



# GOLDEN CROSS RESOURCES LTD

ABN 65 063 075 178

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27 April 2017

## MARCH 2017 QUARTERLY ACTIVITIES & CASHFLOW REPORT

During the March 2017 Quarter funding constraints continued to limit project activity to work sufficient only to support maintenance of the most prospective parts of the tenement portfolio and planning for future work programs. An updated review of current projects is provided in the following pages.

### Corporate

HQ Mining Resources Holding Pty Ltd (“HQ Mining”) and associates currently hold 76.46% of the Company’s shares.

HQ Mining continued to provide funding support for the Company’s activities via loan facilities, supplemented by divestment of assets to provide a basis for ongoing activities. During the Quarter final payment was received for divestment of the Cargo project. The Company’s residual 20% interest in the Cullarin JV was also divested.

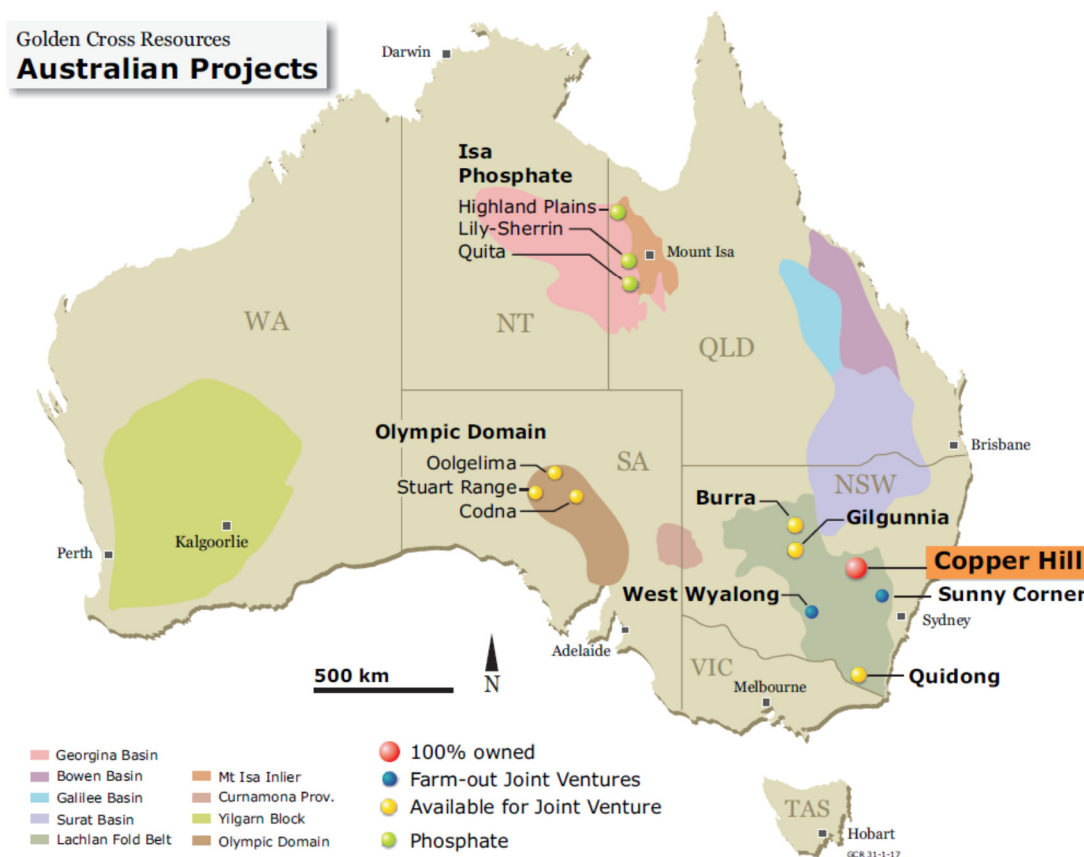
The Company’s Board has received an indicative offer of support for a capital raising to fund its planned work programs from a major broking firm, and negotiations with its major shareholder on the timetable for the raising are underway.

## REVIEW OF PROJECTS

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

- Central NSW Porphyry Province Copper/Gold – Copper Hill
- 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 has reduced over the past two years with selected divestments and discussions continue with several parties interested in acquiring or farming into further tenements. The Company remains committed to progressing its Copper Hill project once funding is secured.



**Figure 1: GCR Projects Status Map**

*[details of current projects are included in the Mineral Tenements Table at end of this report]*

### Copper Hill

GCR 100%

Copper Hill is approximately 50 kilometres north of the Cadia Valley Project, 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 a corridor formed by the interpreted WNW-trending Lachlan Transverse Zone (Figure 2).

Following completion of a resource update in March 2015 (GCR ASX 25 March 2015), the Company completed a Scoping Study based around the higher grade core of the Copper Hill deposit containing 160,000 tonnes copper and 480,000 ounces gold in 28 million tonnes grading 0.56% copper, 0.53 g/t gold, calculated at a 0.4% copper cut-off (GCR ASX 15 April 2015).

The goal is to implement components of the 2015 Scoping Study that are required to progress towards a mining project.

During the Quarter the freehold property covering central parts of the Copper Hill Project changed ownership and revised access arrangements are being negotiated with the new landholder to enable commencement of approved programs. Meanwhile a further stage of gravity infill commenced, which is expected to provide improved resolution of subsurface structures and possible intrusives for exploration targeting.



Figure 2: Copper Hill on NSW Porphyry Provinces

### Cargo

Final payment for divestment of Cargo was received as agreed on 31 January 2017. Formal procedures for transfer of the relevant tenement (EL5238) are underway.

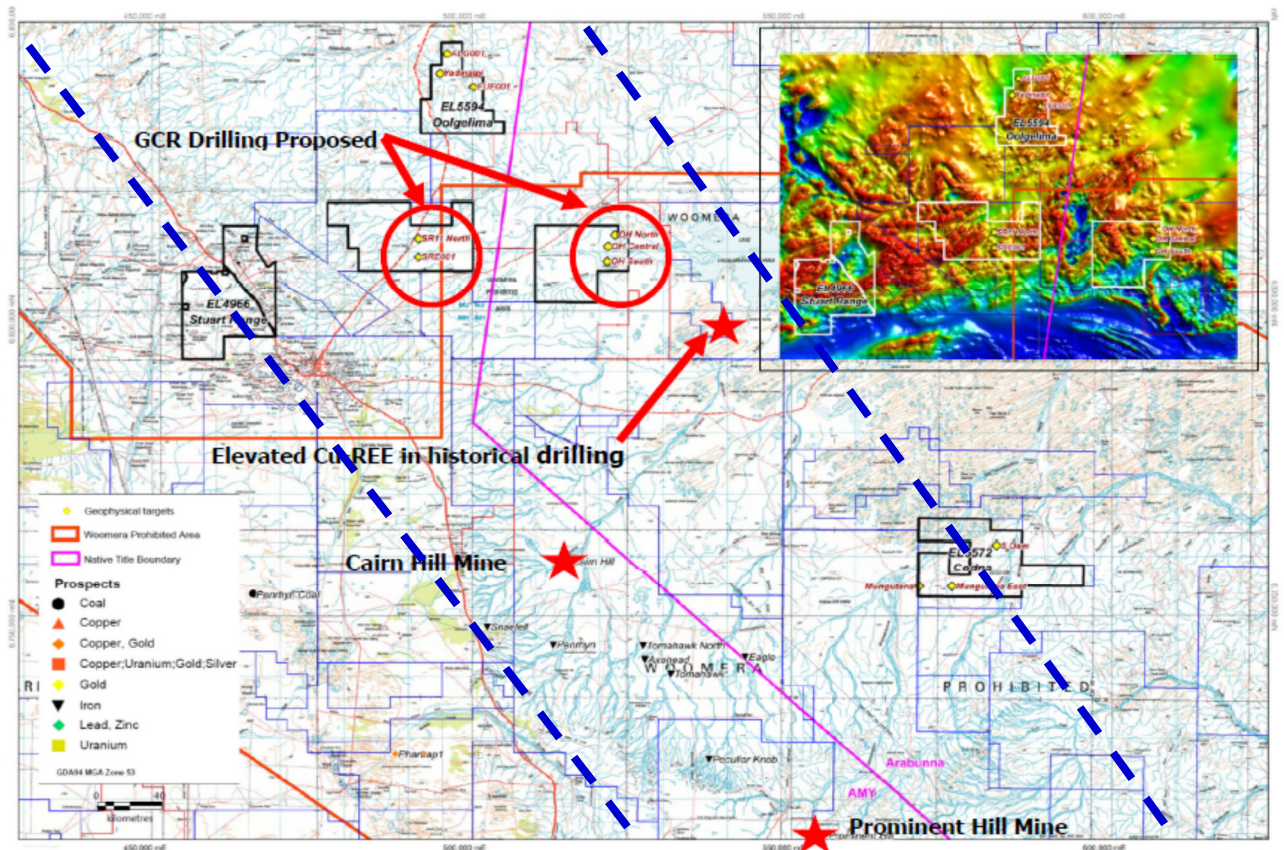
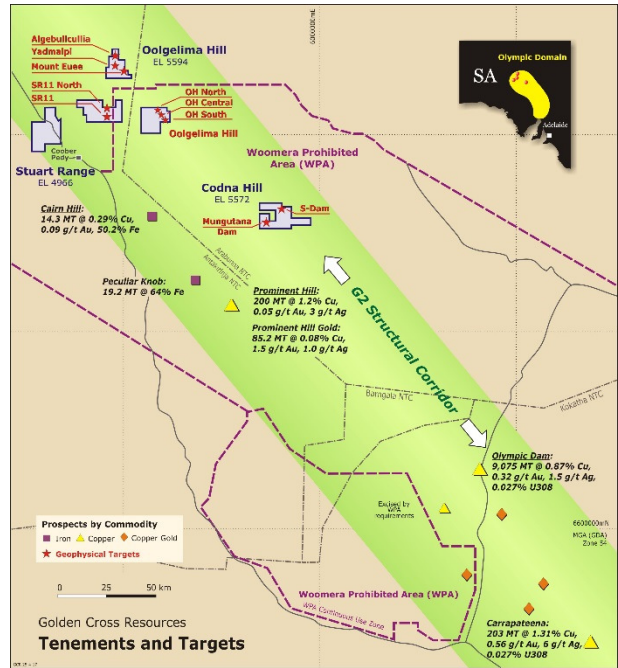


**SOUTH AUSTRALIA**  
**Iron Ore Copper-Gold (IOCG)**  
**GCR 100%**

In South Australia several magnetic / gravity targets have been identified by GCR. 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 3).

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

## COBAR REGION

### Canbelego & Gilgunnia Groups GCR 100%

The Cobar region is well endowed with high grade polymetallic deposits supporting long life mining operations. GCR has a residual holding of strategically located tenements (Figure 4) 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 adjacent to Peel Mining's high grade copper discovery at Mallee Bull and recent discoveries at Wirlong and Wagga Tank. Three tenements have now been renewed after lengthy delays in processing due to major changes in Department of Industry – Resources & Energy procedures.

Expressions of interest for farm-in or acquisition of the Burra and Gilgunnia tenements have been received from several parties.

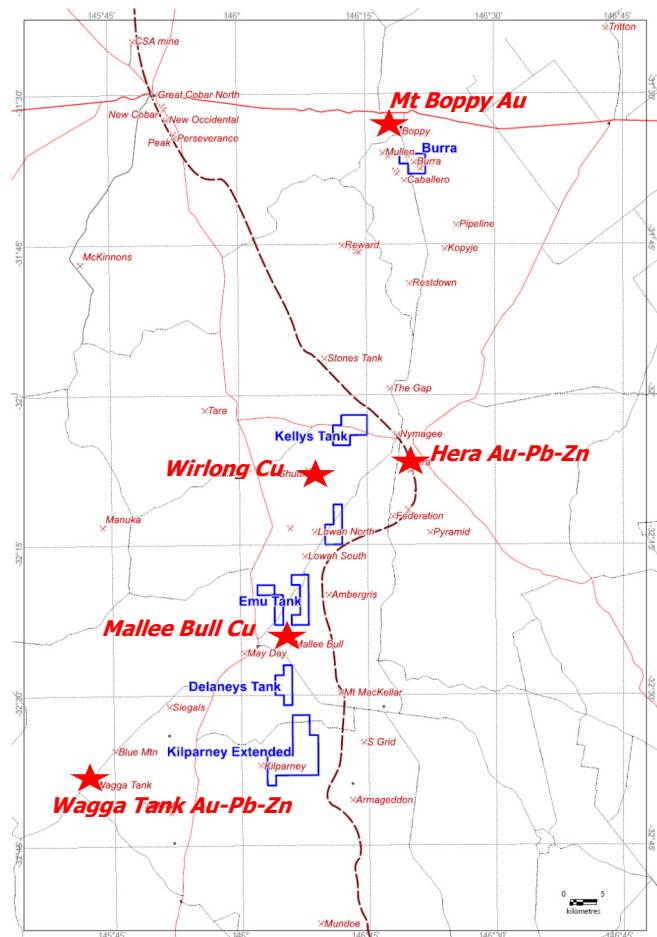


Figure 4: Cobar Region Projects

## 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. With the sale of its residual 20% interest in the Cullarin Joint Venture, GCR now has two 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.

Evaluation of the Moving Loop EM survey undertaken in the previous Quarter continued. However, electrical prospecting methods are impacted by the large amount of sulphidic rock in the area, and alternative techniques for refining drill targets are being evaluated.

- **Sunny Corner**  
JV with Argent Resources Ltd. GCR 30%  
No field activity reported by JV partner.

## **ISA PHOSPHATE**

GCR subsidiary, King Eagle Resources Pty Ltd (King Eagle), holds 100% of three deposits: Highland Plains, Lily & Sherrin Creek and Quita Creek (Figure 5) which account for a third of the historical phosphate resources being evaluated for the Paradise Phosphate Project.

The Highland Plains phosphate deposit extends westwards into the Northern Territory where the western part is held by POZ Minerals Ltd [formerly Phosphate Australia Ltd]; a maiden JORC 2004 resource was announced on 31 March 2009.

Following cessation of the joint venture with Paradise Phosphate Ltd, King Eagle continued to work with the Queensland Department of Natural Resources & Mines to reconcile rental payments, and restore the tenements to good standing, ahead of planned work to convert the historical resources to JORC 2012 compliance.

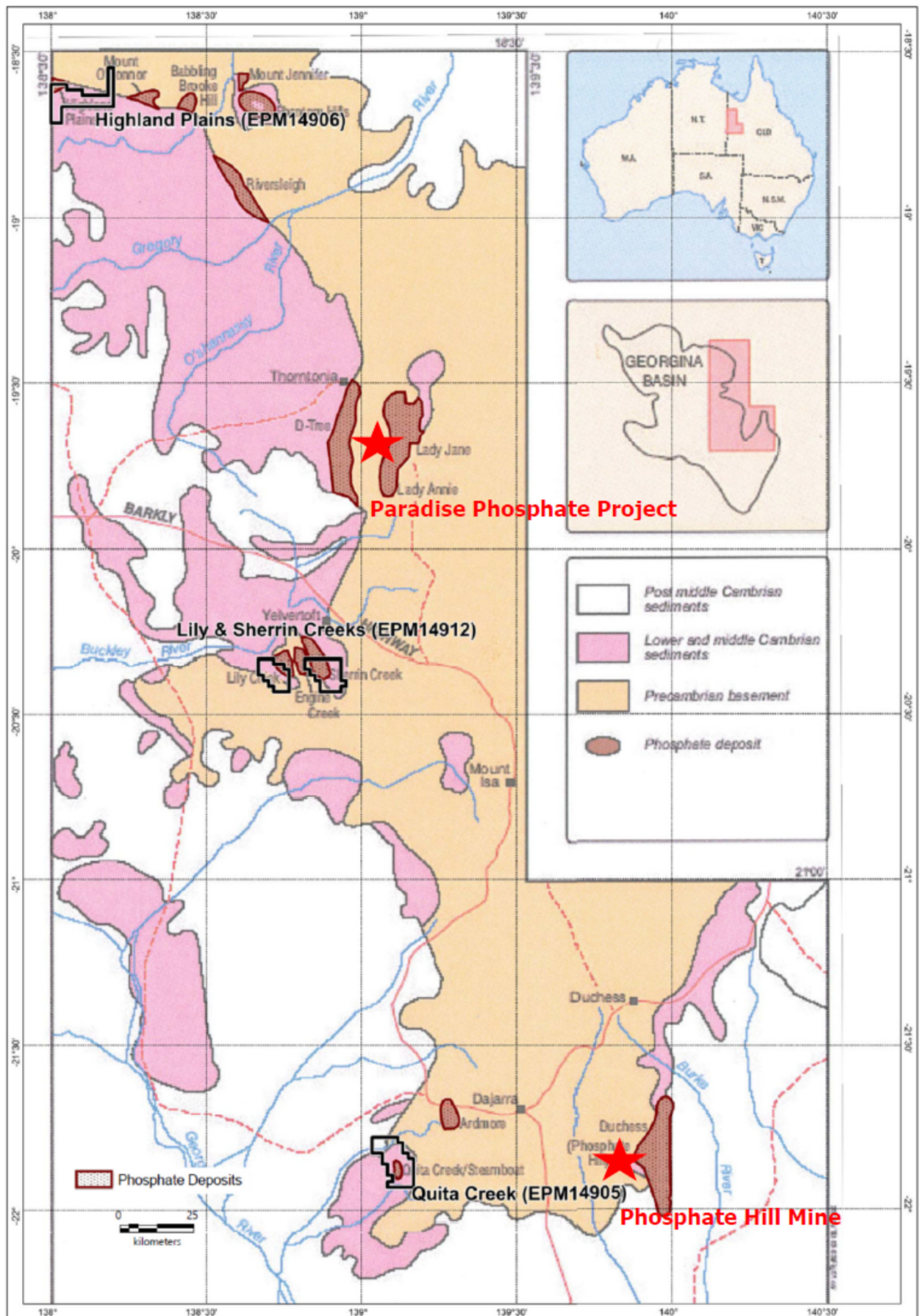
## **OTHER JOINT VENTURES**

### **West Wyalong**

**Argent Minerals Ltd 70%, GCR 30%**

Argent Minerals Ltd (Argent) continued to define exploration targets using IP surveys and announced that drilling was underway on a 6 hole, 2,150 metre drilling program to test the Theia and Narragudgil targets (Argent ASX announcement 3 March 2017). This work incremented Argent's earned interest in the Joint Venture to 70% effective 31 March 2017.





**Figure 5: Isa Phosphate Projects**

[based on map by Roger & Keevers, 1976 "Lady Annie-Lady Jane Phosphate Deposits, Georgina Basin, Queensland" In: *Economic Geology of Australia & Papua New Guinea, AusIMM Monograph 4*]

## INTERESTS IN MINERAL TENEMENTS (as at 31 March 2017)

	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	
<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	
	Delaney's Tank	EL 7322	17	GCO	100	
	Kilparney Extended	EL 8270	152	GCO	100	
<b>Southeast Lachlan</b>	Quidong	EL 7989	98	GCO	100	
	Sunny Corner JV	EL 5964	109	GCO	30	ARD (1)
<b>West Wyalong</b>	West Wyalong JV	EL 8340	43	GCO	30	ARD (2)
<b>QUEENSLAND</b>						
<b>Mount Isa</b>	Quita Creek	EPM 14905	276	KER	100	
	Highland Plains	EPM 14906	300	KER	100	
	Lily & Sherrin Creek	EPM 14912	300	KER	100	
<b>SOUTH AUSTRALIA</b>						
<b>Cooper Pedy</b>	Oolgelima	EL 5594	469	GCR	100	
	Stuart Range	EL 4966	226	GCR	100	
	Codna Hill	EL 5572	209	GCR	100	
<b>PANAMA</b>	El Cope	2007-95	98	GCRP	90	Application; MTI (3)

### 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)
GCRP	GCR Panama, Inc, a wholly owned subsidiary of GCR
MTI	MapIntec Technologies Inc.

- (1) ARD 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.
- (2) ARD earned 51% in the West Wyalong Joint Venture by spending \$750,000 by 1 June 2011. On 21 April 2017 ARD advised additional expenditure totaling \$600,000 (for a total expenditure of \$1,350,000) by 30 June 2017 was achieved effective 31 March 2017, incrementing its interest to 70%. Royal Gold Inc holds a 2.5% net smelter return
- (3) MapIntec Technologies Inc., a Panamanian company, has a 10% interest free-carried to a decision to mine.



**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 this report of the matters based on that information in the form and context in which it appears.*

**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.*

## **Corporate Directory**

### **Board of Directors as at 31 March 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

### **Acting Chief Executive Officer** (from 6 April 2017)

Bret Ferris

### **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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Sydney NSW 2000

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### **Registered Office**

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**Appendix 5B****Mining exploration entity and oil and gas exploration entity  
quarterly report**

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity****GOLDEN CROSS RESOURCES LTD****ABN****ABN 65 063 075 178****Quarter ended ("current quarter")****31<sup>st</sup> March 2017**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(107)	(349)
(b) development	-	-
(c) production	-	-
(d) staff costs (excluding direct exploration salaries)	(39)	(110)
(e) administration and corporate costs	(186)	(430)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	35	35
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(296)</b>	<b>(852)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	8	289
	(b) tenements (see item 10)	263	513
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	1
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>271</b>	<b>803</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	200	370
3.6	Repayment of borrowings	-	(170)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>200</b>	<b>200</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	88	112
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(296)	(852)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	271	803
4.4	Net cash from / (used in) financing activities (item 3.10 above)	200	200



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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>263</b>	<b>263</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	63	88
5.2	Call deposits	100	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details). Receivable see 8.	100	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>263</b>	<b>88</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	60
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment of director's fees, entitlements and expenses
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<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	Nil
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	600	350
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facility (dated 18 August 2016) (unsecured) with HQ Mining \$200K @ 9.75% interest p.a. (Fully drawn down. Repayable 18 August 2017) Loan facility (dated 8<sup>th</sup> March 2017) (unsecured) with HQ Mining \$400K @ 9.75% (\$50K drawn down plus \$100K receivable as at 31 March and received on 7 April) Repayable 8<sup>th</sup> March 2018. All outstanding repayable by due dates (unless extended) or at a completion of capital raising by share issue.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	100
9.2 Development	-
9.3 Production	-
9.4 Staff costs (excluding exploration salaries)	35
9.5 Administration and corporate costs	100
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>235</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL7954	Cullarin Joint Venture: Residual 20% interest sold to Heron Resources Ltd January 2017.	20%	0%
	EL8340	West Wyalong Joint Venture Argent Earn-in 70% effective 31 March 2017.	51%	30%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....Date: 27 April 2017.....  
(Director/Company secretary)

Print name: Carl Hoyer, Company Secretary

**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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.