

**BLUE GOLD WATER TECHNOLOGIES LTD.**  
**(Formerly Golden Cross Resources Ltd.)**  
**(the “Resulting Issuer”)**

**FORM 2A**  
**LISTING STATEMENT**

**DATED: MAY 27, 2013**

## Note to Reader

Documents incorporated by reference.

1. It is intended that the Management Information Circular (the "**Circular**") dated February 22, 2013 of Golden Cross Resources Inc., now Blue Gold Water Technologies Ltd. ("**Blue Gold**" or the "**Resulting Issuer**") and filed on SEDAR under the profile of the Issuer in connection with the Annual General and Special Meeting of the shareholders of the Issuer held on March 21, 2013 (the "**Meeting**") will, where applicable, serve as the listing statement of the Resulting Issuer for the purposes of listing of the Resulting Issuer's common shares on the Canadian National Stock Exchange ("**CNSX**").

The Circular is reproduced in its entirety herein in Exhibit A, modified by the information herein as applicable as of the date of this form.

Under applicable securities laws, the Circular is required to contain prospectus level disclosure (including Financial Statements) for the Resulting Issuer and, as such, constitutes a suitable base disclosure document for the Resulting Issuer. For further information please refer to the Circular, and all the exhibits thereto, including the Financial Statements, are available on SEDAR at [www.sedar.com](http://www.sedar.com) under the SEDAR profile of the Resulting Issuer.

Unless the context requires otherwise, where the words "this Circular" is used in this Listing Statement, the same should be substituted with "the Listing Statement". All defined terms not otherwise defined herein shall have the same meaning as that in the Circular.

2. It is intended that this Listing Statement will serve as the listing statement of the Resulting Issuer for the purposes of listing of the Resulting Issuer's common shares on the CNSX.

## Table of Contents and Concordance

### BLUE GOLD WATER TECHNOLOGIES LTD. (the "Resulting Issuer")

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Golden Cross Resources Inc. dated February 22, 2013

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	2.4 Fundamental change/arrangement	Please see Schedule "A" attached.
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Item in Form 2A	Information Required by Form 2A Listing Statement	Corresponding Item and Page in Information Circular
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	6.18 Description of Securities	Not applicable
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	6.20 Negative Cash Flow and Proceeds	Not applicable
	6.21 Additional disclosure for issuers with significant equity investees	Not applicable
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	9.1(d) all other employees and past employees of subsidiaries of Golden Cross Resources Inc. as a group, without naming them	Please see Schedule "A" attached
	9.1(e) all consultants of Golden Cross Resources Inc. as a group, without naming them	Please see Schedule "A" attached
	9.1(f) any other person or company, including the underwriter, naming each person or company	Please see Schedule "A" attached

Item in Form 2A	Information Required by Form 2A Listing Statement	Corresponding Item and Page in Information Circular
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	10.2 Description of debt securities being listed, if any	Not applicable
	10.3 [Left Blank]	[Left Blank]
	10.4 Description of other securities being listed	Not applicable
	10.5 Modification of terms or amendment or variation of any rights attached to securities being listed	Not applicable
	10.6 Limitations or qualifications on rights attaching to securities being listed as a result of other classes of securities	Description of Securities, pages 58
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	14.2 Chart with respect to securities convertible or exchangeable into class of listed securities	Please see Schedule "A" attached
	14.3 Listed securities reserved for issuance not included in item 14.2	Not applicable
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	15.1 Statement of Executive Compensation	Statement of Executive Compensation, pages 39 and 68; Proposed Executive Compensation of the Resulting Issuer, page 77
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16.	<b>Indebtedness of Directors and Executive Officers</b>	
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17.	<b>Risk Factors</b>	
	17.1 Risk factors related to Golden Cross Resources Inc. and its business	Risk Factors, page 21
	17.2 Risk of additional contribution	Not applicable
	17.3 Other material risk factors	Not applicable
18.	<b>Promoters</b>	
	18.1 Identity of promoters, shares held and assets acquired from or transferred to Golden Cross Resources Inc. by promoters	Directors, Officers and Promoters of the Resulting Issuer, page 72; also see Schedule "A" attached
	18.2 Promoter subject to cease trade order, bankruptcy, penalties or sanctions	Corporate Cease Trade Orders or Bankruptcies, page 77; also see Schedule "A" attached
19.	<b>Legal Proceedings</b>	
	19.1 Material legal proceedings	Legal Proceedings, pages 45 and 61
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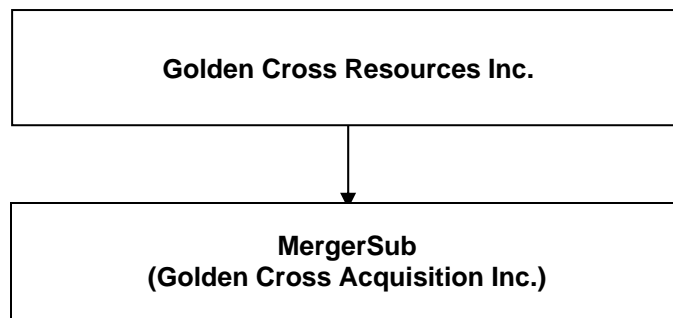
Item in Form 2A	Information Required by Form 2A Listing Statement	Corresponding Item and Page in Information Circular
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21.	<b>Auditors, Transfer Agents and Registrars</b>	
	21.1 Name and address of the auditor for Golden Cross Resources Inc.	Auditor, Transfer Agents and Registrars, pages 46 and 78
	21.2 Name and location of transfer agent for each class of securities	All Shares – Computershare Investor Services Inc., Vancouver, British Columbia Warrants – None Options – None
22.	<b>Material Contracts</b>	
	22.1 Particulars for each material contract	Material Contracts, pages 45 and 61. Please also see Schedule "A" attached
	22.2 Copies of co-tenancy, unitholders' or limited partnership agreements	Not applicable
23.	<b>Interest of Experts</b>	
	23.1 All direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.	Not applicable
	23.2 Beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer	Not applicable
	23.3 Ownership interest referred to in section 23.2 is less than 1%	Not applicable
	23.4 Disclosure that expert is, or is expected to be, appointed as a director or officer of the Issuer	Not applicable
24.	<b>Other Material Facts</b>	
	24.1 Describe other material facts not disclosed elsewhere in the Listing Statement	There are no other material facts about the Resulting Issuer and its securities that are not disclosed under the preceding items and are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer and its securities.

Item in Form 2A	Information Required by Form 2A Listing Statement	Corresponding Item and Page in Information Circular
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	25.1 Audited financial statements including auditor's report	Financial Statements of Blue Gold Tailing Technologies Ltd., Appendix A Pro Forma Financial Statements, Appendix B
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Appendix "A"	Mineral Projects	Please see Appendix "A"
Exhibit "A"	Information Circular of Golden Cross	

## **Schedule “A”**

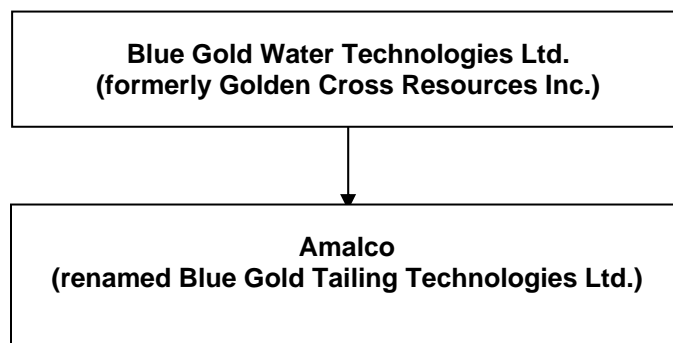
### **Item 2.3 Intercorporate Relationships**

The following table shows the intercorporate relationship prior to the Amalgamation:



### **Item 2.4 Fundamental Change/Arrangement**

The following table shows the inter-corporate relationship following the completion of the Amalgamation:



### **Item 9 Options to Purchase Securities**

As of the date hereof, there were no options to purchase common shares of the Issuer outstanding.

There were no options to purchase common shares of a subsidiary of the Issuer outstanding as at the date hereof.

## Item 14 Capitalization

### 14.1 The following chart relates to each class of securities to be listed:

#### Issued Capital

The following table sets out the current, estimated figures relating to the Issued Capital of the Resulting Issuer following completion of the Consolidation, the Amalgamation and the Concurrent Financing:

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<b>Public Float</b>				
Total outstanding (A)	77,995,802	95,379,524	100.0%	100.0%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	37,087,446	38,037,446	48%	40%
Total Public Float (A-B)	40,908,356	57,342,078	52%	60%
<b>Freely-Tradeable Float</b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	22,659,099	26,406,467	29%	28%
Total Tradeable Float (A-C)	55,336,703	68,973,057	71%	72%

**Public Securityholders (Registered)**

**Instruction:** For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

**Class of Security – Common Shares**

Size of Holding	Number of holders <sup>(1)</sup>	Total number of securities <sup>(1)</sup>
1 – 99 securities	0	Nil
100 – 499 securities	0	Nil
500 – 999 securities	2	1,000
1,000 – 1,999 securities	2	2,667
2,000 – 2,999 securities	0	Nil
3,000 – 3,999 securities	1	3,334
4,000 – 4,999 securities	3	14,254
5,000 or more securities	77	40,887,101
<b>TOTAL:</b>	<b>85</b>	<b>40,908,356</b>

- (1) Projected estimated numbers, which include a registered shareholders' list dated May 21, 2013, including CDS & Co. as a registered shareholder, shares sold in financings completed in May 2013, and 10,066,572 shares to be held by the former shareholders of Blue Gold who are public securityholders.

**Public Securityholders (Beneficial)**

**Instruction:** Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

**Class of Security – Common Shares**

Size of Holding	Number of holders <sup>(1)</sup>	Total number of securities <sup>(1)</sup>
1 – 99 securities	0	Nil
100 – 499 securities	0	Nil
500 – 999 securities	2	1,000
1,000 – 1,999 securities	2	2,667
2,000 – 2,999 securities	0	Nil
3,000 – 3,999 securities	1	3,334
4,000 – 4,999 securities	3	14,254
5,000 or more securities	97	58,695,958
Unable to confirm	1	19,278,589
<b>TOTAL:</b>	<b>106</b>	<b>77,995,802</b>

- (1) Projected estimated numbers, which include a registered shareholders' list dated May 21, 2013, including CDS & Co. as a registered shareholder, shares sold in financings completed in May 2013, and 10,066,572 shares to be held by the former shareholders of Blue Gold who are public securityholders.

### **Non-Public Securityholders (Registered)**

**Instruction:** For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

#### **Class of Security – Common Shares**

<b>Size of Holding</b>	<b>Number of holders<sup>(1)</sup></b>	<b>Total number of securities<sup>(1)</sup></b>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	16	37,087,446
<b>TOTAL:</b>	<b>16</b>	<b>37,087,446</b>

- (1) Projected, estimated shareholdings to be held by Related Persons or employees of the Resulting Issuer or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer.

#### **14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities**

The following table provides the current, estimated details for all securities convertible or exchangeable into any class of listed securities of the Resulting Issuer following completion of the Consolidation, the Amalgamation and the Concurrent Financing:

<b>Description of Security (include conversion / exercise terms, including conversion / exercise price)</b>	<b>Number of convertible / exchangeable securities outstanding<sup>(1)</sup></b>	<b>Number of listed securities issuable upon conversion / exercise</b>
Share purchase warrants, exercisable at \$0.20 per share until February 28, 2017	4,000,000	4,000,000
Share purchase warrants, exercisable at \$0.36 per share until June 27, 2014	785,573	785,573
Share purchase warrants, exercisable at \$0.36 per share until August 17, 2014	599,572	599,572
Share purchase warrants, exercisable at \$0.36 per share until August 30, 2014	1,218,049	1,218,049
Share purchase warrants, exercisable at \$0.36 per share until October 19, 2014	2,081,161	2,081,161
Share purchase warrants, exercisable at \$0.36 per share until November 6, 2014	231,402	231,402
Share purchase warrants, exercisable at \$0.38 per share until May 7, 2015	1,917,935	1,917,935
Share purchase warrants, exercisable at \$0.38 per share until May 13, 2015	564,546	564,546
Share purchase warrants, exercisable at \$0.38 per share until May 24, 2013	223,215	223,215
Share purchase warrants, exercisable at \$0.38 per share until May 28, 2013	3,928,572	3,928,572
Finder's warrants, exercisable at \$0.36 per share until June 27, 2014	28,560	28,560

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding <sup>(1)</sup>	Number of listed securities issuable upon conversion / exercise
Finder's warrants, exercisable at \$0.36 per share until August 17, 2014	48,440	48,440
Finder's warrants, exercisable at \$0.36 per share until August 30, 2014	80,500	80,500
Finder's warrants, exercisable at \$0.36 per share until October 19, 2014	84,525	84,525
Finder's warrants, exercisable at \$0.38 per share until May 7, 2015	28,000	28,000
Finder's warrants, exercisable at \$0.38 per share until May 13, 2015	63,672	63,672
Finder's warrants, exercisable at \$0.38 per share until May 28, 2015	550,000	550,000
Incentive Stock Options, exercisable at \$0.48 per share until May 28, 2018	950,000	950,000
<b>TOTAL:</b>	<b>17,383,722</b>	<b>17,383,722</b>

**14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.**

Not applicable.

**Item 18 Promoters**

Except as noted in the Circular, the directors and officers of the Issuer are, and have been for the two years immediately preceding the date of the Listing Statement, the promoters of the Issuer. The directors and officers of Blue Gold have been, for the period from April 13, 2013 to the date of the Listing Statement, the promoters of Blue Gold.

No promoter referred to in section 18.1 above is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:

- (a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer, state the fact and describe the basis on which the order was made and whether the order is still in effect.

**Item 22 Material Contracts**

The Issuer has entered into the following material contracts subsequent to the date of the Circular:

1. Extension Agreement #2 dated April 10, 2013 to the Amalgamation Agreement between Golden Cross Resources Inc., Golden Cross Acquisition Inc. and Blue Gold Tailing Technologies Ltd.

A copy of Amalgamation Agreement and all amendments thereto are available at [www.sedar.com](http://www.sedar.com) under the Company's profile.

The certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer.

### **CERTIFICATE OF THE ISSUER**

Pursuant to a resolution duly passed by its Board of Directors, **BLUE GOLD WATER TECHNOLOGIES LTD.**, (the "Issuer"), hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to **BLUE GOLD WATER TECHNOLOGIES LTD.** It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated this 27<sup>th</sup> day of May, 2013.

(Signed) "*Thomas Kennedy*"

\_\_\_\_\_  
Thomas Kennedy  
Chief Executive Officer

(Signed) "*John Morita*"

\_\_\_\_\_  
John Morita  
Chief Financial Officer

(Signed) "*James Chapman*"

\_\_\_\_\_  
James Chapman  
Director

(Signed) "*Lance Morginn*"

\_\_\_\_\_  
Lance Morginn  
Director



## **APPENDIX “A”: Mineral Projects**

The Issuer owns the Holy Cross Gold property, which consists of three mineral tenures covering 2,005 hectares (4,952 acres) located in the Omineca Mining Division of north central British Columbia. The property is located approximately 145 kilometres west of Prince George and is readily accessible by a network of forest service and secondary logging roads from the village of Fraser Lake, 33 kilometres north of the property. Under a Property Purchase Agreement dated September 26, 2006, Golden Cross purchased a 100% interest in the The Holy Cross property is in the exploration stage. The Issuer does not intend to pursue the exploration and development of the Holy Cross property at this time and therefore considers the property to not be material.

**EXHIBIT “A”: Information Circular**

**APPENDIX A**  
**FINANCIAL STATEMENTS OF BLUE GOLD TAILING TECHNOLOGIES LTD.**



Financial Statements

**Blue Gold Tailing Technologies Ltd.**

September 30, 2012

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Grant Thornton

## Independent auditor's report

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To the Shareholder of  
**Blue Gold Tailing Technologies Ltd.**

We have audited the accompanying financial statements of Blue Gold Tailing Technologies Ltd., which comprise the statement of financial position as at September 30, 2012, the statement of comprehensive loss, statement of shareholder's deficiency and statement of cash flows from the date of incorporation on April 13, 2012 to September 30, 2012 and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of



accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Blue Gold Tailing Technologies Ltd. as at September 30, 2012, and the results of its operations and its cash flows from the date of incorporation on April 13, 2012 to September 30, 2012 in accordance with International Financial Reporting Standards.

**Emphasis of matter**

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that the Company has a working capital deficiency at September 30, 2012 of \$1,049,503 and operating losses incurred to date of \$806,536 which, along with other matters set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

*Grant Thornton LLP*

Markham, Canada  
January 4, 2013

Chartered Accountants  
Licensed Public Accountants

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# Blue Gold Tailing Technologies Ltd.

## Statement of Financial Position

September 30

2012

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### Assets

#### Current

Cash and cash equivalents	\$	242,312
Receivable		8,192
Due from related party (Note 6)		189,302
Prepaid expenses and deposits		<u>67,076</u>
		506,882

Property, plant and equipment (Note 7) 261,906

\$ 768,788

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### Liabilities

#### Current

Payables and accruals	\$	177,954
Promissory notes payable (Note 8)		<u>1,378,431</u>
		1,556,385

Other liability 18,938  
1,575,323

### Shareholder's deficiency

Share capital (Note 10)	1
Deficit	<u>(806,536)</u>
	<u>(806,535)</u>

\$ 768,788

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Going concern (Note 2)  
Commitments (Note 11)  
Other matters (Note 13)

On behalf of the Board



Director

Director



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**Blue Gold Tailing Technologies Ltd.**  
**Statement of Loss and Comprehensive Loss**

From the date of incorporation on April 13, 2012 to September 30, 2012

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Revenue	\$ _____ -
Expenses	
Professional fees, consulting and advisory	288,367
Salaries and wages	383,236
Office	200,817
Travel and lodging	104,763
Meals and entertainment	17,161
Advertising and promotion	15,051
Insurance	8,390
Amortization	9,661
Freight and shipping	1,523
Bank service charges	952
Exchange gain or loss	184
	<u>1,030,105</u>
Loss before finance income (expense)	(1,030,105)
Finance income (expense)	
Other income (Note 8)	278,033
Interest expense (Note 8)	<u>(54,464)</u>
	<u>223,569</u>
Loss and comprehensive loss	\$ <u>(806,536)</u>
Loss per share	\$ <u>(806,536)</u>

See accompanying notes to the financial statements.

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**Blue Gold Tailing Technologies Ltd.**  
**Statement of Changes in Shareholder's Deficiency**

From the date of incorporation April 13, 2012 to September 30, 2012

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	<u>Shares</u>	<u>Share Capital</u>	<u>Deficit</u>	<u>Shareholder's Deficiency</u>
Balance, beginning of period	-	\$ -	\$ -	\$ -
Shares issued upon incorporation	1	1	-	1
Net loss and comprehensive loss			<u>(806,536)</u>	<u>(806,536)</u>
Balance, September 30, 2012	<u>1</u>	<u>\$ 1</u>	<u>\$(806,536)</u>	<u>\$ (806,535)</u>

See accompanying notes to the financial statements.

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## Blue Gold Tailing Technologies Ltd.

### Statement of Cash Flows

From the date of incorporation on April 13, 2012 to September 30, 2012

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Cash and equivalents derived from (applied to)

#### Operating

Net loss for the period	\$ (806,536)
Items not affecting cash	
Amortization of property, plant and equipment	9,661
Discount to fair value of promissory notes net of accretion	<u>(223,569)</u>
	(1,020,444)
Change in non-cash operating assets and liabilities	
Sales tax receivable	(8,192)
Prepaid expenses and deposits	(67,076)
Payables and accruals	<u>177,954</u>
	<u>(917,758)</u>

#### Investing

Acquisition of property, plant and equipment	(252,629)
Advances to related parties, net	<u>(189,302)</u>
	<u>(441,931)</u>

#### Financing

Proceeds from issuance of promissory notes	1,602,000
Issuance of capital stock	<u>1</u>
	<u>1,602,001</u>

Net increase in cash and cash equivalents 242,312

Cash and cash equivalents, beginning of period -

Cash and cash equivalents, end of year \$ 242,312

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See accompanying notes to the financial statements.

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## **Blue Gold Tailing Technologies Ltd.**

### **Notes to the Financial Statements**

September 30, 2012

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#### **1. Nature of operations**

Blue Gold Tailing Technologies Ltd. (the "Company" or "Blue Gold"), was incorporated to become a water treatment company that will use nanotechnology solutions to clean waste water and recover precious metals from mine tailings. The Company was incorporated under the laws of the Province of Ontario on April 13, 2012.

The address of the Company's corporate head office and principal place of business is 2660 Meadowvale Blvd. Suite 6B, Mississauga, Ontario, Canada.

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#### **2. Going concern**

The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

There is significant doubt about the Company's use of the going concern assumption because as at September 30, 2012, the Company has a working capital deficiency of \$1,049,503 and losses incurred to date of \$806,536. Furthermore, unlike the water treatment business, there is some uncertainty as to whether the Company's use of nanotechnology solutions can economically recover precious metals from mine tailings and therefore there is doubt as to future income and cash flows from operations.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further fund operations. Although the Company has been successful to date in doing so, there is no assurance that it will manage to obtain additional financing in the future.

To date, the Company received proceeds from promissory notes of \$1,602,000 issued by Golden Cross Resources Inc. ("Golden Cross") (see Note 8). In addition, on November 30, 2012, the Company entered into a merger agreement with Golden Cross, a publicly listed company on the Canadian National Stock Exchange ("CNSX"), which will result in a public listing for Blue Gold. Management expects that this will allow Blue Gold access to funding through the public markets and will settle the current amounts owing to Golden Cross. The transaction is pending shareholder and regulatory approvals.

There is no assurance that management's initiatives will be successful and uncertainty remains as to the ability of the Company to continue operating as a going concern for the next twelve months.

The carrying amounts of the assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

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# **Blue Gold Tailing Technologies Ltd.**

## **Notes to the Financial Statements**

September 30, 2012

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### **3. Summary of significant accounting policies**

#### **a) Statement of compliance**

These financial statements of the Company have been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were approved and authorized for issue by the Board of Directors on January 4, 2013.

#### **b) Basis of preparation**

These financial statements have been prepared on a historical cost basis.

#### **c) Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest bearing investments with maturities of 90 days or less than the original date of acquisition.

#### **d) Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and liabilities are measured subsequently as described below.

#### **Financial assets**

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at fair value through profit or loss;
- Held-to-maturity investments; and
- Available-for-sale financial assets

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## **Blue Gold Tailing Technologies Ltd.**

### **Notes to the Financial Statements**

September 30, 2012

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#### **3. Summary of significant accounting policies (continued)**

##### **d) Financial Instruments (continued)**

###### **Financial assets (continued)**

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, sales tax receivable and due from related parties fall into this category of financial instruments.

###### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gain or losses recognized in profit or loss. The Company has no financial assets in this category.

###### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company has no financial assets in this category.

###### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale financial assets are measured at the fair value and the net change in fair value is recognized in other comprehensive income and reported within the available-for-sale reserve within equity. The Company has no financial assets in this category.

###### *Impairment of financial assets*

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables are presented in profit or loss, if applicable.

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## **Blue Gold Tailing Technologies Ltd.**

### **Notes to the Financial Statements**

September 30, 2012

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#### **3. Summary of significant accounting policies (continued)**

##### **Financial Liabilities**

The Company's financial liabilities include payables and accruals and promissory notes payable.

Financial liabilities are measured subsequently at amortized cost using the effective interest method.

##### **e) Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated amortization. Cost includes expenditures directly related to the acquisition of the asset, which includes costs to bring the asset to a working condition for its intended use. If major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Amortization of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

Assets are amortized using the straight-line method over their estimated useful lives up to their residual value and both useful lives and residual values are reviewed annually. The estimated useful lives for the current and comparative periods are as follows:

Manufacturing and equipment	Straight line over 15 years
Computer and electronics	Straight line over 3 years
Furniture and fixtures	Straight line over 5 years
Leasehold improvements	Over the term of the lease, which is five years

Major improvements and extraordinary repairs that extend the life of an asset are capitalized; other repairs and maintenance are expensed. When assets are retired or otherwise disposed of, their carrying values and accumulated depreciation are removed from the accounts. Assets that are not available for production, where development and installation is not substantially complete, are not amortized.

##### **f) Impairment of property, plant and equipment**

Assets are grouped at the smallest identifiable group of assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets, known as cash generating unit. Hence, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

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## **Blue Gold Tailing Technologies Ltd.**

### **Notes to the Financial Statements**

September 30, 2012

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#### **3. Summary of significant accounting policies (continued)**

##### **f) Impairment of property, plant and equipment (continued)**

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment. An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each asset or cash-generating unit, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows.

The impairment loss reduces the asset or is charged pro-rata on the basis of the carrying amount of each asset in the cash-generating unit. All the assets are assessed whether there is any indication that an impairment loss recognized in prior periods may no longer exist. An impairment charge is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

##### **g) Income taxes**

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in net income (loss) except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the related tax is recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or recoverable for the current year based on substantively enacted tax rates at the reporting date. Deferred income tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases ("temporary differences") and loss carryforwards that are probable, and for which taxable profit will be available against which the asset can be realized. Deferred income tax assets and liabilities are measured using substantively enacted tax rates that are anticipated to be in effect when the differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the period that substantive enactment occurs. Deferred income taxes are reviewed at each reporting date and to the extent that the Company does not consider it probable that a deferred income tax asset will be recovered, a deferred tax asset is not recognized.

##### **h) Operating lease agreements**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. Related expenses, such as maintenance and insurance expenses are charged to income as incurred.



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## **Blue Gold Tailing Technologies Ltd.**

### **Notes to the Financial Statements**

September 30, 2012

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#### **3. Summary of significant accounting policies (continued)**

##### **i) Operating lease agreements (continued)**

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### **j) Earnings per share**

The basic earnings/loss per share have been calculated using the profit or loss attributable to the shareholder of the company as the numerator. The weighted average number of shares used as the denominator for the calculation was 1 for the reporting period.

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#### **4. Significant management judgments and estimates**

##### **Management judgments**

The following are significant management judgments in applying the accounting policies of the Company and information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### *Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

##### **Estimation uncertainty**

##### *Impairment*

In assessing impairment, management must determine the level at which independent cash flows exist, the asset or an asset grouping. Estimates of the recoverable amount of each asset or cash-generating unit is determined; based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

##### *Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of water filtration and mining tailings recovery equipment.

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## Blue Gold Tailing Technologies Ltd.

### Notes to the Financial Statements

September 30, 2012

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#### 5. Accounting standards issued but not yet effective

Several new standards, interpretations and amendments to existing standards have been issued by the IASB and IFRIC that are mandatory but not yet effective for the period ended September 30, 2012, and have not been applied in preparing these financial statements. Many of these are not applicable or inconsequential to the Company and have been excluded from the discussion below. The Company is currently assessing the impact of standards that may be applicable on the financial statements.

The following standards or interpretations have been issued by the IASB and IFRIC and are effective in the annual period beginning on or after the date shown:

IAS 1	Presentation of Financial Statements	July 1, 2012
IFRS 7	Financial Instruments: Amendment regarding Offsetting Financial Assets and Financial Liabilities	January 1, 2013
IFRS 9	Financial Instruments	January 1, 2015
IFRS 13	Fair Value Measurements	January 1, 2013
IFRS 32	Financial Instruments: Offsetting Financial Assets and Financial Liabilities	January 1, 2014

**IAS 1 *Presentation of Financial Statements*:** The standard provides guidance on the presentation of items of other comprehensive income ("OCI") and their classification within OCI. The Company will start the application of this standard in the consolidated financial statements effective from January 1, 2013. The Company has not yet evaluated the impact on the financial statements as a result of adopting this Standard.

**IFRS 7 *Financial Instruments: Amendment regarding Offsetting Financial Assets and Financial Liabilities*:** This amendment enables users of the financial statements to better compare financial statements prepared in accordance with IFRS and US Generally Accepted Accounting Principles. The Company will start the application of IFRS 7 in the financial statements effective from January 1, 2013. The Company has not yet evaluated the impact to the financial statements as a result of adopting this Standard.

**IFRS 9 *Financial Instruments*:** This standard replaces the current IAS 39 *Financial Instruments Recognition and Measurement*. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The Company will start the application of IFRS 9 in the financial statements effective from January 1, 2015. The Company has not yet evaluated the impact on the financial statements as a result of adopting this Standard.

**IFRS 13 *Fair Value Measurements*:** This standard defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurements. The Company will start the application of IFRS 13 in the consolidated financial statements effective from January 1, 2013. The Company has not yet evaluated the impact on the financial statements as a result of adopting this Standard.

**IAS 32 *Financial Instruments: Offsetting Financial Assets and Financial Liabilities*:** The amendment provides further clarification on the application of the offsetting requirements. The Company will start the application of IAS 32 in the consolidated financial statements effective from January 1, 2014. The Company has not yet evaluated the impact on the financial statements as a result of adopting this Standard.

# Blue Gold Tailing Technologies Ltd.

## Notes to the Financial Statements

September 30, 2012

### 6. Related party transactions

**2012**

The following balances were outstanding at the end of the reporting period:

Due from Blue Gold Holdings Inc., a company under common control,  
non-interest bearing, no fixed terms of repayment. \$ **189,302**

### Transactions with key management personnel

Key management of the Company are the Chief Executive Officer and the Chief Financial Officer. Key management personnel remuneration includes the following expenses:

Short-term benefits \$ **106,000**

The remuneration of the key executives is determined by the sole director having regard to the performance of individuals and market trends.

### 7. Property, plant and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2012 Net Book Value</u>
Equipment under construction	\$ 181,094	\$ -	\$ 181,094
Manufacturing equipment	1,537	51	1,486
Furniture and fixtures	19,457	2,173	17,284
Computer and electronics	23,323	3,887	19,436
Leasehold improvements	<u>46,156</u>	<u>3,550</u>	<u>42,606</u>
	\$ <u>271,567</u>	\$ <u>9,661</u>	\$ <u>261,906</u>

### 8. Promissory notes payable

The promissory notes payable as at September 30, 2012 are comprised as follows:

Term	Maturity Date	<u>Face Value</u>	<u>Fair Value at Issuance</u>	<u>Interest Accretion</u>	<u>Amortized Cost</u>
1 year	June 25, 2013	\$ 1,102,000	\$ 910,745	\$ 50,826	\$ 961,571
1 year	August 31, 2013	150,000	123,967	2,140	126,107
1 year	September 21, 2013	<u>350,000</u>	<u>289,255</u>	<u>1,498</u>	<u>290,753</u>
		\$ <u>1,602,000</u>	\$ <u>1,323,967</u>	\$ <u>54,464</u>	\$ <u>1,378,431</u>

The promissory notes, due to Golden Cross Resources Inc. ("Golden Cross"), are interest free and due at various maturities noted above. If the Company fails to repay the amounts due at maturity, interest will start to accrue at a rate of 21% per annum compounded annually. The notes are secured by a general security agreement with a floating charge and security interest on all the Company's assets, rights, interests and properties.

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## Blue Gold Tailing Technologies Ltd.

### Notes to the Financial Statements

September 30, 2012

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#### 8. Promissory notes payable (continued)

The promissory notes were initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. The face value of the notes has been discounted by \$278,033 to reflect their fair value as at the issuance date of the notes. This amount was recorded as other income on the statement of loss and comprehensive loss. The discount will amortize to interest expense over the term of the loans (365 days) based on the effective interest rate method. Total interest expense accreted for the period from the date of the incorporation on April 13, 2012 to September 30, 2012 was \$54,464.

At September 30, 2012 the fair value of the promissory notes using a discounted cash flow method is \$1,378,431 applying a discount rate of 21% and an assumption that the promissory notes will be repaid at maturity.

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#### 9. Income taxes

The following table reconciles the difference between the income tax expense amount that would result based on the statutory income tax rate of 27.25% and the effective income tax expense reported:

	<u>2012</u>
Loss before income taxes	\$ <u>(806,536)</u>
Expected income tax benefit based on statutory rate	(219,781)
Adjustments to expected income tax benefit:	
Non-deductible items	2,820
Deductible fair value adjustment net of accretion on promissory notes	(60,923)
Current year deductible temporary differences and tax loss not recognized	<u>277,884</u>
Income tax expense	\$ <u>-</u>

The Company has approximately \$1,011,000 of non-capital losses available to reduce taxable income in the future. These losses expire in 2032.

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#### 10. Share capital

2012

Authorized:

Unlimited number of common shares

Unlimited number of preferred shares

Issued:

1 common share \$ 1

The Board of Directors may issue the preferred shares at any time in one or more series. The Board of Directors will fix the number of shares in such series and will determine the designation rights, privileges, restrictions and conditions attached to the shares.

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## Blue Gold Tailing Technologies Ltd.

### Notes to the Financial Statements

September 30, 2012

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#### 11. Commitments

##### Operating leases

Future minimum payments under operating leases for premises and equipment are approximately as follows:

Due within one year	\$	69,047
Due from one to five years		167,258
Due after five years		<u>          </u>
	\$	<u>236,305</u>

The Company is also required to pay its share of maintenance, taxes and other costs of the leased premises. The Company has the option to renew the lease for another three years.

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#### 12. Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity price risk).

##### Risk management

Risk management is carried out by the Company's management team with guidance by the Board of Directors.

##### *Credit Risk*

Credit risk is the risk that a customer or a related party receivable will be unable to pay the Company in full when an amount becomes due. The Company does not have material exposure to customer credit risk as there has been no revenue generated. However, the Company has risk that the related party receivable will be collected.

##### *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial obligations as they become due. The Company's growth is financed through a combination of the cash flow from borrowing under existing promissory note facilities.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities to ensure it has sufficient funds available to meet current and foreseeable financial requirements.

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## Blue Gold Tailing Technologies Ltd.

### Notes to the Financial Statements

September 30, 2012

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#### 12. Financial instruments and risk management (continued)

The Company's financial obligations include promissory notes as described in Note 8, as well as accounts payable and accrued liabilities which are summarized in the following table.

Trade payables:	
Current	\$ 7,163
30 to 90 days	71,570
Over 90 days	8,340
Accrued liabilities	<u>90,881</u>
	177,954
Promissory notes	<u>1,602,000</u>
	<u>\$ 1,779,954</u>

#### *Foreign currency risk*

Foreign exchange risk is the risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not have material exposure to these risks as the extent of business transaction in foreign currencies is minimal.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company does not have material exposure to these risks.

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#### 13. Other matters

On November 30, 2012, the shareholder of the Company entered into an agreement ("the Agreement") with Golden Cross to sell Blue Gold (the "Acquisition"). Pursuant to the share exchange ratio in the Agreement, Golden Cross intends to issue 38,000,000 common shares in exchange for all of the issued and outstanding shares of Blue Gold.

Golden Cross has further agreed to issue up to 9,000,000 shares to certain individuals designated by the directors of Blue Gold as earn-out or performance shares. These shares are to be released pursuant to a formula, which is set out in the Agreement, measuring the financial performance of the Company following the Acquisition.

The agreement is conditional upon the acquisition by the Company of intellectual property rights from Blue Gold Holdings Inc. and a corporate reorganization of Blue Gold Tailings Technologies Ltd.

On completion of the Acquisition, Golden Cross intends to change its name to "Blue Gold Water and Tailings Ltd". The Acquisition is subject to shareholder and regulatory approvals.



**APPENDIX B**  
**PRO FORMA FINANCIAL STATEMENTS**



# **BLUE GOLD WATER AND TAILINGS LTD.**

(Amalgamation of Golden Cross Resources Inc. and Blue Gold Tailing Technologies Ltd.)

September 30, 2012

Pro-Forma Consolidated Financial Statements  
(Unaudited)

# BLUE GOLD WATER AND TAILINGS LTD.

## PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2012

(Unaudited)

	Golden Cross Resources Inc.	Blue Gold Tailing Technology Ltd.	Notes	Pro-Forma Adjustments	Blue Gold Pro-Forma
	\$	\$		\$	\$
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash and cash equivalents	1,338,295	242,312	2b), 2d)	3,414,428	4,995,035
Other receivables	13,803	8,192	2f)	89,861	111,856
Due from related party	-	189,302		-	189,302
Prepaid expenses and deposits	-	67,076		-	67,076
Promissory notes receivable	1,385,006	-	2c)	(1,385,006)	-
	2,737,104	506,882		2,119,283	5,363,269
Exploration and evaluation assets	37,500	-		-	37,500
Property, plant and equipment	-	261,906		-	261,906
Intangible assets	-	-		1,500,000	1,500,000
	2,774,604	768,788		3,619,283	7,162,675
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	18,704	177,954		-	196,658
Promissory notes payable	-	1,378,431	2c)	(1,378,431)	-
	18,704	1,556,385		(1,378,431)	196,658
<b>Other liability</b>	-	18,938	2f)	14,918	33,856
	18,704	1,575,323		(1,363,513)	230,514
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	3,260,474	1	2a), 2b), 2d), 2e), 2f)	5,443,317	8,703,792
Share subscriptions received	563,920	-	2b)	(563,920)	-
Reserves	471,969	-	2a)	-	471,969
Retained earnings (deficit)	(1,540,463)	(806,536)	2a), 2c), 2d), 2e), 2f)	103,399	(2,243,600)
	2,755,900	(806,535)		4,982,796	6,932,161
	2,774,604	768,788		3,619,283	7,162,675

Approved on behalf of the Board:

s/ "Thomas Kennedy"

\_\_\_\_\_  
Thomas Kennedy

Director

s/ "Lance Morginn"

\_\_\_\_\_  
Lance Morginn

Director

**BLUE GOLD WATER AND TAILINGS LTD.**

**PRO-FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

**For the Period Ended September 30, 2012**

**(Unaudited)**

	Golden Cross Resources Inc.	Blue Gold Tailing Technology Ltd.	Notes	Pro-Forma Adjustments	Blue Gold Pro-Forma
	\$	\$		\$	\$
<b>Revenue</b>	-	-		-	-
<b>Expenses</b>					
Professional fees, consulting and advisory	219,025	288,367		-	507,392
Salaries and wages	-	383,236	2f)	187,500	570,736
Office	60,250	200,817		-	261,067
Travel and lodging	17,670	104,763		-	122,433
Share based payments	60,309	-		-	60,309
Meals and entertainment	-	17,161		-	17,161
Advertising and promotion	72,523	15,051		-	87,574
Transfer agent and filing fees	19,715	-		-	19,715
Insurance	-	8,390		-	8,390
Amortization	-	9,661		-	9,661
Mineral exploration expenditures	3,556	-		-	3,556
Freight and shipping	-	1,523		-	1,523
Bank services charges	-	952		-	952
Exchange gain (loss)	-	184		-	184
	453,048	1,030,105		187,500	1,670,653
<b>Loss from operations</b>	(453,048)	(1,030,105)		(187,500)	(1,670,653)
<b>Other income (expenses)</b>					
Financing income (expense)	(209,704)	223,569	2c)	(6,575)	7,290
Reverse takeover transaction costs	-	-	2d), 2e)	(2,963,000)	(2,963,000)
	(209,704)	223,569		(2,969,575)	(2,955,710)
<b>Loss and comprehensive loss</b>	(662,752)	(806,536)		(3,157,075)	(4,626,363)

## **BLUE GOLD WATER AND TAILINGS LTD.**

### **NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2012**

**(Unaudited)**

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#### **NOTE 1 – BASIS OF PRESENTATION**

Golden Cross Resources Inc. ("Golden Cross") and Blue Gold Tailing Technologies Ltd. ("Blue Gold") entered into an amalgamation agreement ("the Amalgamation Agreement") dated November 21, 2012, whereby Golden Cross and Blue Gold will amalgamate in accordance with the below noted material terms:

- Each of the 101,726,888 issued and outstanding common shares of Blue Gold immediately before the effective date of amalgamation shall be exchanged for 0.373549223 of Golden Cross shares and the Blue Gold shares exchanged in accordance with these provisions will be cancelled.
- Up to further 9,000,000 Golden Cross shares will be issuable to individuals designated by Blue Gold directors. These shares are earn-out shares to be released to the holders based on cumulative cash flows of the amalgamated company, or such measure as agreed to by the parties.
- Golden Cross will complete a 1 for 2 common shares consolidation before the effective date of the amalgamation.
- Golden Cross may concurrently complete a private placement of up to \$3,000,000, consisting of units at a price of no less than \$0.14 per unit, each unit comprised of 1 common share and ½ share purchase warrant exercisable at no less than \$0.18 for up to two years.
- The amalgamation is subject to finders fees of up to 3,000,000 common shares of Golden Cross at a deemed value of 0.224.
- All above noted Golden Cross share information is on a postshares-consolidation basis.
- The amalgamated company is to operate under the name Blue Gold Water and Tailings Technology Ltd. or such other name as approved by the directors ("Blue Gold Pro-Forma").

The completion of the amalgamation is subject to conditions, including shareholder and regulatory approvals.

The transaction will result in Blue Gold becoming legally a wholly-owned subsidiary of Golden Cross. The transaction is treated as a reverse takeover capital transaction for accounting purposes. In a reverse takeover, the legal acquiree becomes the accounting acquirer. Accordingly, Blue Gold will be the accounting acquirer (parent) and Golden Cross the accounting acquiree (subsidiary). The consolidated financial statements will reflect the legal share structure of Golden Cross and the capitalization amounts of Blue Gold.

Management has prepared the unaudited pro-forma consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). In the opinion of management, the pro-forma consolidated financial statements include all material adjustments necessary for fair presentation in accordance with IFRS.

# BLUE GOLD WATER AND TAILINGS LTD.

## NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012

(Unaudited)

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### NOTE 1 – BASIS OF PRESENTATION (Continued)

In preparing the pro-forma consolidated financial statements, no adjustments have been made to reflect the additional costs or savings that could result from combining the operations of the companies.

The pro-forma consolidated financial statements are not necessarily indicative of the financial position of Blue Gold Pro-Forma on the date of the amalgamation. It is the recommendation of management that the pro-forma consolidated financial statements should be read in conjunction with the audited financial statements and the accompanying notes of the respective companies included in the information circular.

The unaudited pro-forma consolidated financial statements have been derived from the audited financial statements of Golden Cross and Blue Gold as at September 30, 2012, included in the information circular. All balances in these pro-forma consolidated financial statements and accompanying notes are denominated in Canadian dollars.

The September 30, 2012 unaudited pro-forma consolidated statement of financial position has been prepared as if the transactions described in Note 2 had occurred on September 30, 2012. The unaudited pro-forma consolidated statement of loss and comprehensive loss for the period ended September 30, 2012 has been prepared as if the transactions described in Note 2 had occurred on October 1, 2011.

### NOTE 2 – PRO-FORMA TRANSACTIONS, ASSUMPTIONS AND ADJUSTMENTS

#### *a) Amalgamation*

Pursuant to the Amalgamation Agreement, each of the 101,726,888 issued and outstanding common shares of Blue Gold immediately before the effective date of amalgamation shall be exchanged for 0.373549223 of Golden Cross shares and the Blue Gold shares exchanged in accordance with these provisions will be cancelled. For purposes of these consolidated pro-forma financial statements it is assumed that the amalgamation is a reverse takeover capital transaction, where the 38,000,000 common shares are issued by Golden Cross to Blue Gold at Blue Gold's share capital carrying value of \$1,762,444 and concurrently, as at September 30, 2012, the Golden Cross pre-pro-forma share capital of \$3,260,474 is eliminated into retained earnings.

#### *b) Golden Cross Private Placements*

For the purpose of these pro-forma consolidated financial statements, the following private placements have been reflected as at September 30, 2012:

- (i) Golden Cross' private placement completed in two tranches in October and November 2012 of 4,625,126 units (post-consolidation) for total proceeds of \$1,295,035. Each post-consolidation unit consists of one common share and one-half share purchase warrant exercisable at \$0.36 for two years. The private placement was subject to finders' fees, including cash in the amount of \$41,687, which are reflected in these consolidated pro-forma financial statements. Upon unit bifurcation, a fair value of \$1,295,035 was allocated to the common share component and \$nil to the share purchase warrant component, using the residual value approach.

**BLUE GOLD WATER AND TAILINGS LTD.**

**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2012**

**(Unaudited)**

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**NOTE 2 – PRO-FORMA TRANSACTIONS, ASSUMPTIONS AND ADJUSTMENTS (Continued)**

*b) Golden Cross Private Placements (continued)*

- (ii) Golden Cross' concurrent private placement with the amalgamation, which pursuant to the terms of the amalgamation it may complete at a value of up to \$3,000,000, consisting of units at a price of no less than \$0.14 per unit, each unit comprised of 1 common share and ½ share purchase warrant exercisable at no less than \$0.18 for up to two years.

For purposes of these pro-forma consolidated financial statements, it is assumed that the concurrent private placement will consist of 6,818,181 post-consolidation units at a price of \$0.44 per unit and is completed as at September 30, 2012. It is further assumed that upon unit bi-furcation, a fair value of \$3,000,000 will be allocated to the common share component and \$nil to the share purchase warrant component, using the residual value approach.

Golden Cross has firmly committed to the completion of the private placement and for purposes of these pro-forma consolidated financial statements it is assumed that the private placement will be completed successfully.

*c) Elimination Entry*

In anticipation to the amalgamation of Golden Cross and Blue Gold, Golden Cross has advanced promissory notes to Blue Gold as at September 30, 2012. The carrying value of the promissory notes in the accounts of Golden Cross and Blue Gold is eliminated for purposes of these pro-forma consolidated financial statements.

*d) Capital Transactions Costs*

The transaction costs relating to the amalgamation that have been incurred by Golden Cross and Blue Gold subsequent to September 30, 2012 are reflected in the pro-forma consolidated financial statements as having been incurred as at September 30, 2012.

Amalgamation finder's fees:

3,000,000 post-consolidation common shares of Golden Cross at a deemed price of \$0.224 per share, for a total value of \$672,000, have been reflected as a charge to share capital and operations as finder's fees on the amalgamation.

Other transaction costs:

Other transaction costs of \$275,000, consisting primarily of professional fees, travel and administrative fees, have been charged to cash and operations.

**BLUE GOLD WATER AND TAILINGS LTD.**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2012**  
**(Unaudited)**

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**NOTE 2 – PRO-FORMA TRANSACTIONS, ASSUMPTIONS AND ADJUSTMENTS (Continued)**

*e) Earn-Out Common Shares*

Pursuant to the terms of the Amalgamation Agreement, the 9,000,000 earn-out common shares to be issued to designated individuals will be released to them conditional on future Blue Gold Pro-Forma performance. The shares have been reflected as being issued upon amalgamation at a deemed price of \$0.224 per share for a total value of \$2,016,000 on the basis that it is more likely than not that they will be released pursuant to the earn-out formula.

*f) Blue Gold Pro-Forma Transactions*

Completion of the amalgamation is conditional upon Blue Gold completing a corporate reorganization and acquisition of intellectual property rights from a company related to it, Blue Gold Holdings Ltd (“Holdings”). These transactions have been recognized in these consolidated pro-forma financial statements as at September 30, 2012 and consist of the following:

Acquisition of intellectual property rights:

On January 16, 2013, Blue Gold entered into an exclusive license and assignment agreement with Holdings, whereby Blue Gold would purchase a license and an assignment of the license granted to Holdings by the University of Saskatchewan for total consideration of \$1,500,000, payable by the issuance of 30,518,075 of Blue Gold common shares at a price of \$0.04915 per common share.

Builder common shares:

Blue Gold is to issue 48,105,519 common shares in consideration for \$89,861 cash as builder common shares. 20,217,309 of these common shares will be issued to founders of Blue Gold.

Share based compensation:

Blue Gold will issue a total of 23,103,293 common shares and cash of \$14,918 in equal monthly instalments from October 31, 2012 to February 28, 2013 in consideration for services of \$187,500 to founders of Blue Gold.

Blue Gold pro-forma share capital:

	Number of Common Shares	Amount
		\$
Share capital as at September 30, 2012	1	1
Acquisition of intellectual property	30,518,075	1,500,000
Builder common shares	48,105,519	89,861
Share based compensation	23,103,293	172,582
Pro-forma share capital as at September 30, 2012	101,726,888	1,762,444

**BLUE GOLD WATER AND TAILINGS LTD.**

**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2012**

**(Unaudited)**

**NOTE 3 – SHARE CAPITAL**

Authorized: unlimited number of common shares without par value

Pro-forma consolidated common shares issued, on a post one for two share-consolidation basis:

	Number of Common Shares	Amount \$
Golden Cross Share Capital as at September 30, 2012	19,102,138	3,260,474
Amalgamation (Note 2a)):		
- Golden Cross' shares issued on amalgamation to Blue Gold	38,000,000	1,762,444
- Golden Cross' share capital eliminated upon amalgamation	-	(3,260,474)
Private placements (Note 2b)):		
- Golden Cross' October and November 2012 private placements	4,625,126	1,295,035
- Golden Cross' private placement concurrent with amalgamation	6,818,181	3,000,000
Capital transaction costs (Note 2d)):		
- cash finder's fees on Golden Cross' October and November 2012 private placements	-	(41,687)
- Golden Cross' shares issued as finder's fees on amalgamation	3,000,000	672,000
Earn-out common shares (Note 2e))	9,000,000	2,016,000
Blue Gold Pro-Forma Share Capital as at September 30, 2012	80,545,445	8,703,792

**NOTE 4 – INCOME TAX INFORMATION**

The estimated pro-forma consolidated effective tax rate of Blue Gold Pro-Forma is 26.50%. Due to the uncertainty regarding Blue Gold Pro-Forma's future profitability, the future tax benefits of estimated losses have been fully reserved for and no net tax benefit has been recorded in the pro-forma consolidated statement of financial position.



**APPENDIX C**  
**FORM OF CONSOLIDATION RESOLUTION**

**“BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF GOLDEN CROSS RESOURCES INC. (“GOLDEN CROSS”) THAT:**

1. the share consolidation (the “**Consolidation**”) of the 47,454,529 issued and outstanding common shares of Golden Cross on the basis of two (2) old shares being consolidated into one (1) new share, with fractional shares being rounded up to the next greater whole number if the fractional entitlement is equal to or greater than 0.5 and will, without any additional compensation, be rounded down to the next lesser whole number of common shares of Golden Cross if the fractional entitlement is less than 0.5, as more particularly described and set forth in the information circular of Golden Cross dated February 22, 2013, is hereby authorized and approved; and
2. notwithstanding that this resolution has been passed by the shareholders of Golden Cross (and the Consolidation completed) by the shareholders of Golden Cross, the directors of Golden Cross are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Golden Cross, to do all such further action that may be necessary to effect these resolutions and the Consolidation.”

**APPENDIX D**  
**FORM OF AMALGAMATION RESOLUTION**

**“BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF GOLDEN CROSS RESOURCES INC. (“GOLDEN CROSS”) THAT:**

1. the amalgamation agreement dated November 21, 2012 between Golden Cross, Golden Cross Acquisition Inc. (“**Merger Sub**”) and Blue Gold Tailing Technologies Ltd. (“**Blue Gold**”), as amended January 16, 2013 and January 30, 2013 (collectively, the “**Amalgamation Agreement**”), subject to such further amendments as may be approved by the board of directors of Gold Cross in accordance with the provisions of the Amalgamation Agreement, if any, as more particularly described and set forth in the information circular of Golden Cross dated February 22, 2013, be and the same is hereby approved and adopted;
2. the directors and officers of Golden Cross (or any one of them) be and are hereby authorized and empowered, acting for and in the name of and on behalf of Golden Cross, to deliver or cause to be delivered any and all such documents and instruments and to do or to cause to be done all such other acts and things as, in the opinion of such director or officer, may be necessary or desirable in order to fulfil the intent of this resolution including, without limitation, the filing of articles of amalgamation in respect of Merger Sub and Blue Gold under the *Business Corporations Act* (Ontario); and
3. notwithstanding that these resolutions have been passed (and the amalgamation adopted) by the shareholders of Golden Cross, the directors of Golden Cross are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Golden Cross:
  - (a) to further amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement; or
  - (b) subject to the terms of the Amalgamation Agreement, not to proceed with the Amalgamation.”

**APPENDIX E**  
**FORM OF CONTINUANCE RESOLUTION**

**“BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS OF GOLDEN CROSS RESOURCES INC. (“GOLDEN CROSS”) THAT:**

1. The continuance of Golden Cross out of the Province of British Columbia into the Province of Ontario, as more particularly described and set forth in the information circular of Golden Cross dated February 22, 2013, be and the same is hereby authorized and approved subject to the right of the directors to abandon the application without further approval of the shareholders;
2. The directors of Golden Cross be and are hereby authorized to:
  - (a) make application pursuant to section 302 of the *British Columbia Business Corporations Act* to the Registrar of Companies to continue Golden Cross as if it had been incorporated under the *Business Corporations Act* (Ontario) (the “**Ontario BCA**”);
  - (b) continue Golden Cross into the Province of Ontario under section 180 of the Ontario BCA; and
  - (c) file articles of continuance and all such other writings with, and obtain a certificate of continuance from, the Director appointed under the Ontario BCA as required in connection with such continuance resulting in Golden Cross becoming incorporated under and subject to the laws of the Province of Ontario; and
3. Subject to such continuance and the issue of a Certificate of Discontinuance from the Province of British Columbia and without affecting the validity of Golden Cross and the existence of Golden Cross by or under its charter documents and of any act done thereunder, any officer or director of Golden Cross be and is hereby authorized to:
  - (a) substitute the existing articles of Golden Cross with the articles of continuance under the Ontario BCA in the form to be approved by any such director or officer of Golden Cross and as may be accepted by the Director under the Ontario BCA; and
  - (b) take all such other acts and proceedings and to execute and deliver all such applications, authorizations, certificates, documents and instruments, as in the opinion of such director or officer may be reasonably necessary or desirable for the implementation of these resolutions.

## **APPENDIX F DISSENT PROVISIONS OF THE BCBCA**

### **Definitions and application**

**237** (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section

291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or

- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

### **Right to dissent**

**238** (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- (b) under section 272, in respect of a resolution to adopt an Definitive Agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

- (g) in respect of any other resolution, if dissent is authorized by the resolution; (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
  - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
- (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

**Waiver of right to dissent**

**239** (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

- (a) provide to the company a separate waiver for
  - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
- (b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
- (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action

terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

### **Notice of resolution**

**240** (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can

be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

### **Notice of court orders**

**241** If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

### **Notice of dissent**

**242** (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
  - (i) the date on which the shareholder learns that the resolution was passed, and
  - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
  - (i) the name and address of the beneficial owner, and
  - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

### Notice of intention to proceed

**243** (1) A company that receives a notice of dissent under section 242 from a dissenter must,

- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
  - (i) the date on which the company forms the intention to proceed, and
  - (ii) the date on which the notice of dissent was received, or
- (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

- (a) be dated not earlier than the date on which the notice is sent,
- (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
- (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

### Completion of dissent

**244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

- (a) a written statement that the dissenter requires the company to purchase all of the notice shares, (b) the certificates, if any, representing the notice shares, and
- (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section. (2) The written statement referred to in subsection (1) (c) must
  - (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
  - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) that dissent is being exercised in respect of all of those other shares. (3) After the dissenter has complied with subsection (1),
      - (a) the dissenter is deemed to have sold to the company the notice shares, and
      - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares



beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

### **Payment for notice shares**

**245** (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

- (a) promptly pay that amount to the dissenter, or
- (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
- (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
- (c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

- (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares,  
  
other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
- (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
- (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

- (a) the company is insolvent, or
- (b) the payment would render the company insolvent.

### **Loss of right to dissent**

**246** The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an Definitive Agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

### **Shareholders entitled to return of shares and rights**

**247** If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

# **BLUE GOLD WATER AND TAILINGS LTD.**

(Amalgamation of Golden Cross Resources Inc. and Blue Gold Tailing Technologies Ltd.)

September 30, 2012

Pro-Forma Consolidated Financial Statements  
(Unaudited)

**BLUE GOLD WATER AND TAILINGS LTD.**  
**PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at September 30, 2012**  
**(Unaudited)**

	Golden Cross Resources Inc.	Blue Gold Tailing Technology Ltd.	Notes	Pro-Forma Adjustments	Blue Gold Pro-Forma
	\$	\$		\$	\$
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash and cash equivalents	1,338,295	242,312	2b), 2d)	3,414,428	4,995,035
Other receivables	13,803	8,192	2f)	89,861	111,856
Due from related party	-	189,302		-	189,302
Prepaid expenses and deposits	-	67,076		-	67,076
Promissory notes receivable	1,385,006	-	2c)	(1,385,006)	-
	2,737,104	506,882		2,119,283	5,363,269
Exploration and evaluation assets	37,500	-		-	37,500
Property, plant and equipment	-	261,906		-	261,906
Intangible assets	-	-		1,500,000	1,500,000
	2,774,604	768,788		3,619,283	7,162,675
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accounts payable and accrued liabilities	18,704	177,954		-	196,658
Promissory notes payable	-	1,378,431	2c)	(1,378,431)	-
	18,704	1,556,385		(1,378,431)	196,658
<b>Other liability</b>	-	18,938	2f)	14,918	33,856
	18,704	1,575,323		(1,363,513)	230,514
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	3,260,474	1	2a), 2b), 2d), 2e), 2f)	5,443,317	8,703,792
Share subscriptions received	563,920	-	2b)	(563,920)	-
Reserves	471,969	-	2a)	-	471,969
Retained earnings (deficit)	(1,540,463)	(806,536)	2a), 2c), 2d), 2e), 2f)	103,399	(2,243,600)
	2,755,900	(806,535)		4,982,796	6,932,161
	2,774,604	768,788		3,619,283	7,162,675

Approved on behalf of the Board:

s/ "•"

\_\_\_\_\_  
 [name] Director

s/ "•"

\_\_\_\_\_  
 [name] Director

**BLUE GOLD WATER AND TAILINGS LTD.**  
**PRO-FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**  
**For the Period Ended September 30, 2012**  
**(Unaudited)**

	Golden Cross Resources Inc.	Blue Gold Tailing Technology Ltd.	Notes	Pro-Forma Adjustments	Blue Gold Pro-Forma
	\$	\$		\$	\$
<b>Revenue</b>	-	-		-	-
<b>Expenses</b>					
Professional fees, consulting and advisory	219,025	288,367		-	507,392
Salaries and wages	-	383,236	2f)	187,500	570,736
Office	60,250	200,817		-	261,067
Travel and lodging	17,670	104,763		-	122,433
Share based payments	60,309	-		-	60,309
Meals and entertainment	-	17,161		-	17,161
Advertising and promotion	72,523	15,051		-	87,574
Transfer agent and filing fees	19,715	-		-	19,715
Insurance	-	8,390		-	8,390
Amortization	-	9,661		-	9,661
Mineral exploration expenditures	3,556	-		-	3,556
Freight and shipping	-	1,523		-	1,523
Bank services charges	-	952		-	952
Exchange gain (loss)	-	184		-	184
	453,048	1,030,105		187,500	1,670,653
<b>Loss from operations</b>	(453,048)	(1,030,105)		(187,500)	(1,670,653)
<b>Other income (expenses)</b>					
Financing income (expense)	(209,704)	223,569	2c)	(6,575)	7,290
Reverse takeover transaction costs	-	-	2d), 2e)	(2,963,000)	(2,963,000)
	(209,704)	223,569		(2,969,575)	(2,955,710)
<b>Loss and comprehensive loss</b>	(662,752)	(806,536)		(3,157,075)	(4,626,363)

**BLUE GOLD WATER AND TAILINGS LTD.**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2012**  
**(Unaudited)**

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**NOTE 1 – BASIS OF PRESENTATION**

Golden Cross Resources Inc. (“Golden Cross”) and Blue Gold Tailing Technologies Ltd. (“Blue Gold”) entered into an amalgamation agreement (“the Amalgamation Agreement”) dated November 21, 2012, whereby Golden Cross and Blue Gold will amalgamate in accordance with the below noted material terms:

- Each of the 101,726,888 issued and outstanding common shares of Blue Gold immediately before the effective date of amalgamation shall be exchanged for 0.373549223 of Golden Cross shares and the Blue Gold shares exchanged in accordance with these provisions will be cancelled.
- Up to further 9,000,000 Golden Cross shares will be issuable to individuals designated by Blue Gold directors. These shares are earn-out shares to be released to the holders based on cumulative cash flows of the amalgamated company, or such measure as agreed to by the parties.
- Golden Cross will complete a 1 for 2 common shares consolidation before the effective date of the amalgamation.
- Golden Cross may concurrently complete a private placement of up to \$3,000,000, consisting of units at a price of no less than \$0.14 per unit, each unit comprised of 1 common share and ½ share purchase warrant exercisable at no less than \$0.18 for up to two years.
- The amalgamation is subject to finders fees of up to 3,000,000 common shares of Golden Cross at a deemed value of 0.224.
- All above noted Golden Cross share information is on a postshares-consolidation basis.
- The amalgamated company is to operate under the name Blue Gold Water and Tailings Technology Ltd. or such other name as approved by the directors (“Blue Gold Pro-Forma”).

The completion of the amalgamation is subject to conditions, including shareholder and regulatory approvals.

The transaction will result in Blue Gold becoming legally a wholly-owned subsidiary of Golden Cross. The transaction is treated as a reverse takeover capital transaction for accounting purposes. In a reverse takeover, the legal acquiree becomes the accounting acquirer. Accordingly, Blue Gold will be the accounting acquirer (parent) and Golden Cross the accounting acquiree (subsidiary). The consolidated financial statements will reflect the legal share structure of Golden Cross and the capitalization amounts of Blue Gold.

Management has prepared the unaudited pro-forma consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”). In the opinion of management, the pro-forma consolidated financial statements include all material adjustments necessary for fair presentation in accordance with IFRS.

In preparing the pro-forma consolidated financial statements, no adjustments have been made to reflect the additional costs or savings that could result from combining the operations of the companies.

The pro-forma consolidated financial statements are not necessarily indicative of the financial position of Blue Gold Pro-Forma on the date of the amalgamation. It is the recommendation of management that the pro-forma consolidated financial statements should be read in conjunction with the audited financial statements and the accompanying notes of the respective companies included in the information circular.

**BLUE GOLD WATER AND TAILINGS LTD.**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2012**  
**(Unaudited)**

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**NOTE 1 – BASIS OF PRESENTATION (Continued)**

The unaudited pro-forma consolidated financial statements have been derived from the audited financial statements of Golden Cross and Blue Gold as at September 30, 2012, included in the information circular. All balances in these pro-forma consolidated financial statements and accompanying notes are denominated in Canadian dollars.

The September 30, 2012 unaudited pro-forma consolidated statement of financial position has been prepared as if the transactions described in Note 2 had occurred on September 30, 2012. The unaudited pro-forma consolidated statement of loss and comprehensive loss for the period ended September 30, 2012 has been prepared as if the transactions described in Note 2 had occurred on October 1, 2011.

**NOTE 2 – PRO-FORMA TRANSACTIONS, ASSUMPTIONS AND ADJUSTMENTS**

*a) Amalgamation*

Pursuant to the Amalgamation Agreement, each of the 101,726,888 issued and outstanding common shares of Blue Gold immediately before the effective date of amalgamation shall be exchanged for 0.373549223 of Golden Cross shares and the Blue Gold shares exchanged in accordance with these provisions will be cancelled. For purposes of these consolidated pro-forma financial statements it is assumed that the amalgamation is a reverse takeover capital transaction, where the 38,000,000 common shares are issued by Golden Cross to Blue Gold at Blue Gold's share capital carrying value of \$1,762,444 and concurrently, as at September 30, 2012, the Golden Cross pre-pro-forma share capital of \$3,260,474 is eliminated into retained earnings.

*b) Golden Cross Private Placements*

For the purpose of these pro-forma consolidated financial statements, the following private placements have been reflected as at September 30, 2012:

- (i) Golden Cross' private placement completed in two tranches in October and November 2012 of 4,625,126 units (post-consolidation) for total proceeds of \$1,295,035. Each post-consolidation unit consists of one common share and one-half share purchase warrant exercisable at \$0.36 for two years. The private placement was subject to finders' fees, including cash in the amount of \$41,687, which are reflected in these consolidated pro-forma

financial statements. Upon unit bi-furcation, a fair value of \$1,295,035 was allocated to the common share component and \$nil to the share purchase warrant component, using the residual value approach.

**BLUE GOLD WATER AND TAILINGS LTD.**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2012**  
**(Unaudited)**

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**NOTE 2 – PRO-FORMA TRANSACTIONS, ASSUMPTIONS AND ADJUSTMENTS (Continued)**

*b) Golden Cross Private Placements (continued)*

- (ii) Golden Cross' concurrent private placement with the amalgamation, which pursuant to the terms of the amalgamation it may complete at a value of up to \$3,000,000, consisting of units at a price of no less than \$0.14 per unit, each unit comprised of 1 common share and ½ share purchase warrant exercisable at no less than \$0.18 for up to two years.

For purposes of these pro-forma consolidated financial statements, it is assumed that the concurrent private placement will consist of 6,818,181 post-consolidation units at a price of \$0.44 per unit and is completed as at September 30, 2012. It is further assumed that upon unit bi-furcation, a fair value of \$3,000,000 will be allocated to the common share component and \$nil to the share purchase warrant component, using the residual value approach.

Golden Cross has firmly committed to the completion of the private placement and for purposes of these pro-forma consolidated financial statements it is assumed that the private placement will be completed successfully.

*c) Elimination Entry*

In anticipation to the amalgamation of Golden Cross and Blue Gold, Golden Cross has advanced promissory notes to Blue Gold as at September 30, 2012. The carrying value of the promissory notes in the accounts of Golden Cross and Blue Gold is eliminated for purposes of these pro-forma consolidated financial statements.

*d) Capital Transactions Costs*

The transaction costs relating to the amalgamation that have been incurred by Golden Cross and Blue Gold subsequent to September 30, 2012 are reflected in the pro-forma consolidated financial statements as having been incurred as at September 30, 2012.



Amalgamation finder's fees:

3,000,000 post-consolidation common shares of Golden Cross at a deemed price of \$0.224 pershare, for a total value of \$672,000, have been reflected as a charged to share capital and operations as finder's fees on the amalgamation.

Other transaction costs:

Other transaction costs of \$275,000,consisting primarily of professional fees, travel and administrative fees, have been charged to cash and operations.

**BLUE GOLD WATER AND TAILINGS LTD.**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2012**  
**(Unaudited)**

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**NOTE 2 – PRO-FORMA TRANSACTIONS, ASSUMPTIONS AND ADJUSTMENTS (Continued)**

*e) Earn-Out Common Shares*

Pursuant to the terms of the Amalgamation Agreement, the 9,000,000 earn-out common shares to be issued to designated individuals will be released to them conditional on future Blue Gold Pro-Forma performance. The shares have been reflected as being issued upon amalgamation at a deemed price of \$0.224 per share for a total value of \$2,016,000 on the basis that it is more likely than not that they will be released pursuant to the earn-out formula.

*f) Blue Gold Pro-Forma Transactions*

Completion of the amalgamation is conditional upon Blue Gold completing a corporate reorganization and acquisition of intellectual property rights from a company related to it, Blue Gold Holdings Ltd ("Holdings"). These transactions have been recognized in these consolidated pro-forma financial statements as at September 30, 2012 and consist of the following:

Acquisition of intellectual property rights:

On January 16, 2013, Blue Gold entered into an exclusive license and assignment agreement with Holdings, whereby Blue Gold would purchase a license and an assignment of the license granted to Holdings by the University of Saskatchewan for total consideration of \$1,500,000, payable by the issuance of 30,518,075 of Blue Gold common shares at a price of \$0.04915 per common share.

Builder common shares:

Blue Gold is to issue 48,105,519 common shares in consideration for \$89,861 cash as builder common shares. 20,217,309 of these common shares will be issued to founders of Blue Gold.

Share based compensation:

Blue Gold will issue a total of 23,103,293 common shares and cash of \$14,918 in equal monthly instalments from October 31, 2012 to February 28, 2013 in consideration for services of \$187,500 to founders of Blue Gold.

Blue Gold pro-forma share capital:

	Number of Common Shares	Amount \$
Share capital as at September 30, 2012	1	1
Acquisition of intellectual property	30,518,075	1,500,000
Builder common shares	48,105,519	89,861
Share based compensation	23,103,293	172,582
Pro-forma share capital as at September 30, 2012	101,726,888	1,762,444

**BLUE GOLD WATER AND TAILINGS LTD.**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2012**  
**(Unaudited)**

**NOTE 3 – SHARE CAPITAL**

Authorized: unlimited number of common shares without par value

Pro-forma consolidated common shares issued, on a post one for two share-consolidation basis:

	Number of Common Shares	Amount \$
Golden Cross Share Capital as at September 30, 2012	19,102,138	3,260,474
Amalgamation (Note 2a):		
- Golden Cross' shares issued on amalgamation to Blue Gold	38,000,000	1,762,444
- Golden Cross' share capital eliminated upon amalgamation	-	(3,260,474)
Private placements (Note 2b):		
- Golden Cross' October and November 2012 private placements	4,625,126	1,295,035
- Golden Cross' private placement concurrent with amalgamation	6,818,181	3,000,000
Capital transaction costs (Note 2d):		
- cash finder's fees on Golden Cross' October and November 2012 private placements	-	(41,687)
- Golden Cross' shares issued as finder's fees on amalgamation	3,000,000	672,000
Earn-out common shares (Note 2e))	9,000,000	2,016,000
Blue Gold Pro-Forma Share Capital as at September 30, 2012	80,545,445	8,703,792

**NOTE 4 – INCOME TAX INFORMATION**

The estimated pro-forma consolidated effective tax rate of Blue Gold Pro-Formais 26.50%. Due to the uncertainty regarding Blue Gold Pro-Forma's future profitability, the future tax benefits of estimated losses have been fully reserved for and no net tax benefit has been recorded in the pro-forma consolidated statement of financial position.