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# GOLDEN CROSS RESOURCES LTD

ABN 65 063 075 178

**304/66 Berry Street**
**NORTH SYDNEY NSW 2060**
**Phone (02) 9922 1266**
**Fax (02) 9922 1288**

28 July 2017

# JUNE 2017

## QUARTERLY ACTIVITIES & CASHFLOW REPORT

During the June 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 in good standing 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. These loan facilities are supplemented by divestment of assets to provide a basis for ongoing activities.

The Company is in discussions with HQ Mining, broking firms and potential investors regarding funding of its planned work programs. HQ Mining has indicated its intention to fully participate in future capital raisings and meetings are planned during August to finalise the form and timetable for securing funding to progress Copper Hill and the Company's other projects to the next stage.

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## 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 other tenements. The Company remains committed to progressing its Copper Hill project once funding is secured.

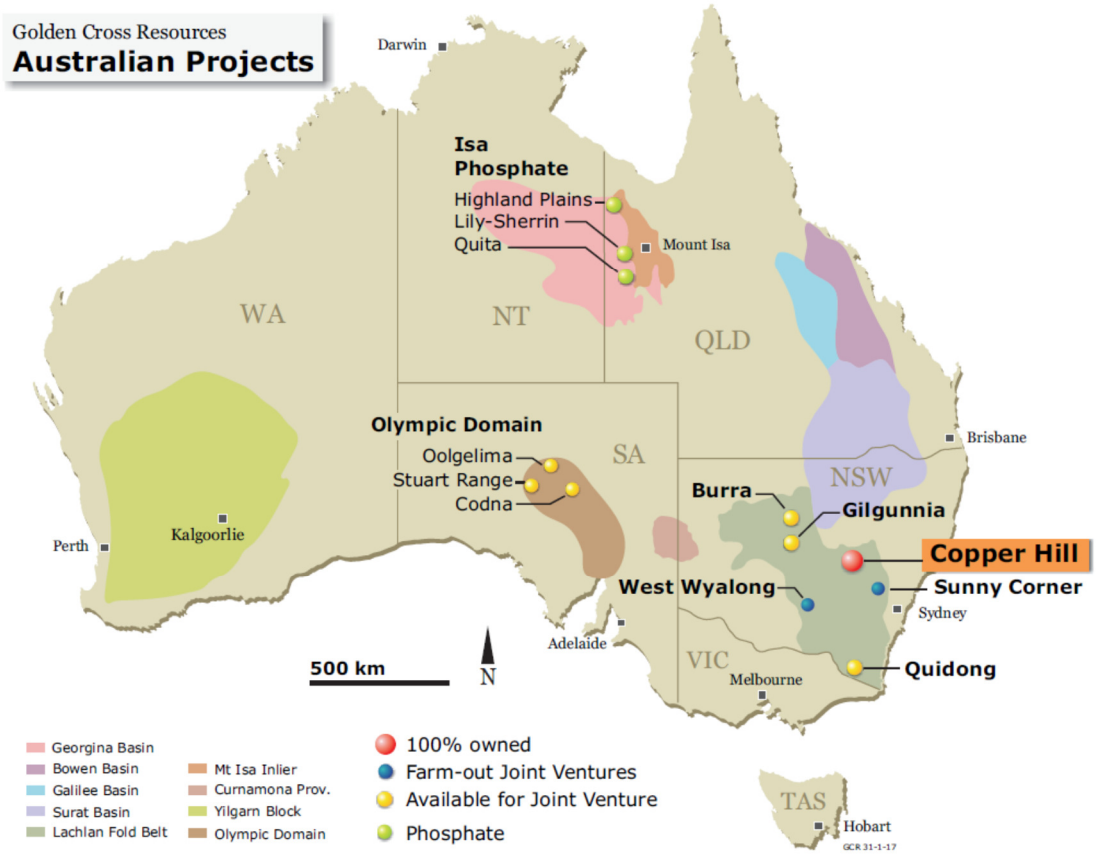


***Figure 1: GCR Projects Status Map***
***[details of current projects are included in the Mineral Tenements Table at end of this report]***

### 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 in 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**).

Copper Hill contains a higher grade core 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).

In March 2015 the Company completed a Scoping Study (GCR: ASX 25 March 2015), based around the higher grade core, that identified the components that are required to progress towards a mining project, including:

- Drilling to extend high grade zones, provide density data; twin RC holes; resource definition –
- Resource updates utilising additional data from drilling
- Metallurgical testwork
- Mining & engineering studies and costing updates
- Environmental studies and baseline data
- Water supply sources and usage
- Permitting at state and local government level

Government approvals have been obtained for drilling to follow up the extent of high grade zones indicated in hole GCHD470 (60 metres @ 1.83% Cu, 5.41 g/t Au from 11 to 71 metres, using a 0.4% Cu cut-off – refer to GCR:ASX 25 August 2014).

Revised access arrangements are being negotiated with the new landholder to enable commencement of approved programs. A further stage of gravity infill was completed during the Quarter to provide improved resolution of subsurface structures and possible intrusives for exploration targeting. Results are being evaluated.

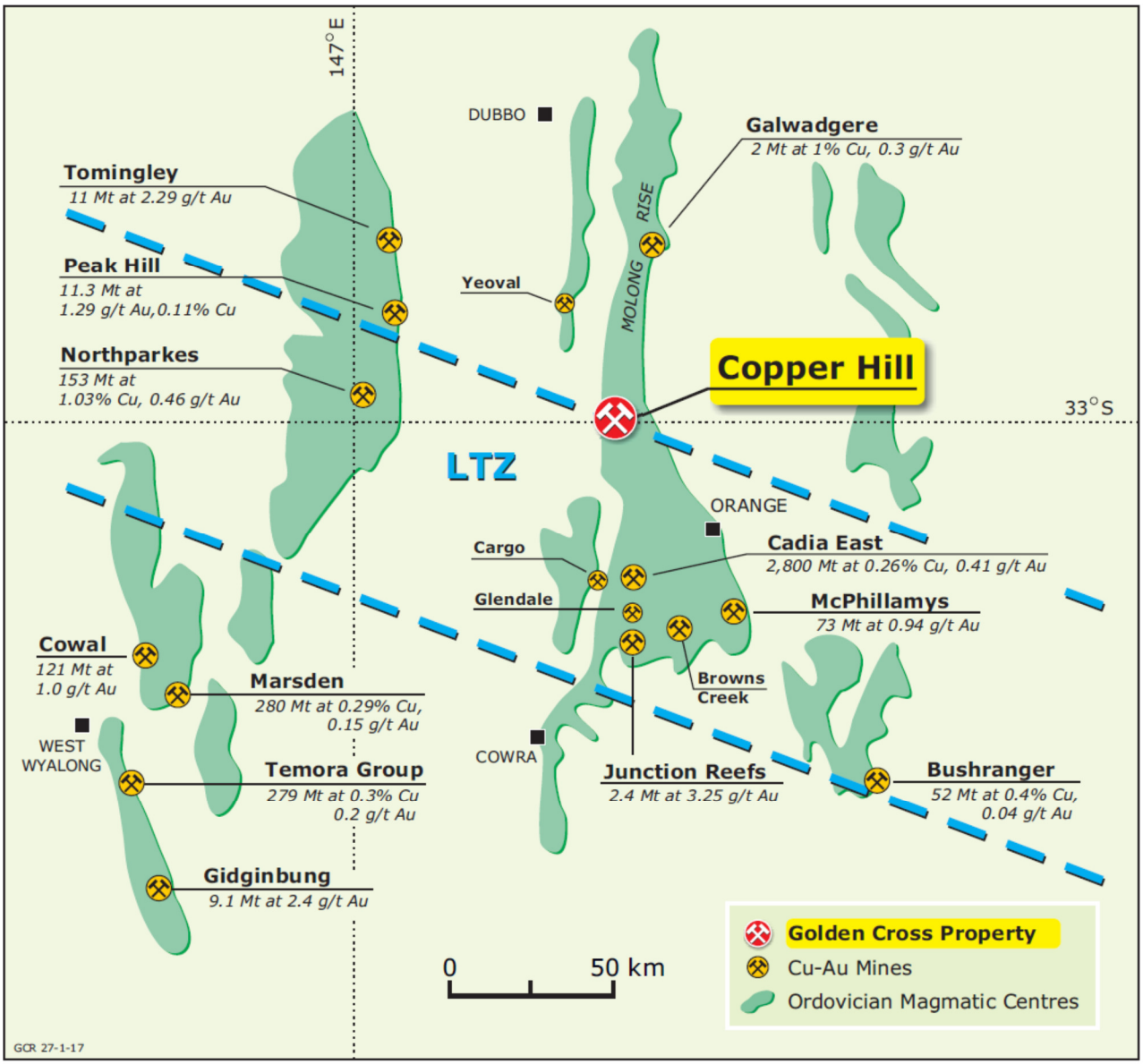


***Figure 2: Copper Hill on NSW Porphyry Provinces***



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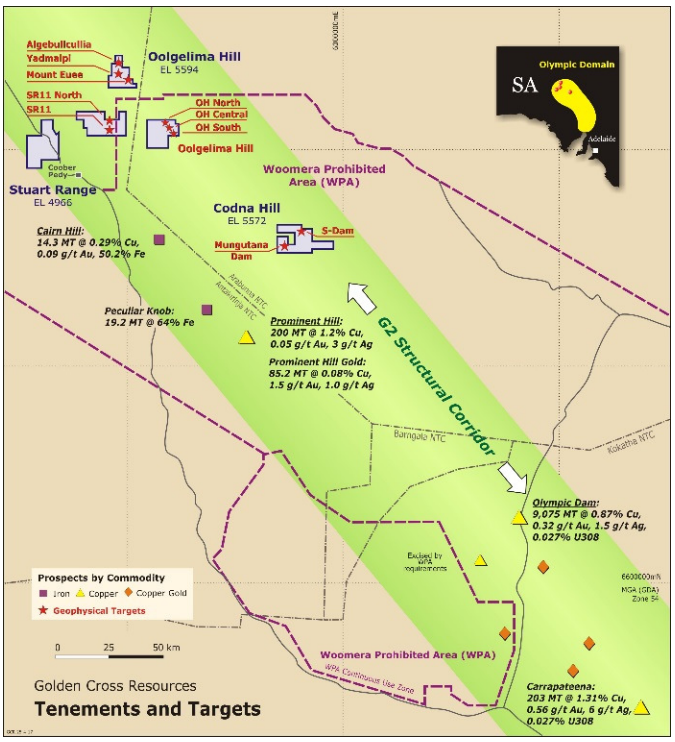
## SOUTH AUSTRALIA
## Iron Ore Copper-Gold (IOCG)
**GCR 100%**

In South Australia several magnetic/gravity targets have been identified by GCR. 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 continuing for the next stage of drilling, along with land access for this work and surface evaluation of new targets using geophysics.

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



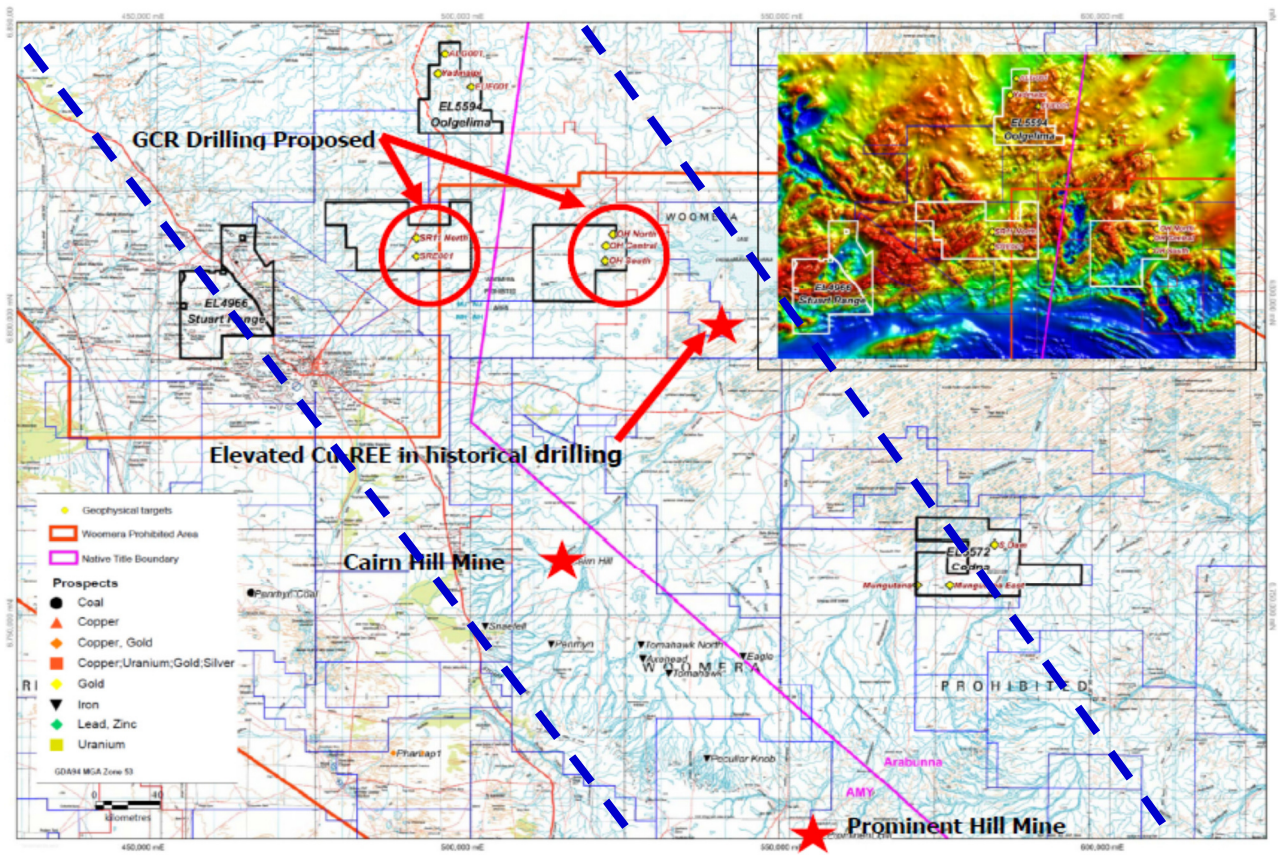




***Figure 3: Gawler Craton Projects: Location & Drill Targets***
***(inset shows targets on magnetic image)***

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## COBAR REGION

**Canbelego & Gilgunnia Areas**
**GCR 100%**

The Cobar region is well endowed with high grade polymetallic deposits supporting long life mining operations. After divestments, GCR has a residual holding of strategically located tenements (**Figure 4**) remaining in two areas of the region.

- **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 Limited's high grade copper discovery at Mallee Bull and recent discoveries at Wirlong and Wagga Tank.

During the Quarter GCR reached agreement with Peel Mining to participate in consolidation of fragmented tenement holdings in the Gilgunnia area to assist exploration efficiencies. GCR agreed to withdraw three tenements EL7320, 7322 and 7323 in return for partial reimbursement of exploration expenditures.

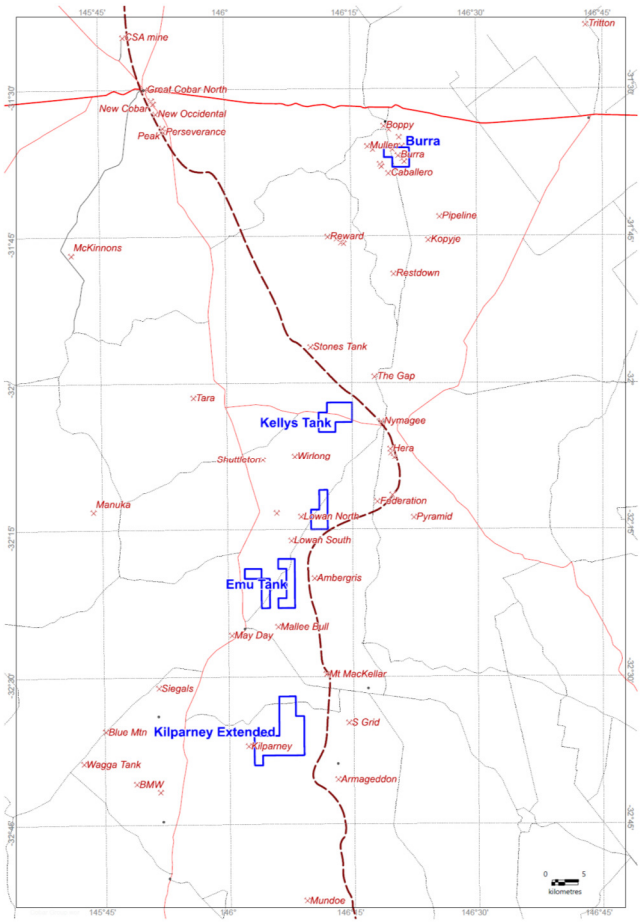


***Figure 4: Cobar Region Projects***

## 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.

### 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 March 2017 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 (ARD). ARD 70%; 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 of the province.

The Highland Plains phosphate deposit extends westwards into the Northern Territory where the western part is held by POZ Minerals Ltd. A maiden JORC 2004 resource for the western part of Highland Plains was announced on 31 March 2009.

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

**JV with Argent Minerals Ltd (ARD). ARD 70%; GCR 30%**

ARD continued to define exploration targets using geophysics and completed a six-hole program consisting of 2,427 metres of core drilling to test the Theia and Narragudgil targets. Results from four of the holes have been announced by ARD. These outline encouraging copper, gold and molybdenum intercepts leading to interpretation of a nearby porphyry source. (ARD:ASX 3 July 2017, 17 July 2017). GCR is evaluating the results before determining whether to maintain its 30% interest by contributing pro rata to expenditure since ARD earned 70% JV interest.

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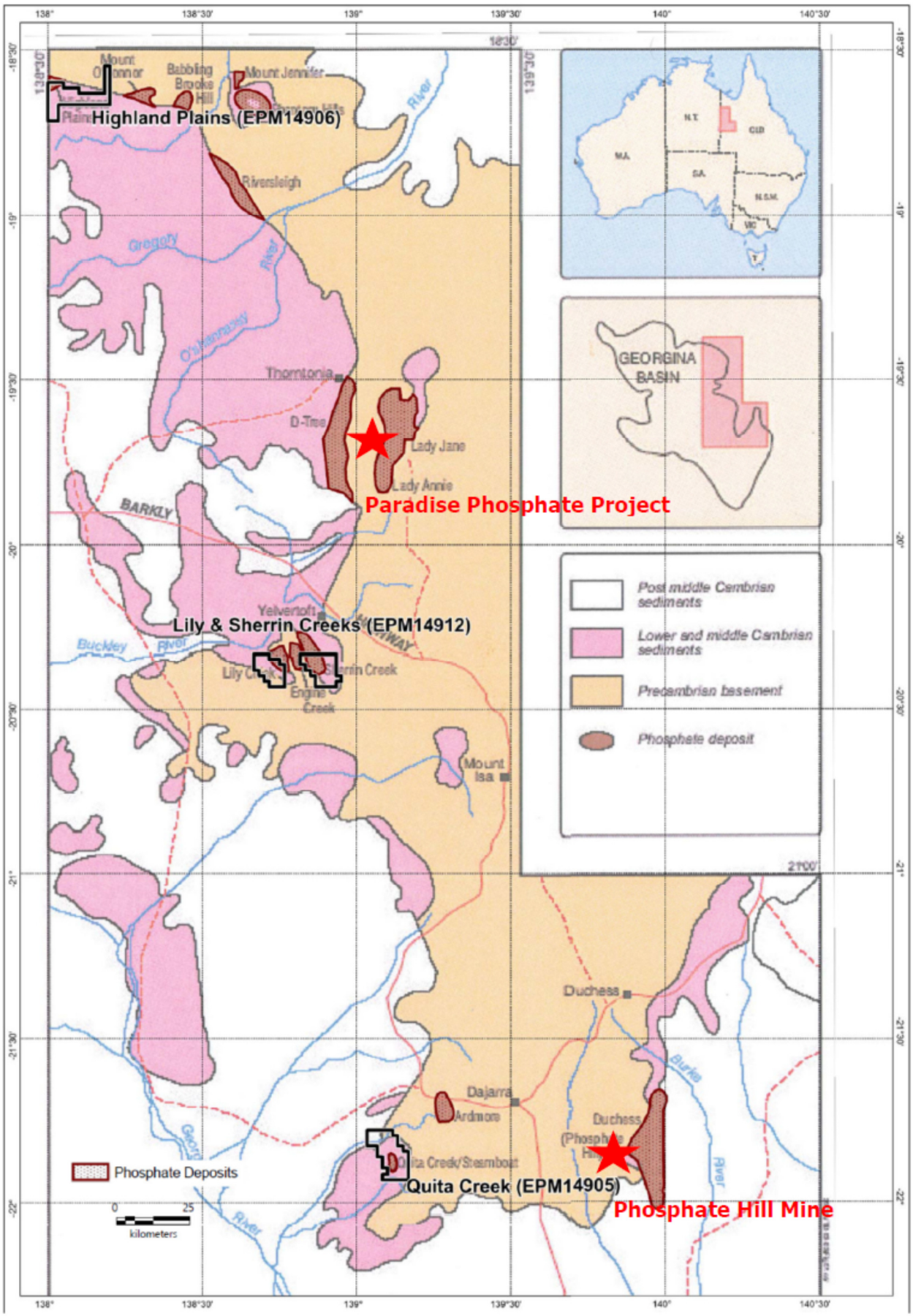


***Figure 5: Isa Phosphate Projects***

***[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 | km² | HOLDER (2) | % HOLDING | JOINT VENTURER/NOTES |
|---|---|---|---|---|---|---|
| **NEW SOUTH WALES** | | | | | | |
| **Orange Region** | Copper Hill | EL 6391 | 95 | GCO | 100 | |
| **Cobar Region** | Burra | EL 7389 | 15 | GCO | 100 | |
| | Emu Tank | EL 7320 | 46 | GCO | 100 | Consolidation pending (1) |
| | Kelly's Tank | EL 7323 | 69 | GCO | 100 | Consolidation pending (1) |
| | Kilparney Extended | EL 8270 | 152 | GCO | 100 | |
| **Southeast Lachlan** | Quidong | EL 7989 | 98 | GCO | 100 | |
| | Sunny Corner JV | EL 5964 | 109 | GCO | 30 | ARD (3) |
| **West Wyalong** | West Wyalong JV | EL 8340 | 43 | GCO | 30 | ARD (2) |
| **QUEENSLAND** | | | | | | |
| **Mount Isa** | Quita Creek | EPM 14905 | 276 | KER | 100 | |
| | Highland Plains | EPM 14906 | 300 | KER | 100 | |
| | Lily & Sherrin Creek | EPM 14912 | 300 | KER | 100 | |
| **SOUTH AUSTRALIA** | | | | | | |
| **Coober Pedy** | Oolgelima | EL 5594 | 469 | GCR | 100 | |
| | Stuart Range | EL 4966 | 226 | GCR | 100 | |
| | Codna Hill | EL 5572 | 209 | GCR | 100 | |
| **PANAMA** | El Cope | 2007-95 | 98 | GCRP | 90 | Application; MTI (4) |

**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) GCR and Peel Mining Ltd have agreed to undertake a consolidation of fragmented tenements in the area. Applications pending.

(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, increasing its JV interest to 70%. Royal Gold Inc holds a 2.5% net smelter return.

(3) 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.

(4) MapIntec Technologies Inc., a Panamanian company, has a 10% interest free-carried to a decision to mine

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***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 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 ASX 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.*

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## Corporate Directory

**Board of Directors as at 30 June 2017**

| | |
|---|---|
| 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 2017.

**Share Registry**
Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000

| | |
|---|---|
| Phone | +61 2 9290 9600 |
| Fax | +61 2 9279 0664 |

**Registered Office**
304 / 66 Berry Street
North Sydney NSW 2060

| | |
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| Phone: | +61 2 9922 1266 |
| Fax: | +61 2 9922 1288 |

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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** | **Quarter ended ("current quarter")** |
|---|---|
| **ABN 65 063 075 178** | **30 June 2017** |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (12 months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 2 | 2 |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (120) | (469) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs (excluding direct exploration salaries) | (36) | (146) |
| | (e) administration and corporate costs | (102) | (532) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 3 | 5 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Research and development refunds | - | 35 |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **(253)** | **(1,105)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |

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| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | 289 |
| | (b) tenements (see item 10) | 30 | 543 |
| | (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) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **30** | **833** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 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 | 300 | 670 |
| 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) | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **300** | **500** |

| | | | |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 263 | 112 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (253) | (1,105) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 30 | 833 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 300 | 500 |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of period** | **340** | **340** |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|---|
| 5.1 | Bank balances | 15 | 63 |
| 5.2 | Call deposits | 225 | 100 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details). Receivable see 8. | 100 | 100 |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **340** | **263** |

| 6. | Payments to directors of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | 46 |
| 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

| 7. | Payments to related entities of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 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

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| 8. | **Financing facilities available** *Add notes as necessary for an understanding of the position* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 8.1 | Loan facilities | 600 | 500 |
| 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 pa (fully drawn down; repayable 18 August 2017) Loan facility (dated 8 March 2017) (unsecured) with HQ Mining $450K @ 9.75% ($350K drawn down and $100K receivable as at 30 June 2017). Repayable 8 March 2018. All outstanding amounts repayable by due dates (unless extended) or at completion of an equity raising.

| 9. | **Estimated cash outflows for next quarter** | **$A'000** |
|---|---|---|
| 9.1 | Exploration and evaluation | 115 |
| 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) | - |
| **9.7** | **Total estimated cash outflows** | **250** |

| 10. | **Changes in tenements (items 2.1(b) and 2.2(b) above)** | **Tenement reference and location** | **Nature of interest** | **Interest at beginning of quarter** | **Interest at end of quarter** |
|---|---|---|---|---|---|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | EL7320 Gilgunnia | Cancellation pending consolidation ELA dated 22 May 2017 | 100% | 0% |
| | | EL7322 Gilgunnia | Renewal application withdrawn 16 June 2017. | 100% | 0% |
| | | EL7323 Gilgunnia | Cancellation pending consolidation ELA dated 22 May 2017 | 100% | 0% |
| 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: 28 July 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.

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