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31 October 2017

## **SEPTEMBER 2017**

### **QUARTERLY ACTIVITIES & CASHFLOW REPORT**

During the September 2017 Quarter the major shareholder HQ Mining Resources Pty Ltd and associates ("HQ Mining") indicated support for work program proposals for the December Quarter, principally at Copper Hill and the Queensland phosphate projects. The budget for these programs, including corporate costs, for the period until end January 2018 totals \$700,000. A funding schedule was agreed with HQ Mining and at the date of this report the Company has received \$400,000 with a further \$300,000 expected by early November. Subject to receipt of the final tranche on schedule the programs are planned to commence in November and to be largely completed within the December Quarter.

An updated review of current projects is provided in the following pages.

#### **Corporate**

HQ Mining and associates currently hold 76.21% of the Company's shares.

HQ Mining continued to provide funding support for the Company's activities via loan facilities. No further divestment of material assets has been undertaken since early 2017.

The Company is in discussions with HQ Mining, broking firms and potential investors regarding funding of its planned work programs, principally a Pre-feasibility Study at the Copper Hill Project.

HQ Mining has indicated its intention to fully participate in future capital raisings and negotiations have commenced to finalise the terms of and timetable for securing funding to progress Copper Hill and the Company's other projects to the next stages, and to consider new opportunities.

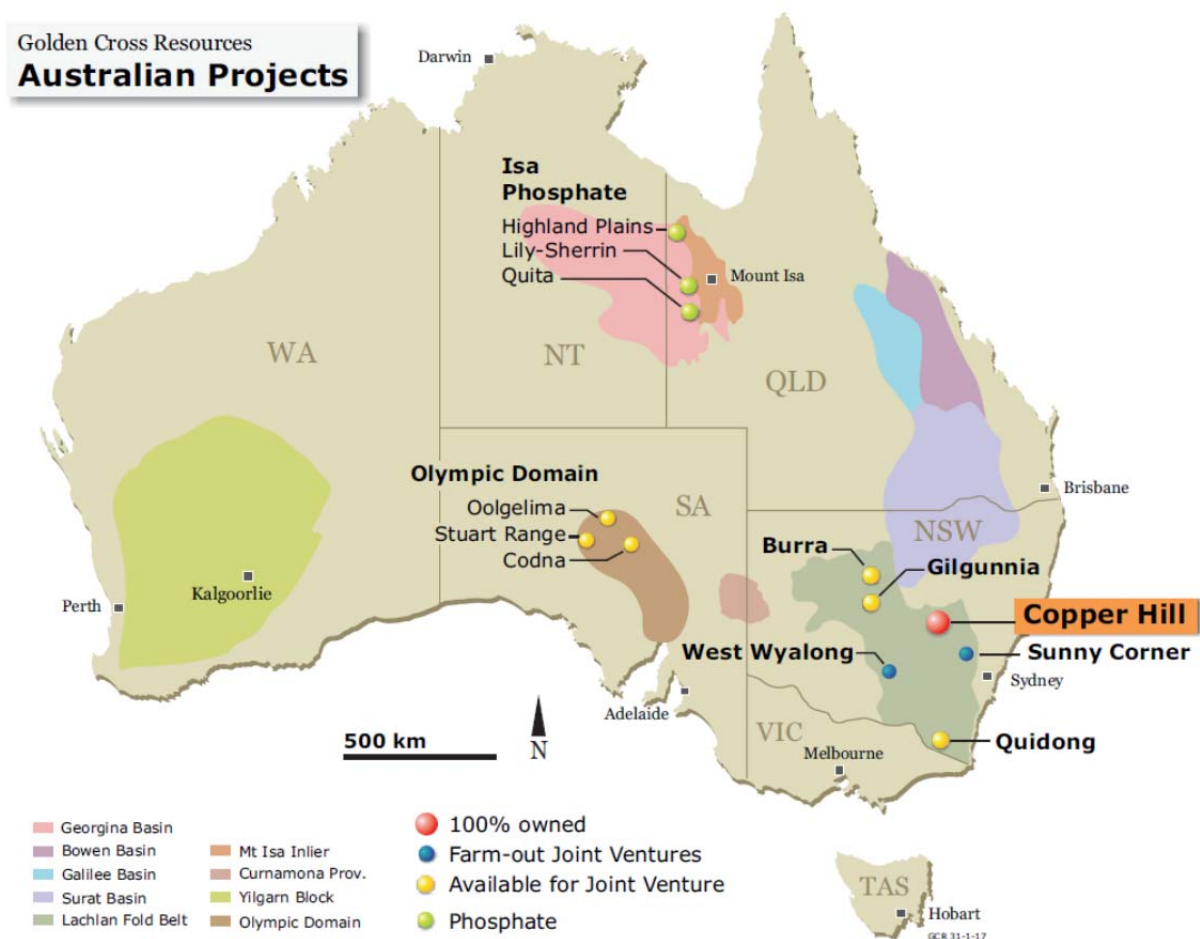
## REVIEW OF PROJECTS

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 nearby deposits. These include:

- Central NSW Porphyry Province Copper/Gold – Copper Hill
- South Australian Gawler Craton - Iron Oxide/Copper/Gold (IOCG)
- Northwest Queensland – Phosphate/Uranium
- Cobar Region NSW – Base Metals/Gold
- Lachlan VMS Belt NSW – Zinc/Copper/Gold

The portfolio has been reduced over the past two years with selected divestments and discussions continued with several parties interested in acquiring or farming into tenements. The Company remains committed to progressing its Copper Hill project once funding is secured.

The Company commissioned GEOS Mining, consultants, to review the 2015 valuation of Copper Hill. GEOS arrived at a preferred value of \$14.4 million for the Copper Hill project within a range of \$7.6 to \$26.5M (compared with the 2015 value of \$13.2M within a range of \$10.0M to \$14.5M). The new valuation was arrived at after consideration of several factors, including improved commodity prices and outlook and increased weighting to discounted cashflow (refer ASX announcement dated 21 September 2017).



**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 larger producing goldmines, with annual production of 620,000 ounces gold and 63,800 tonnes copper in FY 2017 (Newcrest ASX 17 July 2017 Quarterly Report June 2017).

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**).

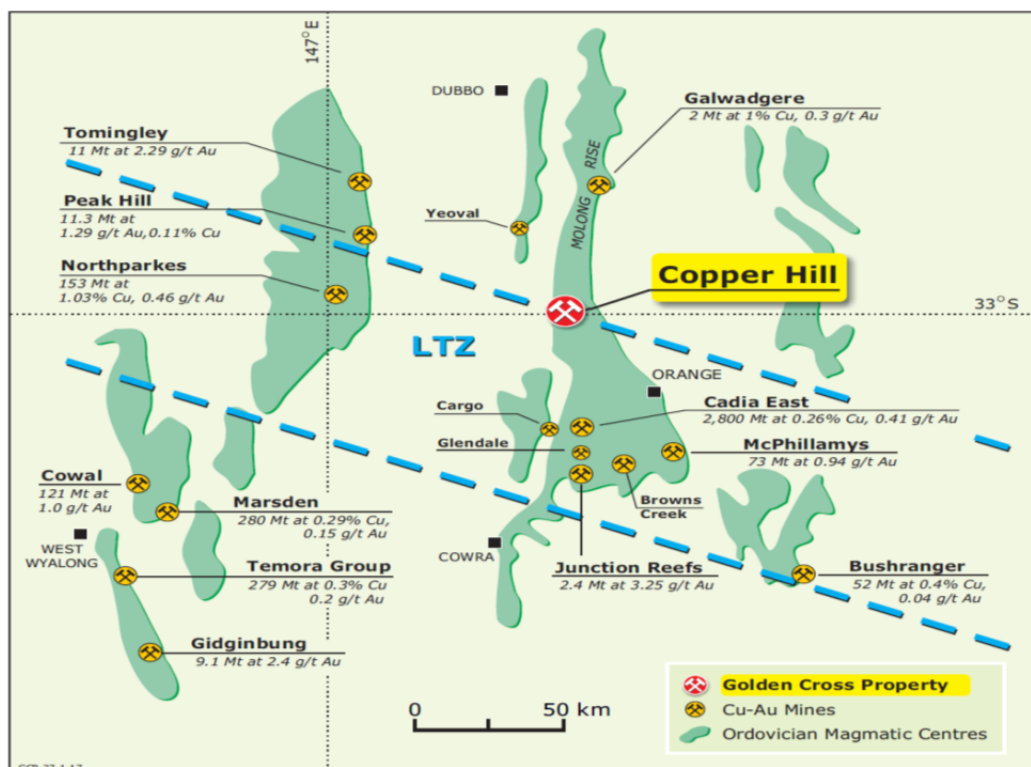
The broader low grade mineralised envelope at Copper Hill contains a higher grade core containing 160,000 tonnes copper and 480,000 ounces gold in 28 million tonnes grading 0.56% copper, 0.53 g/t gold, calculated at a 0.4% copper cut-off (GCR: ASX 15 April 2015).

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

- Drilling to extend high grade zones, provide density data; twin RC holes; clarify geometric controls, and provide resource definition data
- 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 GCHD470 (102 metres @ 1.28% Cu, 3.75 g/t Au from 2 to 104 metres, using a 0.3% Cu cut-off – refer to GCR:ASX 25 August 2014) and GCHD 474 (144 metres @ 0.55% Cu, 1.16 g/t Au from 114 to 258 metres using a 0.3% Cu cut-off – refer to GCR ASX 11 December 2014).

New access arrangements have been negotiated with Copper Hill's landholder to enable commencement of the approved programs, once formal notifications have been completed and sites finalised. Subject to the receipt of funding, drilling is planned to commence during November and to be completed in December.



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



## SOUTH AUSTRALIA

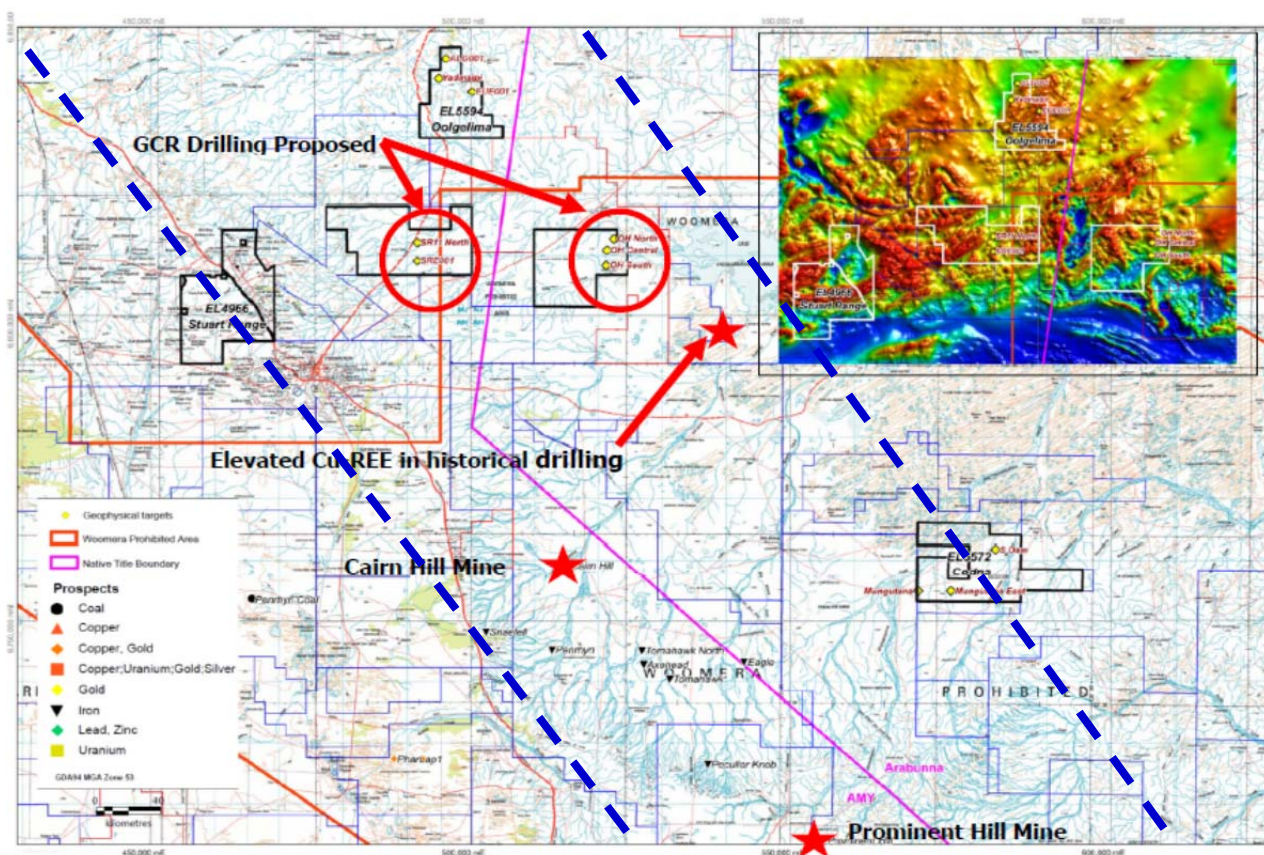
### Iron Ore Copper-Gold (IOCG)

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).

Proposals for a three-hole program received State Government approvals during the Quarter, and native title site clearances have been undertaken. Commonwealth Government approvals are awaited for two of the holes. Ongoing surface evaluation of new targets using geophysics is planned to refine future sites.

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)

## COBAR REGION

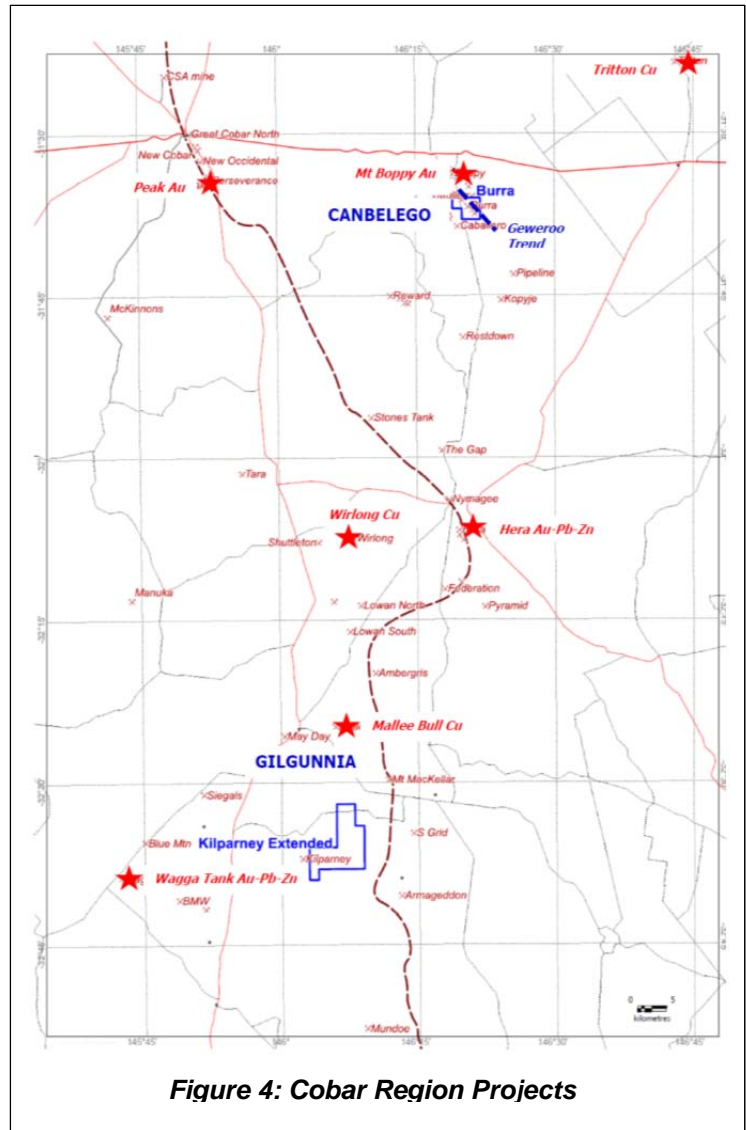
### GCR 100%

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.

**Canbelego** – along strike from Mt Boppy Goldmine. During the Quarter GCR completed a Moving Loop EM survey along part of the Geweroo Trend defined by historical IP and surface geochemistry. No significant sulphide related conductors were detected, partly due to strong IP effects related to an interpreted pyritic rhyolite formation.

**Gilgunnia** – along strike from Aurelia Metals' Hera gold/base metal mine and adjacent to Peel Mining Limited's high grade copper discovery at Mallee Bull and recent depth extensions at Wirlong and Wagga Tank.

Following completion of a previous agreement with Peel Mining to consolidate fragmented tenements, current tenements are Burra and Kilparney Extended.



**Figure 4: Cobar Region Projects**

GCR is well placed to seek new opportunities in the region based on the depth of its operating experience.

## LACHLAN VMS PROVINCE

Silurian formations prospective for volcanic-associated massive sulphide deposits extend over 300km from the Orange-Bathurst region in NSW 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.

Electrical prospecting methods have recently been undertaken but the large amount of sulphidic rock in the area has rendered the results inconclusive and alternative techniques for refining drill targets are being evaluated, in conjunction with the proposed drilling.

### 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.

During the Quarter, King Eagle completed a schedule of rental payments to the Queensland Department of Natural Resources & Mines, facilitating processing of the renewal applications. The planned work to evaluate high grade phosphate zones and upgrade the historical resources to JORC 2012 compliance is scheduled to commence in the current Quarter once the renewals are granted.

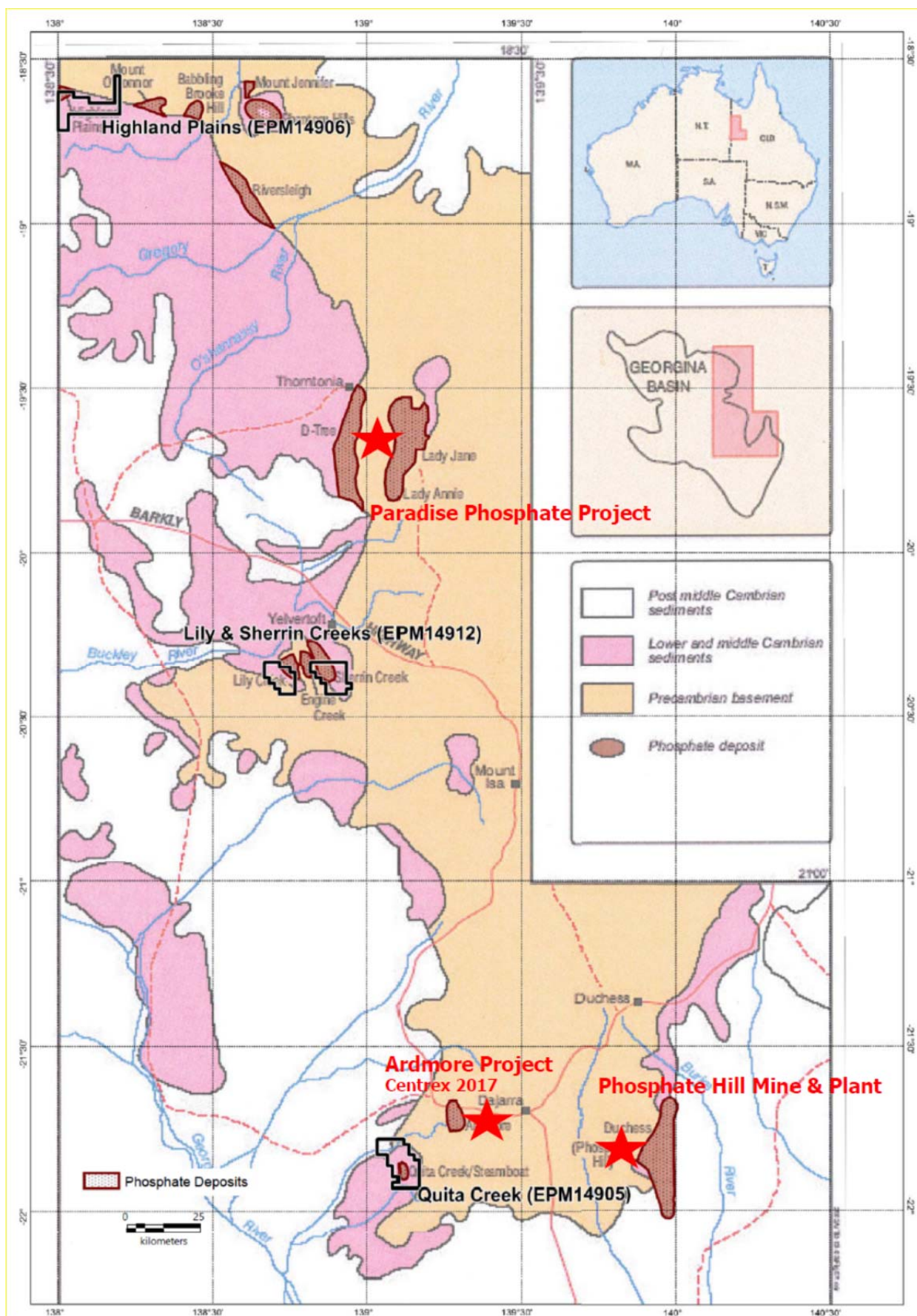
## OTHER JOINT VENTURES

### West Wyalong

JV with Argent Minerals Ltd (ARD). ARD 77%; GCR 23%

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 has elected to dilute its interest by declining pro rata contribution to expenditure.





**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 October 2017)

	TENEMENT NAME	TENEMENT	km <sup>2</sup>	HOLDER (2)	% HOLDING	JOINT VENTURER/NOTES
<b>NEW SOUTH WALES</b>						
<b>Orange Region</b>	Copper Hill	EL 6391	95	GCO	100	
<b>Cobar Region</b>	Burra	EL 7389	15	GCO	100	
	Kilparney Extended	EL 8270	152	GCO	100	
<b>Southeast Lachlan</b>	Quidong	EL 7989	98	GCO	100	
	Sunny Corner JV	EL 5964	109	GCO	30	ARD (2)
<b>West Wyalong</b>	West Wyalong JV	EL 8430	43	GCO	23	ARD (1)
<b>QUEENSLAND</b>						
<b>Mount Isa</b>	Quita Creek	EPM 14905	276	KER	100	
	Highland Plains	EPM 14906	300	KER	100	
	Lily & Sherrin Creek	EPM 14912	300	KER	100	
<b>SOUTH AUSTRALIA</b>						
<b>Cooper Pedy</b>	Oolgelima	EL 5594	469	GCR	100	
	Stuart Range	EL 4966	226	GCR	100	
	Codna Hill	EL 5572	209	GCR	100	
<b>PANAMA</b>	El Cope	2007-95	98	GCRP	90	Application; MTI (3)

### Notes

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

Full names for abbreviations are as follows:

GCO	Golden Cross Operations Pty Ltd, a wholly owned subsidiary of GCR
KER	King Eagle Resources Pty Limited, a wholly owned subsidiary of GCR
ARD	Argent Minerals Limited (ASX: ARD)
GCRP	GCR Panama, Inc, a wholly owned subsidiary of GCR
MTI	MapIntec Technologies Inc.

- (1) ARD earned 51% in the 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%. Further expenditure by ARD in 2017 has increased its JV interest to 77% with GCR diluting to 23%. Royal Gold Inc holds a 2.5% net smelter return.
- (2) 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.
- (3) MapIntec Technologies Inc., a Panamanian company, has a 10% interest free-carried to a decision to mine.



**Compliance Statement:** *The information in this report that relates to Exploration Results is based on information compiled by Mr Bret Ferris, who is a Member of the Australasian Institute of Geoscientists. (AIG). Mr Ferris a consultant to Golden Cross Resources Limited, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Ferris consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.*

**The Production Target and the Mineral Resources** on which it is based are extracted from reports released to the 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.*

## **Corporate Directory**

### **Board of Directors as at 30 September 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**

Bret Ferris

### **Exploration Manager**

Bret Ferris

### **Issued Share Capital**

Golden Cross Resources Ltd has [101,622,227] ordinary shares on issue as at 4 October 2017.

### **Share Registry**

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### **Registered Office**

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## Appendix 5B

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

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

### Name of entity

**GOLDEN CROSS RESOURCES Limited**

### ABN

**ABN 65 063 075 178**

### Quarter ended ("current quarter")

**30 September 2017**

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	2	2
1.2	Payments for		
	(a) exploration & evaluation	(169)	(169)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs (excluding direct exploration salaries)	(40)	(40)
	(e) administration and corporate costs	(111)	(111)
1.3	Dividends received (see note 3)		
1.4	Interest received	2	2
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)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(316)</b>	<b>(316)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	400	400
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>400</b>	<b>400</b>



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	340	340
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(316)	(316)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	400	400
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>424</b>	<b>424</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	49	15
5.2	Call deposits	175	225
5.3	Bank overdrafts	-	-
5.4	Other (provide details). Receivable see 8.	200	100
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>424</b>	<b>340</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

61

Nil

Payment of director's fees, entitlements and expenses

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

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<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	700	400
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 27 August 2017) (unsecured) with HQ Mining \$700K @ 9.75% interest pa. (\$400K received as at 31 October. Repayable 27 August 2018). Repayable by due date (unless extended) or at a completion of capital raising by way of a share issue.

<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	260
9.2	Development	-
9.3	Production	-
9.4	Staff costs (excluding exploration salaries)	40
9.5	Administration and corporate costs	100
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>400</b>

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	Cancelled following grant of consolidation EL to Peel Mining.	100%	0%
	EL7323 Gilgunnia	Cancelled following grant of consolidation EL to Peel Mining.	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: .....  
 .....  
 (Director/Company secretary)

Date:

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.