



ASX Release

Heron Resources Limited

8 January 2014

Binding Offer to Take 19.9% Placement in Golden Cross Resources

Heron Resources Limited (ASX:HRR) is pleased to announce that it has today submitted a modified binding offer to Golden Cross Resources (ASX:GCR) (**Golden Cross**) to take a strategic equity interest in the company

Heron Resources Limited	
ASX:HRR	
Issued Shares	253M
Share Price	\$0.14
Market Cap	\$35.4M
Cash Sep 2013	\$38.6M
Listed Invest	\$ 5.0M

- Heron proposes that Golden Cross issue to Heron 375,970,579 new shares at a share price of \$0.005, for consideration of \$1.88 million (Heron Offer), giving Heron an interest of 19.9% in the enlarged share capital.
- The Heron Offer has been extended until two days after Golden Cross' proposed EGM date, and four market-based conditions have been waived.
- The Heron Offer provides certainty to Golden Cross' shareholders of additional significant funding to enable them to progress their major projects.
- In particular, the Heron Offer will see a major commitment to the drilling out and expanding of the JORC-compliant Mineral Resource of the Copper Hill copper-gold deposit.
- If the Heron Offer is accepted, Heron will seek to appoint Mr Ian Buchhorn, Heron's Managing Director, to the Golden Cross board as Heron's representative.
- The Heron Offer is subject to only limited conditions, described below, all of which are under the control or influence of Golden Cross.

Background

Heron is an exploration stage company headquartered in West Perth, Western Australia whose key assets are its cash reserves of A\$38.6 million as at 30 September 2013, and the Kalgoorlie Nickel Project ("KNP"), a world-class nickel laterite deposit. Heron has an active exploration programme for gold, copper and base metals including extensive tenement holdings in the Lachlan Fold Belt region of New South Wales, where Golden Cross is also active.

On 21 October 2013, Golden Cross announced a 1 for 1 rights issue (**Entitlement Offer**) priced at \$0.005 to raise up to \$6.81 million for exploration and development. The funds raised were to be used for further copper-gold exploration of the company's tenements at Copper Hill, near Molong (New South Wales), IOCG exploration on the company's most prospective tenements in the Gawler Craton (South Australia), copper exploration at Burra (New South Wales) and gold exploration at Cargo (New South Wales). According to the Shortfall notice issued on 20 November 2013, Golden Cross shareholders had subscribed for 135,215,037 shares, a take-up rate of 10%. HQ Mining, Golden Cross' major shareholder, did not subscribe for shares under the Entitlement Offer.

Under clause 2.8 of the Prospectus dated 21 October 2013 for the Entitlement Offer, Golden Cross is able to place the shares not taken up by shareholders, being 1,210,472,890 shares (**Shortfall Shares**).

On 29 November 2013, following an earlier approach by Golden Cross for Heron to underwrite their Entitlement Offer, Heron provided Golden Cross with a non-binding indicative proposal (**Indicative Proposal**) to take up 500,000,000 of the Shortfall Shares. The proposal would have seen Heron take up to a 24.8% interest in the company and appoint directors. The proposal was conditional upon Golden Cross shareholder approval, Golden Cross director support, the major shareholder not voting against the proposal at the required shareholder meeting, and a number of further conditions. On 3 December 2013, Heron received a written response from Golden Cross stating that the Golden Cross board had voted against the Indicative Proposal. No reasons for the rejection were provided.

On 16 December 2013, Heron submitted a binding Heron Offer to Golden Cross for a placement of 375,970,579 new shares at a share price of \$0.005, for consideration of \$1.88 million (Heron Offer), subject to various conditions.

Summary of the Binding Offer

Heron believes that the acceptance of funding from Heron is in the best interests of the company and in the best interests of shareholders as a whole. Therefore, Heron is now pleased to re-submit to Golden Cross a binding offer to take a placement of 375,970,579 of the Shortfall Shares at a share price of \$0.005 (**Heron Offer**), being the same price as the recent Entitlement Offer. The previous market based conditions of the 16 December 2013 offer are now waived.

The full terms of the Heron Offer are set out in a letter to the Golden Cross board dated 8 January 2014 (**Offer Letter**), which is included with this announcement.

The pricing of the Heron Offer is a 66.7% premium to the Golden Cross closing price of \$0.003 on 13 December 2013, and a 29.5% premium to the 10 day volume weighted average price of \$0.00386 for Golden Cross shares between 2 and 13 December 2013.

Golden Cross shares have traded up to (and on one day, above) the offer price since announcement of the 16 December 2013 Heron Offer. In Heron's opinion, this trading reflects the support by shareholders for the Heron Offer, and the expectation of shareholders that, one way or the other, the funding that Golden Cross needs will now be forthcoming, enabling the Company's projects to be systematically progressed. Given the influence of the Heron and subsequent HQ Mining offers on the market, any analysis of premium using information after 16 December 2013 is flawed.

In the absence of Heron's Offer, Heron believes that it is probable that Golden Cross' share price would have remained weak until a viable funding solution was found.

Assuming no other shares are issued by Golden Cross, the Heron Offer will result in Heron acquiring a 19.9% interest in Golden Cross, thus becoming the company's second largest shareholder after HQ Mining.

Under the Heron Offer, Heron will have the right to appoint one board member to the Golden Cross board as Heron's representative. Heron notes that upon this appointment, Golden Cross' board will comprise six members, of which at least three including the Chairman have strong technical backgrounds. Heron believes this will be a significant step forward for Golden Cross' ability to fund and complete meaningful exploration and development, particularly at Copper Hill.

The Offer remains open to Golden Cross for 2 days from the date of the proposed Golden Cross EGM unless extended by Heron and is subject to a limited number of conditions largely under the control or influence of the Golden Cross board, including:

- No Material Adverse Change;
- No Material Asset Disposals;
- No issue of new Golden Cross shares without Heron's prior written consent;
- Other than as set out below, no additional appointments to; and no changes to the structure and composition (including the chairmanship) of the Golden Cross board;
- One new non-executive director nominated by Heron to be appointed to the Golden Cross board such that the Golden Cross board will comprise not more than six directors, including the incumbent Chairman and incumbent Managing Director; and
- The preparation and execution of the formal document necessary to give effect to the Heron Offer.

The full conditions are set out in the Offer Letter included with this announcement.

Advantages of the Heron Offer

The Heron Offer provides a number of significant advantages to Golden Cross:

1. **Provides Significant Additional Funding:** Under the Heron Offer Golden Cross will raise \$1,879,853 to add to the \$753,730 raised from the Entitlement Offer for a total of \$2,633,583. The funds raised from the Entitlement Offer alone are insufficient to permit significant exploration activities to be undertaken. The additional funds raised under the Heron Offer will allow Golden Cross to more actively progress the exploration and development of the company's flagship Copper Hill project, as well as their wider exploration portfolio as described in the October 2013 Entitlement Offer.

2. **Introduces an Aligned Strategic Shareholder:** Heron will become Golden Cross' second largest shareholder. Heron has a strong balance sheet and an extensive exploration portfolio of 3,500 km² within the Lachlan Fold Belt of New South Wales in proximity to four key Golden Cross projects. Heron believes that Copper Hill is highly prospective and is strongly supportive of continued exploration at the project and within the region.
3. **Balances Control:** Under the Heron Offer, Heron will acquire a 19.9% interest in Golden Cross, becoming the company's second largest shareholder after HQ Mining, whose holding will reduce from 30.3% to 24.3%. Immediately after the Heron Offer, Heron will not be in a position to control Golden Cross either through the share register or through board representation. However, it is notable that Heron will be able to provide a strong technical input on board decision making.
4. **Rebalances the Golden Cross Board:** Upon completion of the Heron Offer, Golden Cross' board will again be balanced, comprising six members including one nominee of Heron and two directors associated with HQ Mining. At least three directors including the Chairman will be independent of the largest shareholder HQ Mining.
5. **No Costs:** There are no significant costs to Golden Cross in accepting the Heron Offer.

Message to Golden Cross Shareholders

Heron notes that acceptance of the Heron Offer is the responsibility of the Golden Cross board, acting on behalf of the interests of all shareholders, and urges shareholders of Golden Cross to lobby their directors in support of the Heron Offer.

Heron looks forward to becoming a strategic shareholder in Golden Cross and assisting in progressing the exploration and development of Copper Hill.

Heron strongly believes that our experience in porphyry copper systems and resource drill-outs has the potential to expand the JORC-compliant Mineral Resource at Copper Hill beyond its current 155 million tonne at 0.33% copper and 0.27g/t gold (hosting 493,000 tonnes of copper and 1.33 million ounces of gold)*.

We urge the Golden Cross board and its shareholders to support the Heron Offer as a means to deliver future value to Golden Cross shareholders.

If shareholders require further information on Heron's suggested strategy, particularly for Copper Hill, they may telephone Ian Buchhorn at Heron on 08 9215 4444.



Ian Buchhorn
Managing Director
HERON RESOURCES LIMITED

Attachment Offer Letter dated 8 January 2014 to the Directors of Golden Cross Resources Limited

* refer Golden Cross announcement 21 November 2013, "Kim Stanton-Cook Presentation for the AGM"



Heron Resources Limited

ABN 30 068 263 098
1/37 Ord Street, West Perth, WA 6005
PO Box 1380 West Perth WA 6872
Telephone: (08) 9215 4444
Facsimile: (08) 9215 4490
Email: ibuchhorn@heronresources.com.au

8 January 2014

The Directors
Golden Cross Resources Limited
22 Edgeworth David Ave
Hornsby NSW 2077

Dear Sirs

BINDING PLACEMENT PROPOSAL – GOLDEN CROSS RESOURCES LIMITED

Heron Resources Limited (**Heron**) is pleased to provide this binding proposal to subscribe for shortfall shares pursuant to clause 2.8 of the Prospectus dated 21 October 2013 for the Golden Cross Resources Limited (**Golden Cross**) Entitlement Offer (**Shortfall Shares**).

The Proposal

1. Heron will, subject to the satisfaction of certain limited conditions (set out below and in Annexure A) subscribe for 375,970,579 Golden Cross Shortfall Shares at \$0.005 to raise \$1,879,853 representing 19.9% of the then issued capital of Golden Cross.
2. Of the funds subscribed by Heron, it is proposed that \$1,800,000 will be committed to the following Programs and Budget:
 - a. Copper Hill to Buckley Hill, \$1,450,000 in a 5,800 metre Diamond Drilling program, with drill collars to be nominated by Heron for approval by the Golden Cross board;
 - b. Gawler Craton IOCG South Australia, \$150,000 Diamond Drilling program;
 - c. Burra Copper Mine Project, \$100,000 Diamond Drilling program; and
 - d. Cargo, \$100,000 Diamond Drilling program.

("the **Proposal**").

Conditions

Aside from the board of Golden Cross resolving to accept the Proposal, the Proposal is subject to Conditions including the following:

1. No Material Adverse Change;
2. No Material Asset Disposals;
3. No other issue of new Golden Cross Shares;
4. Other than as set out at 5:
 - a. no additional appointments to; and
 - b. no changes to the structure and composition (including the chairmanship),of the Golden Cross board;
5. One new non-executive director nominated by Heron to be appointed to the Golden Cross board such that the Golden Cross board will comprise not more than six directors, including the incumbent Chairman and incumbent Managing Director; and
6. The preparation and execution of formal document necessary to give effect to the Proposal.

The complete conditions to the Proposal are set out in full in Annexure A to this letter. Heron may agree to waive one or more of the conditions in its discretion and conditionally or otherwise.

Expiry Date

Unless extended by Heron, this binding Proposal will automatically lapse at the close of business in Western Australia on the day which is 2 days from the date of the proposed Golden Cross EGM (refer Golden Cross announcement dated 18 December 2013) at which time Heron will be under no obligation to proceed with the Proposal.

We look forward to your acceptance of the Proposal. Once you confirm in writing Golden Cross' agreement to these terms and conditions, we will prepare the formal Share Subscription Agreement, which will be on standard terms for an agreement of this nature. Cleared funds will be available from Heron immediately upon receipt of an executed Share Subscription Agreement.

As you well know, Heron is very keen to progress the Copper Hill project, and we see this Proposal as a means to do so.

The terms of this letter and the Proposal shall be governed by the laws applicable in Western Australia.

Yours faithfully

A handwritten signature in black ink, appearing to read 'I. Buchhorn', with a long horizontal flourish extending to the right.

Ian Buchhorn

Managing Director
HERON RESOURCES LIMITED

ANNEXURE A

CONDITIONS TO THE PROPOSAL

1. **Capital structure** – No Capital Structure Changes in respect of Golden Cross or any of its material subsidiaries other than as required to give effect to the Proposal or if otherwise approved by Heron.
2. **Material Adverse Change** – No Material Adverse Change occurs between the date of this letter and the Placement Expiry Date.
3. **Material Asset Disposals** – No Material Asset Disposals occur between the date of this letter and the Placement Expiry Date.
4. **Suspension from trading**: Shares of Golden Cross not being suspended from trading on ASX for a period exceeding 5 “trading days” (being days on which trading is scheduled to occur on ASX).
5. **Board and senior management composition** – No:
 - a. additional appointments to the board of Golden Cross; and
 - b. changes the composition of the board (including the current chairmanship) of Golden Cross, other than as set out at 6.
6. **Board nominee appointed** – one new non-executive director nominated by Heron is to be appointed to the Golden Cross board such that the Golden Cross board will comprise not more than six directors, including the incumbent non-executive Chairman and incumbent Managing Director (in their respective current positions), prior to the Proposal being implemented.
7. **Change in shareholdings** – there is no issue of new Golden Cross Shares other than as contemplated under the Proposal, no material change in the major or controlling shareholders of Golden Cross, and no takeover offer or scheme of arrangement is publically announced by Golden Cross.
8. **Regulatory Actions** – Between the date of this letter and the Placement Expiry Date:
 - a. there is no preliminary or final decision, order or decree issued by a Governmental Agency;
 - b. no action or investigation is announced or commenced or threatened by any Governmental Agency; and
 - c. no application is made to any Governmental Agency, in consequence of or in connection with the Proposal which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the implementation of the Proposal.
9. **Court order** – No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition being in effect at any time prior to the Placement Expiry Date which prevents the implementation of the Proposal.
10. **Event of Insolvency** – no Event of Insolvency occurs in respect of Golden Cross or any of its subsidiaries or their respective directors.

Definitions

Business Day means a day on which banks are open for business in Perth, Western Australia.

Capital Structure Changes means any of the following: (a) any conversion of securities into a larger or smaller number; (b) a capital reorganisation; (c) a buy-back; (d) a capital reduction; (e) a declaration of any dividend; (f) the making of a capital distribution; (g) issuing or granting further shares or options (including options to acquire unissued securities); or (h) any other analogous change.

Event of Insolvency means means:

- (a) a receiver, manager, receiver and manager, trustee, administrator or similar officer is appointed in respect of a corporation or any asset of a corporation;
 - (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
 - (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (a) or (b);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
-

- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable act to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.

Governmental Agency means any government or representative of a government or any governmental, semi governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority and includes any minister, the Australian Securities and Investments Commission, the Australian Taxation Office; the Australian Securities Exchange, the Foreign Investment Review Board and the Australian Takeovers Panel.

Material Adverse Change means a material adverse change on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of Golden Cross and its subsidiaries either individually or taken as a whole.

Material Asset Disposal means the disposal of, or grant of any interest to a third party in respect of any of the following assets:

- (a) Copper Hill; and
- (b) Cargo.

(including substantial proportion of any of those assets) by Golden Cross or its subsidiaries (as applicable).

Placement Expiry Date means the date that Heron is issued the Shares the subject of the Proposal.

Proposal means the Proposal as set out in this letter.

Shares means full paid ordinary shares in Golden Cross Resources Limited.

VWAP means volume weighted average price.
