ALICE QUEEN LIMITED

ASX RELEASE DATE | 27 JULY 2018

UPDATED HORN ISLAND

MAJOR EXPANSION OF EXPLORATION UPSIDE

Alice Queen Limited (Alice Queen) or (the Company) is pleased to announce that recent work by leading industry consultants, together with the body of work the company has compiled since listing in 2015, has revealed a profound change in the geological understanding and exploration potential at Horn Island. This extends the exploration potential well beyond the current Inferred Resource area.

Almost 15,000 drill core samples and 1700 surface rock chips samples have been (re)assayed using a 4 acid digest, ICP-MS/AES analytical method.

HIGHLIGHTS

- The current Horn Island gold deposit is part of an extensive alteration system that has all the characteristics of an Intrusion-related Gold System (IRGS). This puts Horn Island in the same mineral system category as the major past and present, multi-million ounce gold producers of north-east Queensland – such as Kidston, Mt Leyshon, Ravenswood and Mt Wright.
- Age dating has confirmed that Horn Island is of the same broad age as these deposits.
- The alteration system at Horn Island covers an area of roughly 20 square kilometres of which the drilled part is only 0.35 square kilometres (figure 2).
- The granite hosting the mineralisation can be subdivided by detailed litho-geochemistry into 10 fractionation phases (figure 3), and significantly the cupola (most fractionated) phase of the system, which can be expected to host the strongest gold mineralisation, has not yet been located. Discovering this gold-mineralised cupola phase will be a key focus for exploration going forward.
- Litho-geochemistry studies of the relatively limited geochemical data, across the alteration system to date, show zonation patterns that show several target areas for the gold-mineralised cupola phase based on an IRGS geochemical zonation model developed from studies of other IRGS deposits around the globe. A major expansion of geochemical surveying across the alteration system is therefore planned to better define target areas.
- Geophysical data from the 1980s, recently found in contractor warehouses, once digitised, has revealed that magnetic, radiometric and induced polarisation (IP) data can play a key role also in locating the gold-mineralised cupola phase. The old IP data shows that the Horn Island mineralisation has a strong IP response (figures 5 & 6).
- Structural studies of the Horn Island pit Mineral Resource area have shown that the gold is contained in a large tension vein array setting with significant probable extensions away from the resource area which have had only very limited drill testing (figure 4).

Over the next 2-3 months Alice Queen is planning to move forward with an exploration program comprising:

- Extension of soil and rock chip geochemistry for complete coverage of the alteration system.
- Flying of a close-spaced airborne magnetics and radiometric survey.
- IP surveys to focus drilling in target areas defined by the geochemistry and airborne survey.
- Drilling of gold-mineralised cupola phase targets.
- Extension drilling to add to the Mineral Resource at the historic pit resource area.

The leading industry experts involved were Scott Halley of Mineral Mapping Pty Ltd, Ben McCormack of Model Earth, and Nigel Cantwell & Jayson Meyers of Resource Potentials Pty Ltd.

The Company also expects to provide a resource update to the market in the coming weeks.

Alice Queen's Managing Director, Andrew Buxton, commented "This is a very significant outcome for the Company. The new studies reveal that the Horn Island gold mineralisation is in the deposit category of the well-known multi-million ounce North Queensland deposits such as Kidston, Mungana, Mt Leyshon and Mt Wright. The most exciting part is that the Horn Island historic pit area, the subject of the Company's existing Mineral Resource, is likely a secondary satellite expression within the much larger, under-explored Horn Island alteration system. The real prize at Horn Island is still to come".

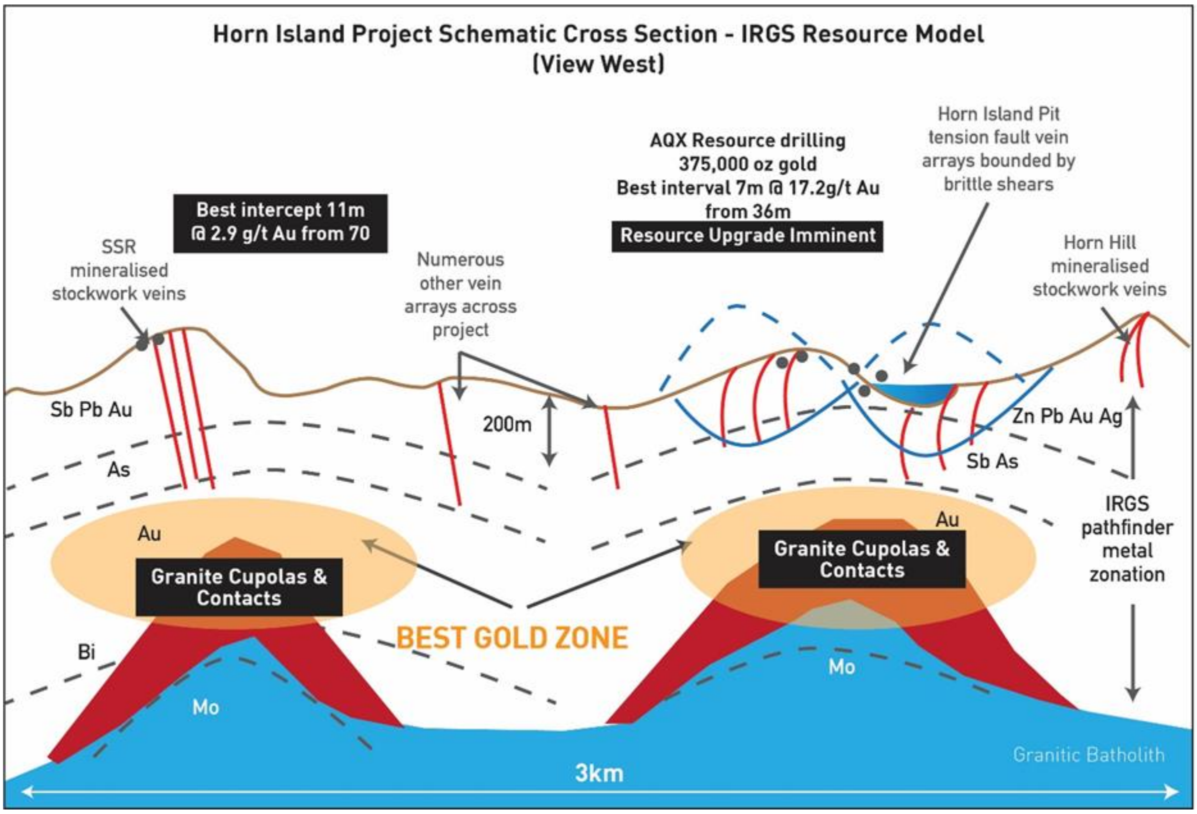

Figure 1 Horn Island Project schematic cross section - Exploration & IRGS metal zonation model highlighting drilling of near surface vein systems and targeting for best gold zone at the granite cupolas interface.

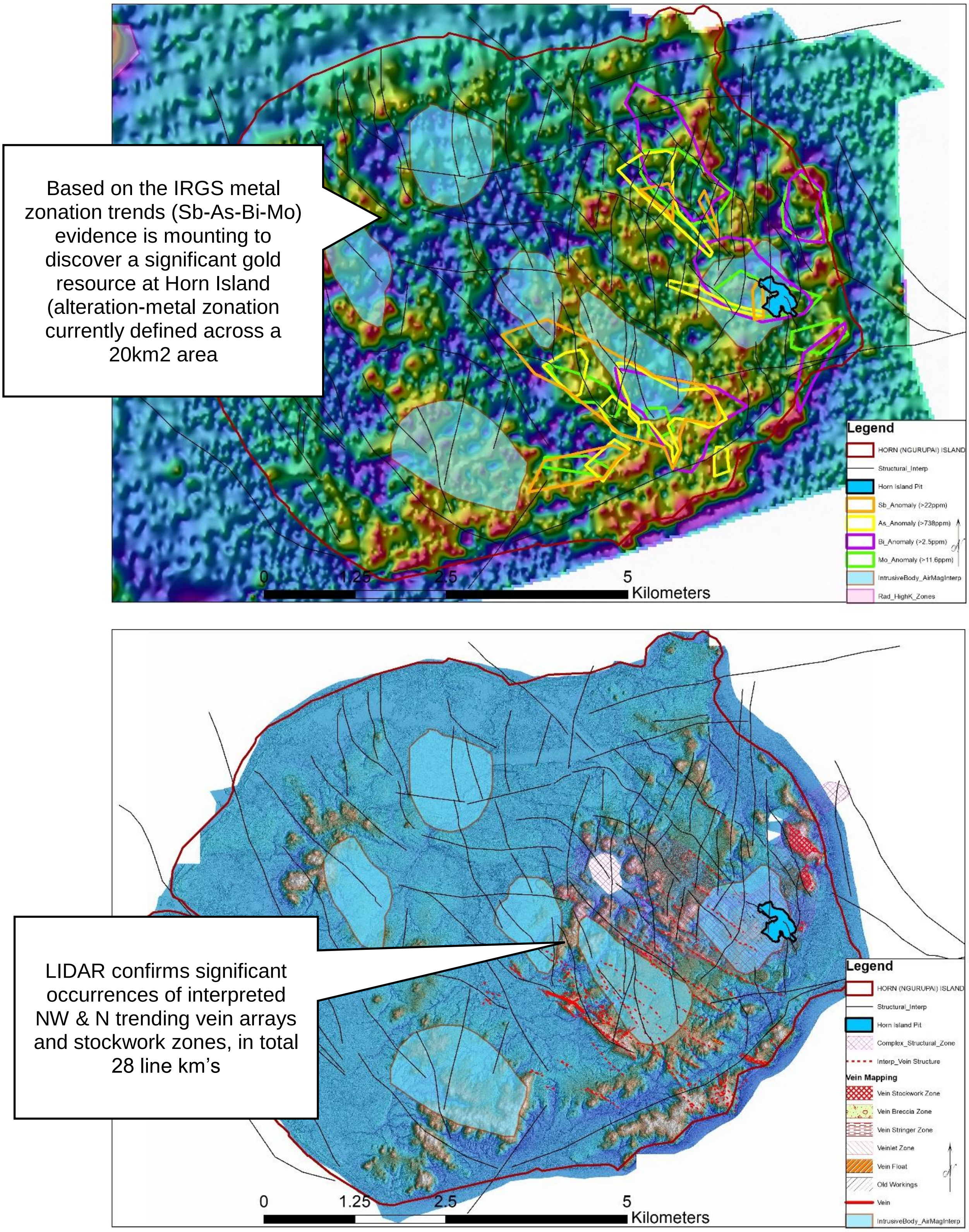

Figure 2 Top - Airborne radiometrics (K) (reprocessed historic data) across Horn Island project area (red colouration indicating intensifying hydrothermal altered zones). Sb-As-Bi & Mo surface metal anomalous zone highlighted (polygons based on data >75% percentile range from rock chip and host rock values, anomalous values for vein rock chip data presented in legend), diagram also displays airborne magnetic interpretation for the structural framework and potential near surface intrusive bodies. The radiometric data may be less effective across areas with thin surficial cover occurs. Bottom – LIDAR image with NW & N trending vein cluster arrays and stockwork zones (veining interpretations highlighted by red dashed poly lines).

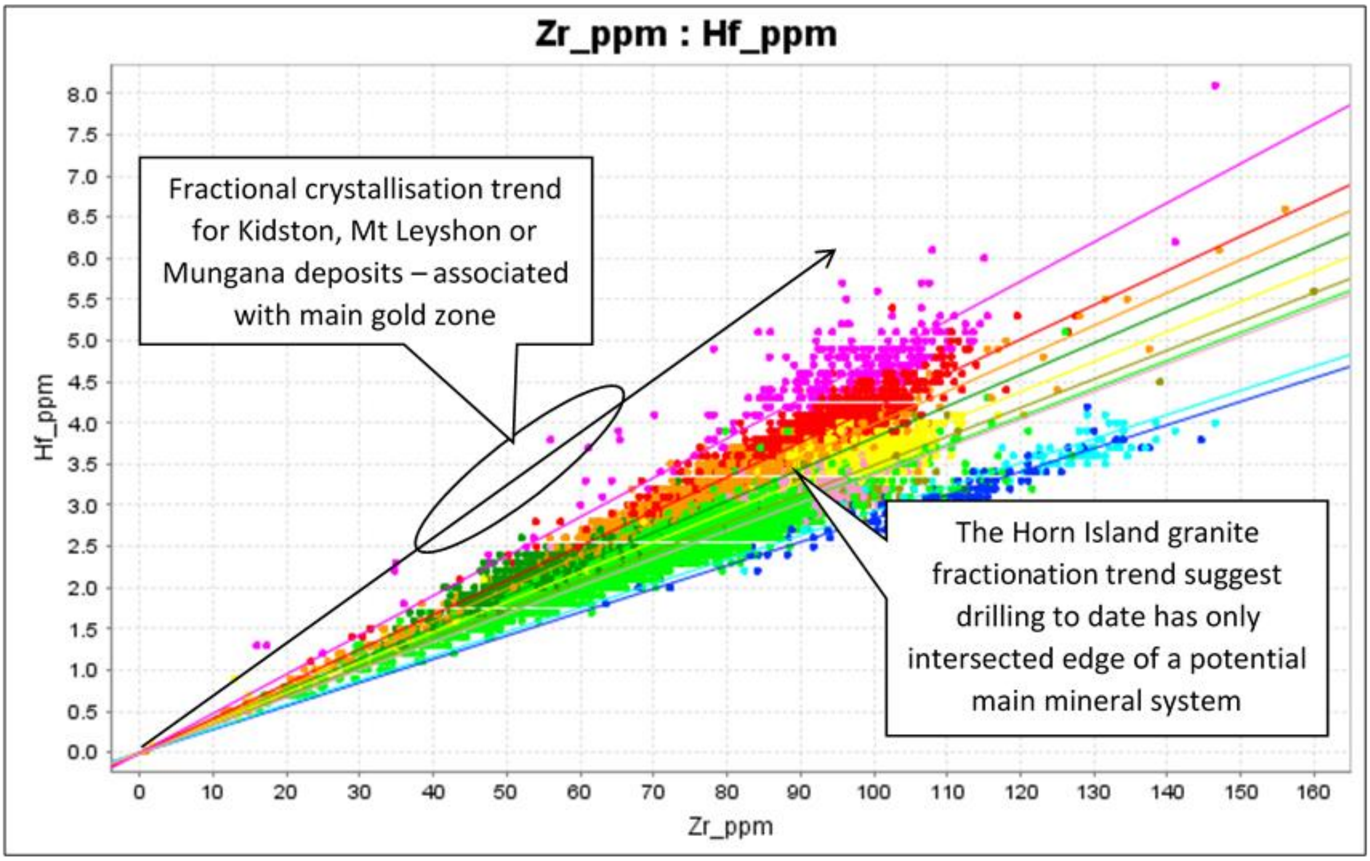

Figure 3 Indicator of fractional crystallization of zircons from the Horn Island gold deposit. Various colours represent different fraction of the granites with most fractioned population represented by magenta and least fractionated represented by blue values. The black ellipse shows points to plot in a strongly fractionated system like Kidston, Mt Leyshon or Mungana. The drilling to date at Horn island has not intersected the most fractionated granite.

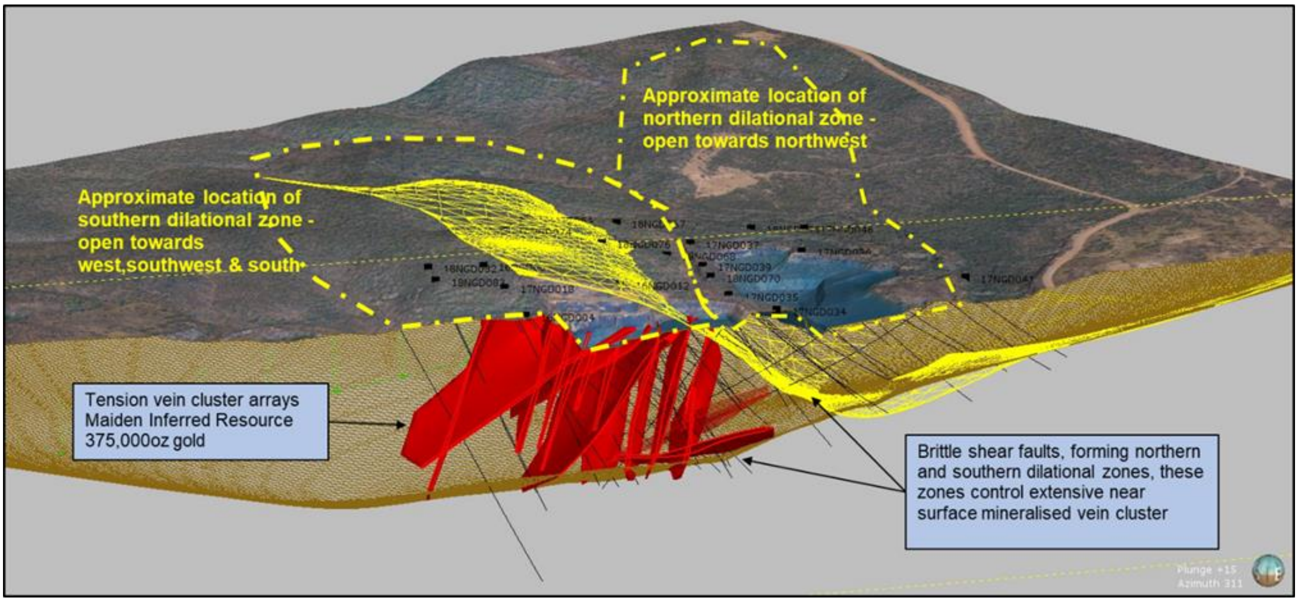

Figure 4 Cross section (view northwest) of Horn Island gold deposit with components of the structural frame work – the gold mineralisation forms within tension vein cluster arrays (within southern and northern dilation zones), mineralisation is bounded by brittle shears.

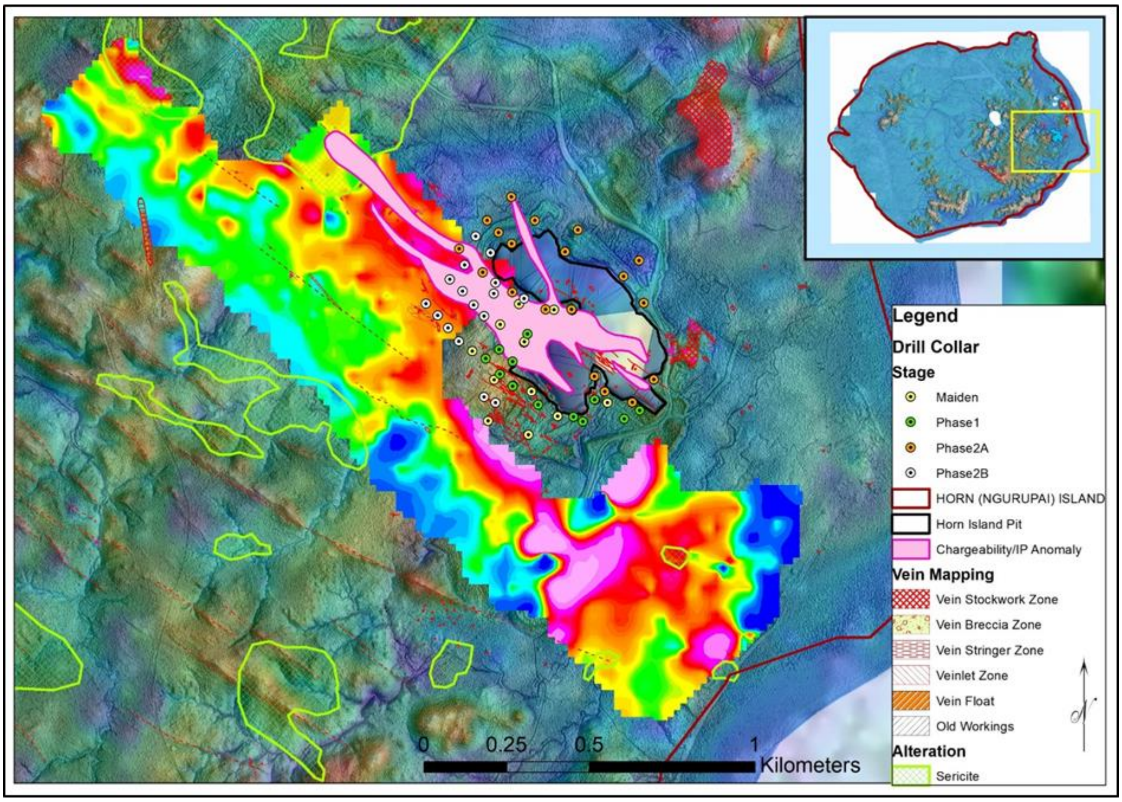

Figure 5 Historic ground IP survey across Horn Island Pit area highlighting numerous chargeability highs (defined by red-magenta colours), majority of these targets remain untested.

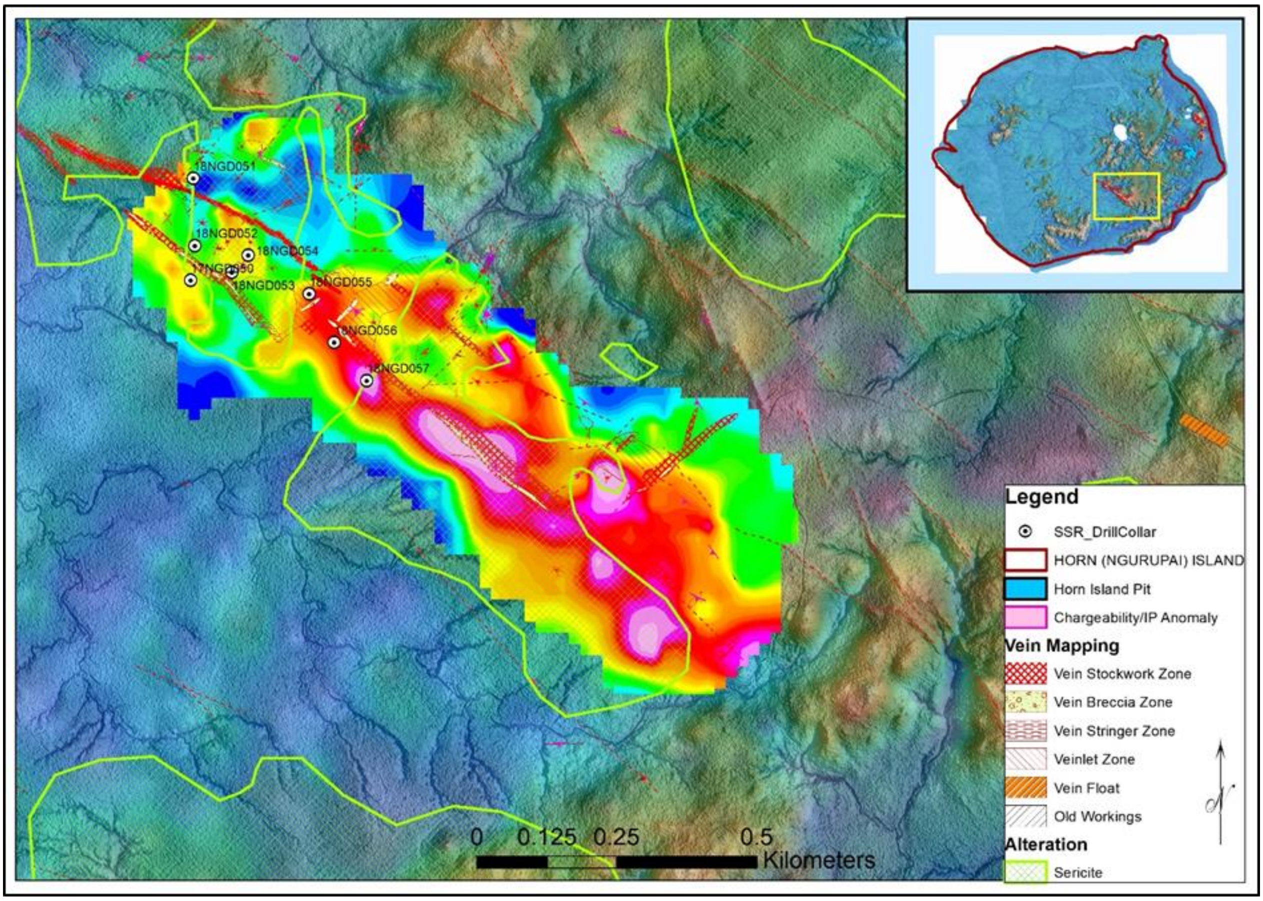

Figure 6 Historic ground IP survey across SSR highlighting numerous chargeability highs (defined by red-magenta colours) in associated with high grade gold bearing vein stockwork & intense zones of sericite alteration.

COMPETENT PERSON STATEMENT

The information in this announcement that relates to exploration results is based on information compiled by Mr Adrian Hell BSc (Hons) who is a full-time employee of Alice Queen Limited. Mr Hell is a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Hell has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves”. Mr Hell consents to the inclusion of this information in the form and context in which it appears in this report.

For and on behalf of the board

Andrew T Buxton

Managing Director

Alice Queen Limited

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JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	• Diamond drilling was used to produce drill core with a diameter of 61.1 mm (HQ3) and 45.0mm (NQ). • All samples submitted for analysis have consisted of half core, with over 98% of sample lengths ranging from 0.2 to 1.0 m. • Drill core has been cut consistently 10 mm to the right of the bottom of hole orientation line with the right-hand side of the core selected for sampling. The remaining other half core remains in the core tray for reference material. • Surface rock chip sampling has been completed as part of reconnaissance-scale mapping. Rock chips have been collected from vein or host rock outcrops, sub crops and in some instances float with all samples submitted for geochemical analysis. • Channel chip sampling targeted veins with significant outcrop exposure. Channels often did not represent the full width of the vein as scree and or regolith masked many areas or terrain, in some instances areas inaccessible. Channel chip sampling was predominantly undertaken across the SSR prospect. • Channel samples have been orientated perpendicular to the trend of the vein zone cluster zones being sampled. The channels have been cut using a concrete saw at 0.05m width x 0.05m depth and have been sampled at 1m intervals. Material has been removed using hammer and chisel. • All rock chip samples consisted of~200gram of vein or host rock material and placed in a sealed plastic bag with unique ID tag in preparation for dispatch to the laboratory. • Gradient array induced polarisation (IP) survey carried out at the Horn Island pit area, Cable Bay and SSR, this work contracted under the previous licence holder Torres Strait Gold Pty Ltd; • Historic surface IP raw survey data acquired from Zonge Engineering. • GGT-25 transmitter and GDP-12 data processor was used for the IP survey • IP survey conducted at ground level. • IP survey points initial set up using historic local grid system however have been georeferenced to GDA94 coordinate system.

Criteria	JORC Code explanation	Commentary
		• Line spacing approximately 100m with readings at 20m spacings. • Airborne magnetic and radiometric survey was completed in 1986 by previous licence holder Carpentaria Exploration Pty Ltd with raw data set recently acquired, validated and reprocessed by Resource Potentials Pty Ltd . • 1986 airborne magnetic and radiometric survey specifications – Flight line spacing 300/150m with 300m spaced flight lines-oriented NE-SW across both Horn Island and Prince of Wales Island, plus a few of the smaller nearby islands, with infill surveying completed to provide 150m line spacing over Horn Island only; Mean terrain clearance: – 80m, Flight line direction: 74˚/254˚, total flight distance: 1550km. • Airborne survey data is low resolution and poor quality, typical of the vintage due to pre-GPS navigation, higher noise level magnetic sensors, and greater flying height (mean terrain clearance of 80m for this survey). The magnetic and radiometric data required significant conditioning and editing, prior to gridding and filtering by Resource Potentials Pty Ltd to produce georeferenced images. The airborne magnetic data were edited, re-processed and then merged with regional background magnetic data and imaged for both a regional area covering all of Alice Queen's exploration permits and imaged for a windowed area around the boundary of Horn Island. • An extensive suite of georeferenced filtered magnetic images was created, including 0.5VD, 1VD and 2VD filters, with and without automatic gain control, tilt derivative (TDR) images, and alternative sun angle shaded images to highlight magnetic features trending in different directions. • Additional directional cosine filtered images were created to provide a strong bias to highlight NW-SE and N-S oriented structures. Note that a very strong bias is forced on the magnetic anomaly trends, so these images are not to be over interpreted. However, they do highlight major NW-SE oriented magnetic features, which are of interest as they are potentially channelling hydrothermal fluids • Radiometric data edited, gridded and images generated for Prince of Wales and Horn Islands. • Standard K, Th and U images generated, as well as K ratio and ternary red, green and blue (RGB) images of these radioelements • Open file LIDAR data acquired from Department of Natural Resources Mines and Energy Queensland – QDEX Data. • LIDAR Data were gridded using 1m cell size to produce manageable grid files for

Criteria	JORC Code explanation	Commentary
		filtering and imaging, but 0.25m resolution is possible. • Suites of georeferenced LIDAR images were created for Horn & Prince of Wales Islands.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	• Core sample intervals are selected by a geologist to honour lithology, alteration and mineralisation boundaries. • Samples are normally selected at 1m intervals. • Entire length, to EOH, of drill core sampled. • Rock chip samples consisted of~200gram of vein or host rock material. For host rock sampling the geologist has used his/her discretion to collect material that is considered the dominant or primary lithology. • Channel chip samples have been collected using concrete saws to cut a channel across the mineralised zone, ensuring that sample bias has been minimised – all channels have been cut and sampled under the supervision of a geologist.
	Aspects of the determination of mineralisation that are Material to the Public Report.	• All AQX samples have been submitted to a contract laboratory (ALS) for crushing and pulverising to produce a 50g charge for Fire Assay and a 0.25g sub-sample for Multi element analysis via ICP-MS or ICP-AES. • Samples with visible gold and samples which returned greater than 5.0g/t Au have also been analysed via Screen Fire Assay techniques undertaken on the entire coarse and pulverised residual material of the diamond drill core sample. Samples have been collected at the geologist's discretion to represent a particular geological feature, outcrop, vein, or zone. Sampling should not be assumed to be representative of any area or volume.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• All AQX drill holes have been completed using diamond HQ3 collar (weathered zone) with NQ core from near surface to end of hole (EOH) depths. • Drill core has been orientated using Reflex ACT instrument ori tool. • Atlas Copco CS14 track mounted drill rig operated by Eagle Drilling NQ Pty Ltd. • Core sizes includes HQ3 (Triple tube). Core diameter 61.1mm, hole diameter 95.6mm, and NQ. Core diameter 45.0mm, hole diameter 75.7mm. • Steel casing placed and left in all holes, commonly up to 6m depth.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	• Core recovery for all holes has been measured from drillers run blocks with 99% of the sample intervals recovered > 90%, discounting overburden. • Poor recovery has only been noted in overburden (0-2m depth) and strongly weathered

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		& oxidised zones. This area represents a negligible section of the total drill hole material
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	• Diamond core has been reconstructed into continuous runs for orientation marking with depths checked against the depths given on the driller's core blocks.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• As core recovery is >90% for the fresh mineralisation, there is no evidence that a relationship exists between grade and sample recovery.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• All AQX drill core has been measured for recovery and RQD by drill run, using the core10 method. Intervals of lost core assessed and assigned. • Intervening metre marks have been labelled on the core tray. • All diamond core has been logged to industry best standards for lithology, alteration, veining, mineralisation and structure, using a specific set of logging codes to ensure consistency in logging. • Structural measurements of specific features i.e. vein orientations, fault and foliation etc... have also been taken for the entire length of orientated drill core. • Surface rock chip and channel samples have been plotted on geological maps. Sample characteristics such as lithology, alteration, mineralisation, structure and other relevant features have been recorded and entered into the project Access database
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography	• Logging has been quantitative in nature. • 100% of core has been photographed wet, in shade with high resolution/megapixel camera.
	The total length and percentage of the relevant intersections logged.	• All drill core has been logged with the information (lithology, structure, alteration and mineralisation) digitally captured in an Access database.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	• All core samples have been sawn in half using a 'Clipper' core saw with samples selected approximately 10mm right of the orientation line.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	• No non-core sampling completed.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	• Sample preparation has been undertaken at ALS Laboratories in Townsville. Sample preparation process includes crushing to 70% passing 2 mm sieve; crushed samples are then split to 1000g using a rotary splitter. 1000g splits are pulverised to 85% passing 75µm and pulverised splits are re-split to 50g aliquot for fusion and fire assay. 0.25g pulps are dissolved in Four Acid "near" Total digestion prior to multi-element ICP analysis.

Criteria	JORC Code explanation	Commentary
		• Sample preparation for fire screen assay includes recombined, bulk pulverised residue, pulp sub-sample and fine crushed residue. Weight and record combined sample weight. Pulverise in LM5 (multiple stages if required), and more recently changed to using LM2, to homogenise achieving minimum 90% passing 75µm. Remove pulverised sample from bowl in its entirety and re-weigh and record sample weight. Wet screen entire sample at 75µm using a "disposable nylon mesh" and filter press sample. Recover entire plus and minus fractions, then dry at 105° C, weigh and record weights. Fire assay entire plus75µm fraction including the sieve mesh in multiple charges (30g maximum charge weight) and conduct a duplicate fire assay on the minus 75µm pulp. Report all weights, assays and a calculated weighted assay for each separate sample.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	• Quality control procedures for the AQX samples have included the selection of a consistent side of the core for sampling, sampling the entire length of each drill hole and the use of coarse Blanks (washed white quartz pebbles) and coarse crush duplicates to test for bias and contamination in the sample preparation process.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	• No field duplicates collected. • Lab coarse crush duplicates have been inserted at an approximate ratio of 1:20 samples.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	• Sample size is considered representative to the grain size of the material being sampled.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Gold assay determined by Fire Assay with Atomic Absorption finish, ALS method AU-AA26, Detection limits 0.01 – 100ppm. • Over limits gold assayed by dilution of aliquot and AU-AA26. • Presence of coarse gold in drill core samples is tested by Screen Metallics Fire Assay with AA finish (ALS Method SRC22AA) conducted on entire coarse and pulverised residual material of diamond core samples. This method has been triggered when visible gold has been observed during logging procedures or samples have returned greater than 5.0g/t Au; • All finalised assay certificates signed off by qualified assayer. • ALS Global Ltd is an ISO certified organisation with industry leading quality protocols. • The analytical technique used for gold is considered a total assay technique. • Multi-element analysis is completed by four-acid digest has been undertaken on a 0.25 g sub-sample to quantitatively dissolve most geological materials, with analysis via ICP-MS + ICP-AES.

Criteria	JORC Code explanation	Commentary
		• Multielement data review and interpretation from drill hole and surface chip sampling completed by Mineral Mapping Pty. • Geochemical analysis relevant to this report has been undertaken on the following IRGS pathfinder elements including Al, As, Bi, Hf, K, Mo, Na, Nb, P, Sb, Sc, Sn, Th, Ti, V, Zr. These elements have been used to determine fractional crystallisation and metal zonation trends within granite phases across Horn Island project. • IP survey data acquired and received using GGT-25 transmitter and GDP-12 data processor. • Data for IP survey was delivered by Zonge Engineering. • Historic IP survey data recently acquired and reprocessed by consultants Resource Potentials Pty Ltd. • Data for airborne magnetic and radiometric survey was delivered by Austirex International Ltd and acquired from open file data source located at the Queensland Department of Natural Resources, Mine and Energy QDEX data base.

	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	• Type of IP equipment used was GGT-25 transmitter and GDP-12 data processor.
		• Type of Instrumentation used for airborne magnetics and radiometrics survey included:
		    ○ Magnetics data acquired by Scintrex V2alkali vapour magnetometer sensor coupled to a Sonotek AADC automatic digital compensator; and,
		    ○ Spectrometer data acquired by Geometrics GR-800D gamma ray spectrometer NaI (TI) crystal – 33 litres volume.

	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	• Industry standard Certified Reference Materials (CRMs) including three different gold grade standards and blank material have been submitted within the sample stream at a frequency of approximately 1 in 20 and 1 in 40 samples respectively. Lab coarse crush duplicate samples have been selected for second split after the crushing stage. • Quality control data has been plotted on charts with control limits at +/-1σ, +/- 2σ and +/-3σ standard deviations to monitor the level of contamination, accuracy, and precision. • All QAQC results have been reviewed by the AQX Competent Person who considers the results to be within acceptable limits. Therefore, the geochemical results presented are considered accurate and correct.

Criteria	JORC Code explanation	Commentary
		• ALS internal CRMs and duplicates have also reported prior to release of finalised certificates. • All logging and sampling undertaken under the supervision of a qualified geologist.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	• Significant intersections have been reviewed by other AQX and contract geologists. • Surface IP and airborne magnetics and radiometric data acquired, validated and reprocessed by independent consultants Resource Potentials Pty Ltd.
	The use of twinned holes.	• No hole twinning has been undertaken
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	• All sampling and analytical data has been stored directly into an in-house developed Access data management system. • All data has been maintained, validated, and managed by administrative geologist. • Analytical results received from the lab have been loaded directly into the database with no manual transcription of these results undertaken. • Original lab certificates have been stored electronically.
	Discuss any adjustment to assay data.	• No adjustment to assay data has been undertaken. Below detection limit data presented as 1/10th of the lower detection limit of the method and over the detection limit results presented as the upper detection limit of the method • For samples analysed by both Fire Assay and Screen Fire Assay techniques, the latter method has been used as the preferred method for reporting results and in the Mineral Resource Estimate.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Collars X and Y have been set with handheld GPS (+/-5 m) and will later be surveyed post-drilling with a differential GPS (+/-2 cm) using a base station on survey control points with 1 km. • During drilling, down hole surveys at 30m intervals have been completed using a reflex single shot magnetic camera. • IP survey stations initially referenced to a local grid coordinate system, this grid and been georeferenced to the GDA94 MGA Zone 54 grid. • Location of IP survey stations accurate +-10m.
	Specification of the grid system used.	• All locations recorded using GDA94/MGA UTM Zone 54.
	Quality and adequacy of topographic control.	• The topographic control taken from location on Digital Elevation Model derived from LiDAR data, Queensland State Government 2011 acquisition (+/-1m). Post-drilling collar coords with differential (Leica CS16) GPS (+/-2cm) using a base station on survey control points with 1km. • All IP survey data points convert from local grid coordinates to Geocentric Datum of

Criteria	JORC Code explanation	Commentary
		Australia (GDA94) and map grid zone 54
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	• Drill holes are continuously sampled from top of hole to end of hole. • Majority of drill holes azimuths are oriented to approximately 45˚ however some holes are at 0 to 10˚, 50˚, 60˚ to 80˚, 200˚, 210˚, 225˚ to 245˚, and 280˚TN. • Drill holes are inclined --65 to -40 dip from the horizontal. • The spacing for the drill holes reported from the Horn Island gold deposit is adequate to result in a resource estimate. • The spacing for the drill holes reported from the SSR prospect is not adequate to result in a resource estimate • Historic IP survey line spacing is 100m with readings at every 20m • Historic 1986 airborne magnetic and radiometric survey specifications – Flight line spacing 300/150m with 300m spaced flight lines-oriented NE-SW across both Horn Island and Prince of Wales Island, plus a few of the smaller nearby islands, with infill surveying completed to provide 150m line spacing over Horn Island only; Mean terrain clearance: – 80m, Flight line direction: 74˚/254˚, total flight distance: 1550km
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. *Whether sample compositing has been applied.*	• Drill spacing at the Horn island gold deposit is deemed adequate for use in a Mineral Resource Estimate. • Drill spacing at SSR prospect is not considered adequate for use in a Mineral Resource estimate • No sample compositing has been applied.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Drill azimuth ranging from 045°, 060°, 210° and 225° orthogonal or close to orthogonal to the interpreted vein zones of the known mineralisation; • Drilling is considered to achieve an unbiased sampling of structures
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• It's not considered to be the case and therefore not reported.

Criteria	JORC Code explanation	Commentary
Sample security	*The measures taken to ensure sample security.*	• All samples have been selected and supervised by a qualified and experienced geologist. • All samples have been sealed in plastic bags with cable ties immediately after cutting. • All samples have been stored in a secure, permanently staffed facility prior to shipping. • Sample bags have been loaded into polyweave sacks, with each sack affixed a numbered tamper-proof security id tag which has been cross checked upon receipt at destination. • Sacks have been loaded into bulker bags for transport. • Shipments travel by ship from Ngurupai (Horn Island) to Cairns, then on shipped to ALS Minerals, Townsville by road freight. • Shipping has been undertaken by reputable transport logistics specialists (Sea Swift Pty Ltd) with freight security protocols. • IP survey and airborne magnetic and radiometric data acquired, reviewed, validated and interpreted by Resource Potentials Pty Ltd .
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	• No external or third-party contractor has undertaken any audit or review of these procedures. Advice has been provided by Mining Plus on the appropriate sampling, analytical techniques and QAQC procedures prior to and during the various drilling programs. • IP survey and airborne magnetic data location conversion from local grid to GDA94 coordinates may incur some error possibly ±10m however data is considered acceptable for general exploration interpretation & broad targeting

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• Kauraru Gold Ltd is the 100% undivided and unencumbered owner of EPM25520 covering the Nguruapi Project. EPM 25520 is in good standing, with an expiry date of 7/10/2019. • Kauraru Gold Ltd is a joint venture company between Alice Queen Ltd and the Kaurareg Aboriginal Land Trust. Surface title for portions of the historic Horn Island Mine site is held by the Torres Shire Council. • Other land areas above EPM25520 are held by the Kaurareg Aboriginal Land Trust.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• AQX/Kauraru Gold Ltd knows of no impediment to obtaining a licence to operate in the area.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	• Historic geophysical raw data from previous licence holders has been acquired. This data has been subject to reprocessing with new interpretations made and presented in this report.
Geology	*Deposit type, geological setting and style of mineralisation.*	• Horn Island is located on the partly submerged Badu-Weymouth Belt (formerly Cape York – Oromio Ridge) of the Carboniferous-Permian Kennedy Igneous Province. The Badu- Weymouth Belt comprises felsic and intrusive igneous rocks of Upper Carboniferous age exposed throughout Cape York, the Torres Strait Islands and the southern shore of Papua New Guinea. The regional geological interpretation is currently subject to further review. • The oldest Horn Island rocks are the Carboniferous Torres Strait Volcanics, which comprise welded tuff, ignimbrite and agglomerate, volcanic breccia and minor sediments. • The volcanics are intruded by the Late Carboniferous Badu Suite Granites (Badu & Horn Island Granite) which are a series of high-level granites comprising a number of compositional and textural types – leucocratic biotite granite, porphyritic biotite granite and adamellite, and hornblende-biotite adamellite and granodiorite. AQX

Criteria	JORC Code explanation	Commentary
		has introduced a new project lith naming convention with these above-mentioned granites and other textural and compositional varieties as described as the following types: Megacrystic Feldspar Granite Porphyry (MFGP); Quartz Feldspar Granite Porphyry (QFGP), Equigranular Granite (EQG), Aplite (APL) and Medium Grained Granite Porphyry (MPG). The AQX project lith names will now supersede historic/previous naming conventions in this and future reports. • Alluvial cover and laterite developed from Early Tertiary and Miocene time to the present. • The Horn Island Gold deposit occurs within 2 large structural lenses (northern and southern dilatational zones) of competent granite which are bounded above and below by shallow dipping brittle shear zones. At the deposit scale these shear zones impart rotation and stress on the competent granite between them resulting in the tearing open of a series of steep, and less-commonly shallow-dipping veins. These openings were subsequently subject to infilling with silica and metal fluids forming the Horn Island gold deposit. The orientations of these openings are consistent with current mineral resource modelling. • Vein thicknesses are commonly between 1cm to 10cm width and often appear within clustered zones approximately 5-10m wide. These vein zones display lateral and vertical continuity across the target area. • A plunging basement fault which deepens towards west-southwest truncates the footwall brittle sheer zone & gold mineralisation. This basement fault is considered post mineralisation which, in part, aligns with the brittle shear zone that controls the near surface mineralisation. • Geochemical and petrographic information indicates gold is associated with base metal sulphides and appears as free gold within veins or either attached or enclosed within sulphides (pyrite, arsenopyrite, galena). • Alteration is mostly described as sericitic or propylitic. An intense zone of alteration appears central to the pit area and associated with the contact area of the granite porphyry (QFGP, MFGP) and equigranular granite (EQG). Importantly this alteration zone is considered associated with the main fluid feeder zone for mineralisation. Alteration is also commonly localised adjacent to veins. • A later stage thin andesite dyke occurs across the project area. No economic Au-

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		intercepts has been observed within the dyke unit to date; this rock type has not been observed across the drill area at SSR. • A rhyolite dyke occurs across the project area, including the Horn island gold deposit, and does not appear conducive with vein gold mineralisation, this rock has not been observed across the drilling area at SSR. • The historic mined zone (Horn Island Mineral Field) is aligned NW to SE with the main historical old workings extending for at least 1500m over an area about 600m wide. Roughly half of this area is now under water in the historic open pit.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.*	• General drill hole collar locations are presented in figures 5 and 6 of this report. This is considered satisfactory for the content discussed in this report.
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• All Au, Ag, Be, Ca, Co, Ce,Cs, Cu,Fe,Ga,In, La, Li, Mg, Mn, Ni, Pb, Rb, Re, S, Se, Sr, Ta, Tl, U, W, and Zn assay/geochemical data has been excluded from this report. The geochemical analysis within this report has focuses on a selection of pathfinder elements associated with North Queensland and global IRGS deposits. Data from elements which did not form part of this review have therefore been excluded/omitted from this report. The exclusion of this data is not considered material to the interpretation and outcomes of this report.

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Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	• Not applicable as this report only reviewed a selection of pathfinder elements for broad exploration targeting. This report does not evaluate any elements including gold and silver which may be used for potential economic evaluation.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	• Not applicable as this report only reviews pathfinder elements for broad exploration targeting purposes. This report does not evaluate any elements including gold and silver which may be used for a potential economic evaluation
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	• No metal equivalents have been reported.
Relationship between mineralization widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	• Detailed vein and structural logging, complete with alpha and beta angles or dip and dip direction (field samples) have been used to find common vein orientations.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	• Geometry of mineralisation is defined within a series lensoidal dominantly steeply dipping vein cluster arrays bounded and controlled by an over and underlying brittle sheer zone. Drilling has generally intersected the mineralisation at an oblique to perpendicular of the down dipping trend. • The boundaries of the mineralisation in the Horn Island gold deposit, in particular the lateral extents, has not been established by drilling to date. The mineralisation currently remains open.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	• Down holes lengths only reported for drill data. • True width has been estimated to be 80-95% of reported intercept.

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Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Horn island schematic cross section in relation to the IRGS mineralisation model presented in figure 1. • Airborne radiometric with pathfinder (Sb-As-Bi & Mo) anomalies and LIDAR with vein structural interpretations presented in figure 2. • Fractional crystallisation plot Zr vs Hf from drill data for the Horn Island gold deposit presented in figure 3. • 3D cross section of the structural framework controlling the Horn Island gold deposit presented in figure 4. • Reprocessed historic surface IP data - chargeability anomalies across the Horn Island pit prospect presented in figure 5. • Reprocessed historic surface IP data - chargeability anomalies across the Southern Silicified Ridge prospect presented in figure 6.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Summary of results are presented in figures within this report.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other exploration results which have not previously been reported, are material to this report. • Data acquisition, validation and reprocessing of historical geophysical data was completed by Resource Potentials Pty Ltd under current licence holder Kauraru Gold Pty Ltd. Majority of the IP targets presented have not been drill tested. IP targets across SSR have been subject to some historic limited shallow drilling which the company's considered not satisfactory to properly assess these targets. • Geochemical analysis of AQX drill and surface chip multielement data was completed by Mineral Mapping Pty Ltd. The analysis was focused on a selection of pathfinder elements to confirm fractionation and metal zones trends characteristic with IRGS deposits, with special reference to North Queensland

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		examples. The outcome of this work is very preliminary however is summarised as follows: • At the Horn Island gold project, almost 15,000 drill core samples and 1,700 surface rock chip samples have been assayed using a 4-acid digest, ICP-MS/AES analytical method. This multielement assay suite provides information about the composition of the host rocks, the alteration mineralogy and provides a comprehensive suite of pathfinder elements. • The Horn Island gold deposit is classified as a Reduced Intrusion-related gold system. It is hosted within Permo-Carboniferous age granites. Other north Queensland gold deposits of this type include Mungana, Red Dome, Kidston, Mt Leyshon and Mt Wright. These deposits were formed as the granites cooled and crystallized. That process expelled hot, metal-bearing water that was dissolved in the magma. • The chemistry of the granites at Horn Island is remarkably similar to the granites from the other Intrusion-related gold deposits in North Queensland. Ten different granite phases can be identified from the assays at Horn Island. These different phases of granite map the cooling and fractionation history within the granite batholith. The distribution of the most fractionated granites in 3D (from drill holes and surface samples) point to the potential mineralized centers on Horn Island. One of the elements that was progressively enriched in the magma during fractionation was thorium. The airborne thorium radiometric image maps the distribution of the fractionated granite at surface. • The whole rock chemistry shows that the altered granite is depleted in sodium, and the mineralized zones are altered to potassium feldspar with a halo of sericite. The potassium enrichment in the altered granite is also clearly visible in the airborne potassium radiometric map. • There is a broad suite of pathfinder elements that is enriched during the processes that form intrusion related gold deposits. These

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		elements form a spatially zoned pattern from the hottest to the coolest parts of the system. That zoning pattern is from Mo to W to Te to Bi to Au to As, to Sn+Cu+Zn+Pb to Sb. In intrusion-related gold systems (IRGS) there is typically a temperature window in which the gold is precipitated. Deeper, hotter parts of the system tend to be strongly enriched in Mo, but lacking in gold. Shallower and cooler parts of the system tend to be strongly enriched in As and Sb, but also lacking in gold. Horn Island displays this same metal zoning pattern. • Collectively these three layers of information, the fractionated thorium-rich granite, zones of potassium-rich alteration, and the zoning pattern in the pathfinder element chemistry, show that the district from Southern Silicified Ridge to Horn Island Prospect to Horn Hill Prospect are all part of one system that is linked to the uppermost portion of the underlying most fractionated phase of granite. • The exploration process at Horn Island is about identifying the zones of fluid outflow from that fractionated granite and drilling those zones at the right vertical level that is in the temperature window for gold precipitation. • the Hf/Zr plot (refer to figure 3) is one many multi-element plots which can highlight the fractionation trend for a granite, this can be summaries as follows: • Zircon is usually a late crystallizing accessory mineral phase. However, in hydrous magmas, water de-polymerizes silicate chains, so island silicates like zircon, tend to crystallize somewhat earlier in the sequence than framework silicates. This increases the likelihood of fractional crystallization of zircons. Hf always follows Zr, but it is a little more incompatible than Zr. Hf versus Zr usually plots with a very linear trend with a ratio of 1:36. However, with fractionation, the Hf:Zr ratio increases in the residual melt. De-polymerization of the silicate chains lowers the viscosity of the melt, so early-crystalized zircons can sink in the magma chamber. This lowers the total zirconium content of the residual melt. Therefore, a decreasing total zirconium content, but increasing Hf:Zr ratio is an indicator of

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		fractional crystallization of zircons, and this is probably a result of having a very hydrous melt. The black ellipse in figure displays where strongly fractionated IRGS gold deposit, i.e. Mt Leyshon or Mungana or Kidstone are likely to plot. The Horn Island chemistry is represented as colored points and considered less fractionated however on the correct trend • The geochem anomaly polygons (in figure 2) for Mo, Sb, Bi, As are based on >75% percentile of the total data set population from surface rock and host rock chip sampling. Surface vein rock chip metal zonation anomaly polygons are based on the following values: Mo > 11.6ppm, Bi > 2.5ppm, Sb >25ppm, & As > 773 ppm and host rock anomaly polygons based on the following values: Mo > 2.1 ppm, Bi > 0.58 ppm, Sb >1.2ppm, & As > 22.3 ppm • No drill targeting has been established from the above mentioned geochemical analysis. • Model Earth Pty Ltd was contracted to review the company's Horn Island Gold project in the Torres Strait, QLD. The aim of the review was to develop an understanding of the structural controls on this known gold deposit, from review and re-logging of recent drilling and inspection of accessible areas of the historical pit. • The findings of the 9 days spent onsite at Horn Island led to the creation of an initial 3D structural model of the deposit architecture, and numerous schematic figures depicting the relationship between controlling structures and mineralised veins. This work also led to proposal of a larger scale architecture for the Permian-Carboniferous geology of Horn Island and the surrounding Torres Strait, based on the structural relationships seen in outcrops around the eastern part of the island. • The 3D model was compiled in MGA94 Zone 54 projection, from data compiled and reviewed by Kauraru Gold geologists. Magnetic declination at Horn Island is +5° EAST, and all data and references are presented with respect to TRUE NORTH. There is no MINE GRID in use.

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		• The key aims for this project were:
		  • Review and re-log (structural data) from selected core stored onsite (expected that approximately 2000m will be reviewed).
		  • Inspect and take measurements from accessible parts of the existing pit (note that much of the pit is inundated and the water is unsafe to approach due to resident crocodiles).
		  • Review selected core from the ongoing drilling program that will be underway during the site visit.
		  • Review the extent of regional geological and geophysical data and make recommendations about potential targets, or potential exploration projects away from the main pit and deposit.
		• A total of 7 existing drill holes (16NGD004, 17NGD018, 17NGD024, 17NGD028, 17NGD037, 18MGD070, 18MNG078) were reviewed during the field work for a total of 1362m of core. In addition to this, parts of 2 holes were informally reviewed as core was delivered from the rig during the drilling program. After initial review and discussion with geologists onsite, the consultant was confident that Lithology and Alteration logs were already of sufficient detail and accuracy that repeating these logs would not add significantly to the study.
		• Logging files from the above mentioned 7 holes were arranged as Structural Point data (Planar and Linear measurements) and Structural Interval data (Structural Zone and Strain Intensity).
		• The summary findings from the structural review are as follows:
		  • Regardless of the source and pathways of mineralising fluids, economic near surface gold mineralisation at Horn Island is hosted in arrays of quartz and sulphide rich (mostly pyrite, galena, sphalerite) **tension veins** that form when rigid blocks of hard intrusive are rotated within a network of anastomosing brittle shear zones. The competent zones between these brittle shears resist deformation by the development of foliation and slip planes, and as a result the

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		blocks fail by brittle dilation and the opening of tension veins. • In these tension vein frameworks, the regions of most intense veining and dilation tend to occur away from the structures controlling the overall geometry. This is because these structures accommodate strain by slip along planes, that would otherwise lead to dilational failure of the rock. Because of this, the wall rock surrounding the most well-endowed tension veins in the Horn Island deposit typically look like "benchtop" dimension stone and provide little information about the overall structural framework. • Understanding that tension veins will preferentially open perpendicular to the **local** σ_3 orientation (the principle axis of least stress) provides a way to understand the geometry of the Horn Island mineralisation from core and exposed faces. Principle stress orientations are a valuable way to visualise and understand what can otherwise look like maddeningly complex relationships between tension veins and fault or shears in an overall structural framework. • The most important piece of information that can be conveyed about the Horn Island deposit is that the mineralised veins are not "structures" in their own right but are simply the opening of space (dilation) in response to strain on the rock imposed by other more significant faults and shear zones. By definition, these individual veins will not have enormous strike and dip extent, at all scales they will be limited by the pockets of dilation bounded by the major controlling structures and will pinch down towards zero width as they approach.

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Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Extension of soil and rock chip sampling for complete coverage of the alteration system identified across Horn Island project. • Flying of a close-spaced airborne magnetics and radiometric survey over Horn Island. • Undertake surface IP surveys to focus drilling in target areas defined by the geochemistry and airborne geophysics survey. • Drilling of gold-mineralised cupola phase targets and of extensional targets at the old pit resource area.