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31 October 2016

## **SEPTEMBER 2016**

### **QUARTERLY ACTIVITIES & CASHFLOW REPORT**

#### **CORPORATE**

Following a takeover bid that closed on 29 January 2016, HQ Mining Resources Holding Pty Ltd ("HQ Mining") and associates now hold 76.46% of the Company's shares.

HQ Mining has provided funding for the Company since September 2015 through a series of loans. The latest loan of \$200,000 is pursuant to a loan agreement on normal commercial terms entered into between the Company and HQ Mining on 4 August 2016 and brings the aggregate loans from HQ Mining to \$620,000. To date \$150,000 has been provided by HQ Mining pursuant to the 4 August agreement but the balance of \$50,000 remains outstanding and overdue.

The Company also received a letter from HQ Mining which outlined its intent to continue to fund the Company until the end of 2016 or completion of a major capital raising (whichever is earlier), to extend its existing September 2015 loan of \$150,000 to the Company and to provide funds to the Company to repay the \$150,000 loan from Mr Ian Buchhorn. HQ Mining has extended its \$150,000 loan to the Company which fell due in September for a period of 12 months on normal commercial terms. However, no further funding has been received from HQ Mining.

Accordingly the Company initiated a sale process for non-core assets. As per the ASX announcements of 30 September and 27 October 2016, \$278,407.43 was received from the sale of the Coppervale property. As part of this transaction the Company secured a three-year lease on Coppervale for \$30,000pa rental paid in advance, as well as an option and first right of refusal to purchase for the property for during that three-year period.

The funds from this transaction were used to repay the \$150,000 loan from Mr Ian Buchhorn and to fund basic operations.

In addition, a sale process for the Cargo project has been initiated.

During the September quarter administrative issues and funding constraints led to a curtailment of project activity. Planning for future work and tenement renewals was undertaken. A review of current projects is provided in the following pages.

#### *Board Changes*

At an Extraordinary General Meeting held on 13 July 2016 Mr Ian Buchhorn was removed as a director of the Company. On 22 July 2016 the Company announced that Mr Ken Hellsten had been appointed to the Board as a director. On 31 July Mr Mark Sykes resigned as a director and Chairman, and was replaced by Mr Ken Hellsten.

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## REVIEW OF PROJECTS

GCR has a portfolio of projects (Figure 1) diversified by both commodity and geological province, with prospectivity demonstrated by regional operating mines and significant deposits. These include:

- Central NSW Porphyry Province Copper/Gold – Copper Hill and Cargo
- South Australian Gawler Craton - Iron Oxide/Copper/Gold (IOCG)
- Cobar Region NSW – Base metals/Gold
- Lachlan VMS Belt NSW – Zinc/Copper/Gold
- Northwest Queensland – Phosphate/Uranium

The portfolio of projects has been reduced by divestments over the past year, and discussions continue with several parties interested in acquiring or farming-in to some of the remainder. Changes in administration of exploration in NSW since 1 July 2015 have seen a large increase in documentation requirements for explorers.

Details of the current projects are included in the Mineral Tenements Table at the end of this report.

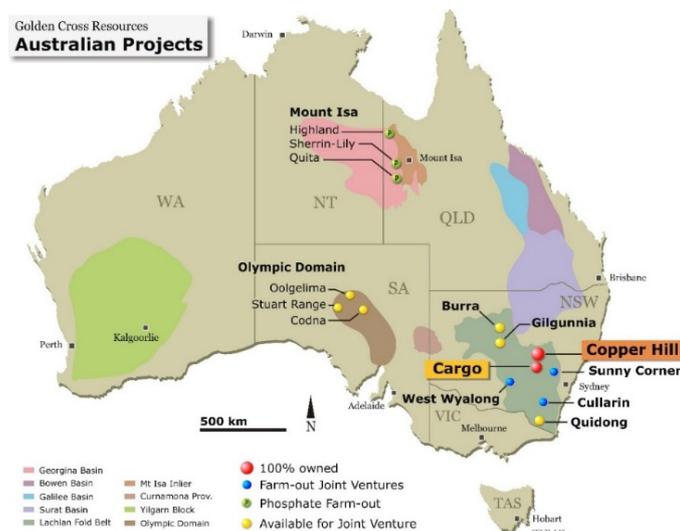


Figure 1: GCR Projects Status Map

### Copper Hill

GCR 100%

Copper Hill is located 50 kilometres north of the Cadia Valley Project, which is one of Australia's largest producing goldmines. Porphyry copper-gold deposits of the Copper Hill area occur within the same Ordovician-age volcanic belt that hosts Cadia-Ridgeway and on the northern edge of corridor formed by the interpreted WNW-trending Lachlan Transverse Zone (Figure 2).

Following completion of a resource update in March 2015 (refer GCR 25 March 2015), the Company has continued to focus on components of the April 2015 Copper Hill Scoping Study (refer GCR ASX 15 April 2015) and activities required to progress permitting for an eventual mining project.

In 2015 the NSW Government announced New Frontiers Co-operative Drilling Round 2, providing grants to explorers to co-fund drilling programs according to criteria including frontier regions, areas under significant cover, and new geological concepts. Golden Cross made two submissions on the basis of new concepts. Outcomes were announced in July and at Copper Hill identification of a possible skarn horizon west of the main porphyry zones was unsuccessful in attracting a drilling subsidy.

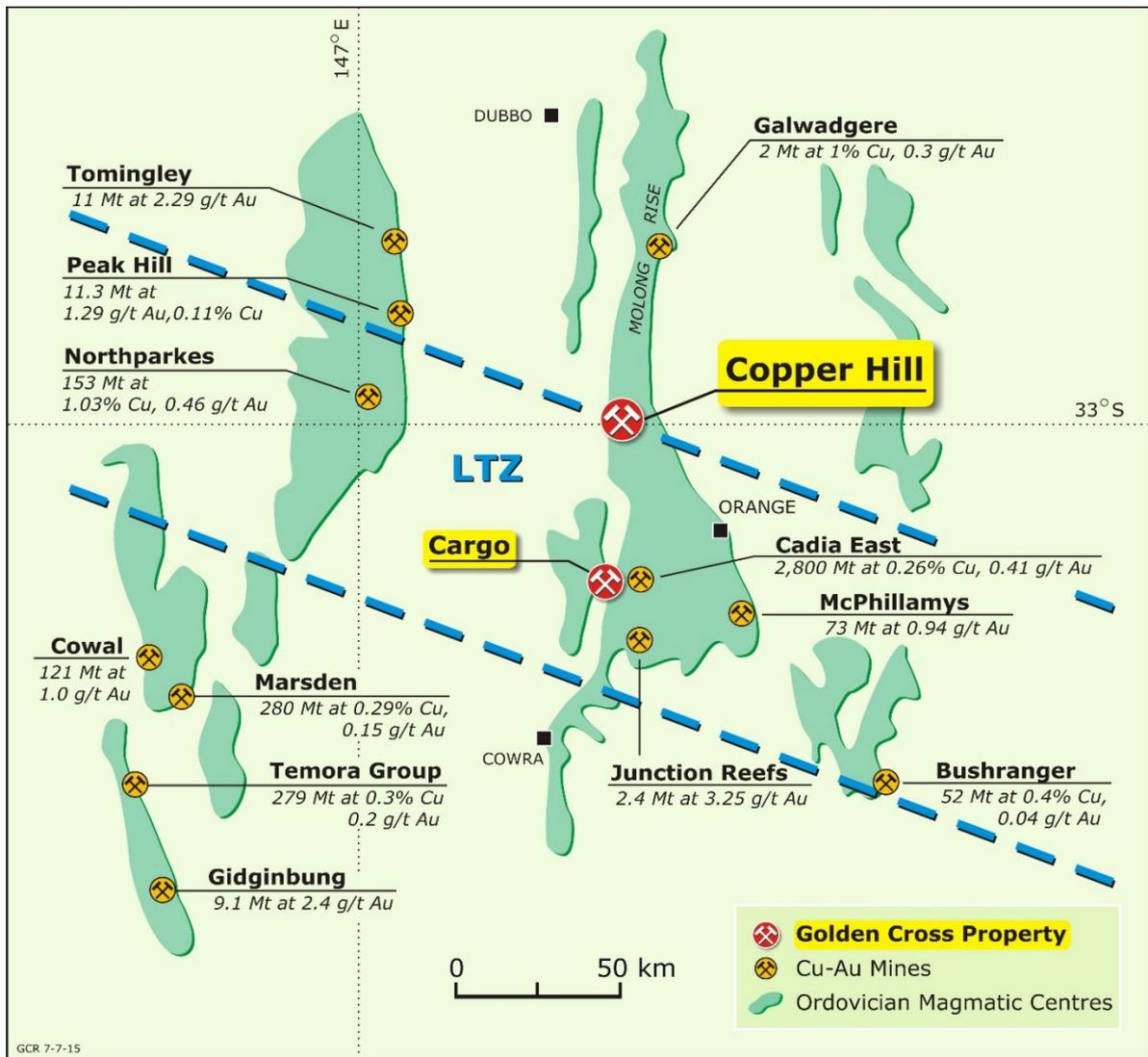


Figure 2: Copper Hill & Cargo on NSW Porphyry Provinces

**Cargo**  
GCR 100%

Cargo is situated 12 kilometres west of the Cadia Valley gold-copper mining operations of Newcrest Ltd (Figure 2), in a similar geological setting. Middle to Late Ordovician andesite volcanics and volcanoclastic rocks are intruded by dacite porphyry, magmatic-hydrothermal breccia, micromonzonite and radial veins mined historically for gold (and the probable source of eluvial gold).

Gold resources have previously been reported for the Cargo Spur-Dalcoath lode system to JORC 2004 compliance (refer GCR ASX 21 May 2012). There is potential for further near-surface gold resources on the remaining 14 identified quartz-sulphide lode systems. Drilling of the central porphyry in 2008 returned long low-grade copper intercepts to a depth of approximately 300 metres, and a conceptual deep target was developed by CMC Consultants based on mineralogical modelling (Figure 3). This concept was successful in attracting an offer of \$100,000 drilling subsidy under New Frontiers Round 2.

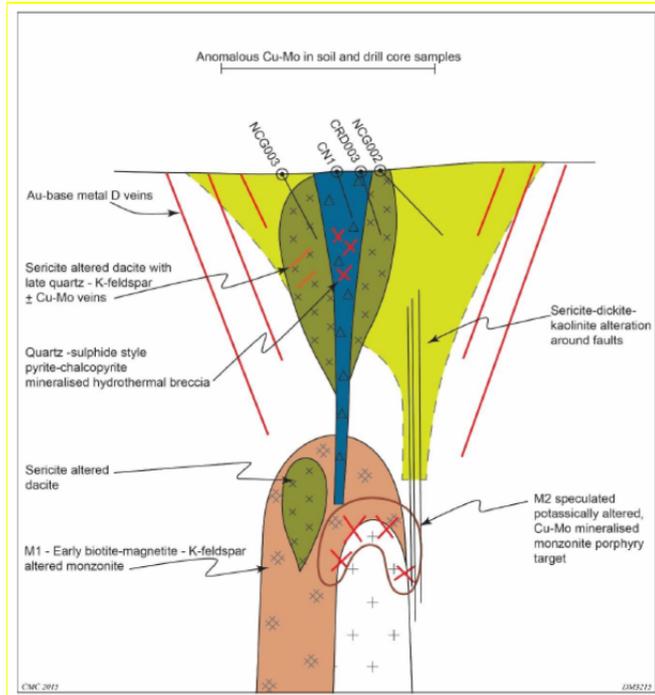


Figure 3: Cargo Conceptual Model [Corbett Menzies Cunliffe Consultants 2016]

**South Australia Iron Ore Copper-Gold (IOCG)  
GCR 100%**

In South Australia several magnetic / gravity targets have been identified by GCR geophysicists. Three targets have been prioritised for drilling, subject to the availability of funding, after encouraging results from the 2013 drill program. The targets are located at the north-western end of the interpreted structural corridor that contains significant copper-gold deposits at Carrapateena, Olympic Dam, Prominent Hill and Cairn Hill (Figure 4).

Activity in the region has increased in response to SA Government initiatives (PACE Drilling & PACE Copper), and Golden Cross received approval for a drilling subsidy of up to \$60,000 for drilling of the three holes. Planning and approval processes are underway for the next stage of drilling.

Approaches continue to be received from parties interested in farming in to these properties.

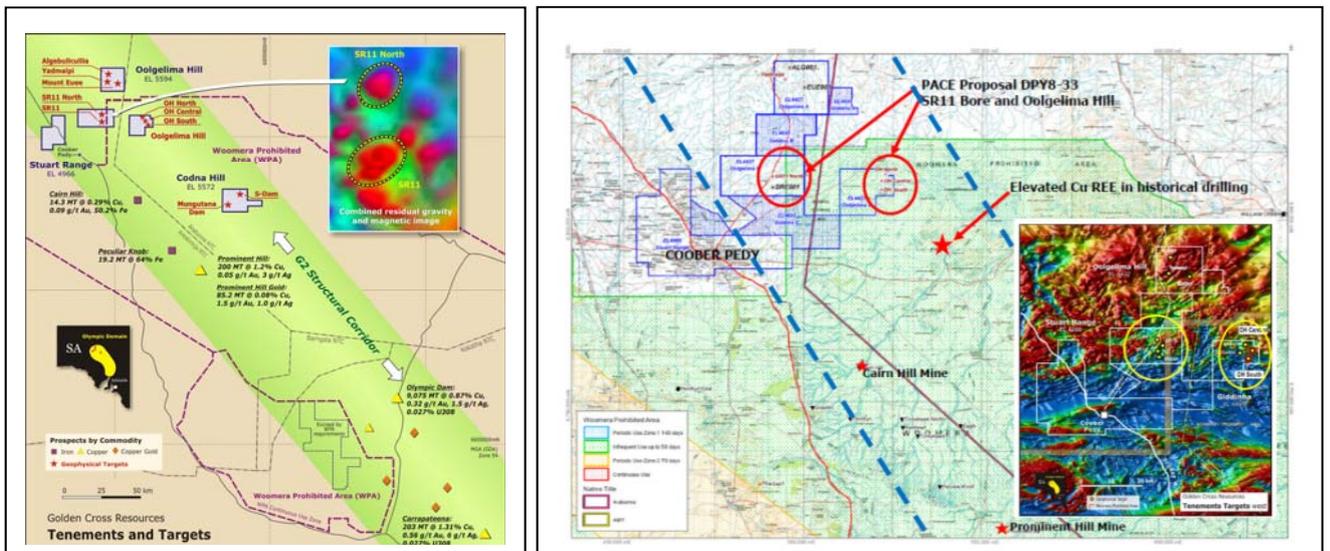


Figure 4: Gawler Craton Projects: Location & Drill Targets (inset shows targets on magnetic image)

## **COBAR REGION**

**Canbelego Group & Gilgunnia Group**  
GCR 100%

The Cobar region is well endowed with high grade polymetallic deposits supporting long life mining operations. GCR has a small holding of strategically located tenements remaining in two areas of the region after divestments during 2015-16.

- **Burra** – along strike from Mt Boppy Goldmine
- **Gilgunnia** – along strike from Aurelia Metals Limited's Hera gold/base metal deposit and surrounding Peel Mining's high grade copper discovery at Mallee Bull.

The Burra and Gilgunnia tenements are available for farm-in.

## **LACHLAN VMS PROVINCE**

Silurian formations prospective for volcanic associated massive sulphide deposits extend over 300km from the Orange-Bathurst region in the north through Woodlawn and Captain's Flat and southwards into eastern Victoria. GCR has three projects in this region:

- **Quidong**  
GCR 100%  
Quidong has extensive occurrences of carbonate-hosted zinc/lead and gold mineralisation, and potential intrusive related gold mineralisation, which occurs elsewhere in the region. Previous data and GCR field reconnaissance have identified high grade zinc-lead-gold drill targets which remain to be tested. This project is available for farm-in.
- **Sunny Corner**  
JV with Argent Resources Ltd. GCR 30%  
No field activity reported by JV partner.
- **Cullarin**  
JV with Heron Resources Ltd. GCR 21.1%  
No field activity reported by JV partner. A renewal application for EL7954 remains pending.

## **OTHER JOINT VENTURES**

### **West Wyalong**

Argent Minerals Ltd 51%, GCR 49%

The previous tenements were consolidated into one, with the granting of EL8340 from 20 April 2016. Argent continues to define exploration targets using IP surveys (refer Argent ASX 29 June 2016 – "Investor Presentation").

### **Isa Phosphate JV**

Paradise Phosphate Ltd 80%, GCR 20%

Golden Cross subsidiary King Eagle Resources Ltd has a 20% free carried interest in three phosphate deposits within the project, and 100% interest in all minerals other than phosphate. The King Eagle deposits account for a third of the historical phosphate resources being evaluated for the Paradise Phosphate Project.

Following press reports subsequent to quarter end, GCR became aware that a Receiver and Manager had been appointed to Paradise Phosphate Ltd in March 2016. The Company has moved to assert its rights under the JV Agreement.

**INTERESTS IN MINERAL TENEMENTS (As at 30 September 2016)**

	TENEMENT NAME	TENEMENT	km <sup>2</sup>	HOLDER (2)	% HOLDING	JOINT VENTURER/NOTES
<b>NEW SOUTH WALES</b>						
<b>Orange Region</b>	Copper Hill	EL 6391	95	GCO	100	
	Cargo	EL 5238	46	GCO	100	
<b>Cobar Region</b>	Burra	EL 7389	15	GCO	100	
	Emu Tank	EL 7320	46	GCO	100	
	Kelly's Tank	EL 7323	69	GCO	100	
	Kilparney Extended	EL 8270	152	GCO	100	
	Delaney's Tank	EL 7322	17	GCO	100	
	Four Mile South	EL 7970	3	GCO	100	
<b>Southeast Lachlan</b>	Cullarin JV	EL 7954	146	TRO	78.8	TRO (1)
	Quidong	EL 7989	98	GCO	100	
<b>Sunny Corner</b>	Sunny Corner JV	EL 5964	109	GCO	49	ARD (2)
<b>West Wyalong</b>	West Wyalong JV	EL 8340	43	GCO	49	ARD (3)
<b>QUEENSLAND</b>						
<b>Mount Isa</b>	Quita Creek	EPM 14905	276	KER	20	
	Highland Plains	EPM 14906	300	KER	20	PPO (4)
	Lily & Sherrin Creek	EPM 14912	300	KER	20	
<b>SOUTH AUSTRALIA</b>						
<b>Coober Pedy</b>	Oolgelima	EL 5594	626	GCR	100	
	Stuart Range	EL 4966	226	GCR	100	
	Codna Hill	EL 5572	281	GCR	100	
<b>PANAMA</b>	El Cope	2007-95	98	GCRP	90	Application; MTI (5)

**Notes**

E/EL/ELA = Exploration Permit/Licence/Application; EPM = Exploration Permit for Metals

Full names for abbreviations are as follows:

GCO	Golden Cross Operations Pty Ltd, a wholly owned subsidiary of GCR
KER	King Eagle Resources Pty Limited, a wholly owned subsidiary of GCR
ARD	Argent Minerals Limited (ASX: ARD)
TRO	TriAusMin Minerals Limited, a wholly-owned subsidiary of Heron Resources Ltd (ASX:HRR)
PPO	Paradise Phosphate Limited (ASX: PPO), a subsidiary of Legen International Holdings Inc (OTC:LGDI)
GCRP	GCR Panama, Inc, a wholly owned subsidiary of GCR
MTI	MapIntec Technologies Inc.

- (1) TriAusMin earned an initial 62.5% interest by spending \$200,000 to 13 September 2010. Further expenditure by TRO of \$170,000 to July 2014 increased TRO's interest to 80% and diluted GCO's interest to 20%.
- (2) Argent Minerals earned 51% in the Sunny Corner Joint Venture by spending \$500,000 by 1 June 2011 in Stage 1. It earned 70% by additional expenditure of \$186,000 (for a total expenditure of \$686,000) by July 2013.
- (3) Argent Minerals earned 51% in the West Wyalong Joint Venture by spending \$750,000 by 1 June 2011. ARG may earn a further 19% to total 70% by additional expenditure of \$550,000 (for a total expenditure of \$1,300,000) by January 2016. Barrick Gold Corp holds a 2.5% net smelter return.
- (4) Paradise Phosphate Limited (as assignee from Legend International Holdings Inc.) earned its 80% interest (in phosphate minerals only) by spending \$3,000,000 by 7 December 2012, leaving KER with 20% interest. GCR has 100% rights to all other minerals and is free carried to a decision to mine for phosphate.
- (5) MapIntec Technologies Inc., a Panamanian company, has a 10% interest free carried to a decision to mine.

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**The Production Target and the Mineral Resources** on which it is based are extracted from reports released to the market by GCR on 24 March 2015 and 15 April 2015. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the production target in the report dated 15 April 2015 continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

**Forward-Looking Statements:** This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Golden Cross Resources Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

**Compliance Statement:** The information in this report that relates to Exploration Results is based on information compiled by Mr Bret Ferris, who is a Member of the Australasian Institute of Geoscientists (AIG). Mr Ferris a consultant to Golden Cross Resources Limited, 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ferris consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

## Corporate Directory

### Board of Directors as at 30 September 2016

Ken Hellsten	Non-Executive Chairman
Xiaoming Li	Non-Executive Director
Yuanheng Wang	Non-Executive Director
Robert Thomson	Non-Executive Director
Neil Fearis	Non-Executive Director
Yan Li	Alternate Director for Xiaoming Li

### Exploration Manager

Bret Ferris

### Issued Share Capital

Golden Cross Resources Ltd has 101,622,227 ordinary shares on issue as at 30 June 2016.

### Share Registry

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Level 7, 207 Kent Street  
Sydney NSW 2000

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Fax +61 2 9279 0664

### Registered Office

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**Appendix 5B****Mining exploration entity quarterly report**

Introduced 1/7/1996. Origin: Appendix 8. Amended 1/7/1997, 1/7/1998, 30/9/2001, 1/6/2010, 17/12/2010, 1/5/2013

Name of entity

**GOLDEN CROSS RESOURCES LTD**

ACN or ARBN

ABN 65 063 075 178

Quarter ended ("current quarter")

**30<sup>th</sup> September 2016****Consolidated statement of cash flows**

	Current quarter \$A'000	FullYear \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(110)	(110)
(b) development	-	-
(c) production	-	-
(d) administration	(123)	(123)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (Research and Development rebate)	-	-
	(232)	(232)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
(d) land and buildings	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	173	173
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	1	1
1.12 Other – (payment) refund of security deposits	-	-
	174	174
<b>Net investing cash flows</b>		

+ See chapter 19 for defined terms.

## Mining exploration entity and oil and gas exploration quarterly report

1.13	Total operating and investing cash flows (carried forward)	(58)	(58)
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1.13	Total operating and investing cash flows (brought forward)	(58)	(58)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	170	170
1.17	Repayment of borrowings	(170)	(170)
1.18	Dividends paid	-	-
1.19	Other (cost of share issue)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(58)	(58)
1.20	Cash at beginning of quarter/year to date	112	112
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	54	54

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	24
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payment of directors' fees, entitlements and expenses.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

+ See chapter 19 for defined terms.

Nil
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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	200	150
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	250

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	54	63
5.2 Deposits at call	-	75
5.3 Bank overdraft	-	-
5.4 Other (Short Term Deposits) (<120 days)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	54	112

+ See chapter 19 for defined terms.

**Changes in interests in mining tenements and petroleum tenements**

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	101,622,227	101,622,227	Various
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			Fully Paid
7.5	<b>+Convertible debt securities</b> (description)			

+ See chapter 19 for defined terms.

## Mining exploration entity and oil and gas exploration quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	250,000	250,000		
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	(250,000)	(250,000)		
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

**Compliance statement**

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement gives a true and fair view of the matters disclosed.

Name: Carl Hoyer, Company Secretary

Date: 31st October 2016

+ See chapter 19 for defined terms.

**Notes**

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.