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GOLDEN CROSS RESOURCES LTD

ABN 65 063 075 178

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30 January 2017

DECEMBER 2016

QUARTERLY ACTIVITIES & CASHFLOW REPORT

During the December 2016 Quarter corporate issues and 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.

Up to September 2016 HQ Mining provided loans to fund the Company's activities. However, no further funding has been received from HQ Mining since then and accordingly the Company has undertaken the sale of assets to provide funding for its ongoing activities.

During the Quarter, the Company entered a sale and leaseback of its Coppervale field base, north of Molong, for $368,000 (GCR ASX 30 September 2016) and a sale agreement for its 100%-owned Cargo project for $500,000 in staged payments commencing 31 October 2016 (GCR ASX 1 November 2016).

The Company is currently examining capital raising options to fund its planned work programs, and an announcement will be made to ASX immediately a funding proposal has been accepted by the Board.

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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 of projects has been reduced by divestments, and discussions continue with several parties interested in acquiring or farming-in to some of the remainder.

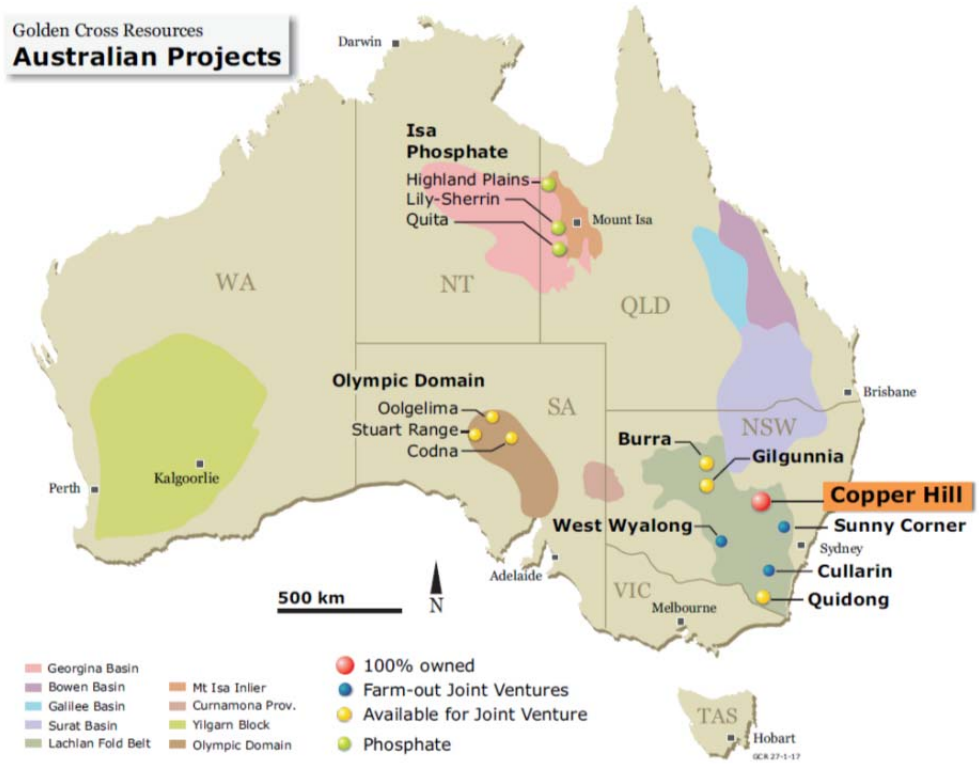

Figure 1: GCR Projects Status Map
[details of current projects are included in the Mineral Tenements Table at end of this report]

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 most of the Copper Hill Project was sold and revised access arrangements are being negotiated with the new landowner.

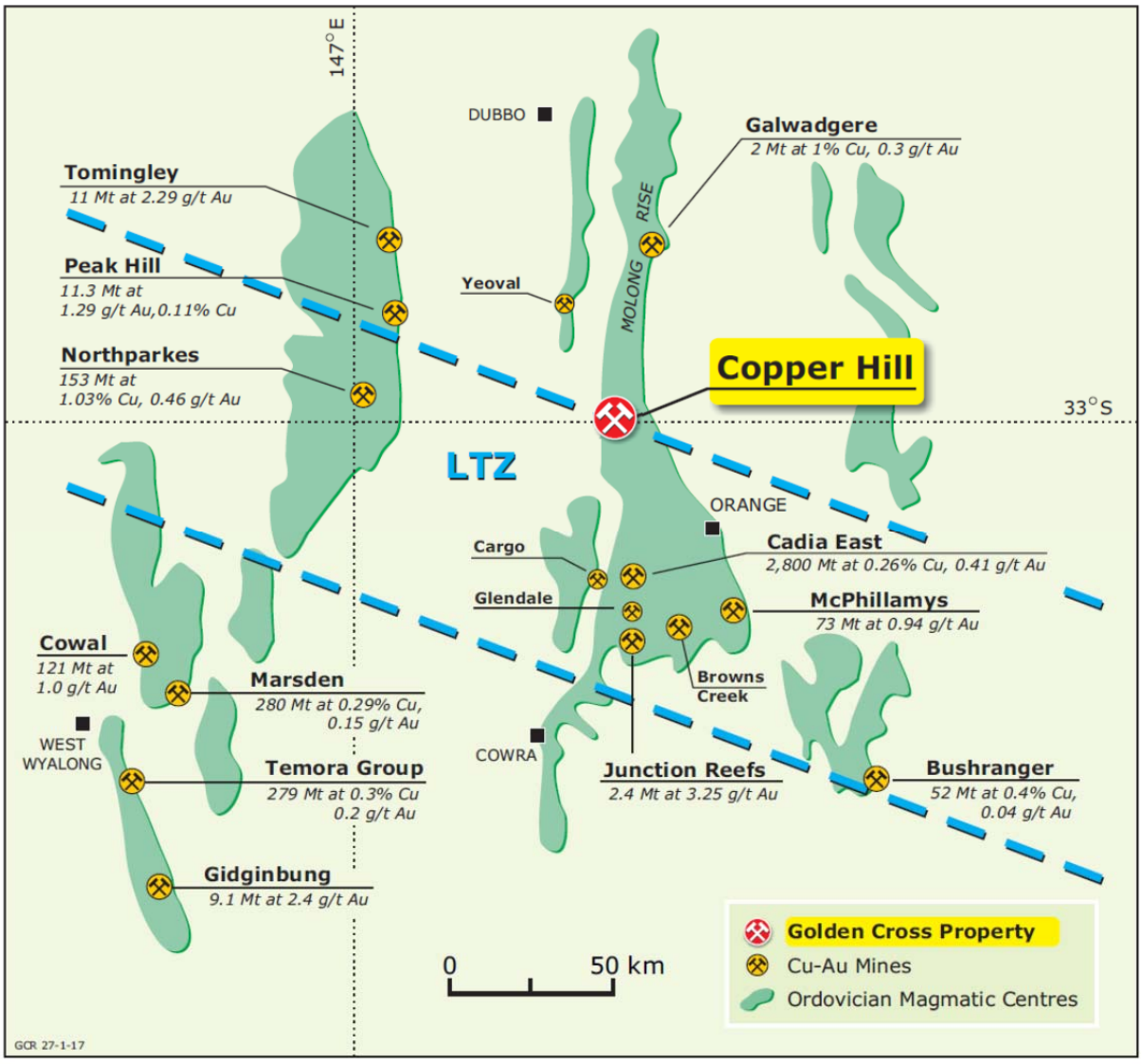

Figure 2: Copper Hill & Cargo on NSW Porphyry Provinces

Cargo

During the Quarter, offers to acquire the project were sought received from several parties, and on 31 October 2015, an agreeement was finalised to divest the project to Agricultural Equity Investments Pty Ltd for $500,000 (GCR ASX 1 November 2016). Final payment is due on 31 January 2017.

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

In South Australia several magnetic / gravity targets have been identified by GCR geophysicists. Three targets have been prioritised for drilling, subject to the availability of funding, after encouraging results from the 2013 drill program. The targets are located at the north-western end of the interpreted structural corridor that contains significant copper-gold deposits at Carrapateena, Olympic Dam, Prominent Hill and Cairn Hill (Figure 3).

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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

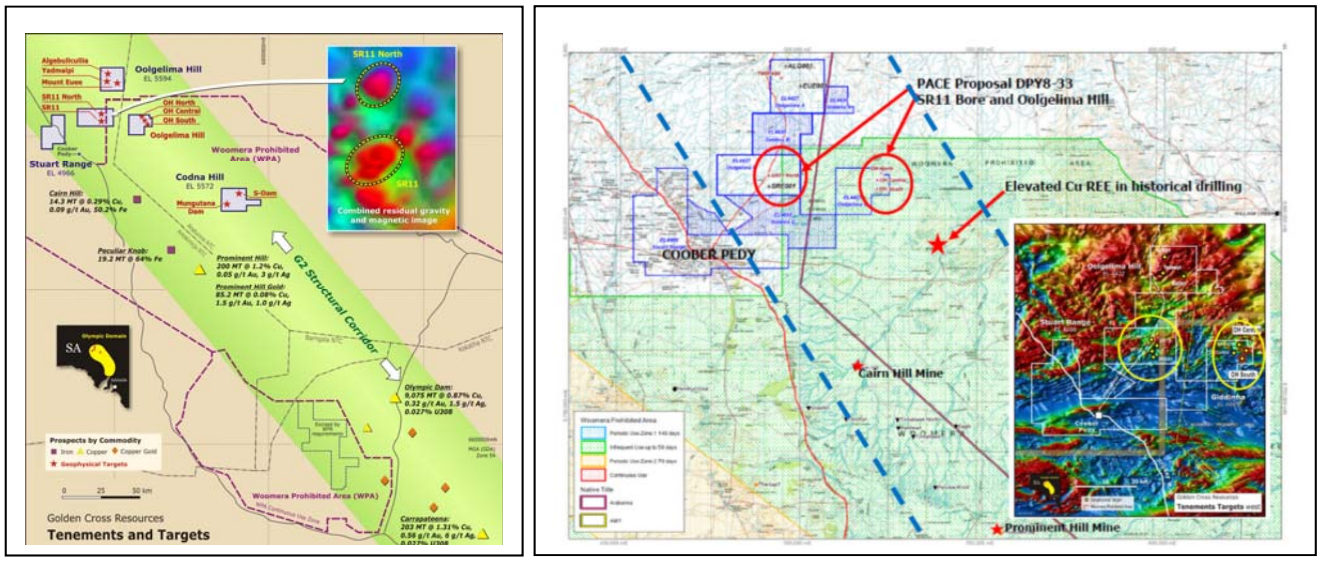

Figure 3: Gawler Craton Projects: Location & Drill Targets
(inset shows targets on magnetic image)

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 small holding of strategically located tenements remaining in two areas of the region after divestments during 2015-16.

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

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

LACHLAN VMS PROVINCE

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

- **Quidong**
  GCR 100%
  Quidong has extensive occurrences of carbonate-hosted zinc/lead and gold mineralisation, and potential intrusive related gold mineralisation, which occurs elsewhere in the region. Previous data and GCR field reconnaissance have identified high grade zinc-lead-gold drill targets which remain to be tested. This project is available for farm-in.

  During the Quarter, a Moving Loop EM survey was planned over two of the main target areas. Operational limitations restricted the survey to only part the planned area. Final data are awaited, however initial geophysical evaluation indicates the data is ambiguous, possibly because of the large amount of sulphidic rock in the area. Further evaluation is planned ahead of selection of alternate geophysical techniques for the remaining area.

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

- **Cullarin**
  JV with Heron Resources Ltd. GCR 20%
  An offer to acquire GCR's residual 20% interest was received from Heron Resources Ltd during the Quarter and accepted on 23 December 2016. A payment of $12,500, completing the transaction, was received on 19 January 2017.

ISA PHOSPHATE

GCR subsidiary, King Eagle Resources Pty Ltd holds 100% of three deposits, Highland Plains, Lily & Sherrin Creek and Quita Creek (Figure 4) that account for a third of the historical phosphate resources being evaluated for the Paradise Phosphate Project.

The continuation of Highland Plains westwards into Northern Territory is held by Phosphate Australia Ltd, where a maiden JORC 2004 resource was announced on 31 March 2009.

Following cessation of the joint venture with Paradise Phosphate Ltd, King Eagle has moved to restore the tenements to good standing, ahead of work to convert the historical resources to JORC 2012 compliance.

OTHER JOINT VENTURES

West Wyalong

Argent Minerals Ltd 51%, GCR 49%

Argent continued to define exploration targets using IP surveys and announced plans for a 6 hole, 2,150 metre drilling program to test the Theia and Narragudgil targets before 30 June 2017 (Argent ASX 26 October 2016).

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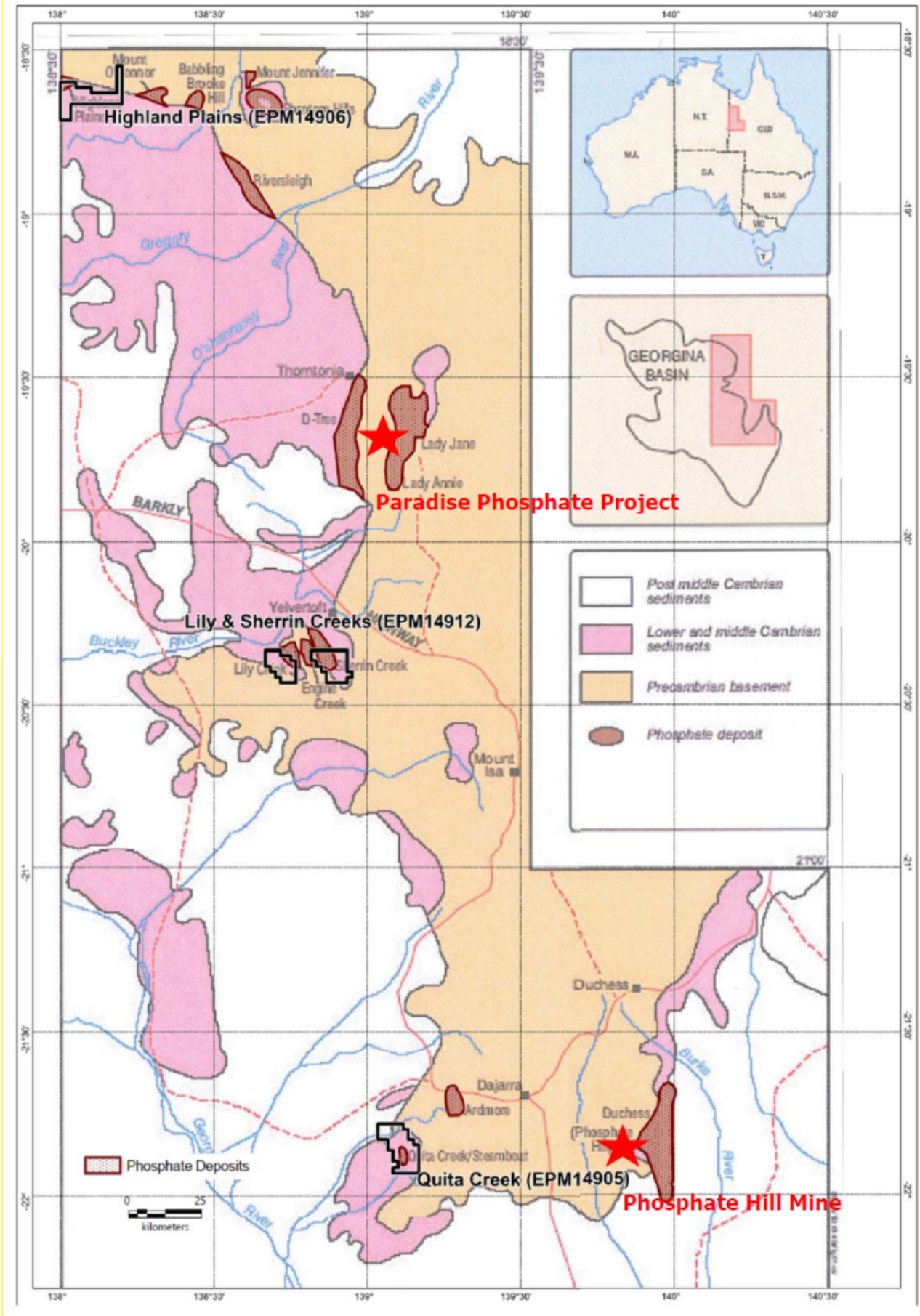

Figure 4: Isa Phosphate Projects

[based on map byr 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 December 2016)

	TENEMENT NAME	TENEMENT	km²	HOLDER (2)	% HOLDING	JOINT VENTURER/NOTES
NEW SOUTH WALES						
Orange Region	Copper Hill	EL 6391	95	GCO	100	
	Cargo	EL 5238	46	GCO	100	Sale Agreement 31 October 2016
Cobar Region	Burra	EL 7389	15	GCO	100	
	Emu Tank	EL 7320	46	GCO	100	
	Kelly's Tank	EL 7323	69	GCO	100	
	Kilparney Extended	EL 8270	152	GCO	100	
	Delaney's Tank	EL 7322	17	GCO	100	
Southeast Lachlan	Cullarin JV	EL 7954	146	TRO	78.8	TRO (1)
	Quidong	EL 7989	98	GCO	100	
	Sunny Corner JV	EL 5964	109	GCO	49	ARD (2)
West Wyalong	West Wyalong JV	EL 8340	43	GCO	49	ARD (3)
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)
TRO	TriAusMin Minerals Limited, a wholly-owned subsidiary of Heron Resources Ltd (ASX:HRR)
GCRP	GCR Panama, Inc, a wholly owned subsidiary of GCR
MTI	MapIntec Technologies Inc.

(1) TriAusMin earned an initial 62.5% interest by spending $200,000 to 13 September 2010. Further expenditure by TRO of $170,000 to July 2014 increased TRO's interest to 80% and diluted GCO's interest to 20%. TriAusMin has offered to acquire GCO's residual 20% interest.

(2) Argent Minerals earned 51% in the Sunny Corner Joint Venture by spending $500,000 by 1 June 2011 in Stage 1. It earned 70% by additional expenditure of $186,000 (for a total expenditure of $686,000) by July 2013.

(3) Argent Minerals earned 51% in the West Wyalong Joint Venture by spending $750,000 by 1 June 2011. ARD may earn a further 19% to total 70% by additional expenditure of $600,000 (for a total expenditure of $1,350,000) by 30 June 2017. Barrick Gold Corp holds a 2.5% net smelter return.

(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 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.*

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Corporate Directory

Board of Directors as at 31 December 2016

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

Exploration Manager

Bret Ferris

Issued Share Capital

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

Share Registry

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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	**31ST December 2016**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(132)	(242)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs (excluding direct exploration salaries)	(35)	(71)
	(e) administration and corporate costs	(157)	(244)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(324)**	**(556)**

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
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	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	108	281
	(b) tenements (see item 10)	250	250
	(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**	**358**	**532**

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	-	170
3.6	Repayment of borrowings	-	(170)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
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**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	54	112
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(324)	(556)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	358	532
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**88**	**88**

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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		
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**		

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	103
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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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

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	200	150
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.

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9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	125
9.2	Development	-
9.3	Production	-
9.4	Staff costs (excluding exploration salaries)	35
9.5	Administration and corporate costs	115
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**275**

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	EL5238 EL7970	Sale Agreement ASX 1 Nov 2016 Relinquished	100% 100%	0% 0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EMP14905 EMP14906 EMP14912	JVA Default ASX 28 Jul 2016	20% 20% 20%	100% 100% 100%

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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: .....
(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.

+ See chapter 19 for defined terms.