HQ Mining Resources Holding Pty Ltd (HQ) proposal of up to \$3.4 million rights issues, co-underwritten with all shareholders, and to **vote against Motion 1** – Heron Resources Limited (Heron) Share Placement proposal of \$1,879,853, at the EGM.

The rationale for the recommendations and comments on the two proposals are as follows:

1. Heron's placement proposal for funding of \$1,879,853 for 19.9% stake at 0.5 cents per share with a proposed spending program.
 - **Less funding to GCR.** Heron's proposal provides significantly lower funding to GCR, compared with HQ's proposal. It is likely that GCR would need to raise further funds earlier than HQ's proposal, if only the amount under Heron's proposal is raised.
 - **The proposed spending program is of a high risk.** Heron proposes that 77% of the funding raised under its proposal would be spent on a deep drilling program at Copper Hill. GCR management has stated to the board that this program is of a high risk.
 - **Significant dilution to current shareholders without a price premium compensation.** Heron's proposal would dilute current shareholders' holding positions by around 20%. The one month average price (a common reference point price) for GCR's shares prior to the rights issue announcement of 21 October 2013 was 0.6

cents. The rights issue price of 0.5 cents represented a discount to encourage shareholders to participate. The Company's recent share price since announcements of the funding proposals has been consistently around 0.5 cents per share. Heron's proposal does not include a price premium to compensate existing shareholders' holding dilution.

2. HQ's underwritten rights issue proposal for funding of up to \$3.4 million at 0.5 cents with the spending to be approved by GCR board and management.
 - **More funding to GCR with no conditions on spending.** HQ's proposal provides up to 80% more funding to GCR, compared with Heron's proposal. The Company will be able to select the amount of capital that it wishes to raise, up to the \$3.4 million cap. The use of the funds raised would be approved by the board and management.
 - **Ongoing commitment from a long term strategic investor with broad mining expertise to support the Company's strategy.** HQ and its associates have broad expertise in mining exploration, development, operation and marketing. Since 2008, HQ and its associates supported the Company's multiple capital raisings. HQ has stated that it was unable to participate in the recent October 2013 rights issue due to matters beyond its control and sought an extension of the rights issue timetable in an attempt to participate. It is beneficial for GCR and its shareholders to be supported by HQ, a long term strategic investor, with essential expertise to advance the Company's execution of the strategy of becoming a mining company.
 - **A track record of providing autonomy and support to the Company.** HQ and its associates have a track record of providing the Company with autonomy on management issues. HQ and its associates have also supported the board's recruitment process of independent directors, including Chairman Steve Gemell.
 - **Participating shareholders would have benefits of funding the Company first, without diluting the holdings.** GCR's share price is at historically low levels. HQ's proposal indicates a continued confidence in the Company. All existing shareholders are able to participate, and have the opportunity to co-underwrite the rights issue by oversubscribing for shares.

Xiaoming Li and Xun (Suzanne) Qiu, Directors - Recommendation and Reasons

Xiaoming Li and Xun (Suzanne) Qiu recommend that shareholders **vote in favour** of Motion 2 (HQ Mining proposal) and **vote against** Motion 1 (Heron Resources placement) for the following reasons:

The HQ Mining proposal provides significant additional funding and flexibility as to the amount of capital to be raised

The HQ Mining proposal in Motion 2 would raise up to A\$3,400,000 for the Company. The company would have the flexibility to choose the amount that it wishes to raise, based on its capital requirements. The Heron Resources placement in Motion 1 would not raise sufficient funds to fully meet the Company's business needs, whereas HQ Mining proposal would provide the Company with significant additional funding (with the sum being chosen by the Company) to enable it to progress its major projects for the benefit of all shareholders. The HQ Mining proposal will permit the Company to raise up to 80% more than the amount available under the Heron Resources placement, but with the flexibility to raise a lesser amount sufficient to meet the Company's business needs, whilst avoiding the dilution for all existing shareholders inherent in the Heron Resources placement.

The HQ Mining proposal is less conditional and therefore more likely to proceed

The HQ Mining proposal in Motion 2 is subject to far fewer conditions than the Heron Resources placement in Motion 1 (many of which limit the Company's operational flexibility or are outside of the Company's control – for example, the condition relating to a 'material adverse change'). The HQ Mining proposal therefore provides the Company with greater certainty that it will be successfully capitalised, while maximising the Company's operational flexibility while the capitalisation is being implemented.

The HQ Mining proposal avoids dilution of existing shareholders

The HQ Mining proposal in Motion 2 contemplates a rights offer, which will provide all existing shareholders an opportunity to take up further shares in the Company proportionate to their current holdings. In addition, if they wish, all existing shareholders will be able to effectively co-underwrite the rights offer on a pro-rata basis. This structure provides existing shareholders with the maximum opportunity to avoid dilution of their existing interest in the Company. On the other hand, the Heron Resources placement in Motion 1 will result in the sale of a 19.9% stake in the Company to an external party, resulting in all existing shareholders having their interest in the Company materially diluted. To make matters worse, this dilution will occur at no premium to the market price of the Company's shares as at the date of Heron Resources current proposal.

The HQ Mining proposal continues the commitment of the Company's long term strategic supporter

HQ Mining and its associated entities have been long term strategic supporters of the Company. The HQ Mining proposal in Motion 2 will continue the alignment of the interests of the Company, HQ Mining and other shareholders, and will allow HQ Mining and its associated entities to continue to contribute their technical and industry expertise for the benefit of the Company's projects and development.

It is unclear how Heron Resources' placement creates value or how conflicts of interest would be managed

Although Heron Resources' foreshadows "assisting in progressing the exploration and development of Copper Hill" and refers to the benefits accruing from its experience, the proposal for the Heron Resources placement in Motion 1 contains no indication of the form, timing or extent of this purported assistance or other benefit. In fact, there is no certainty that the involvement of Heron (at either the shareholder and board levels of the Company) would bring tangible benefits for the Company's projects or create value for the existing shareholders. Furthermore, Heron Resources has not made any indication of how it would propose dealing with conflicts of interest that may well arise for it or the director that it places on the Company's board if Motion 1 is approved, arising from the proximity between the two companies' projects and their operation in the same market.

The HQ Mining proposal does not require changes to existing strategy or operations

The HQ Mining proposal in Motion 2 does not require changes to the Company's board of directors nor does it contain any limitations on how the Company deploys the funds raised under that proposal. On the other hand, the Heron Resources placement in Motion 1 will not proceed unless the Company's board composition is changed, potentially affecting the ability of the Company to continue with its existing plans and strategies. Heron Resources has also provided the Company with direction as to how it would propose that the funds raised under the placement be deployed.

Heron Resources' placement deprives existing shareholders of a premium

The Heron Resources placement in Motion 1 contemplates the issue of a strategic 19.9% stake in the Company to an external party (Heron Resources) for zero premium to the market price of the Company's shares as at the date that the proposal was announced (and a significant preceding period). Allotment of a new strategic stake in the Company should command a significant premium to market price, reflecting the benefits and influence it carries, including the right to unilaterally block future transactions that would otherwise deliver value to existing shareholders. Heron Resources has not provided any valid reasons as to why the Company (and existing shareholders indirectly) should agree to forgo a premium for the strategic stake that it seeks.

INFORMATION REQUIRED BY LISTING RULE 7.3 FOR HERON RESOURCES SHARE PLACEMENT

ASX Listing Rule 7.3 sets out certain notice requirements for approval under Rule 7.1 in respect of the Heron Resources share placement.

1. The maximum number of securities the Company is to issue is 375,970,579 shares.
2. The securities will be issued no later than 3 months after the date of the meeting.
3. The issue price of the securities is \$0.005 per share (0.5 cents per share), totalling \$1,879,853.
4. The Company will issue the securities to Heron Resources.
5. The new securities will be fully paid ordinary shares on the same terms as the Company's existing ordinary shares, will rank equally in all respects with them, and be quoted on the ASX.
6. The funds raised will be applied in the manner set forth in Attachment A.
7. The Company would issue the securities on the business day immediately following the receipt of the subscription moneys.
8. Heron Resources would then hold 19.9% of the increased share capital of the Company.

VOTING ENTITLEMENTS

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the meeting, shares will be taken to be held by those persons recorded on the Company's share register at 2.00 pm Sydney time on 25 February 2014. This means that any person not the registered holder of a relevant share at that time will not be entitled to attend and vote at the meeting.

VOTING EXCLUSION STATEMENTS

The Company will disregard any votes cast on Motion 1 by:

- (a) Heron Resources, being the person who is to receive securities in the proposed issue,
- (b) any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the motion is passed, and
- (c) any associate of any such persons

but the Company will not disregard a vote if:

- (d) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

PROXIES

A member entitled to attend and vote is entitled to appoint not more than two persons as his or her proxy to attend and vote instead of the member. A proxy need not be a member of the Company. If more than one proxy is appointed, the proxy form may specify the proportion or number of the member's votes that each proxy may exercise. If the proxy form does not specify a proportion or number of votes then each proxy may exercise half of the member's votes.

Given the nature of the meeting, the Company will disregard any undirected proxies in favour of the Chairman, who has determined not to vote undirected proxies. All shareholders appointing proxies should direct their proxies whether to vote for a motion, against a motion, or abstain.

To be effective, proxy forms must be received by the Company at the address or fax number appearing on this notice at least 48 hours before the time for commencement of the meeting.



Heron Resources Limited

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8 January 2014

The Directors
Golden Cross Resources Limited
22 Edgeworth David Ave
Hornsby NSW 2077

Dear Sirs

BINDING PLACEMENT PROPOSAL – GOLDEN CROSS RESOURCES LIMITED

Heron Resources Limited (**Heron**) is pleased to provide this binding proposal to subscribe for shortfall shares pursuant to clause 2.8 of the Prospectus dated 21 October 2013 for the Golden Cross Resources Limited (**Golden Cross**) Entitlement Offer (**Shortfall Shares**).

The Proposal

1. Heron will, subject to the satisfaction of certain limited conditions (set out below and in Annexure A) subscribe for 375,970,579 Golden Cross Shortfall Shares at \$0.005 to raise \$1,879,853 representing 19.9% of the then issued capital of Golden Cross.
2. Of the funds subscribed by Heron, it is proposed that \$1,800,000 will be committed to the following Programs and Budget:
 - a. Copper Hill to Buckley Hill, \$1,450,000 in a 5,800 metre Diamond Drilling program, with drill collars to be nominated by Heron for approval by the Golden Cross board;
 - b. Gawler Craton IOCG South Australia, \$150,000 Diamond Drilling program;
 - c. Burra Copper Mine Project, \$100,000 Diamond Drilling program; and
 - d. Cargo, \$100,000 Diamond Drilling program.

("the **Proposal**").

Conditions

Aside from the board of Golden Cross resolving to accept the Proposal, the Proposal is subject to Conditions including the following:

1. No Material Adverse Change;
2. No Material Asset Disposals;
3. No other issue of new Golden Cross Shares;
4. Other than as set out at 5:
 - a. no additional appointments to; and
 - b. no changes to the structure and composition (including the chairmanship),of the Golden Cross board;
5. One new non-executive director nominated by Heron to be appointed to the Golden Cross board such that the Golden Cross board will comprise not more than six directors, including the incumbent Chairman and incumbent Managing Director; and
6. The preparation and execution of a formal document necessary to give effect to the Proposal.

The complete conditions to the Proposal are set out in full in Annexure A to this letter. Heron may agree to waive one or more of the conditions in its discretion and conditionally or otherwise.

Expiry Date

Unless extended by Heron, this binding Proposal will automatically lapse at the close of business in Western Australia on the day which is 2 days from the date of the proposed Golden Cross EGM (refer Golden Cross announcement dated 18 December 2013) at which time Heron will be under no obligation to proceed with the Proposal.

We look forward to your acceptance of the Proposal. Once you confirm in writing Golden Cross' agreement to these terms and conditions, we will prepare the formal Share Subscription Agreement, which will be on standard terms for an agreement of this nature. Cleared funds will be available from Heron immediately upon receipt of an executed Share Subscription Agreement.

As you well know, Heron is very keen to progress the Copper Hill project, and we see this Proposal as a means to do so.

The terms of this letter and the Proposal shall be governed by the laws applicable in Western Australia.

Yours faithfully

A handwritten signature in black ink, appearing to read 'I. Buchhorn', with a long horizontal flourish extending to the right.

Ian Buchhorn

Managing Director
HERON RESOURCES LIMITED

ANNEXURE A
CONDITIONS TO THE PROPOSAL

1. **Capital Structure Changes** – No Capital Structure Changes in respect of Golden Cross or any of its material subsidiaries other than as required to give effect to the Proposal or if otherwise approved by Heron.
2. **Material Adverse Change** – No Material Adverse Change occurs between the date of this letter and the Placement Expiry Date.
3. **Material Asset Disposals** – No Material Asset Disposals occur between the date of this letter and the Placement Expiry Date.
4. **Suspension from trading:** Shares of Golden Cross not being suspended from trading on ASX for a period exceeding 5 “trading days” (being days on which trading is scheduled to occur on ASX).
5. **Board and senior management composition** – No:
 - a. additional appointments to the board of Golden Cross; and
 - b. changes the composition of the board (including the current chairmanship) of Golden Cross, other than as set out at 6.
6. **Board nominee appointed** – one new non-executive director nominated by Heron is to be appointed to the Golden Cross board such that the Golden Cross board will comprise not more than six directors, including the incumbent non-executive Chairman and incumbent Managing Director (in their respective current positions), prior to the Proposal being implemented.
7. **Change in shareholdings** – there is no issue of new Golden Cross Shares other than as contemplated under the Proposal, no material change in the major or controlling shareholders of Golden Cross, and no takeover offer or scheme of arrangement is publically announced by Golden Cross.
8. **Regulatory Actions** – Between the date of this letter and the Placement Expiry Date:
 - a. there is no preliminary or final decision, order or decree issued by a Governmental Agency;
 - b. no action or investigation is announced or commenced or threatened by any Governmental Agency; and
 - c. no application is made to any Governmental Agency, in consequence of or in connection with the Proposal which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the implementation of the Proposal.
9. **Court order** – No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition being in effect at any time prior to the Placement Expiry Date which prevents the implementation of the Proposal.
10. **Event of Insolvency** – no Event of Insolvency occurs in respect of Golden Cross or any of its subsidiaries or their respective directors.

Definitions

Business Day means a day on which banks are open for business in Perth, Western Australia.

Capital Structure Changes means any of the following: (a) any conversion of securities into a larger or smaller number; (b) a capital reorganisation; (b) a buy-back; (c) a capital reduction; (d) a declaration of any dividend; (e) the making of a capital distribution; (f) issuing or granting further shares or options (including options to acquire unissued securities); or (g) any other analogous change.

Event of Insolvency means means:

- (a) a receiver, manager, receiver and manager, trustee, administrator or similar officer is appointed in respect of a corporation or any asset of a corporation;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;

- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable act to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Governmental Agency means any government or representative of a government or any governmental, semi governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority and includes any minister, the Australian Securities and Investments Commission, the Australian Taxation Office; the Australian Securities Exchange, the Foreign Investment Review Board and the Australian Takeovers Panel.

Material Adverse Change means a material adverse change on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of Golden Cross and its subsidiaries either individually or taken as a whole.

Material Asset Disposal means the disposal of, or grant of any interest to a third party in respect of any of the following assets:

- (a) Copper Hill; and
- (b) Cargo.

(including substantial proportion of any of those assets) by Golden Cross or its subsidiaries (as applicable).

Placement Expiry Date means the date that Heron is issued the Shares the subject of the Proposal.

Proposal means the Proposal as set out in this letter.

Shares means fully paid ordinary shares in Golden Cross Resources Limited.

VWAP means volume weighted average price.



HQ Mining Resources Holding Pty Ltd

23 December 2013

The Chairman
Golden Cross Resources Limited
22 Edgeworth David Ave
Hornsby NSW 2077

Dear Chairman

Binding underwriting proposal – Golden Cross Resources Limited

As requested, HQ Mining Resources Holding Pty Ltd (**HQ**) is pleased to present this revised binding underwriting proposal, which replaces the proposal provided to Golden Cross Resources Limited (**GCR**) on 18 December 2013.

1. What is HQ's proposal?

HQ proposes that GCR undertake a pro-rata rights offer of up to 680,000,000 ordinary shares (but not less than 375,970,579 shares) at an issue price of A\$0.005 per share, to raise up to A\$3,400,000. Subject to the limited conditions below, HQ and its associated entities will take up all of their rights under that offer and, for no charge, HQ will underwrite the rights offer (**Revised HQ Proposal**).

As part of the Revised HQ Proposal, HQ proposes that all GCR shareholders have the option of subscribing for any additional shares (in excess of their rights entitlement) that are not taken up under the rights offer, up to their pro-rata share of any shortfall. If, after satisfying these subscriptions, there is still a shortfall, the remaining new shares will be taken up by HQ to ensure GCR will obtain all the capital that it seeks. However, the fact that all shareholders seeking additional shares (in excess of their rights entitlement) will receive allocations up to their pro rata share of any shortfall means shareholders will be treated fairly and preferred to non-shareholders.

As you know, Heron Resources Limited (**Heron**) has proposed that GCR place to Heron 19.9% of expanded capital at A\$0.005 per share, for total consideration of A\$1,879,853 (**Heron Proposal**).

Briefly, HQ considers that the Revised HQ Proposal is significantly superior to the Heron Proposal for the following reasons. These reasons are further explained, with greater detail, in section 5 of this letter.



HQ Mining Resources Holding Pty Ltd

- **Significant additional funding** – the Revised HQ Proposal would raise up to A\$3,400,000 for GCR, and 80% more than the amount proposed under the Heron Proposal. This is based on HQ's understanding of GCR's business plan capital requirements – see section 5 below. This provides GCR with significant additional funding to enable it to progress its major projects for the benefit of all GCR shareholders.
- **Less conditionality** – the Revised HQ Proposal is subject to far fewer conditions than the highly conditional Heron Proposal (which includes extensive conditions, many of which limit GCR's operational flexibility or are outside of GCR's control). This provides greater certainty that GCR will be successfully capitalised, while maximising GCR's operational flexibility while the capitalisation is implemented.
- **Avoids dilution** – the Revised HQ Proposal contemplates a rights offer, which will provide all existing GCR shareholders an opportunity to take up further shares in the company proportionate to their current holdings and, if they wish, to effectively co-underwrite the rights offer on a pro-rata basis (and if they do not wish to, to rely on the HQ underwriting). On the other hand, the Heron Proposal is a sale of 19.9% stake in GCR to an external party for no premium to the market price of GCR's shares since the proposals to capitalise GCR were announced, diluting the interest of all existing GCR shareholders.
- **Continued commitment of long term strategic supporter** – HQ and its associated entities (including Mr Xiaoming Li) have been long term strategic supporters of GCR. The Revised HQ Proposal will continue the alignment of the interests of GCR, HQ and other GCR shareholders, and will allow HQ and its associated entities to continue to contribute their technical and industry expertise for the benefit of GCR's projects and development.
- **No requirement to change existing strategy** – the Revised HQ Proposal does not require changes to GCR's board of directors. On the other hand, the Heron Proposal will not proceed unless GCR's board composition is changed, potentially affecting the ability of GCR to continue with its existing corporate plans and strategies.
- **Unclear how Heron's involvement would create value for GCR** - it is unclear given Heron's financial performance to date, how the involvement of Heron (both at the shareholder and board levels) would bring tangible benefits for GCR's projects and how it would create value for GCR's shareholders. Further, Heron has not addressed how it proposes to deal with potential conflicts of interest (if they arise) between GCR projects and Heron's wholly owned operations.
- **Avoids issue of strategic stake for no premium** – the Heron Proposal contemplates the issue of a strategic 19.9% stake in GCR to an external party for zero premium to the market price of GCR's shares since the capitalisation



HQ Mining Resources Holding Pty Ltd

- proposals were announced. Allotment of a new strategic stake in a listed company like GCR should command a significant premium to market price, reflecting the benefits and influence it carries, including the right to unilaterally block future control transactions. However, Heron wants to be issued such as stake for no premium.

For these reasons, HQ urges GCR to support, and all GCR shareholders to vote in favour of, the Revised HQ Proposal at the forthcoming extraordinary general meeting (**EGM**). Shareholders are also urged to vote against the Heron Proposal, at the EGM.

2. How did HQ's revised proposal come about?

On 16 December 2013, Heron provided the Heron Proposal to GCR's board. For the reasons summarised above, HQ felt that the Heron Proposal was not in GCR's (or its shareholders') best interests. Accordingly, on 18 December 2013, HQ provided GCR with a binding proposal, under which GCR could choose between two alternative offers: (1) a placement to HQ for a maximum of 680,000,000 shares in GCR to raise A\$3.4 million; or (2) an offer by HQ to underwrite a rights offer by GCR for the same number of shares.

On 18 December 2013, the GCR board considered the proposals from HQ and Heron, but neither was approved, and the chairman called for an EGM at which GCR shareholders will be asked to express a view on which, if any, of the proposals should proceed.

In response to GCR's request, HQ and its associated entities have withdrawn the placement proposal and have refined the underwritten rights offer proposal, resulting in the Revised HQ Proposal. The terms of the Revised HQ proposal supersede the terms of the HQ's proposal of 18 December 2013.

3. What are the details of the Revised HQ Proposal?

Subject to the limited conditions set out below, HQ offers to:

- take up its entitlement under a pro-rata rights offer by GCR to issue 680,000,000 ordinary shares (or such lesser amount determined by GCR, but not less than 375,970,579 shares) at an issue price of A\$0.005 per share, which would raise up to A\$3,400,000 for GCR; and
- underwrite, on an exclusive basis and for no cost to GCR, any remaining shortfall under the rights offer, but only after all GCR shareholders who wish to do so have subscribed for additional shares (in excess of their rights entitlement) that are not taken up by other GCR shareholders, up to their respective pro-rata share of any shortfall.



HQ Mining Resources Holding Pty Ltd

The Revised HQ Proposal is conditional on:

- (1) the Heron Proposal (including any revision of, or replacement of, that proposal) not being approved at the EGM and not proceeding; and
- (2) none of the events in paragraphs (a) to (h) of subsection 652C(1), or in paragraphs (a) to (e) of subsection 652C(2), of the *Corporations Act 2001* (Cth) occurring (or being agreed) in relation to GCR or a subsidiary between the date of this letter and the date on which the shares under the rights offer are issued (in each case inclusive) – as you would be aware these are matters which go to the value of the shares to be offered for subscription, and do not pose risk to the capital raising as they are matters within the control of GCR.

These conditions are for the benefit of HQ and may only be waived by HQ.

HQ reserves the right to vary or withdraw the Revised HQ Proposal by notice to GCR at any time before it is accepted by GCR.

The Revised HQ Proposal will expire at 5.00pm (Perth time) on the earlier of the day on which the EGM is scheduled and 28 February 2014, unless extended by HQ before that time. Upon expiry or withdrawal of this offer, HQ will be under no obligation to proceed with the proposal set out in this letter.

4. Are there any pre-conditions to HQ underwriting a GCR rights offer?

In its announcement to the ASX on 18 December 2013, GCR stated:

“Should the Company proceed to any new rights issue, the Corporations Act would preclude the Company from accepting an underwriting offer from HQ Mining unless management is unable to secure underwriting from other sources, including Heron.”

This statement is not correct. The Corporations Act does not contain any requirement for GCR to exhaust other sources of underwriting before accepting HQ's underwriting offer, nor is there a requirement for GCR to seek other underwriters to co-underwrite a rights issue with HQ. GCR could, if it wished, appoint HQ as the sole underwriter in respect of a rights offer if it determined that that was in its commercial interests (subject to the Takeovers Panel's jurisdiction, in relation to which a variety of factors are relevant, including need for and sources of funding and dispersal opportunities in relation to shortfall).

However, as part of the Revised HQ Offer, HQ proposes that all GCR shareholders have the option of subscribing for additional shares (in excess of their rights entitlement) not taken up by other shareholders, up to their pro rata share of any shortfall. This would effectively allow existing GCR shareholders to co-underwrite the rights issue with HQ on a pro-rata basis, providing all shareholders with the ability to avoid being diluted by the rights offer.



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5. Why is the Revised HQ Proposal superior to the Heron Proposal?

HQ considers that its revised proposal is materially superior to the Heron Proposal for the following reasons.

(a) Additional significant funding certainty

It is apparent from the amount offered in the Heron Proposal that Heron is more interested in securing a strategic 19.9% stake in GCR than satisfying the funding needs of GCR. In contrast, the Revised HQ Proposal would raise up to A\$3,400,000 for GCR, which is 80% more than the amount (\$1,879,853) that is proposed to be raised under the Heron Proposal. This provides GCR with additional significant funding to enable GCR to progress its major projects for the benefit of all shareholders. The amount of \$3.4 million has previously been identified by the GCR board as the capital required by the company to advance its objectives, which HQ wishes to ensure is available to GCR.

Unlike the Heron Proposal, the Revised HQ Proposal does not commit GCR to how the capital raised must be deployed. HQ anticipates GCR to use the funds raised to further explore and develop GCR's tenements at Copper Hill, near Molong (New South Wales), and for exploration on GCR's most prospective tenements in the Gawler Craton (South Australia) and at Burra and Cargo (New South Wales), as well as providing working capital for GCR.

A high level breakdown of how the \$3,400,000 raised under the Revised HQ Proposal can be deployed is set out below, but this would be refined and determined by the GCR board and management.

Use of funds raised	A\$
Exploration (Copper Hill, Gawler Craton, Burra, Cargo)	1,100,000
Development work, including permit applications, at Copper Hill	1,500,000
Other working capital, administration	640,000
Underwriter's fees	Nil
Printing and mail outs	20,000
Quotation fees	10,000
Other costs, including professional fees and bank charges	30,000
TOTAL	3,400,000



HQ Mining Resources Holding Pty Ltd

(b) **Less conditionality**

The Revised HQ Proposal is subject to far fewer conditions than the highly conditional Heron Proposal (which includes extensive conditions such as no material adverse change, no material asset disposals, no changes to GCR board structure and composition, and no changes to various market and commodity indices). Many of the conditions in the Heron Proposal would limit GCR's operational flexibility until that proposal is implemented, while other conditions are outside the control of GCR and could be triggered and result in no funding to GCR despite GCR's best efforts to avoid this.

As a result, the Revised HQ Proposal has higher execution certainty for GCR, maximising the likelihood that the capitalisation will proceed. It also maximises GCR's operational flexibility between now and the time of the capitalisation.

(c) **Ability to avoiding dilution**

Under the Heron Proposal, all GCR shareholders will be diluted by the 19.9% placement to Heron. GCR shareholders will not receive any direct or indirect compensation for this dilution since Heron will not pay any premium for the strategic stake that is proposed to be issued to it.

On the other hand, the Revised HQ Proposal contemplates a rights offer, which will provide all GCR shareholders an opportunity to take up further shares in the company proportionate to their current holdings in the company and, if they wish, to effectively co-underwrite the rights offer with HQ on a pro-rata basis. GCR shareholders who take up their rights will be able to avoid being diluted by the rights offer, and those who decide to apply for additional shares (in excess of their rights entitlement) may have the ability to increase their percentage holding pro rata.

Under the Revised HQ Proposal:

- All existing GCR shareholders will be offered an entitlement to new GCR shares pro rata to their existing interest in the company.
- GCR shareholders may take up this entitlement and may, if they choose, also apply for additional GCR shares.
- If GCR shareholders in aggregate apply for more additional shares than the aggregate shortfall arising from the shareholders who choose not to take up their rights offer entitlement, the additional shares will be allocated pro rata (according to the shareholding of those GCR shareholders who applied for additional shares, but capped at the number of additional shares they each applied for).
- If there are not enough applications for additional shares to cover any shortfall, HQ will take up the shortfall to guarantee that GCR will obtain the amount of capital that it seeks.



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Accordingly, the Revised HQ Proposal is a proposal that provides a fair and equal opportunity for existing GCR shareholders to contribute further capital to GCR at a price that is only available in return for the commitment shown by existing shareholders and for the benefit of GCR's development.

(d) Continued involvement of a long term strategic shareholder

HQ and its associated entities (including Mr Xiaoming Li) have been long term strategic supporters of GCR. HQ views its proportionate level of investment in GCR as an important factor in its ongoing support of the company and its direction.

The implementation of the Revised HQ Proposal will continue the alignment of the interests of GCR and GCR's shareholders, including HQ and its associated entities. In particular, the Revised HQ Proposal will continue to see both GCR and HQ sharing of the firm belief in the value of well-funded and directed exploration, especially drilling, in discovering ore bodies.

In addition, the continued involvement of HQ as a strategic shareholder in GCR will allow HQ and its associated entities to continue to contribute their technical and industry expertise for the benefit of GCR's projects and development. HQ, under Mr Xiaoming Li's direction, has a strong track record of giving autonomy to GCR's management, while providing metallurgical and mining expertise to the company. In addition, Mr Xiaoming Li has for many years provided practical support to GCR, including by arranging for the underwriting of the 2010 rights issue for no charge and by continuing to provide his director services to GCR for no fee.

Mr Xiaoming Li has long term mining interests with successful mining exploration, development and operations. For a summary of Mr Xiaoming Li's and his associated companies' credentials, please refer to section 6 below.

(e) No requirement to change existing strategy

The Revised HQ Proposal does not require changes to GCR's established board of directors, whereas the Heron Proposal will not proceed unless changes are made to GCR's board representation, potentially affecting the ability of GCR to continue with its corporate plans and strategies.

(f) Unclear how Heron's involvement would create value for GCR

The Heron Proposal contemplates the issue of a 19.9% stake in GCR to Heron (which will make Heron the second largest shareholder in GCR) and the appointment of one director nominated by Heron to the GCR board. Heron asserted in its proposal that it will become an aligned strategic investor for GCR, and that it has a strong balance sheet and an extensive exploration portfolio in close proximity to GCR assets. Further, Heron asserted that it will be able to provide strong technical input to GCR's board decision making.



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HQ believes that it is unclear, given Heron's financial performance to date, how the involvement of Heron (both at the shareholder and board levels) would bring tangible benefits for GCR's projects and how it would create value for GCR's shareholders. HQ understands that while Heron has some history in trading mineral exploration rights, it has not yet successfully built and run a mining operation, and its operating results for the 2013 and 2012 financial years were respectively losses of A\$10.48 million and A\$5.36 million (equivalent to a loss of nearly A\$0.04 per share in 2013 and a loss of approximately A\$0.023 per share in 2012). In addition, the share price of Heron has fallen by approximately 33% since the beginning of 2013.

Further, given that many of Heron's projects are in close proximity to GCR's assets, it is unclear how Heron (through its GCR board representation and its shareholding, if its proposal were implemented) would address potential conflicts of interest (if they arise) between GCR's projects and Heron's wholly owned assets. HQ believes there is significant risk, in developing GCR's and Heron's assets, that decisions may need to be made which favour either GCR or Heron, and that it is in the best interests of GCR shareholders that these decisions be made without input from persons associated with Heron.

(g) Avoids issue of strategic stake and grant of board representation for no premium

The Heron Proposal contemplates the issue of a strategic 19.9% stake in GCR to an external party (ie Heron) for zero premium to the market price of GCR's shares since the capitalisation proposals were announced. In addition, Heron seeks the right to appoint its nominees to the board, to advance its interests, again for no charge.

A new strategic stake in a listed company, particularly when accompanied by board representation rights (and when sought by a party who has potential conflicting interests), should command a significant premium to the market price of the shares in question. This premium indirectly benefits the existing shareholders of the company and reflects the benefits and influence conferred by a strategic stake, including the right to unilaterally block potential future control transactions, the right to appoint nominee directors and the capacity to influence the policies and operations of the company. Despite this, Heron proposes that it be issued such a stake for no premium.

6. About Mr Xiaoming Li and his associated companies

Mr Xiaoming Li has been a non-executive director of GCR since 13 January 2009. Mr Xiaoming Li has over 20 years of experience in mining investment and operation, and has successfully invested in several significant iron, copper, zinc and lead mines in Mongolia, Kazakhstan, Chile, Philippines, Cambodia and China. Mr Li is the chairman of China United Mining Investment Co., Ltd. (**CUMIC**), Qinlong (International) Group (**Qinlong**) and Hong Kong Lungming Investment Ltd.



HQ Mining Resources Holding Pty Ltd

CUMIC is a Beijing-based investment company specialising in mineral and mining investment, and has a portfolio of exploration and mining assets in various parts of the world, focusing on iron, copper and gold.

HQ is the Australian investment vehicle of CUMIC, and shares common shareholders as CUMIC.

Qinlong was founded in 1989 and is wholly owned by Mr Xiaoming Li. In the 24 years since incorporation Qinlong has grown into a diversified multinational group with businesses in mineral resources, mineral water, real estate development and investment finance, with each line of business managed and accountable under a separate division. Qinlong's mining division has operations in Mongolia, Cambodia, Australia, Russia, Kazakhstan, Chile and other South American countries. Its investment extends to mineral resources such as iron ore, lithium, gold and coal. In the area of iron ore mining, four mines are already producing (three in Mongolia and one in China), with a combined output of 10M MT per annum.

7. Next steps and director recommendation

GCR's share price has suffered substantially over the past year, and HQ considers that assisting GCR to raise capital on the basis proposed above will benefit the company's existing shareholders. It also avoids GCR issuing a strategic stake without the usual compensation for such an issue, as the Heron Proposal envisages.

HQ is ready to proceed with its proposal at GCR's earliest convenience and can provide draft transaction agreements to GCR for finalisation upon acceptance of its proposal. Funds would be available by 20 February 2014 (against the issue of the relevant shares).

Mr Xiaoming Li and Ms Xun (Suzanne) Qiu are both directors of GCR and each recommends that GCR shareholders vote in favour of the Revised HQ Proposal, and against the Heron Proposal, at the EGM.

Kind regards

Yan Li

Managing Director of HQ Mining Resources Holding Pty Ltd

GOLDEN CROSS RESOURCES LTD

ABN 65 063 075 178

22 Edgeworth David Ave
Hornsby NSW 2077
Telephone: (02) 9472 3500
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PROXY FORM FOR EXTRAORDINARY GENERAL MEETING ON THURSDAY 27 FEBRUARY 2014

I/We, the abovenamed, appoint (*)
or in his/her absence (*)
of (address).....
or in his/her absence the Chairman of the meeting as my/our proxy to vote on my/our behalf in respect of ALL or (*) of my/our shares at the Extraordinary General Meeting of the Company to be held at 2.00 pm on Thursday 27 February 2014 and any adjournment of that meeting.

Notes:

- 1 A proxy need not be a member of the Company.
- 2 A member entitled to attend and vote may appoint not more than two proxies. Separate forms must be used for each proxy. Each proxy must be appointed to represent a specified proportion or number of the member rights by inserting the relevant proportion or number of shares each proxy may vote. If the proxy form does not specify a proportion or number of votes then each proxy may exercise half of the member's votes.

Directions to proxy holders: I/we direct my/our proxy to vote in respect of each motion to be considered as indicated with an "X" below and to vote or abstain in respect of a procedural motion as my/our proxy thinks fit. Except where my/our proxy is the Chairman of the meeting, if no direction is given I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of each motion to be considered by the meeting and any adjournment of the meeting.

Chairman will not vote undirected proxies: Where my/our proxy is the Chairman of the meeting, if no direction is given I/we understand that my/our proxy will abstain from voting on my/our behalf in respect of each motion to be considered by the meeting and any adjournment of the meeting.

I/we acknowledge that the Chairman of the meeting may exercise my/our directed proxy even if he or she has an interest in the outcome of the motion and that votes cast by the Chairman of the meeting for those motions other than as proxy holder will be disregarded because of that interest.

Chairman may withdraw Motion 2: I/we acknowledge that, should Motion 1 pass, the Chairman of the meeting intends to withdraw Motion 2. I/we understand that the Chairman requests me/us to vote on Motion 2 as if Motion 1 has failed.

	Motion	For	Against	Abstain
1	Approve Heron Proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Direct Board to Accept HQ Mining Proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated2014 Signature

To be valid, this proxy form, together with the power of attorney or other authority under which it is signed, or a notarially certified copy of that power or authority, must be deposited at Golden Cross Resource Ltd's head office or faxed to (02) 9482 8488 by 2.00 pm on Tuesday 25 February 2014. Replacement proxy forms may be obtained by telephoning Golden Cross Resource Ltd's head office.