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GOLDEN CROSS RESOURCES LTD

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28 April 2016

MARCH 2016

QUARTERLY ACTIVITIES & CASHFLOW REPORT

Key Points:

- **HQ Mining Resources Holding Pty Ltd (HQ Mining) completes off-market takeover bid for the Company**
- **Short-term loan facility provided by HQ Mining**
- **Divestment of non-core assets**
- **Extension of the West Wyalong JV with Argent Minerals Limited**
- **Further results received for metallurgical program at Copper Hill Project**

CORPORATE

HQ Mining's takeover bid for Golden Cross Resources Limited ("GCR" or the "Company"), which was announced on 24 November 2015 and closed on 29 January 2016, resulted in HQ Mining acquiring a voting power in the Company of 76.46%. As disclosed in its Bidder's Statement, HQ Mining recognises the Company's immediate funding requirement to progress the Prefeasibility Study ("PFS") at the Copper Hill Project. HQ Mining's intention is to facilitate a pro-rata rights issue to raise sufficient funds to complete a PFS. HQ Mining has indicated its desire for that issue to be completed in July/August 2016.

Pending the proposed capital raising, the Directors have secured the necessary funding to support the ongoing activities of the Company through the divestment of non-core assets and the provision of a short-term loan facility by HQ Mining.

Non-Core Asset Divestment

During the quarter the Company received $300,000 from the divestment of non-core assets. These included the divestment of:

- the Mt Boppy royalty for $200,000,
- the interest in the Wagga Tank Joint Venture for $40,000, and
- EL7390 for $60,000 (as announced on 23 October 2015)

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HQ Mining Loan Facility

The Company entered into a loan agreement with HQ Mining for $320,000 on normal commercial terms and payable in three tranches. The Company has received the first two tranches totalling $220,000 as at the date of this report, and the final tranche of $100,000 remains payable.

West Wyalong Joint Venture ("Joint Venture")

The Company finalised negotiations with Argent Minerals Limited ("ARD") to amend the terms of the Joint Venture and extend the earn-in period. The terms were announced on 9 February 2016 and ensure that future expenditure by ARD is focused on in-ground activity that will add value to the Joint Venture.

COPPER HILL PROJECT

The Company continued to focus on components of the April 2015 Copper Hill Scoping Study, initially validation of the copper and gold recoveries scheduled during the initial 9-12 year mine life.

Metallurgical testwork

Drillhole GCHD474 hosts mineralisation suitable for treatment by flotation and is representative of the 0.4% copper cut-off grade resource announced on 24 March 2015. Five samples of cut quarter core weighing 12 - 31 kilograms each were sent to Simulus Laboratories (Simulus) in Perth, WA.

The Simulus test work completed in late 2015 was designed to demonstrate that higher metal recoveries are possible than those predicted from the recovery model proposed in the April 2015 Copper Hill Scoping Study. The methodology agreed with Simulus was essentially to complete a series of sighter tests on representative samples, and following results of this work to then develop a more comprehensive second phase testwork to optimise metal recovery.

The initial non-optimised flotation test on CH002 performed well, with the rougher concentrate delivering recoveries of 90% for copper and 71% for gold compared with average historical recoveries of 82% for copper and 67% for gold used in the April 2015 Copper Hill Scoping Study.

Further tests on the CH002 sample and another three samples (CH001, CH003, CH004) , refer Table 1, returned results which grade-recovery curves indicated insufficient flotation time on certain samples. The Company has requested Simulus to propose a more comprehensive testing program to explain the variations.

LabID	Met_ID	HoleID	From	To	Length	Copper		Gold	
			m	m	m	Grade	Recovery	Grade	Recovery
CH001	0608-014	GCHD474	128	136	8	5120	79.70%	0.65	55.70%
CH002	0608-025	GCHD474	136	148	12	6320	89.71%	0.67	71.32%
	0608-026	GCHD474	136	148	12	6320	92.53%	0.67	74.07%
	0608-027	GCHD474	136	148	12	6320	92.12%	0.67	70.45%
	0608-028	GCHD474	136	148	12	6320	75.08%	0.67	55.94%
CH003	0608-034	GCHD474	174	194	20	2760	84.48%	0.67	60.85%
CH004	0608-044	GCHD474	220	240	20	7360	85.16%	1.63	71.31%

Table 1: GCHD474: Preliminary Metallurgical Results
[initial results previously released to ASX on 10 December 2015 highlighted in yellow]

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Infill Gravity Survey

A further phase of gravity infill to a nominal 500 x 500m station spacing was completed during the quarter, leading to improved resolution of the gravity signatures of structural features and intrusive phases. Preliminary results are shown in Figure 1. The N-S trending host rock andesite is a gravity high (red hues), whilst NW, E-W and NE cross structures are apparent as gravity linears, the intersection of which are favourable locations for porphyry copper-hosting tonalite intrusives. The data are being further processed and evaluated in conjunction with magnetic images to refine drill targets.

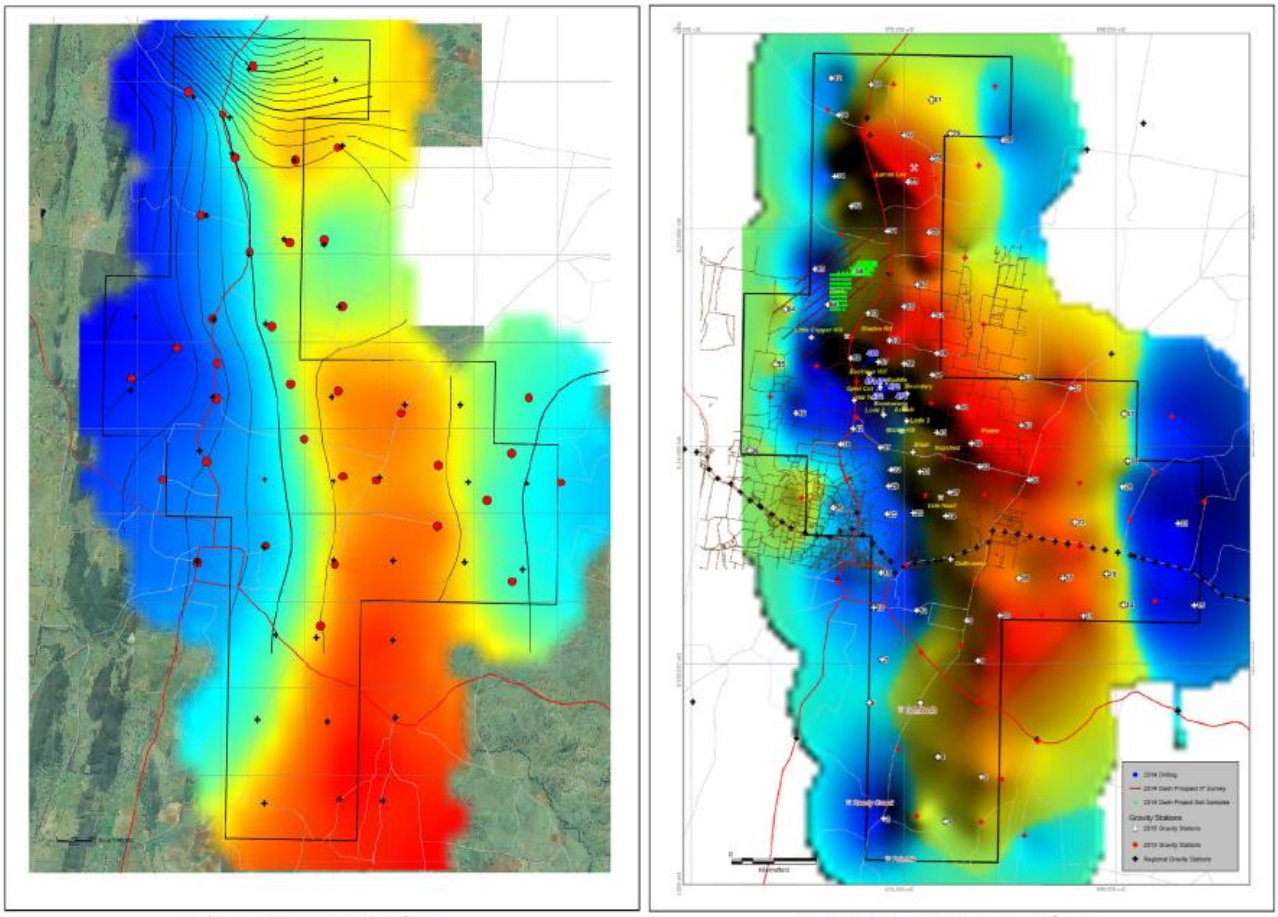

Figure 1: Copper Hill Infill Gravity

REVIEW OF OTHER PROJECTS

GCR has a portfolio of projects (Figure 2) 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

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

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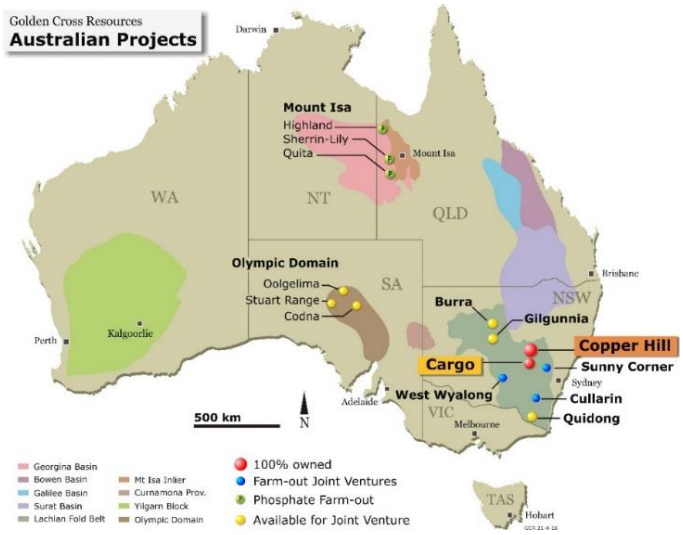

Figure 2: GCR Projects Status Map

Cargo
GCR 100%

Cargo is situated 12 kilometres west of the Cadia Valley gold-copper mining operations of Newcrest Ltd, in a similar geological setting. Middle to Late Ordovician andesite volcanics and volcaniclastic 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). Drill targets are being developed to test the 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.

Mineralogical modelling

During the quarter consultants Corbett, Menzies and Cunliffe (CMC) further developed their geological model (Figure 3) which provided possible vectors to deeper porphyry copper targets for future exploration drilling. Figure 3 identifies early potassic altered, weakly mineralised monzonite M1, sericite altered dacite, and speculated potassic altered and copper-molybdenum mineralised monzonite porphyry target (M2). Early, less fertile monzonite was followed by speculated intrusion of copper-gold mineralised monzonite porphyry that produced the Cu-Mo geochemical zonation, biotite-magnetite-actinolite-K/feldspar alteration, and possibly the radiating gold-base metal veins.

Specific drill sites to test for the speculated buried intrusion were designed and preliminary site assessments undertaken.

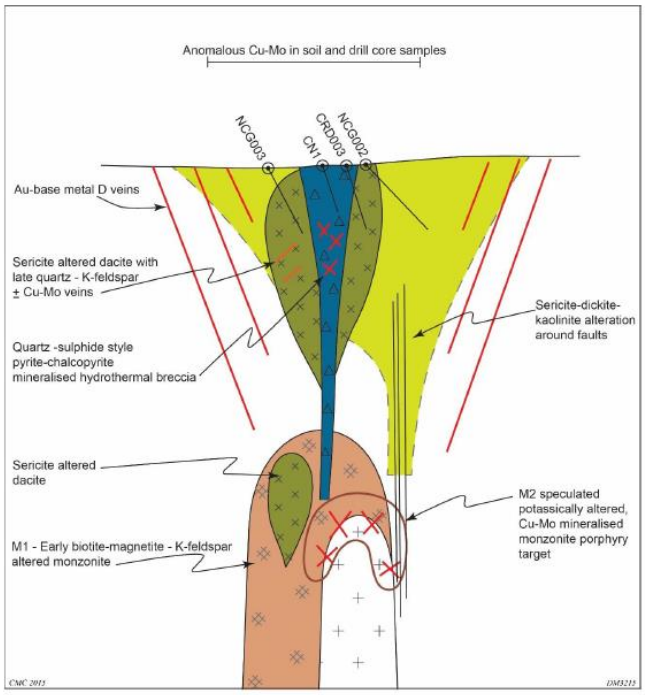

Figure 3: Cargo Conceptual Model

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South Australia Iron Ore Copper-Gold (IOCG)

GCR 100%

In South Australia several magnetic / gravity targets have been identified by GCR geophysicists. Three have been prioritised for drilling in 2016, 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).

The South Australian Government has approved 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. Alternatively, consideration is being given to spinning out the properties.

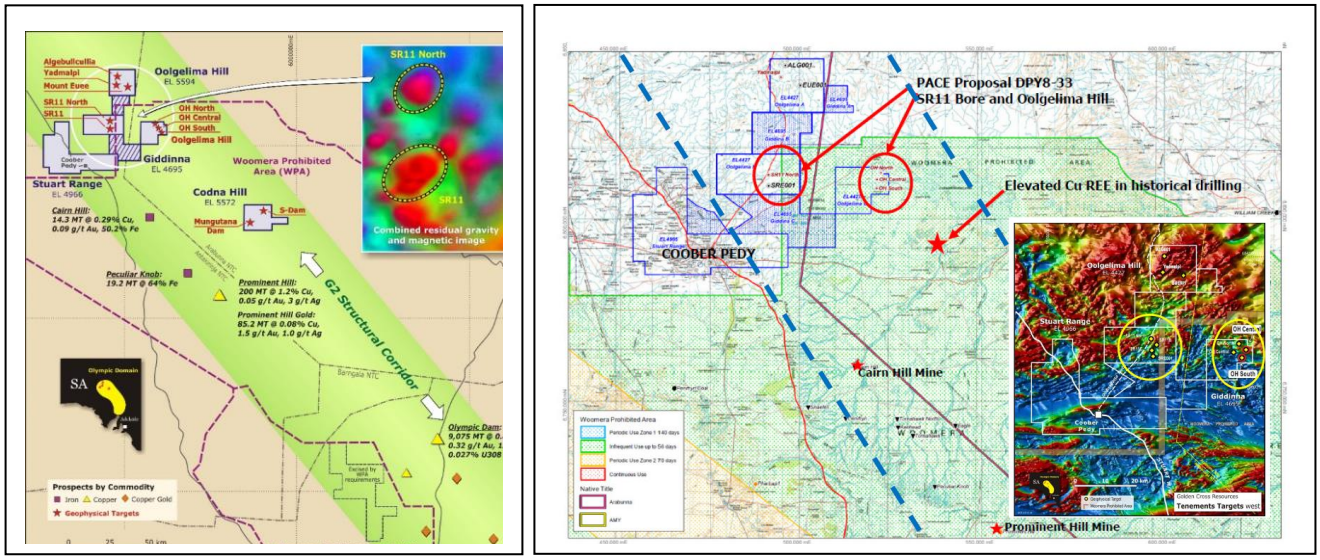

Figure 4: Gawler Craton Projects: Location & Drill Targets
(inset shows targets on magnetic image)

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 two groups of tenements in the region:

- **Canbelego Grou**p – along strike from Mt Boppy Goldmine

The Company's 3% royalty on gold produced from the Mt Boppy Goldmine operated by Black Oak Minerals Ltd (ASX:BOK) was sold after BOK announced a resource downgrade on 27 November 2015 and receivers were appointed to BOK and its subsidiaries. Due to the uncertainty of future payments, the royalty was sold during the quarter for consideration of $200,000 cash.

- **Gilgunnia Group** – along strike from Aurelia Metals Limited's Hera gold, base metal deposit and surrounds the Mallee Bull high grade copper discovery.

The Canbelego and Gilgunnia projects are available for farm-in.

Wagga Tank Joint Venture
During the quarter GCR divested its remaining 20% interest in the Joint Venture to Peel Mining Ltd for $40,000. The transaction was completed on 22 February 2016.

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. 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 activity reported by JV partner.

- **Cullarin**
  JV with Heron Resources Ltd. GCR 21.1%
  During the quarter Heron undertook further data review and compilation.

OTHER JOINT VENTURES

Broken Hill

GCR 1% royalty on all metals
In June 2015 GCR agreed to divest its interest in EL7390 for $60,000 cash and a royalty. During March 2016 the payment was received and transfer of the tenement to Impact Minerals Ltd was registered on 9 March 2016. Impact purchased EL7390 to reduce the ownership complexities associated with two former joint ventures stratified by commodity.

West Wyalong

Argent Minerals Ltd 51%, GCR 49%
During the quarter GCR and ARD agreed to extend the term for ARD to earn a 70% interest in the project from 9 January 2016 to 30 June 2017 in return for an increase in expenditure from $550,000 to $600,000. An application to consolidate the two JV tenements into one tenement was lodged and an offer from the NSW Department of Industry Resources & Energy to grant the new tenement was received on 10 March 2016.

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INTERESTS IN MINERAL TENEMENTS (as at 31 March 2016)

LOCATION	TENEMENT NAME	TENEMENT	km²	HOLDER (2)	% HOLDING	JOINT
NEW SOUTH WALES						
Molong	Copper Hill	EL 6391	95	GCO	100	
Cargo	Cargo	EL 5238	46	GCO	100	
Broken Hill	Broken Hill JV1, JV2	EL 7390	69	GCO	0	(3)
COBAR REGION						
Canbelego Group	Burra	EL 7389	15	GCO	100	
Gilgunnia Group	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	
Wagga Tank JV	Wagga Tank	EL 6695	54	GCO	0	MMG (4)
	Wynwood	EL 7226	60	MMG	0	MMG (4)
Lachlan VMS	Cullarin JV	EL 7954	146	TRO	78.9	TRO (5)
	Quidong	EL 7989	98	GCO	100	
	Sunny Corner JV	EL 5964	109	GCO	30	ARD (6)
West Wyalong JV	West Wyalong	EL 5915	43	GCO	49	ARD (7)
	Narragudgil JV	EL 8001	69	GCO	49	ARD (7)
	W Wyalong Consolidated	ELA5242	112	ARD	49	ARD (7)
QUEENSLAND						
Mount Isa JV	Quita Creek	EPM 14905	276	KER	20	PPO (8)
	Highland Plains	EPM 14906	300	KER	20	PPO (8)
	Lily & Sherrin Creek	EPM 14912	300	KER	20	PPO (8)
SOUTH AUSTRALIA						
Coober Pedy	Oolgelima Hill	EL 5594	626	GCR	100	
	Stuart Range	EL 4966	576	GCR	100	
	Codna Hill	EL 5572	281	GCR	100	
PANAMA	El Cope	2007-95	98	GCRP	90	Application; MTI (9)

Notes

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

(2) Full names for abbreviations are as follows:

ARD	Argent Minerals Limited (ASX: ARD)	MTI	MapIntec Technologies Inc.
GCO	Golden Cross Operations Pty Ltd, a wholly owned subsidiary of GCR	PPO	Paradise Phosphate Limited , a subsidiary of Legend International Holdings (OTC: LGDI)
GCRP	GCR Panama, Inc, a wholly owned subsidiary of GCR		
IPT	Impact Minerals Limited (ASX: IPT),	SCI	Silver City Minerals Limited (ASX: SCI)
KER	King Eagle Resources Pty Limited, a wholly owned subsidiary of GCR	TRO	TriAusMin Minerals Limited, a wholly-owned subsidiary of Heron Resources Limited (ASX: HRR)
MMG	Minerals and Metals Group Australia, a wholly owned subsidiary of MMG Limited (listed on the Hong Kong Stock Exchange)		

(3) The previous joint ventures stratified by commodity (JV1 - SCI: gold, silver and base metals. JV2 – IPT: nickel and platinum group metals) were restructured by sale of EL7390 to Impact completed in February 2016, leaving Golden Cross with a 1% royalty on all metals, and former JV partner Silver City Minerals Ltd with 20% free carried interest in precious and base metals hosted by Broken Hill style formations.

(4) Minerals and Metals Group Australia spent $550,000 by 6 February 2011 to earn 80% interest in the Wagga Tank Joint Venture over EL 6695 and EL 7226. Peel Mining Ltd purchased GCO's remaining 20% interest effective 16 February 2016.

(5) TriAusMin (a subsidiary of Heron Resources Ltd since August 2014) earned an initial 62.5% interest by spending $200,000 to 13 September 2010. Further expenditure by TRO has increased TRO's interest to 78.9% and diluted GCO's interest to 21.1%.

(6) ARD initially 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.

(7) ARD earned 51% in the West Wyalong Joint Venture by spending $750,000 by 1 June 2011. ARD may earn a further 19% to total 70% by additional expenditure of $600,000 (for a total expenditure of $1,350,000) by June 2017. Royal Gold Inc. holds a 2.5% net smelter return.

(8) PPO (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. KER has 100% rights to all other minerals and is free carried to a decision to mine for phosphate.

(9) 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 Geoscientsts. (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.*

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Corporate Director

Board of Directors

Mark Sykes	Chairman
Xiaoming Li	Non-Executive Director
Yuanheng Wang	Non-Executive Director
Ian Buchhorn	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 31 March 2016.

Share Registry

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Rule 5.5

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")

31 March 2016

Consolidated statement of cash flows

			Current quarter $A'000	Year to date (9 months) $A'000
Cash flows related to operating activities				
1.1	Receipts from product sales and related debtors		-	-
1.2	Payments for	(a) exploration and evaluation	(110)	(435)
		(b) development	-	-
		(c) production	-	-
		(d) administration	(345)	(1,117)
1.3	Dividends received			-
1.4	Interest and other items of a similar nature received		3	10
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other (Research and Development rebate)		-	535
	Net Operating Cash Flows		(452)	(1,007)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a) prospects	-	-
		(b) equity investments	-	-
		(c) other fixed assets	-	(4)
		(d) land and buildings	-	-
1.9	Proceeds from sale of:	(a) prospects	300	300
		(b) equity investments	-	-
		(c) other fixed assets	-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		1	3

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1.12	Other – (payment) refund of security deposits	27	12
	Net investing cash flows	328	311
1.13	Total operating and investing cash flows (carried forward)	(124)	(696)

1.13	Total operating and investing cash flows (brought forward)	(124)	(696)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	107	407
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (cost of share issue)	-	-
	Net financing cash flows	107	407
	Net increase (decrease) in cash held	(17)	(289)
1.20	Cash at beginning of quarter/year to date	166	438
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	149	149

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	70
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..

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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

Nil

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

Nil

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	320	107
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	110
4.2	Development	-
4.3	Production	-
4.4	Administration	170
	Total	280

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	49	66
5.2	Deposits at call	100	100
5.3	Bank overdraft	-	-
5.4	Other (Short Term Deposits) (<120 days)	-	-
	Total: cash at end of quarter (item 1.22)	149	166

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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	EL7390 - Broken Hill	Sold	13%	Nil
		EL6695 – Wagga Tank	Sold (transfer pending)	20%	Nil
		EL7485 – Burthong	Relinquished	100%	Nil
		EL7065 – Fairview	Relinquished	100%	Nil
		EL4695 – Giddinna SA	Relinquished	100%	Nil
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	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	101,622,227	101,622,227	Various	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	543,734	543,734	6.7 cents	
7.5	**+Convertible debt securities** (*description)*				

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	250,000		*Exercise Price* 14 cents	*Expiry date* 28 Nov 2017
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(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: 31 March 2016

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,

+ See chapter 19 for defined terms.

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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