



# GOLDEN CROSS RESOURCES LTD

ABN 65 063 075 178

22 Edgeworth David Ave  
Hornsby NSW 2077  
Phone (02) 9472 3500  
Fax (02) 9482 8488

15 October 2015

Dear Shareholder,

As you are aware my fellow director Mr Ian Buchhorn, acting in his capacity as a director of the Company, has called for an Extraordinary General Meeting (**EGM**) for 22 October 2015 to vote on the election of three (3) candidates nominated by Mr Buchhorn as additional independent directors.

As Interim Chairman, I am writing to you to provide an update on events over the past few months.

The Company's Board continues its efforts to transform from an exploration company to a mining company in a difficult market environment. The focus of this activity has been progressing the Copper Hill project. We have made real progress with the completion of a positive Scoping Study earlier this year. The key outcome of the results of that Scoping Study supported the progression to a Pre-Feasibility Study (PFS) based on a 2 – 3 million tonnes per annum operation mining and processing the higher grade central resources to produce copper and gold concentrate.

As a result, the Board and management have actively pursued funding for the Pre-Feasibility Study, primarily by means of a partially underwritten pro-rata Rights Issue and a private placement to sophisticated investors, expected to raise a total of A\$2.87 million (**Capital Raising**). The Board is also committed to good corporate governance practices including the appointment of additional independent directors through a proper process. This process was deferred until completion of the capital raising but was intended to be completed by no later than the Annual General Meeting (**AGM**) on 30 November, 2015. Due to the tight cash position, I note that directors and senior management voluntarily delayed receiving their respective remunerations.

Regrettably, the Capital Raising with attractive commercial terms, has been put on hold as a consequence of the EGM called by Mr Buchhorn. It is the Board's understanding that Mr Buchhorn's abovementioned actions are not being made in concert with, or are approved by, Heron Resources Limited, GCR's second largest shareholder.

For the benefits of long term Board unity, over the past weeks, the Board and management have made multiple attempts to work with Mr Buchhorn and his lawyer to follow good governance practices, including the director appointment process employed by Mr Buchhorn. In particular, the Company is concerned that all shareholders other than Mr Buchhorn were prevented – in regard to the EGM – from making nominations of

alternate independent directors. Unfortunately, no material progress in this regard has been achieved despite our extensive efforts.

Nevertheless the Board remains committed to a proper and timely nomination and appointment process which is independently conducted. To that end, it has appointed a recognised executive search firm, Crown & Marks to conduct the review of, director candidates, including the three candidates nominated by Mr Buchhorn, for consideration by shareholders for appointment by the AGM.

Independent director appointments are essential for the Company's long term performance. We invite shareholders to propose director candidates to be included in the independent review. HQ Mining, the Company's largest shareholder, has indicated its support of the independent review process being undertaken to assist in the appointment of additional suitable independent directors by the AGM.

The Board and management are committed to progressing the Copper Hill project to the PFS stage with a strengthened capital position under an independent board.

I would like to thank all shareholders for your understanding and on-going support.

A handwritten signature in blue ink, appearing to read 'Jingmin Qian', with a long horizontal flourish extending to the right.

Jingmin Qian  
**Interim Chairman**