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Golden Cross Resources Limited

ABN 65 063 075 178

Half-Year Financial Report

31 December 2020

Contents

	Page No.
Company Particulars	3
Directors' Report	4
Auditor's Independence Declaration	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements for the Half-Year ended 31 December 2020	10
Directors' Declaration	18
Independent Auditor's Review Report to the Members	19

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Company Particulars

Directors:

Jordan Li FAusIMM, MAICD, MBA
Chairman from 15 January 2020 to 11 January 2021
Executive Chairman, appointed 12 January 2021

Yuanheng Wang, LLB (Hons)
Non-executive Director

Yan Li, MBA
Non-executive Director

Mark Moddejongen
Non-Executive Director, appointed 3 December 2020

Company Secretary

Carolyn Jacobs, appointed 13 July 2020
Carl Hoyer, appointed 10 August 2015 and resigned 13 July 2020

Principal and Registered Office:

Suite 1, Level 3
66 Berry Street
North Sydney NSW 2060
Telephone: +61 2 9922 1266

Share Registry:

Automic Pty Ltd
Level 5, 126 Phillip Street,
Sydney NSW 2000

Auditors:

Rothsay Audit & Assurance Pty Ltd
Level 1/12 O'Connell Street
Sydney NSW 2000

Stock Exchange Listing:

Securities in Golden Cross Resources Limited are quoted on the Australian Securities Exchange (Ticker code: GCR)

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Directors' Report

Your Directors present their report on the consolidated entity consisting of Golden Cross Resources Ltd ("Golden Cross" or the "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following people were Directors of Golden Cross during the whole of the half-year and up to the date of this report, unless otherwise stated:

Jordan Li	Chairman (until 11 January 2021) and Executive Chairman (from 12 January 2021)
Yuanheng Wang	Non-Executive Director
Yan Li	Non-Executive Director
Mark Moddejongen	Non-Executive Director (from 3 December 2020)

Review and Results of Operations

The consolidated net loss after income tax for the six months to 31 December 2020 was $493,000 (2019: loss of $423,000).

The Company continued its principal activity of minerals exploration and development of precious and base metals projects in Australia.

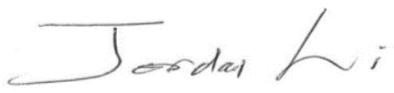
Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration to the Directors as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

Rounding

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Corporations Instrument.

Signed in accordance with a resolution of the Board of Directors.



Jordan Li
Executive Chairman
Sydney
10 March 2021

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GOLDEN CROSS RESOURCES LIMITED

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

As lead auditor for the review of Golden Cross Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in relation to Golden Cross Resources Limited and the entities it controlled during the half-year.

Rothsay Audit & Assurance Pty Ltd

Frank Vrachas Director

Sydney, 10 March 2021

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CHARTERED ACCOUNTANTS AUSTRALIA + NEW ZEALAND

Statement of Comprehensive Income
For the half-year ended 31 December 2019

	Notes	Consolidated 6 months to 31 Dec 2020 $'000	Consolidated 6 months to 31 Dec 2019 $'000
Interest income	3	-	-
Other income	3	2	35
ATO job booster	3	30	-
Exploration expenditure	7	(48)	(96)
Depreciation		(50)	-
Other expenses from ordinary activities	4	(241)	(215)
Loss before tax and finance costs		(307)	(276)
Finance costs		(186)	(147)
Loss before income tax		(493)	(423)
Income tax benefit		-	-
Loss after income tax		(493)	(423)
Other comprehensive income		-	-
Total comprehensive loss for the period		(493)	(423)
Basic loss per share (cents)	2	(0.49)	(0.42)
Diluted loss per share (cents)	2	(0.49)	(0.42)

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Statement of Financial Position
As at 31 December 2020

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	Notes	Consolidated 31 December 2020 $'000	Consolidated 30 June 2020 $'000
ASSETS			
Current Assets			
Cash assets		37	68
Trade and other receivables		84	107
Prepayments		19	22
Right of use – office lease		-	20
Total Current Assets		140	217
Non-Current Assets			
Property, plant and equipment		1	1
Right of use – office lease		84	-
Exploration and evaluation expenditure	7	12,368	12,286
Trade and other receivables		40	40
Total Non-Current Assets		12,493	12,327
Total Assets		12,633	12,544
LIABILITIES			
Current Liabilities			
Loans from related parties	9	4,747	4,441
Trade and other payables		169	89
Preplacement loan		145	-
Lease liability		44	21
Provisions		44	56
Total Current Liabilities		5,149	4,607
Non-Current Liabilities			
Lease liability		40	-
Total Non-Current Liabilities		40	-
Total Liabilities		5,189	4,607
NET ASSETS		7,444	7,937
EQUITY			
Issued capital	5	58,247	58,247
Reserves		922	922
Accumulated losses		(51,725)	(51,232)
TOTAL EQUITY		7,444	7,937

Statement of Changes in Equity
For the half-year ended 31 December 2020

	Issued Capital	Share-based Compensation Reserve	Accumulated Losses	Total
	$'000	$'000	$'000	$'000
Consolidated				
As at 1 July 2020	58,247	922	(51,232)	7,937
Total comprehensive income and expenses for the period	-	-	(493)	(493)
As at 31 December 2020	58,247	922	(51,725)	7,444
Consolidated				
As at 1 July 2019	58,247	922	(50,243)	8,926
Total comprehensive income and expenses for the period	-	-	(423)	(423)
As at 31 December 2019	58,247	922	(50,666)	8,503

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Statement of Cash Flows
For the half-year ended 31 December 2020

	6 months to 31 Dec 2020 $'000	6 months to 31 Dec 2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(232)	(222)
Other income	2	30
Interest received	-	-
ATO job booster	30	-
Net cash outflow from operating activities	(200)	(192)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	-	(40)
Payments for exploration and evaluation	(82)	(209)
Tenement deposit redemption (net)	-	1
Office lease security deposit	(14)	(2)
Net cash outflow from investing activities	(96)	(250)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from related parties	120	430
Preplacement loan	145	-
Net cash inflow from financing activities	265	430
NET INCREASE/(DECREASE) IN CASH HELD	(31)	(12)
Cash at beginning of reporting period	68	97
CASH AT THE END OF THE REPORTING PERIOD	37	85

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Notes to the Financial Statements
For the half-year ended 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Golden Cross Resources Limited ("Golden Cross", the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 31 December 2020 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity").

Basis of preparation

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Golden Cross as at 30 June 2020.

It is also recommended that the half-year financial report be considered together with public announcements made by Golden Cross during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on an historical cost basis. The carrying value of financial assets and financial liabilities is materially the same as the fair value. The half-year financial report is presented in Australian dollars.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Instrument.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

This consolidated interim financial report was approved by the Board of Directors on 10 March 2021.

Going Concern

The Consolidated Entity is involved in the exploration and evaluation of mineral tenements. Further expenditure will be required upon these tenements to ascertain whether they contain economically recoverable reserves.

For the half year ended 31 December 2020, the Consolidated Entity reported a net loss of $493,000 (31 Dec 2019: $423,000) and net operating cash outflows of $200,000 (31 Dec 2019: $192,000.) The operating cash outflows and investment activities have been funded by cash reserves. As at 31 December 2020, the Consolidated Entity had net current liabilities of $5,009,000 (30 June 2020 net current liability: $4,390,000) including cash reserves of $37,000 (30 June 2020: $68,000).

The balance of these cash reserves may not be sufficient to meet the Consolidated Entity's expenditure, including exploration activities, and operating and administrative expenditure, for the next 12 months. The Consolidated Entity has exploration commitments over the next 12 months from 1 January 2021 totalling $468,000 per Note 8 and additional required expenditure. Notwithstanding the above, the financial statements have been prepared on a going concern basis which

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Going Concern (continued)

contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. To continue as a going concern, the Consolidated Entity requires additional funding to be secured from sources including but not limited to:

- a further equity capital raising,
- the continued support of current shareholders,
- the ability to successfully develop and extract value from its projects, and
- the sale of its interest in exploration projects.

Having carefully assessed the uncertainties relating to the likelihood of securing additional funding, the Consolidated Entity's ability to effectively manage their expenditures and cash flows from operations and the opportunity to farm out participating interests in existing permits, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there is a material uncertainty whether the Consolidated Entity will continue to operate as a going concern. If the Consolidated Entity is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Golden Cross and its controlled entities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Consolidated Entity transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

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2. LOSS PER SHARE

	HALF YEAR	
	31 Dec 2020 Cents	**31 Dec 2019 Cents**
Basic loss per share	(0.49)	(0.42)
Diluted loss per share	(0.49)	(0.42)
	No of Shares	**No of Shares**
Weighted average number of ordinary shares used as the denominator in calculating basic and dilutive loss per share	101,622,227	101,622,227
Weighted average number of ordinary shares and dilutive potential ordinary shares. By reason of the losses recorded in both periods, dilutive potential ordinary shares are not used in calculating diluted loss per share.	101,622,227	101,622,227

As at 31 December 2019, the weighted average number of options that were not included in the calculation of loss per share as they are antidilutive: Nil (2018: Nil)

	$'000	**$'000**
Loss used in calculating basic loss per share:	493	423
Loss used in calculating diluted loss per share:	493	423

3. INCOME

	HALF YEAR	
	31 Dec 2020 $'000	**31 Dec 2019 $'000**
Interest received	-	-
Other income	2	35
ATO job booster	30	-
Total income	32	35

4. OTHER EXPENSES AND FINANCE COSTS

	HALF YEAR	
	31 Dec 2020 $'000	**31 Dec 2019 $'000**
Employee costs	103	84
Directors' fees	52	35
Office rent	-	30
Share registry and stock exchange fees	21	16
Insurance and communications	10	17
Audit fees and legal fees	16	12
Other	39	21

Total other expenses	241	215

5. ISSUED CAPITAL

	31 Dec 20 Shares	30 June 20 Shares	31 Dec 20 $'000	30 June 20 $'000
Opening Balance	101,622,227	101,622,227	58,247	58,247
Share issues	-	-	-	-
Share issue costs	-	-	-	-
Closing Balance	101,622,227	101,622,227	58,247	58,247

6. SEGMENT REPORTING

The operating segments are reviewed and managed by the executive team based on the costs incurred for each exploration tenement throughout the reporting period, which are capitalised to operating segment assets. The operating segments identified by the executive team are based on areas of interest. Expenditure incurred and capitalised for the tenement areas are disclosed in Note 7.

No segment revenues are disclosed within the current financial report as each exploration tenement is not at a stage where revenues have been earned.

Expenses included in the statement of comprehensive income which have not been capitalised to operating segment assets are unallocated as they are not considered part of the core operations of any segment.

OPERATING SEGMENTS

	Copper Hill	Rest of Australia	Total
31 December 2020 – ($'000)			
Reconciliation of segment net loss after tax to net loss before tax:			
Exploration and evaluation impairment	-	(48)	(48)
Total segment net gain/(loss) after tax			(48)
Interest revenue			-
Other revenue			32
Depreciation			(50)
Other costs			(241)
Finance costs			(186)
Net loss before tax per statement of comprehensive income			(493)

	Copper Hill	Rest of Australia	
31 December 2019 – ($'000)			
Exploration and Evaluation Impairment	-	(96)	(96)
Total segment net gain/(loss) after tax			(96)
Interest Revenue			-
Other Revenue			35
Depreciation			-
Other Costs			(215)
Finance Costs			(147)
Net loss before tax per statement of Comprehensive Income			(423)

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	Copper Hill	Rest of Australia	Total
31 December 2020 – ($'000)			
Exploration and evaluation expenditure	12,368	-	12,368
Property, plant and equipment	1	-	1
Current and non-current prepayments	-	-	-
Total	**12,369**	**-**	**12,369**
30 June 2020 – ($'000)			
Exploration and evaluation expenditure	12,286	-	12,286
Property, plant and equipment	1	-	1
Current and non-current prepayments	-	-	-
Total	**12,287**	**-**	**12,287**

	31 Dec 20 $'000	30 Jun 20 $'000
Reconciliation to total assets:		
Total assets by reportable segments	12,369	12,287
Cash and cash equivalents	37	68
Trade and other receivables	84	107
Other receivables - VisionVale	40	40
Current and non-current prepayments	19	22
Right of use asset	84	20
Total assets per statement of financial position	**12,633**	**12,544**

7. EXPLORATION AND EVALUATION EXPENDITURE

	HALF YEAR	
	31 Dec 20 $'000	31 Dec 19 $'000
Exploration Assets		
Costs brought forward	12,286	12,067
Expenditure incurred during the period	130	210
Deferred exploration expenditure written off *	(48)	(96)
Costs carried forward	**12,368**	**12,181**
Costs incurred on current areas of interest		
- Burra	9	12
- Copper Hill	82	114
- Oolgelima Hill	4	5
- Quidong	8	10
- Kilparney Extended	3	13
- Other Properties	24	56
	130	**210**

*During the period a collection of other tenements ($48k) were written off in full as the licenses have been or are planned to be relinquished or sold.

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8. COMMITMENTS

Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the economic entity has the following discretionary exploration expenditure requirements up until expiry of the leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements, exclude commitments on tenements farmed out and are payable.

Not later than 1 year	468	471
Later than 1 year but not later than 2 years	247	249
Later than 2 years	3	-
	718	**720**

9. RELATED PARTY TRANSACTIONS

The Company has commitments for 16 loan agreements with related parties:

(1) HQ Mining Resources Holding Pty Ltd (HQM) and the Company entered into a loan agreement on 22 September 2015 for the amount of $150,000 for a term of 12 months at 0% interest, repayable after the earlier of the Company raising $500,000 through the issue of shares or at the first anniversary date of the loan. On 22 September 2017 this loan was extended for a further 12 months at an interest rate of 9.75%. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $62,547 in capitalized interest.

(2) HQM and the Company entered into a loan agreement on 4 February 2016 for the amount of $320,000 deliverable in 3 tranches at 9.75% interest, repayable at the earlier of the Company raising $1,500,000 through the issue of shares or at the first anniversary date of the loan. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $147,455 in capitalised interest.

(3) HQM and the Company entered into a loan agreement on 17th August 2017 for the amount of $200,000 deliverable in 3 tranches at 9.75% interest, repayable after the earlier of the Company raising $2,000,000 through the issue of shares or at the first anniversary date of the loan. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $83,592 in capitalised interest.

(4) HQM and the Company entered into a loan agreement on 8th March 2017 for the amount of $400,000 deliverable in 5 tranches at 9.75% interest, repayable after the earlier of the Company raising $2,000,000 through the issue of shares or at the first anniversary date of the loan. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $142,163 in capitalised interest.

(5) HQM and the Company entered into a loan agreement on 14th July 2017 for the amount of $50,000 deliverable in 1 tranche at 9.75% interest, repayable after the earlier of the Company raising $2,000,000 through the issue of shares or at the first anniversary date of the loan. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $16,909 in capitalised interest.

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(6) HQM and the Company entered into a loan agreement on 18th September 2017 for the amount of $800,000 deliverable in 5 tranches at 9.75% interest, repayable after the earlier of the Company raising $2,000,000 through the issue of shares or at the first anniversary of the first tranche payment of the loan. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $247,650 in capitalised interest.

(7) HQM and the Company entered into a loan agreement on 30th April 2018 for the amount of $800,000 deliverable in 4 tranches at 9.75% interest, repayable after the earlier of the Company raising $3,000,000 through the issue of shares or at the first anniversary of the first tranche payment of the loan. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $179,725 in capitalised interest.

(8) HQM and the Company entered into a loan agreement on 29th April 2019 for the amount of $100,000 deliverable in 3 tranches at 9.75% interest, repayable after the earlier of the Company raising $5,000,000 through the issue of shares or at the first anniversary of the first tranche payment of the loan. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $15,515 in capitalised interest.

(9) HQM and the Company entered into a loan agreement on 24th July 2019 for the amount of $220,000 deliverable in 7 tranches at 9.75% interest, repayable after the earlier of the Company raising $5,000,000 through the issue of shares or at the first anniversary of the first tranche payment of the loan. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $28,200 in capitalised interest.

(10) HQM and the Company entered into a loan agreement on 14th November 2019 for the amount of $240,000 deliverable in 2 tranches at 9.75% interest, repayable after the earlier of the Company raising $6,000,000 through the issue of shares or at the first anniversary of the first tranche payment of the loan. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $24,340 in capitalised interest.

(11) A non-executive director entered into a loan agreement on 30th January 2020 in the amount of $100,000 at an interest of 12%. Interest incurred on these loans at 31 December 2020 amounted to $11,039.

(12) HQM and the Company entered into a loan agreement on 2nd March 2020 for the amount of $240,000 deliverable in 2 tranches at 9.75% interest, repayable after the earlier of the Company raising $6,000,000 through the issue of shares or at the first anniversary of the first tranche payment of the loan. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $16,715 in capitalised interest.

(13) HQM and the Company entered into a loan agreement on 27th July 2020 for the amount of $100,000 deliverable in 2 tranches at 9.75% interest, repayable after the earlier of the Company raising $6,000,000 through the issue of shares or at the first anniversary of the first tranche payment of the loan. Subsequent to the year end the repayment of the loan under the new Global Loan Agreement was deferred until 31 July 2021 at the same interest rate. The balance of the loan at 31 December 2020 includes $3,326 in capitalised interest.

(14) The Executive Chairman and 2 KMPs entered into loan agreements with the Company respectively on 18 June 2020 each in the amount of $10,000. (Total $30,000) at an interest of 12%. Interest incurred on these loans at 31 December 2020 amounted to $1,932.

(15) A KMP and the Company entered into a loan agreement on 21 August 2020 for the amount of $10,000 deliverable in 1 tranche at 9.25% interest. The balance of the loan at 31 December 2020 includes $334 in capitalised interest.

(16) The Executive Chairman and the Company entered into a loan agreement on 28th August 2020 for the amount of $10,000 deliverable in 2 tranches at 9.25% interest. The balance of the loan at 31 December 2020 includes $313 in capitalised interest.

10. SUBSEQUENT EVENTS

The Company is aware of the following significant events that have occurred after the reporting date which require disclosure.

- On 12 January 2021 Jordan Guocheng Li was appointed Executive Chairman of the Company.

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Directors' Declaration

For the half year ended 31 December 2020

In the Directors opinion:

(a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position as at 31 December 2020 and the performance for the half year ended on that date of the Consolidated Entity; and

  (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to Section 303(5) of the *Corporations Act 2001*.

Jordan Li
Executive Chairman
Sydney
10 March 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

GOLDEN CROSS RESOURCES LIMITED

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year consolidated financial report of Golden Cross Resources Limited ("the Company") and the entities it controlled ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion - Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the half-year ended financial report, which indicates that the Group incurred a consolidated loss after income tax of $493,000 for the half-year ended 31 December 2020 and net cash outflows from operating activities were $200,000. These conditions indicate the existence of a material uncertainty about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the consolidated half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Rothsay Audit & Assurance Pty Ltd.

Frank Vrachas
Director

Sydney, 10 March 2021

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