



GOLDEN CROSS RESOURCES LTD

ABN 65 063 075 178

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

3 February 2016

Mr Andrew Kabega
Senior Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

By email: Andrew.Kabega@asx.com.au

Re: ASX Appendix 5B Query

Dear Mr Kabega,

Golden Cross Resources Ltd (the Company, GCR) is pleased to respond to your queries of 1 February 2016 regarding GCR's Appendix 5B for the December 2015 Quarter.

1. *Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

The Company expects to have negative operating cash flows for the time being as a result of funding its operations. However, the Company believes that the steps listed in Item 2 below will be sufficient to continue supporting the Company's operations and its budgeted expenditure.

2. *Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

The Company has taken steps, and proposes additional steps, to raise further cash to fund the Company's operations. We also note:

- a) the Company was subject to a takeover bid by HQ Mining Resources Holding Pty Ltd (HQ Mining), which closed on 29 January 2016. HQ Mining lodged a Form 604 on 1 February 2016 stating that it now has a voting power in the Company of 76.46%. In its Bidder's Statement HQ Mining stated that following the takeover bid it intended to cause the Company to undertake a fully underwritten pro-rata rights issue for the purposes of funding the activities of the Company;
- b) the Company is in discussion with HQ Mining for HQ Mining to provide the Company with a loan of \$320,000 and anticipates that this loan will be executed shortly; and
- c) the Company has various assets, including mineral exploration landholdings and freehold property, that can be realised to assist in funding its activities. In this regard, the Company has identified non-core assets for possible divestment.

3. *Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

The Company continues to review its expenditure commitments and cash requirements. The Company believes that the activities detailed in Item 2 above will enable it to meet its business objectives.

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4. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?

The Company confirms that it is in compliance with the Listing Rules, and in particular Listing Rule 3.1, and that there is no such information.

Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

Financial Condition Listing Rule 12.2 – “An entity’s financial condition (including operating results) must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing.”

The Company believes that ASX would be justified in forming an opinion that the Company is in compliance with Listing Rule 12.2 in that the Company:

- a) is confident of obtaining further funding as outlined in Item 2 above to continue with its strategy; and
- b) has a recent independent technical valuation (refer to its ASX release dated 24 December 2015 “Independent Review Statement”) which places a value on the Company’s mineral exploration assets of between \$14.8 million and \$23.3 million with a preferred value of \$18.3 million.

Yours faithfully,

Carl Hoyer
Company Secretary

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1 February 2016

Carl Hoyer
Company Secretary
Golden Cross Resources Limited
304/66 Berry Street
North Sydney NSW 2060

By email: carl.hoyer@goldencross.com.au

Dear Mr Hoyer,

Golden Cross Resources Limited (the Entity): ASX Appendix 5B Query

I refer to the Entity's quarterly report in the form of Appendix 5B for the period ended 31 December 2015 lodged with ASX Market Announcements Platform on 29 January 2016 (the Appendix 5B).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$550,000;
- cash at the end of the quarter of \$166,000; and
- estimated cash outflows for the next quarter of \$420,000.

It is possible to conclude on the basis of the information provided in the Appendix 5B that if the Entity were to continue to expend cash at the rate for the quarter (and at the rate estimated for the next quarter) indicated by the Appendix 5B, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?

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Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9:30am AEDT on Thursday, 4 February 2016. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;



- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Andrew Kabega

Senior Adviser, Listings Compliance (Sydney)

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