



ALICE QUEEN
LIMITED

PROSPECTUS

CALLABONNA RESOURCES LIMITED
ACN 099 247 408

[to be renamed Alice Queen Limited]

For an offer of 63,636,364 New Shares at an issue price of \$0.055 per New Share to raise \$3.5 million before costs [Equity Offer].

This Prospectus also contains offers of 110,700,298 New Shares to the vendors of Alice Queen Holding Pty Ltd as consideration for Callabonna Resource Limited's acquisition of all of the equity interests of Alice Queen Holding Pty Ltd [Vendor Offer].

LEAD MANAGER TO THE EQUITY OFFER:

henslow

Henslow Pty Ltd [AFSL 416 980]

Corporate Representative of Halcyon Corporate Pty Ltd

THE OFFER IS NOT UNDERWRITTEN

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

THE NEW SHARES OFFERED UNDER THIS PROSPECTUS SHOULD BE CONSIDERED HIGHLY SPECULATIVE.



IMPORTANT NOTICES

General

This Prospectus (Prospectus) is dated 28 August 2015 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No person is authorised to give information or to make any representation in connection with the Offers, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Callabonna Resources Limited (the Company or CUU) in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The New Shares the subject of this Prospectus should be considered highly speculative.

Re-compliance Prospectus

This Prospectus is a re-compliance Prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in scale of the Company's activities. ASX and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for New Shares under this Prospectus.

Expiry Date

No securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of past and present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management.

Although the Company believes that the expectations reflected in the forward looking statements included in this Prospectus are reasonable, none of the Company, its Directors or officers, or any person named in this Prospectus, can give, or gives, any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur or

that the assumptions on which those statements are based will prove to be correct or exhaustive beyond the date of its making. Investors are cautioned not to place undue reliance on these forward-looking statements. Except to the extent required by law, the Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

The forward looking statements contained in this Prospectus are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. The key risk factors of investing in The Company are set out in Section 7 of this Prospectus.

Privacy statement

By completing and returning an application or acceptance form, you will be providing personal information directly or indirectly to the Company, the Share Registry, the Lead Managers and other brokers involved in the Equity Offer and related bodies corporate, agents, contractors and third party service providers of the foregoing (Collecting Parties). The Collecting Parties collect, hold and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

By submitting an Application Form, you authorise the Company to disclose any personal information contained in your Application (Personal Information) to the Collecting Parties where necessary, for any purpose in connection with the Offers, including processing your acceptance of the Offers and complying with applicable law, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any public authority.

If you do not provide the information required in respect of your Application, the Company may not be able to accept or process your acceptance of the relevant Offer. If the Offers are successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of Shareholders, including bidders for your New Shares in the context of takeovers, public authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the Privacy Act 1988 (Cth) and all other legal requirements. If obliged to do so by law or any public authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory in Section 14 of this Prospectus. A fee may be charged for access.

Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.callabonna.com.au

The Corporations Act prohibits any person passing onto another person an application or acceptance form unless it is attached to a hard copy of this Prospectus or it accompanies a complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an application or acceptance from a person if it has reason to believe that when that person was given access to the application or acceptance form, it was not provided together with the Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

Foreign offer restrictions

This Prospectus may not be distributed outside Australia. The New Shares may not be offered outside Australia. If you are outside Australia it is your responsibility to obtain any necessary approvals for the Company to allot and issue New Shares to you pursuant to this Prospectus.

Defined terms

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 14 of this Prospectus.

Time

All references to time in this Prospectus are references to Australian Eastern Daylight Time.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay.

Should you have any questions about any of the Offers or how to accept any of the Offers, please call the Company Secretary on +61 8 9388 8290

ASX Bookbuild

The Company may elect to utilise ASX BookBuild and make a certain percentage of its New Shares available via the facility during the period of the Equity Offer. If the Company does proceed to use the ASX BookBuild facility, it will announce this (together with all relevant parameter information and other details as required by the ASX Operating Rules and the Corporations Act) on its website (www.callabonna.com.au) when the Equity Offer opens. That announcement will also be issued via the ASX Market Announcements Platform.

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PRIORITY OFFER

Eligible shareholders of Callabonna Resources Limited as at midnight on 3 September 2015 will be guaranteed an allocation of 36,500 New Shares if they submit a valid personalised Priority Offer Acceptance Form (which will be sent to them with a copy of this Prospectus if requested) and payment of the application amount (Priority Offer). Callabonna Resources Limited shareholders may apply and pay for additional New Shares, using the personalised Priority Offer Acceptance Form, but will not be guaranteed any allocation over the 36,500 Priority Offer New Shares.

COMPLETION OF THE OFFERS IS CONDITIONAL upon satisfaction of certain conditions including shareholders of the Company passing the necessary Acquisition Resolutions (refer Section 2.2) at a general meeting to be held on 15 September 2015. Further details of the conditions to the Offer are set out in Section 10.2. **THE ACQUISITION RESOLUTIONS INCLUDE A PROPOSED 10:1 CONSOLIDATION OF CALLABONNA RESOURCE LIMITED'S EXISTING ORDINARY SHARES. ALL SHARES OFFERED UNDER THIS PROSPECTUS ARE DESCRIBED AND OFFERED ON A POST-CONSOLIDATION BASIS.**

CHAIRMAN'S LETTER

Dear Investor

On behalf of the Directors of Callabonna Resources Limited ["the Company or Callabonna"] I invite you to become a Shareholder in Callabonna as it enters an exciting new phase in its history.

After assessing a range of options, in March 2015 Callabonna entered into a binding term sheet with Alice Queen Holding Pty Ltd ["Alice Queen"] to acquire 100% of its issued capital. We believe that the prospectivity of Alice Queen's projects and its management team offer a unique opportunity for the Company. Alice Queen owns the majority interests in two exciting exploration projects; the Horn Island Gold Project ["Horn Island Project"], located in the Torres Strait, and the Looking Glass Project ["Looking Glass Project"], a Lachlan Belt copper/gold porphyry target in northern New South Wales.

The Horn Island Project is a unique brownfields gold project prospective for a gold bearing Carbo-Permian vein/breccia style deposit. Gold was discovered on Horn Island in the late 1800's with the first bulk mining in 1907. In 1987 a modern operation was established with a historic mining reserve of 180,000 ozs Au but was closed in 1989 for a variety of reasons including the rapid deterioration of the gold price. Since 1989 the project has remained dormant under a Queensland government imposed restriction [RA 295] which precluded further mining or exploration.

Alice Queen successfully negotiated the repeal of RA295 to allow exploration to recommence and thereby create this excellent opportunity for us. The project is a rare, outstanding brownfields prospect ready to be drilled after 25 years of inactivity, with significant exploration upside. Since acquiring the property Alice Queen has carried out sampling programs within the old pit wall and obtained samples of up to 1m at 106g/t Au and 220g/t Au respectively confirming the presence of high gold grades within the system. A JORC Exploration Target of between 450,000 ozs and 1,700,000 ozs Au has been estimated.

A further positive for the Horn Island project is a remarkable relationship that Alice Queen has formed with the Traditional Owners of the land, the Kaurareg People of Kaiwalagal. The Kaurareg People have an equity interest in the operating Company for the Horn Island Project, Kauraru Gold Pty Ltd and tribal leaders have board representation. This partnership stands up as an example of how mining companies can engage with Traditional Owner's to create real and mutual benefit.

The greenfields Looking Glass Project lies approximately 30km north-west of Coonabarabran in New South Wales. The target is porphyry copper-gold and related mineralisation in the undercover northwards continuation of the Molong Volcanic Arc which elsewhere contains the Cadia Ridgeway gold-copper porphyry deposit and the

Copper Hill copper-gold porphyry deposit, among others. The area has had no previous exploration. The opportunity has been created by Alice Queen's technical director, John Holliday, the principal discoverer of Cadia-Ridgeway who is recognised internationally among the world's pre-eminent porphyry copper experts.

Along with these promising projects, Alice Queen brings with it a highly credentialed technical and management team, well known to the Callabonna board and with a proven track record that includes world class copper gold discoveries, mine development in remote locations and procurement of both debt and equity funding for exploration and mining projects.

Under this Prospectus it is intended that the Company will re-comply with Chapters 1 and 2 of the ASX Listing Rules and obtain sufficient funding for the agreed drilling program at Horn Island and further exploration at the Looking Glass Project.

The Company is therefore seeking to:

- complete a capital raising of \$3.5 million;
- issue 63,636,364 New Shares (on a post-Consolidation basis) at the Offer Price of \$0.055 per New Share to investors pursuant to the Equity Offer made under this Prospectus;
- issue 110,700,298 New Shares (on a post-Consolidation basis) at \$0.055 per New Share to the Alice Queen Vendors pursuant to the Vendor Offer made under this Prospectus; and
- appoint Alice Queen's Proposed Directors named in Section 9.1 to the Board of the Company with effect from Completion of the Transaction.

This Prospectus contains information about the Company, Alice Queen, the offer and the proposed transaction. It also contains information about the potential risks of investing in the Company. I encourage you to read it carefully and consult with your professional advisors.

On behalf of the Board of the Company, I commend this opportunity to you and look forward to welcoming you as a shareholder of the Company under the proposed new name of Alice Queen Limited.

Yours sincerely,



Phillip Harman
Chairman

A LETTER FROM OUR JOINT VENTURE PARTNER

– THE KAURAREG ABORIGINAL LAND TRUST



Woer Au Kara Nis

Ngurupai

Kaurareg Aboriginal Land Trust

ABN: 79 329 401 794

PO Box 776

Thursday Island Qld 4875

Mobile Phone: 0417 00 99 80

We, Willie Wigness and Harry Seriat who are of Kaurareg descent, and are Executive Committee members of the Kaurareg Aboriginal Land Trust, would like to invite you to make an investment in Callabonna Resources Limited [to be named Alice Queen Limited]. We believe this is the start of what will be both an exciting and rewarding journey in the resources sector. To help you appreciate our view and to better understand our origins, we invite you to read this short story about our people and our country.

1. The People

Kaurareg peoples are Aboriginal. This is despite our sun-drenched archipelago of lands and seas, fondly referred to as our “country” being wholly located within the lower third part of the water-way region between Australia and Papua New Guinea.

That water-way region is commonly known as the Torres Strait, and was named after the sixteenth century Spanish explorer Luis de Torres. Kaurareg have our own language and name for our country. That name is Kaiwalagal. Kaurareg believe that for many reasons Kaiwalagal will eventually come to enjoy far more common use to name and identify our country, than the name Torres Strait.

The reasons for this belief include advanced plans we have for region-wide developments, both people-centred and infrastructure-centred, not the least of them being Kaiwalagal hosting an abandoned gold mine on Ngurupai (Horn Island). Developments that Kaurareg have planned will bring a multiple-focus to the traditional owners of the land, and to write the Kaurareg peoples back into Australian history. The abandoned gold mine on Ngurupai is the reason you are reading this story.

The mine was abandoned in the 1990's but has since been nurtured back under the close scrutiny of a partnership between the parties of the Kaurareg Aboriginal Land Trust, and Alice Queen Holding Pty Ltd. The partnership itself is via a joint venture company, Kauraru Gold Pty Ltd, which is also being nurtured under close scrutiny of the parties and stands poised at the start-line of what is hoped to be an exciting journey, leading to the abandoned mine-site becoming a viable precious metals proposition for all parties and stakeholders.

At an earlier start-line, one accompanied by murder and bigotry that is common to the evils of colonization, Kaiwalagal and the rest of Torres Strait was annexed to the Colony of Queensland by the Crown through Letters Patent across the intervening years of 1872 to 1879. Since annexation, Kaurareg is the only tribal group in the region to have suffered almost total extinction by massacre when blamed for a crime we did not commit, and then we were forcibly removed from our homelands and seas.

Forced removal occurred at least three times, including removal by violence and at gunpoint to, Moa Island, a land belonging to other people. And while Kaurareg were absent from our country, the Colony of Queensland selected Waibene [Thursday Island] as the administrative centre for the Torres Strait region. Waibene, the entire island, is a sacred site for Kaurareg. The island of Ngurupai (Horn Island), also containing sacred sites, today hosts the majority of the region's industrial activity with the requisite infrastructure including ports for regular public transport, freight in both shipping and air and the region's fresh water supply.

But this is not the only exciting and interesting part of our story. Kaurareg have survived the odds and the anguish of forced removal from our country and of being the only discrete Indigenous population in the region to have been significantly affected by the radical social engineering experiments of past governments. Survival has tempered Kaurareg to the extent that many years later, when we were denied an overdue return to Kirriri [Hammond Island] by a religious group who gave our Elders the ultimatum of submitting to Rome in order to be granted entry to our own homeland, we did not submit.

Our choice was not one of submission. Submission has never been our way. Kaurareg will never submit to wrong doing and injustice. Kaurareg will always fiercely defend our lands and seas. For this reason our leaders chose to deal with Kirriri another day, and instead return to Ngurupai where we have been ever since. But when government agents again confronted our leaders just a few years after their arrival on Ngurupai, faced with a forced removal to Cape York, our leaders stood their ground and refused to go. This stand by Kaurareg on Ngurupai was in the 1960s.

To this day our Elders and our leaders continue their principled stand against wrong doing and injustice, holding to the view that region-wide development will help inevitably bring back decision making control over our lands and seas, and the quality of our lives.

2. The Country

Kaurareg were recognized by the Federal Court in 2001 as the traditional owners of lands and seas in Kaiwalagal. The region hosts a unique and sun-drenched maritime environment of islands dotted in the clear waters of the surrounding seas.

Long before Captain Cook stood on the Kaurareg island, Bedanug [known today as Possession Island] and by deception claimed Australia *terra nullius* for the British Crown in 1778, Kaurareg tribal boundaries were, and still are, acknowledged by other tribal groups north to Papua New Guinea and south to mainland Australia.

Kaurareg's ownership of its archipelago began its long journey of truth-outing after native title in 1992, when Australia's High Court recognised native title in the decision now known as the *Mabo Case*. Almost a decade later in 2001, the Federal Court in *Kaurareg People v Queensland* [2001] FCA 657 recognized that the Kaurareg people hold native title over the islands:

- Ngurupai (Horn Island)
- Muralag (Prince of Wales Island)
- Zuna (Entrance Island)
- Tarilag (Packer Island)
- Yeta (Port Lihou Island)
- Damaralag (Dumuralug Islet)
- Mipa (Pipa Islet also known as Turtle Island)

and the adjoining waters.

3. Decision Makers

The name “Kaurareg” [pronounced cow-rah-regg] sits within the family of names related to “Kaur”, which is our language name for “kookaburra” a bird well-known for its rowdy laughter-like call that is related to the Kingfisher family. Kaurareg society is governed by customs and traditions, contained within a body of knowledge known as Kergne Lore. The closest pronunciation for Kergne is *care-nay* where the “r” in care is rolled across the tongue, a difficult linguistic feat for most English speaking peoples.

Just like most Indigenous populations, Kaurareg Aboriginal peoples are made up of distinct groups. The most basic and fundamental groups being the biological family, the extended family by intermarriage and adoption and clans. Fathers, mothers and children are basic building blocks of any stable society.

Family is Kaurareg’s most prized possession. While the term community and society loosely describes communal and societal structures of Kaurareg, what differentiates Kaurareg from non-Indigenous communities and societies is our unique customs, traditions and culture. Kergne lore recognizes the legitimacy of inter-marriage and the stranger to our lands who chooses to remain and become our neighbour.

Kergne lore has applications to every part of our lives, including the part of our lives where we experience the bi-cultural world of Kaurareg and Australia. There are many parallels between the rule-of-law observed by law-abiding Australian citizens which we also regard ourselves as, and the rule-of-lore that is observed by Kaurareg peoples.

Kaurareg senior elders are currently identifying the compatibilities between Australia’s rule-of-law and Kergne rule-of-lore with the view to developing co-existent standards from the compatibilities with acceptable norms of behaviour and conduct. Kergne lore establishes clear roles and responsibilities by gender, by age and by lineage, in personal and family lives and in public life.

We invite you to accompany us via Alice Queen and we will continue to share with you how Kaurareg have survived the odds of marginalization, with recognition by the region’s current decision makers as a legitimate stakeholder enjoying our rightful place at the leading edge of region-wide development.

Yours faithfully



Willie Wigness
Chairman KALT



Harry Seriat
Executive Secretary KALT



KEY OFFER INFORMATION

Indicative timetable ¹	
Date for determining eligibility for the Priority Offer	3 September 2015
Lodgement of Prospectus with ASIC	28 August 2015
Offer Period opens	4 September 2015
Offer Period closes	2 October 2015
Issue of New Shares	9 October 2015
Dispatch of holding statements	9 October 2015
Re-quotation of Shares (including New Shares) on ASX	16 October 2015

¹ The above dates are indicative only and may change without notice. The Company, in consultation with the Lead Manager reserve the right to extend or shorten the offer period or close the Equity Offer in its absolute discretion and without prior notice. The Company also reserves the right not to proceed with all or part of the Equity Offer at any time before the issue of New Shares to applicants.

Key statistics of the Offers (all securities are on a post-consolidation basis)	
Existing CUU shares on issue	18,450,050
Offer Price per New Share ¹	\$0.055
Total number of New Shares issued under the Equity Offer	63,636,364
Cash proceeds to be received under the Equity Offer	\$3,500,000
Number of New Shares issued under Vendor Offer	110,700,298
Total number of post-consolidation Shares on issue at listing ²	192,786,712
Market capitalisation at Offer Price (\$0.055)	\$10,603,269
Ownership of investors in the Equity Offer following completion of the Offers ³	33.01%
Options on issue following completion of Offers	3,359,005

¹ Shares may not trade at the Offer Price upon, or after, re-instatement of the Company's shares to trading on the ASX's Official List.

² Subject to rounding resulting from consolidation [refer Section 2.2].

³ Excludes potential impact of the issue of Shares upon future exercise of the options. Existing options have an exercise price of 30 cents and expire on various dates refer to section 11.5 for further details.

1. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for New Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
A. Company		
Who is the issuer of this Prospectus?	Callabonna Resources Limited [ACN 099 247 408] [ASX: CUU] [CUU or the Company].	
Who is CUU?	CUU is a minerals exploration company which has over a number of years undertaken exploration programs on different projects. On 12 March 2015, CUU announced its intention to acquire Alice Queen Holding Pty Ltd (Alice Queen). As part of the acquisition, CUU will undergo a significant change in the scale of its business and focus on exploration and development of the Alice Queen Projects (discussed further below). Prior to entering the transaction to acquire Alice Queen the Company acquired an entitlement to participate in a manganese exploration project in Mali that status of which is described further in Section 3.7. Following the acquisition of Alice Queen, CUU has also proposed to change its name to 'Alice Queen Limited'.	Sections 2.2, 3.1 and 3.7
Who is Alice Queen?	Alice Queen is an Australian proprietary company which was incorporated in February 2012 for the purposes of pursuing mineral exploration projects. Alice Queen holds a majority equity interest in Kauraru Gold Pty Ltd [84.5% equity interest], which holds the Horn Island Gold Project, and Monzonite Metals Pty Ltd [90% equity interest], which holds the Looking Glass Project.	Sections 2.2 and 3.2
What are Alice Queen's Projects?	Alice Queen has a majority equity interest in two current projects, the Horn Island Gold Project and the Looking Glass Project. Horn Island Gold Project Horn Island is a brownfields gold project prospective for gold bearing Carbo-Permian style vein/breccia mineralisation. The Horn Island Gold Project is comprised within Exploration Permit 25520 (granted 8 October 2014) and Exploration Permit Application 25418 (grant pending). Looking Glass Project The Looking Glass Project is a greenfields copper gold porphyry target located on the Lachlan Fold Belt, approximately 30km north-west of Coonabarabran in Northern New South Wales. The Looking Glass Project is comprised within Exploration License 8225. Alice Queen has also recently applied for a further exploration license, which is yet to be granted (refer to Section 3.4), situated close to the existing Looking Glass tenement.	Sections 3.4 and 3.5
What is the Transaction?	The transaction is to be effected through CUU purchasing all issued equity interests of Alice Queen from the Alice Queen Vendors (being the shareholders of Alice Queen) in consideration of the issue to the Alice Queen Vendors of 110,700,298 New Shares. Completion of the Transaction is subject to a number of conditions including; - shareholders of the Company passing each of the Acquisition Resolutions at a general meeting to be held on 15 September 2015; - the Company completing its acquisition of Alice Queen; - the Company securing subscriptions from investors for \$3.5 million under this Prospectus; and - ASX conditionally confirming that it will re-admit the Company to the Official List.	Section 2.1

1. INVESTMENT OVERVIEW *continued*

Item	Summary	Further information
B. Business Model		
What industry will CUU operate in after completion of the Transaction?	If the Transaction completes, CUU will continue to operate within the resource exploration industry however the Company's focus will shift to the exploration and development of the Alice Queen Projects, and in particular the Horn Island Gold Project.	Section 3.1
How will CUU seek to generate income after completion of the Transaction?	The Company's strategy is to grow shareholder value through the successful identification, exploration and subsequent definition and development of significant mineral resources with a focus initially on achieving these objectives at the Alice Queen Projects.	
What is the Company's business model?	Initially, the Company will conduct exploration programs on the Alice Queen Projects. Details of the initial proposed development programs are set out in Section 3.5.1 (Horn Island Gold Project) and 3.5.2 (Looking Glass Project). The Company's growth plan post-completion of the Transaction is to explore and exploit the Alice Queen Projects, with the aim of developing those assets into income generating assets through the mining and sale of minerals and in particular gold. In addition, the Company may identify and secure an interest in additional mineral exploration permits or projects that could add value to shareholders.	
C. Key Risks		
What are the key risks of an investment in CUU (post-Transaction)?	Tenement Risks Alice Queen has majority interests in two granted exploration tenements one in New South Wales and one in Queensland. Alice Queen has majority interest in two further exploration tenement applications pending in Queensland and in New South Wales. Those tenements and tenement applications are collectively referred to as "the Tenements". Please refer to the Independent Exploration Titles Report in Section 8 of this Prospectus for details of the status of the key tenements. Dependence upon obtaining, maintaining or renewal of Tenements The implementation of the Company's planned minerals exploration projects requires government licences, permits and other approvals principally in the form of government instruments creating the Tenements. Obtaining approval for the grant of Tenements and ensuring compliance with the conditions of the grant can be complex, costly and time consuming and are therefore not assured. Failure to obtain or renew a Tenement could mean that the Company would be unable to proceed with the continued exploration and development of a particular project. This in turn would be likely to adversely affect the Company's financial condition and prospects. The permits, and in particular Tenements, that the Company needs may not be issued, maintained or renewed either in a timely fashion or at all which could also adversely affect its financial position and prospects.	Section 4.2(a)

Item	Summary	Further information
C. Key Risks continued		
What are the key risks of an investment in CUU (post-Transaction)? continued	Access Restrictions Risk	
	There are a number of restrictions which operate to exclude, limit or impose conditions upon the Company's ability to conduct exploration activities on parts or all of the Tenements. These restrictions include:	
	■ exclusions from pursuing exploration on certain areas of Commonwealth land; ■ requirements arising from Native Title legislation and claims; ■ requirements arising from state legislation relating to Aboriginal heritage, culture and objects; ■ environmental based conditions and restrictions; ■ access procedures and compensation requirements in relation to privately held land; and ■ access procedures and conditions in relation to land falling within deeds of grant in trust.	
	Future Requirements for Capital	Section 4.2[b]
	The exploration costs of the Company described in the Independent Geologist's Report in Section 5 of this Prospectus are based on certain assumptions with respect to the method and timing of exploration works. There can be no guarantees that the funds raised by the Equity Offer will be sufficient to successfully achieve all of the Company's exploration objectives. The funds raised by the Equity Offer will be used by the Company to carry out work on the Company's projects as detailed in this Prospectus. It is likely that the Company may require additional funding to carry out further exploration, undertake feasibility studies and/or acquire new projects. The Company may also incur unexpected costs in implementing its existing exploration plans. Any additional financing through share issues would be dependent upon the ability to raise funds in the share market. Such share issues, if successfully conducted, would also be dilutive to holdings acquired under this Prospectus. Furthermore, debt financing may not be available to support the scope and extent of proposed developments especially given the Company is engaged in early stage exploration.	
	Resource Estimation	Section 4.2[c]
	Mineral resource estimates and exploration targets are expressions of judgement based on knowledge, experience and industry practice. There are inherent risks associated with such estimates, including that ore eventually recovered may be of a different grade, tonnage or strip ratio from those adopted in the model used. These estimates also depend to some extent on interpretations and geological assumptions which may ultimately prove to be unreliable. Fluctuations in commodity prices, costs and other market factors may subsequently alter a resource estimation.	
	Exploration Success	Section 4.2[d]
	The Tenements are at varying, but generally early, stages of the exploration process and potential investors should note that mineral exploration and development, such as that being proposed by the Company, are high risk undertakings. There can be no assurance that exploration of the Tenements, or any other licences acquired in the future, will result in the discovery of a mineral deposit. Furthermore the discovery of a mineral deposit does not guarantee that the mining of that deposit would be economically viable. The size of the deposit, location, grade, access to infrastructure, development and operating costs, commodity prices and recovery rates are all key factors in determining commercial viability.	

1. INVESTMENT OVERVIEW *continued*

Item	Summary	Further information
C. Key Risks <i>continued</i>		
What are the key risks of an investment in CUU (post-Transaction)? <i>continued</i>	Environmental Risks The Company's intended operations, by their nature, have the potential to impact biodiversity, land, water resources, coastal environments and related ecosystems. Changes in scientific understanding of these impacts, regulatory requirements or stakeholder expectations may prevent or delay approvals and result in increased costs for mitigation or compensatory actions. A portion of the Horn Island Gold Project tenement has been subject to previous mining works which may not have been adequately rehabilitated. Whilst the Company is not responsible for these historic works it intends to undertake exploration activities in this area and the historical disturbances caused by previous mining may increase future rehabilitation costs over what otherwise would be expected.	Section 4.2(e)
	Community Risks The Company's intended operations are located in close proximity to various communities. These local communities may become dissatisfied with the impact of the Company's activities or may oppose the development of projects. Such communities may solicit political support to thwart or restrict the provision of approvals the Company requires to implement its plans. Such opposition could also lead to litigation which may detrimentally impact the costs or even viability of operations. Community related risks may also include public protest demonstrations, civil unrest, damage to Company property and altercations involving local residents and the Company's employees or contractors. These matters all have the potential to adversely affect the Company's reputation, standing, financial position and prospects.	Section 4.2(f)
	Counterparty Risk The Company and its operating subsidiaries have contracted with, or will in the future need to contract with, various parties to enable the implementation of its exploration plans. Such counterparties include service contractors, consultants, suppliers, landowners and native title holders. There is a risk that counterparties may fail to perform their obligations under existing or future agreements. This could lead to delays, increase in costs, disputes and even litigation. All these factors could negatively affect the Company's operations and there can be no assurance that the Company would be successful in seeking remedies or enforcement of its rights through legal actions.	Section 4.2(g)
	Joint Venture Risks The Tenements are held through joint venture corporate entities where minority shareholdings are held by third parties. The Company will be the majority holder in the Tenement holding corporate entities. There is a risk that one or more minority shareholders of the corporate entities which hold the Tenements may encounter insolvency, management failure or otherwise change causing it to default in the discharge of obligations to the joint venture. Such defaults could cause delay or disruption to the operations of the Company in relation to the relevant Tenement and could thereby detrimentally affect the Company's prospects.	Section 4.2(h)

Item	Summary	Further information																													
C. Key Risks continued																															
What are the key risks of an investment in CUU (post-Transaction)? continued	Completion and Reinstatement Risk The Company's Shares will be suspended from trading on ASX from the date of the General Meeting. Applicants should be aware that ASX will not re-instate existing Shares or admit any New Shares to Official Quotation until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules. In the event that the Company does not receive conditional approval for the reinstatement of the Company's Shares to Official Quotation, the Transaction will be terminated and the Company will not proceed with the Offers. In these circumstances the Company will repay all application monies received by in connection with the Prospectus [without interest].	Section 4.2 (i)																													
	Industry and General Investment Risks In addition, there are other general risks associated with an investment in the mining exploration industry [refer Section 4.3] and general investment risks [refer Section 4.4] many of which are largely beyond the control of the Company and difficult to predict or anticipate. The Board aims to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, some of the risks are highly unpredictable and the Company is limited to the extent to which it can effectively manage them.	Section 4.3 and Section 4.4																													
D. Directors and Key Management Personnel																															
Who are the directors of the Company?	The current Directors of CUU are Phillip Harman [Non-Executive Chairman], Michael Raetz and Jeffrey Williams. Upon successful completion of the Transaction the Directors of the Company will be: <table><tr><td>Andrew Buxton</td><td>Managing Director/CEO</td></tr><tr><td>Bruce Fulton</td><td>Non-Executive Chairman</td></tr><tr><td>John Holliday</td><td>Technical Director</td></tr><tr><td>Mark Kerr</td><td>Non-Executive Director</td></tr><tr><td>Phillip Harman</td><td>Non-Executive Director</td></tr><tr><td>Jeffrey Williams</td><td>Non-Executive Director</td></tr></table> The profiles of each of these individuals are set out in Section 9.1. Details of the personal interests of each of the above individuals are set out in Section 9.4.	Andrew Buxton	Managing Director/CEO	Bruce Fulton	Non-Executive Chairman	John Holliday	Technical Director	Mark Kerr	Non-Executive Director	Phillip Harman	Non-Executive Director	Jeffrey Williams	Non-Executive Director	Section 9																	
Andrew Buxton	Managing Director/CEO																														
Bruce Fulton	Non-Executive Chairman																														
John Holliday	Technical Director																														
Mark Kerr	Non-Executive Director																														
Phillip Harman	Non-Executive Director																														
Jeffrey Williams	Non-Executive Director																														
Who will be the executive management of the Company?	Upon successful completion of the Transaction, it is proposed that Andrew Buxton will act as Managing Director of CUU and be principally responsible for the day to day management of the Company with the support of the remaining members of the Board. As the Company develops it may look to expand it's management team.	Section 9.1 and Section 9.2																													
What will the interests of Directors be in the Company following completion of the Transaction?	The direct and indirect equity interests of the existing Directors and Proposed Directors of the Company following completion of the Offers are set out in the tables below: <table><tr><th colspan="5">Existing Directors</th></tr><tr><th rowspan="2">Person</th><th colspan="2">Shares</th><th colspan="2">Options</th></tr><tr><th>Direct</th><th>Indirect</th><th>Direct</th><th>Indirect</th></tr><tr><td>Phillip Harman</td><td>Nil</td><td>1,041,881 [0.54%]</td><td>Nil</td><td>115,385</td></tr><tr><td>Michael Raetz</td><td>Nil</td><td>649,185 [0.34%]</td><td>Nil</td><td>38,462</td></tr><tr><td>Jeffrey Williams</td><td>Nil</td><td>830,761 [0.43%]</td><td>Nil</td><td>Nil</td></tr></table>	Existing Directors					Person	Shares		Options		Direct	Indirect	Direct	Indirect	Phillip Harman	Nil	1,041,881 [0.54%]	Nil	115,385	Michael Raetz	Nil	649,185 [0.34%]	Nil	38,462	Jeffrey Williams	Nil	830,761 [0.43%]	Nil	Nil	Section 9.4.1
Existing Directors																															
Person	Shares		Options																												
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1. INVESTMENT OVERVIEW continued

Item	Summary	Further information																																			
D. Directors and Key Management Personnel continued																																					
	<table><tr><th colspan="5">Proposed Directors</th></tr><tr><th>Person</th><th colspan="2">Shares</th><th colspan="2">Options</th></tr><tr><td></td><th>Direct</th><th>Indirect</th><th>Direct</th><th>Indirect</th></tr><tr><td>Andrew Buxton</td><td>25,638,670 [13.30%]</td><td>Nil</td><td>Nil</td><td>Nil</td></tr><tr><td>Bruce Fulton</td><td>Nil</td><td>17,359,516 [9.00%]</td><td>Nil</td><td>Nil</td></tr><tr><td>Mark Kerr</td><td>10,682,779 [5.54%]</td><td>9,614,502 [4.99%]</td><td>Nil</td><td>Nil</td></tr><tr><td>John Holliday</td><td>Nil</td><td>18,694,863 [9.70%]</td><td>Nil</td><td>Nil</td></tr></table> Notes: Approval will be sought at the General Meeting for the Existing Directors to participate in the Equity Offer by subscribing for up to 909,091 New Shares each (total subscription sum of \$50,000 each). If shareholder approval is obtained, the Existing Directors will have the ability (but not the obligation) to subscribe for additional shares up to the approved limits. If shareholder approval is obtained, and each of the Existing Directors successfully subscribe for the full approved amount (i.e. \$50,000) their respective percentage relevant interests in the Company will be: Michael Raetz 1,558,276 shares [0.81%], Phillip Harman 1,950,972 [1.01%] and Jeffrey Williams 1,739,852 [0.90%]. The Existing Directors and Proposed Directors also have the following interests in the Offers: - Each of the Proposed Directors (directly or indirectly) has a free-carried equity interest in the entity which holds the Horn Island Project (Kauraru Gold Pty Ltd) of 2% each. Alice Queen has agreed that it will solely fund the Horn Island Gold Project through to commercial production. Further details of this interest are set out in Sections 3.2 and 13.1. - Each of the Proposed Directors (directly or indirectly) has a free-carried equity interest in the entity which holds the Looking Glass Project (Monzonite Metals Pty Ltd). Those interests are as follows: John Holliday [4%], Andrew Buxton [2%], Bruce Fulton [2%] and Mark Kerr [2%]. Further details of this interest are set out in Sections 3.2 and 13.1.	Proposed Directors					Person	Shares		Options			Direct	Indirect	Direct	Indirect	Andrew Buxton	25,638,670 [13.30%]	Nil	Nil	Nil	Bruce Fulton	Nil	17,359,516 [9.00%]	Nil	Nil	Mark Kerr	10,682,779 [5.54%]	9,614,502 [4.99%]	Nil	Nil	John Holliday	Nil	18,694,863 [9.70%]	Nil	Nil	
Proposed Directors																																					
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John Holliday	Nil	18,694,863 [9.70%]	Nil	Nil																																	
E. Key Financial Information																																					
What is the key financial information?	The audit reviewed historical statements of financial position of the Company as at 31 December 2014 and of Alice Queen as at 31 March 2015, the directors' estimate of subsequent events from those dates to completion of the Offer and the Transaction and proforma adjustments associated with completion of the Offer and Transaction is set out in Section 6 and has been reviewed by Nexia Melbourne Pty Ltd as part of the Independent Limited Assurance Report on Pro Forma Financial Information in Section 7.	Sections 6 and 7																																			
What is the financial outlook for the Company following completion of the Transaction?	The operations of the Company and Alice Queen are inherently uncertain. Following completion of the Transaction, the Company's financial performance is dependent on the Company's ability to execute its business model, being the identification, exploration and subsequent definition and development of mineral resources with a focus initially on the Alice Queen Projects. As such, the Directors believe that they do not have a reasonable basis to forecast future earnings. The Directors have provided an indication of how they will deploy proceeds received under the Equity Offer in Section 11.4	Section 6.2 and Section 11.4																																			

Item	Summary	Further information
E. Key Financial Information continued		
What is the Company's dividend policy?	Following completion of the Transaction, the Company does not expect to pay a dividend and funds raised will (after costs) be allocated to the exploration programmes described in Sections 3.5.1 and 3.5.2 and the ongoing administration of the Company. The Board of the Company will review the dividend policy on a regular basis. Any future payment of dividends will be at the discretion of the Board.	Section 6.3
How has Alice Queen historically performed?	The historic financial information of Alice Queen is set out in Section 6.4.	Section 6.4
F. Key Offer Information		
What are the Offers?	Equity Offer The Company is inviting applications for 63,636,364 New Shares at an issue price of \$0.055 per New Share to raise \$3.5 million (before costs). Vendor Offer This Prospectus contains an offer of 110,700,298 New Shares (issued on a post-consolidation basis at a deemed issue price of \$0.055 per New Share) to the Alice Queen Vendors, which are to be issued as consideration for the Company's acquisition of all of the equity interests of Alice Queen. The New Shares offered under this Prospectus are offered on a post-consolidation basis (refer to Section 2.2 for more details on the proposed consolidation).	Section 11.1
How will the Offers be structured?	Equity Offer The Equity Offer of New Shares will comprise: ▪ a priority offer to existing shareholders of Callabonna Resources Limited (who are shareholders of Callabonna Resources Limited at midnight on 3 September 2015, and who are in Australia or otherwise capable of accepting the Priority Offer) (Priority Offer); ▪ an offer to retail investors who have received a firm allocation of New Shares for their broker and who are eligible to participate in the Equity Offer; and ▪ a general offer to eligible investors (General Offer). Vendor Offer The Vendor Offer of New Shares is made solely to, and is only capable of acceptance by, the Alice Queen Vendors in proportions which reflect their respective equity holdings in Alice Queen.	Section 11.1
What are the conditions of the Offers?	The Offers are conditional upon: ▪ shareholders of the Company passing each of the Acquisition Resolutions at the General Meeting; ▪ the Company completing its acquisition of all of the issued share capital of Alice Queen; ▪ the Company securing subscriptions from investors in the Equity Offer of \$3.5 million under this Prospectus; and ▪ ASX conditionally confirming that it will re-admit the Company to the Official List.	Section 11.2

1. INVESTMENT OVERVIEW continued

Item	Summary	Further information																								
F. Key Offer Information continued																										
How will the proceeds of the Offer be used?	The focus of the Company following completion of the Transaction, will be the exploration of the Alice Queen Projects. Funds raised through the Equity Offer, after costs, are intended to be applied for this purpose in accordance with the proposed use of funds set out in the tables below: <table><tr><th></th><th>Year 1</th><th>Year 2</th><th>Total</th></tr><tr><td>Horn Island Project</td><td>\$656,818 [19%]</td><td>\$765,182 [21%]</td><td>\$1,422,000 [41%]</td></tr><tr><td>Looking Glass Project</td><td>\$102,000 [3%]</td><td>\$10,000 [0.2%]</td><td>\$112,000 [3%]</td></tr><tr><td>Corporate Administration</td><td>\$700,750 [20%]</td><td>\$695,750 [20%]</td><td>\$1,396,500 [40%]</td></tr><tr><td>Costs of the Offer</td><td>\$589,500 [16%]</td><td>Nil</td><td>\$569,500 [16%]</td></tr><tr><td>TOTAL</td><td>\$2,029,068 [58%]</td><td>\$1,470,932 [42%]</td><td>\$3,500,000 [100%]</td></tr></table> The percentages in the table above reflect the relevant item of expenditure as a percentage of the total funds to be raised under the Equity Offer. A more detailed breakdown of the use of funds described above is set out in Section 11.4. The estimate of expenditure set out in the table above based on budgets provided by Alice Queen. The actual level and break-up of expenditure may change on an ongoing basis depending on factors which may include changes in market conditions, the development of new or existing opportunities and other factors (including the risk factors set out in Section 4).		Year 1	Year 2	Total	Horn Island Project	\$656,818 [19%]	\$765,182 [21%]	\$1,422,000 [41%]	Looking Glass Project	\$102,000 [3%]	\$10,000 [0.2%]	\$112,000 [3%]	Corporate Administration	\$700,750 [20%]	\$695,750 [20%]	\$1,396,500 [40%]	Costs of the Offer	\$589,500 [16%]	Nil	\$569,500 [16%]	TOTAL	\$2,029,068 [58%]	\$1,470,932 [42%]	\$3,500,000 [100%]	Section 11.4
	Year 1	Year 2	Total																							
Horn Island Project	\$656,818 [19%]	\$765,182 [21%]	\$1,422,000 [41%]																							
Looking Glass Project	\$102,000 [3%]	\$10,000 [0.2%]	\$112,000 [3%]																							
Corporate Administration	\$700,750 [20%]	\$695,750 [20%]	\$1,396,500 [40%]																							
Costs of the Offer	\$589,500 [16%]	Nil	\$569,500 [16%]																							
TOTAL	\$2,029,068 [58%]	\$1,470,932 [42%]	\$3,500,000 [100%]																							
What will the Company's capital structure look like post completion of the Offer and the Transaction?	Following completion of the Transaction, the Company will have the following Shares and options on issue: <table><tr><th colspan="2">Shares</th></tr><tr><td>Existing CUU Shares (post-consolidation)</td><td>18,450,050 [9.57%]</td></tr><tr><td>Vendor Offer</td><td>110,700,298 [57.42%]</td></tr><tr><td>Equity Offer</td><td>63,636,364 [33.01%]</td></tr><tr><td>Total Shares following Transaction</td><td>192,786,712 [100%]</td></tr></table> Upon completion of the Transaction the Company will, subject to rounding, have the following options on issue: 1,328,235 (post-Consolidation) unlisted options exercisable at 30 cents and expiring on 30 June 2017; and 2,030,770 (post-Consolidation) unlisted options exercisable at 30 cents and expiring on 31 December 2017. Notes: * All Shares and options are shown on a post-consolidation basis. For further details on the proposed consolidation refer to Section 2.2. Existing CUU shares subject to rounding on completion of the consolidation.	Shares		Existing CUU Shares (post-consolidation)	18,450,050 [9.57%]	Vendor Offer	110,700,298 [57.42%]	Equity Offer	63,636,364 [33.01%]	Total Shares following Transaction	192,786,712 [100%]	Section 11.5														
Shares																										
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Equity Offer	63,636,364 [33.01%]																									
Total Shares following Transaction	192,786,712 [100%]																									

Item	Summary	Further information
F. Key Offer Information continued		
Will I be guaranteed a minimum allocation under the Offer?	Under the Priority Offer [which forms part of the Equity Offer], eligible CUU shareholders recorded in the Company's share register as at midnight on 3 September 2015 will be guaranteed an allocation of 36,500 New Shares under the Equity Offer if they submit a valid acceptance and pay the application amount for 36,500 New Shares (being \$2,007) using the personalised acceptance form which will be sent to eligible CUU shareholders with a copy of this Prospectus if requested. Other than under the Priority Offer, the Company is not in a position to guarantee a minimum allocation of New Shares under the Equity Offer.	Section 11.1.1 and 12.1
What are the terms of the New Shares offered under the Offer?	A summary of the material rights and liabilities attaching to the New Shares offered under the Equity Offer and the Vendor Offer made under this Prospectus is set out in Section 13.3.	Section 13.3
Will any New Shares be subject to escrow?	New Shares offer under the Equity Offer to investors pursuant to the Prospectus will not be subject to any escrow requirement by the ASX. The New Shares offered to the Alice Queen Vendors under the Vendor Offer may be subject to mandatory escrow under the ASX Listing Rules. The Company will make submissions to the ASX for a waiver from certain restriction requirements that might otherwise apply to New Shares including, for example, where the New Shares represented a return on a genuine historic cash investment made by Alice Queen Vendors in Alice Queen and are not held by parties who are related parties of the Company. Subject to the outcome of the Company's escrow submissions, it is expected that all or a proportion of the New Shares issued to Alice Queen Vendors under the Vendor Offer will be restricted from trading for a period of up to 24 months after the date of re-admission of the Company to the ASX.	
When will the New Shares be quoted?	Application for quotation of all New Shares issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus. However, applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List. As such, the New Shares may not be able to be traded for some time after the close of the Offers.	
What are the key dates of the Offers?	The key dates of the Offers are set out in the indicative timetable in the Key Offer Information on page 3.	
G. Additional information		
Is there any brokerage, commission or stamp duty payable by applicants under the Equity Offer?	No brokerage, commission or stamp duty is payable by applicants on acquisition of New Shares under the Equity Offer.	
What are the tax implications of investing in New Shares?	Shareholders may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of New Shares subscribed for under this Prospectus.	
Where can I find more information?	Additional information can be obtained through the following methods: - speaking to your broker, solicitor, accountant or other independent professional adviser - reviewing CUU's public announcements, which are accessible from ASX's website at www.asx.com.au under the code "CUU" or available from the Company's website www.callabonna.com.au; - by contacting the Company's Secretary on +61 8 9388 8290; or - by contacting the Share Registry on +61 8 9323 2000.	



Waibene (Thursday Island) township with Kirriri (Hammond Island) in the background.

2. TRANSACTION OVERVIEW

2.1 The Transaction

On 12 March 2015, the Company announced that it had entered into a Term Sheet to acquire all of the issued share capital of Alice Queen.

Alice Queen is an Australian proprietary company focused on mineral exploration which holds an 84.5% interest in the Horn Island Gold Project and a 90% interest in the Looking Glass Project (described further in Section 3.1). The Transaction is to be effected by acquisition of all of the existing equity interest of Alice Queen from the Alice Queen Vendors.

Alice Queen is in the process of procuring that each of the Alice Queen Vendors enter into a formal contract for the sale of their respective equity interest in Alice Queen.

The consideration payable for the acquisition of the equity interests of Alice Queen from the Alice Queen Vendors will be satisfied through the issue of 110,700,298 ordinary CUU shares, where they are offered to the Alice Queen Vendors under the Vendor Offer made through this Prospectus.

The Transaction is subject to the following conditions being satisfied:

- shareholders of the Company passing each of the Acquisition Resolutions. The General Meeting has been called to seek these approvals;
- the Company completing the acquisition of all of the equity interests of the Alice Queen Vendors;
- the Company conducting and securing subscriptions from investors of \$3.5 million under the Equity Offer made through this Prospectus;
- ASX conditionally confirming that it will re-admit the Company to the Official List.

2.2 Shareholder Approval

The Company has convened the General Meeting for the purposes of seeking approval from its Shareholders for the Acquisition Resolutions (being the shareholders approvals necessary to implement the Transaction). The General Meeting is to be held on 15 September 2015.

It is a condition to completion of the Offers under this Prospectus, and a condition of the Company's acquisition of Alice Queen, that resolutions approving each of the following are approved by Shareholders at the General Meeting:

- The change in scale of the activities of the Company resulting from completion of the Transaction.

- The consolidation of all of the existing ordinary Shares of the Company on a 10 for 1 basis (i.e. every existing 10 Shares is consolidated to 1 Share, rounding fractional entitlements up). The Consolidation is to occur after the General Meeting in accordance with the ASX-prescribed timetable. The Company's existing options will also be consolidated such that the number of options and the exercise price are adjusted in an inverse ratio.
- The issue of 63,636,364 New Shares (on a post-Consolidation basis) at the Offer Price of \$0.055 per New Share to investors pursuant to the Equity Offer made under this Prospectus.
- The issue of 110,700,298 New Shares (on a post-Consolidation basis) at a deemed issue price of \$0.055 per New Share to the Alice Queen Vendors pursuant to the Vendor Offer made under this Prospectus.
- The appointment of the nominees of Alice Queen, being the Proposed Directors named in Section 9.1 to the Board of the Company with effect from Completion of the Transaction.

The above resolutions being referred to in this Prospectus as the Acquisition Resolutions.

The notice of meeting convening the General Meeting includes an independent expert report relating to the issue of shares to the Alice Queen Vendors. That the independent expert's report is publically available through the ASX website. If any of the Acquisition Resolutions are not approved by shareholders, all of the resolutions put forward at the General Meeting will fail and the Offers under this Prospectus will not proceed.

At the General Meeting the Company will also seek approval for the following (however the approvals below are not conditions of the Transaction):

- The change of the Company's name to Alice Queen Limited.
- The existing Directors of the Company to participate in the Equity Offer by each subscribing for up to 909,091 New Shares (being a subscription of \$50,000 each). It should be noted that if this approval is obtained the existing Directors will have the right, but not the obligation, to participate in the Equity Offer up to the approved limit.
- The adoption of an Employee Share Option Plan to provide a mechanism to reward and incentivise key employees, management and (subject to shareholder approval) directors in the future.

2. TRANSACTION OVERVIEW *continued*

2.3 Re-admission to ASX

Although the nature of the Company's operations will remain in mining exploration, the Company's acquisition of Alice Queen, if successful, will represent a significant change in the scale of the Company's activities. The change in scale of the Company's activities will require:

- The approval of the Company's shareholders.
- The Company to re-comply with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

In accordance with ASX guidelines, the Company's shares will be suspended from trading between the date on which shareholders approve the change in nature of the Company's activities until such time as it re-complies with the requirements of Chapters 1 and 2 of the ASX Listing Rules. Key requirements of Chapters 1 and 2 of the ASX Listing Rules are:

- The Company must satisfy the shareholder spread requirements relating to the minimum number of shareholders and the minimum value of the shareholdings of those shareholders.
- The Company must satisfy the "assets test" as set out in Listing Rule 1.3.

The Company has obtained a waiver from ASX of Condition 2 of ASX Listing Rule 2.1, which would otherwise require the New Shares offered under this Prospectus to have an

issue price not less than 20 cents per share. The effect of the waiver is to permit the offer price for the New Shares offered under this Prospectus at 5.5 cents.

It is expected that the acquisition of Alice Queen, the completion of the Equity Offer pursuant to this Prospectus and the implementation of the Consolidation (subject to the requisite approvals being obtained from shareholders at the General Meeting) will enable the Company to satisfy the requirements for re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Applicants should be aware that the ASX will not re-instate existing Shares or admit any New Shares to Official Quotation until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules. In the event that the Company does not receive conditional approval for the reinstatement of the Company's Shares to Official Quotation, the Transaction will be terminated and the Company will not proceed with the Offers. In these circumstances the Company will repay all application monies received by in connection with the Prospectus [without interest].

2.4 Change of Name

It is proposed that the Company will change its name to 'Alice Queen Limited' following the successful completion of the Transaction.



John Holliday – Technical Director of Alice Queen and Jeff Williams – Non Executive Director of Callabonna Resources Limited at the former Horn Island gold mine site – November 2014.



Kaurareg Elder – Wigness Seriat.

3. COMPANY AND PROJECT OVERVIEW

3.1 Company Overview

The Company is a minerals exploration company which has over a number of years undertaken exploration programs on different projects. Prior to entering the Transaction to acquire Alice Queen the Company acquired an entitlement to participate in a manganese exploration project in Mali which is described in Section 3.7.

Upon and subject to completion of the Transaction, the Company now intends to focus on the development of the Alice Queen Projects at Horn Island, Queensland and near Coonabarabran, New South Wales.

Please note, much of the information concerning the geology of the Tenements as disclosed in this Section 3 is based upon the descriptions and conclusions expressed in the Independent Geologist's Report contained in Section 5 of this Prospectus. You should read that report to gain an understanding of the Tenements and their prospectivity.

3.2 Alice Queen Overview

As noted in Section 2.1, Alice Queen is an Australian private company formed for the purpose of pursuing mineral exploration to discover and if appropriate develop economic mineral deposits.

Alice Queen owns the majority interests (84.5% and 90% respectively) in two exploration projects;

- a gold exploration project at Horn Island (Horn Island Gold Project) located in the Torres Strait; and
- a copper/gold porphyry prospect located within the Lachlan Fold Belt in northern New South Wales (Looking Glass Project).

Alice Queen holds its interest in the projects by way of an equity interest in two proprietary companies, Kauraru Gold Pty Ltd (Kauraru Gold) and Monzonite Metals Pty Ltd (Monzonite Metals), which hold the tenements that cover the project areas for the Horn Island Gold Project and the Looking Glass Project respectively.

Kauraru Gold

Kauraru Gold holds the tenements which make up the Horn Island Gold Project.

AQH holds an 84.5% equity interest in Kauraru Gold, the remaining equity interests in Kauraru Gold being held as follows:

- 7.5% held by the Kaurareg Aboriginal Land Trust (KALT) on behalf of the Kaurareg Aboriginal People; and
- 8% held (directly and indirectly) by the founders of Kauraru Gold, being the Proposed Directors of the Company, as follows: Andrew Buxton (2%), Mark Kerr (2%), John Holliday (2%) and Bruce Fulton (2%).

Alice Queen has agreed with the remaining shareholders of Kauraru Gold that it will solely fund the Horn Island Gold Project through to commercial production. This commitment is in the form of a written undertaking which is summarised in Section 13.1[a].

Monzonite Metals

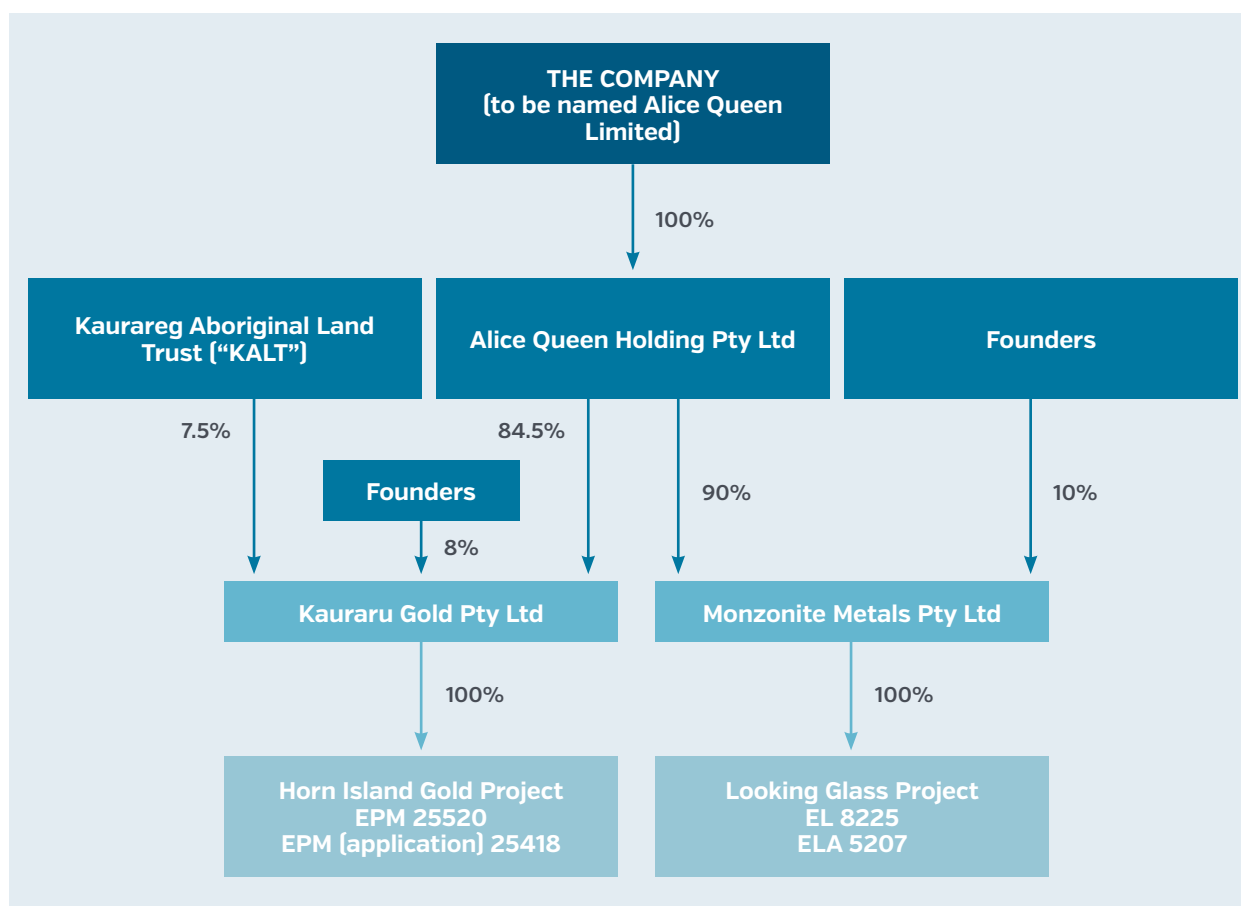
Monzonite Metals holds the tenement which makes up the Looking Glass Project.

Alice Queen holds a 90% equity interest in Monzonite Metals. The remaining equity interests are held (directly and indirectly) by the founders of Monzonite Metals, being the Proposed Directors of Callabonna, as follows: Andrew Buxton (2%), Mark Kerr (2%), John Holliday (4%) and Bruce Fulton (2%).

Alice Queen has agreed that it will solely fund the Looking Glass Project through to commercial production. This commitment is in the form of a written undertaking which is detailed in Section 13.1[b].

3.3 Proposed Group Structure

The proposed corporate structure of the Company following completion of the Transaction is set out below:



* The Company has a number of other existing dormant subsidiaries. Full details of which are set out in the Company's prior Annual Reports which have been lodged with the ASX and copies of which are available on request from the Company.

3.4 Project Summaries

Horn Island Gold Project, Torres Straits

The Horn Island Gold Project is a brownfields gold project that is considered by Alice Queen to be prospective for gold bearing Carbo-Permian style vein/breccia mineralisation. The Horn Island Gold Project is comprised of Exploration Permit for minerals [EPM] 25520 [granted 8 October 2014] and Exploration Permit for minerals Application [EPMA] 25418 [grant pending]. For further details regarding the tenements which comprise the Horn Island Gold Project please refer to the Independent Report on Tenements in Section 8. There are minimum annual exploration expenditure conditions attaching to EPM 25520, however Alice Queen has been advised that yearly expenditure requirements can be aggregated over a period of up to three years thereby allowing flexibility to adjust programs in response to results and the holders funding sources.

Gold was discovered on Horn Island in the late 1800's and the first mining was undertaken in 1907. A more modern operation was established by Augold Pty Ltd in 1987 but was closed in 1989 for reasons which appear to have included the rapid deterioration of the gold price. In 1989 the Queensland government imposed a restriction over the area precluding any further mining or exploration activity. In July 2013, Alice Queen made a formal submission to the Queensland government to have these restrictions lifted and to allow exploration to recommence. This submission was made with the support of KALT who, as noted above, are partners in the Horn Island Gold Project by virtue of their 7.5% equity interest in Kauraru Gold. In December 2013, the Queensland Government announced the lifting of the restrictions over the area and in October 2014 Kauraru Gold was successful in its application for EPM 25520.

Alice Queen commenced assessing the geological potential of the area over the former mine on the basis that:

- There had been no exploration carried out since 1989 and as such it was a uniquely under-explored, gold-mineralised area.
- The gold mineralisation style, whilst poorly understood, exhibited characteristics which suggest it may be intermediate sulphidation [carbonate-base metal style] mineralisation, or intrusion-related gold mineralisation, which is anticipated may extend to much greater depths than was ever drilled pre-1989. The majority of past drilling reached a maximum of 50m in vertical depth.

Looking Glass Project, Northern New South Wales

The Looking Glass Project is a greenfields project targeting copper gold porphyry systems. It is located in the Lachlan Fold Belt, approximately 30km north-west of Coonabarabran in Northern New South Wales. The Looking Glass Project comprises Exploration License 8225 [granted 6 January 2014]. For further details regarding the tenement which comprises the Looking Glass Project please refer to the Independent Report on Tenements in Section 8.

Looking Glass is targeting mineralisation on the northwards continuation of the Molong Volcanic Arc which contains the Cadia gold-copper porphyry deposits and the Copper Hill copper-gold porphyry deposit. New porphyry complexes are unlikely to be discovered on the exposed part of the Molong Volcanic Arc because it has been thoroughly explored. The Looking Glass Project is situated in the undercover northern extension of the Molong Volcanic Arc where the basement rocks have never been the subject of previous exploration for gold or base metal mineralisation.

Monzonite Metals has recently applied for a further Exploration Licence Application 5207 [ELA 5207] on the undercover extension of the Molong Volcanic Arc. This application is over an area of approximately 300 km² some 65 kms south of Looking Glass. There is no assurance that this application will be granted. If the application is granted it would allow for a considerable extension of the planned exploration area and objectives for the Looking Glass Project. It is anticipated that on granting Exploration Licence Application 5207 would require year one expenditure of not less than \$70,000 which sum the Company believes could be accommodated within its existing expenditure budget through internal adjustments.

3.5 Detailed Project Overviews

3.5.1 Horn Island Gold Project, Torres Strait, Queensland

Kauraru Gold was established to explore areas within Kaiwalagal [the Torres Strait Islands] held under EPM 25520 and EPM 25418 [application]. The location of the project is shown in Figure 3.5 [1] and 3.5 [2] below. As noted above, Alice Queen holds an 84.5% interest in Kauraru Gold and has agreed to free-carry the remaining shareholders of Kauraru Gold through to commercial production. These minority shareholders include the KALT (holding 7.5% of Kauraru Gold) which own Aboriginal Freehold Title over part of the area on behalf of the Kaurareg Aboriginal People, the traditional owners of the area.

Figure 3.5 [1] - Aerial view of historic Horn Island gold mine view north



Aerial view of former Horn Island gold mine looking north east.

3. COMPANY AND PROJECT OVERVIEW *continued*

Geology

Figure 3.5 [2] - Horn Island location - simplified regional geology



Gold mineralisation at Horn Island has previously been interpreted by Alice Queen to belong to the Kennedy Province which covers part of northern Queensland. It is interpreted to display some similarities with mineralisation in known deposits elsewhere in that province such as at Kidston and Ravenswood.

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 on Cape York, the Torres Strait Islands and the southern shore of Papua New Guinea. 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, 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. Alluvial cover and laterite has developed from the Early Tertiary and Miocene times to the present day.

Mineralisation occurs in quartz ± sulphide vein arrays/stockworks and breccias that are localised close to the contact of two Badu Suite intrusions (the Badu Granite and the Horn Island Granite) into various felsic welded tuffs (the Torres Strait Ignimbrite). Geochemical information indicates that the gold mineralisation is associated with base metal sulphide mineralisation (galena especially) with alteration mostly described as sericitic or propylitic.

Horn Island does not fit the porphyry Cu-Au-Mo deposit model, but may fit with the carbonate-base metal (intermediate sulphidation) epithermal model or the intrusion-related gold model. These deposit types include many major gold deposits worldwide. This may suggest there is a greater potential at depth at Horn Island than was investigated by the pre-1989 explorers.

Figure 3.5 [3] - Horn Island - simplified geology



Figure 3.5 [4] - Horn Island - mine geology



Ore Style

Historical experience indicates that mineralisation at Horn Island typically presents as gold lodes which outcrop within a 1km wide corridor trending north-west for some 3km. This mineralised trend lies within an interpreted regional structural corridor [Figure 3.5 (4)]. These lodes are stacks of multiple veins each of which ranges in width from 0.01m to 2m and overall averaging 0.2m. The lodes themselves which are approximately 1m wide zones of veins can be up to 15m wide, especially near brecciated intersections with other lodes.

The lodes have been intersected with drill holes to a vertical depth of 100m but only the upper 50m has been systematically drilled.

Sericite is the dominant alteration mineral associated with gold mineralisation. Wide zones of sericitic alteration (up to 20m) occur, commonly associated with wider lodes and/or faulting. The host rock around ore veins is generally barren, irrespective of the degree of alteration. Exposed rock in the historic pit shows that alteration may be strongly developed in the absence of significant quartz sulphide veining and is dominantly fracture controlled. The veins are dominantly quartz, sphalerite, galena, pyrite with lesser chalcopyrite and arsenopyrite and accessory molybdenite and tetrahedrite.

Figure 3.5 (5A) - Quartz + sulphide vein - Western wall of Southern Pit [Arundell]



The bulk of the gold mineralisation occurs in two sets of veins; one near vertical and the other with the same strike but a shallow dip. Mineralised “shattered zones” occur at the intersection of the flat and steep structures. Steep lodes range from less than 1 to 10 metres in width [Figure 3.5 (5B)], flat lodes range from 0.3 to 3 metres and shattered zones can be up to 15 metres but more commonly 4 to 6 metres wide. The lodes are often a series of veins or less commonly breccias. The controls on mineralisation are poorly known due to the paucity of diamond drilling but may be related to steeply dipping faults.

Project History

Gold was first discovered on Horn Island by Smyth and party in 1894. These initial workings concentrated on a NW-SE structural corridor [Figure 3.5 (4)] across the island. The majority of historic hard rock workings were located south of Horned Hill on the southern side of Spring creek. These historic workings consisted of small pits, trenches and shafts dug along the main quartz reefs [Figure 9 - Independent Geologist's Report in Section 5]. Very few of these workings continued below the oxidised zone because of metallurgical difficulties with gold recoveries from sulphide mineralisation. Further to the hard rock workings there are also indications of alluvial workings through the gullies running into Spring and Smyth's Creeks.

In 1899 the Horn Island Gold Mining Company was floated and in 1900 it purchased Smyth and party claims. That company constructed a 40m- head stamp battery, concentrating tables and Berdan pans (grinding and amalgamation pans). Operations concentrated on an open pit approximately 80m long by 10 metres wide which has been interpreted to have exploited the Welcome Reef. However, after 6 months the Company closed its operations.

Figure 3.5 (5B) [Arundell]



3. COMPANY AND PROJECT OVERVIEW continued

Following the initial discovery and establishment of an operation on Horn Island a number of groups attempted to develop a permanent operation which included:

- 1902 - the Cape York Peninsula Syndicate purchased the Horn Island Gold Mill and Chinese prospectors panned for gold in the creeks.
- 1908 - Narupai Gold Mining Company focused on processing surface material but closed in 1909.
- 1921/2 - Lennon and party attempted to treat battery tailings but no recorded gold was produced.
- 1936 - a prospecting and a drilling program was undertaken on the Mystery, Brilliant and Narupai Reefs (Figure 9 - Independent Geologist's Report in Section 5).

Between 1894 and 1922 there were a number of gold mining ventures which operated sporadically and with varying degrees of success. Over that period records indicate that approximately 10,000 oz of gold was produced with a little under half of that from alluvial workings. Details of production during this period have been provided in Table 2 of the Independent Geologist's Report in Section 5.

From 1922 until after the Second World War it appears that there was little mining activity on Horn Island and certainly no organised exploration or production.

After the Second World War, various exploration programs were undertaken on Horn Island by a variety of parties. These culminated in substantial drilling programs carried out in the period from 1983 to 1987. Various historical resource estimates were formulated and reported from 1985 through to 1988. Details of the basis for those historical estimates are provided in the Independent Geologist's Report in Section 5 and should be read in conjunction with the cautionary statements relating to the reporting of historical estimates in that report.

The resource estimates completed in the 1980's provided sufficient confidence to the operator at that time to proceed with a project and in 1987 the Queensland Department of Mines granted Augold NL [Augold] a mining lease allowing for the establishment of a mine together with a 650,000 ton per annum processing plant.

Construction of the Horn Island open pit commenced in late 1987 with production commencing in the first quarter of 1988 on a resource [Pre-JORC announced by Giant Resources in their 1988 Annual Report] of 2.35 million tonnes @ 2.37 g/t gold. **The estimates are historical estimates and are not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the historical estimates as mineral resources or reserves in accordance with the JORC Code, and it is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code.** The historical resource estimate should be read in conjunction with the compliance table as required by ASX Listing Rules 5.12.1 to 5.12.10 Table 4 in the Independent Geologist's Report set out in Section 5 which summarises the source and data of the historical estimates information. Three open cut pits were developed and mined- the West Pit, South Pit and East Pit (See Figure 10 - Independent Geologist's Report in Section 5).

It was reported that Augold experienced various difficulties in its mining operations. By 1989, only 18 months after the processing plant was commissioned, Augold's parent company withdrew funding support and the mine was closed down.

There were a number of reasons reported for the mine closure which included ore dilution from mining narrow, steep veined gold mineralisation, high stripping ratios, lack of adequate fresh water and power, difficulties with metallurgy of the sulphide ores and a falling gold price.

The average grade delivered to the plant was reported as 1.7 g/t Au against an expected grade of 2.37 g/t Au. Initially mining units of 6m x 6m x 3m were used but this was unsuitable for the nature of the ore veins. Reducing the block size coupled with more selective mining methods appears to have resulted in a dramatic increase in gold grade in the June and September 1989 quarters.

Records indicate that through 1988 - 89 the operator mined and milled approximately 640,000 tons at varying grades of gold but with an average of circa 1.7 g/t. Details of these production results are provided in Table 5 of the Independent Geologist's Report in Section 5.

Historic Government Restriction

In 1989 a Restricted Area declaration (RA295) was placed over the Horn Island Gold Mine by the Queensland Government. This followed the failure of the mine owner to fulfil its obligations regarding rehabilitation of the site after the mine closed. On its declaration RA295 prohibited any further exploration or mining activities on Horn Island and the Queensland Government undertook its own rehabilitation program over the area.

In 2013 Kauraru Gold made submissions to the Queensland Minister of Natural Resources and Mines for the removal of RA295 and in December 2013 was successful in having RA295 repealed making renewed exploration for gold mineralisation possible.

Kauraru Gold subsequently applied for exploration rights and was successfully granted an EPM application over Horn Island (EPM25520). Alice Queen is also pursuing a separate exploration rights application over the surrounding Kaiwalagal area (EPM25418).

Recent Exploration Undertaken by Alice Queen

In preparing its proposed exploration program, Alice Queen undertook a review of all historical work completed on Horn Island and established an extensive database. The focus of the review was on the drilling data reported by Seltrust Mining Corporation Pty Ltd and AuGold during the 1980's. Alice Queen was able to locate data for 536 holes (8,077m) out of which complete analytical data has been recovered for approximately 80 holes. Integration of available assay data old workings plans and observable surface geology enabled interpretation of the evident historic mineralisation trends in the old pit area.

Also, as a result of this work several targets have been identified outside the zone of the existing pit area:

- Narupai Reef (See Figure 9 - Independent Geologist's Report in Section 5)
- Mystery Reef (See Figure 9 - Independent Geologist's Report in Section 5)
- Southern Silicified Ridge (Figure 3.5 [4])

Sampling Program – November 2014

In November 2014 Alice Queen completed a rock channel and rock chip sampling program including in the walls of the South Pit. This is the only accessible including old pit wall area. This confirmed the presence of gold over a 750m strike length including zones of high grade gold. A total of 233 samples [134 rock channel and 96 rock chip] were collected (Figure 3.5 [9]). The samples were analysed for gold and a large range of other elements.

Figure 3.5 [6] - Western Wall of South Pit



Figure 3.5 [7] - Rock Channel sampling 2014 – HC14-057



Figure 3.5 [8] - View at sample – HC14-068



3. COMPANY AND PROJECT OVERVIEW continued





Crushing Plant

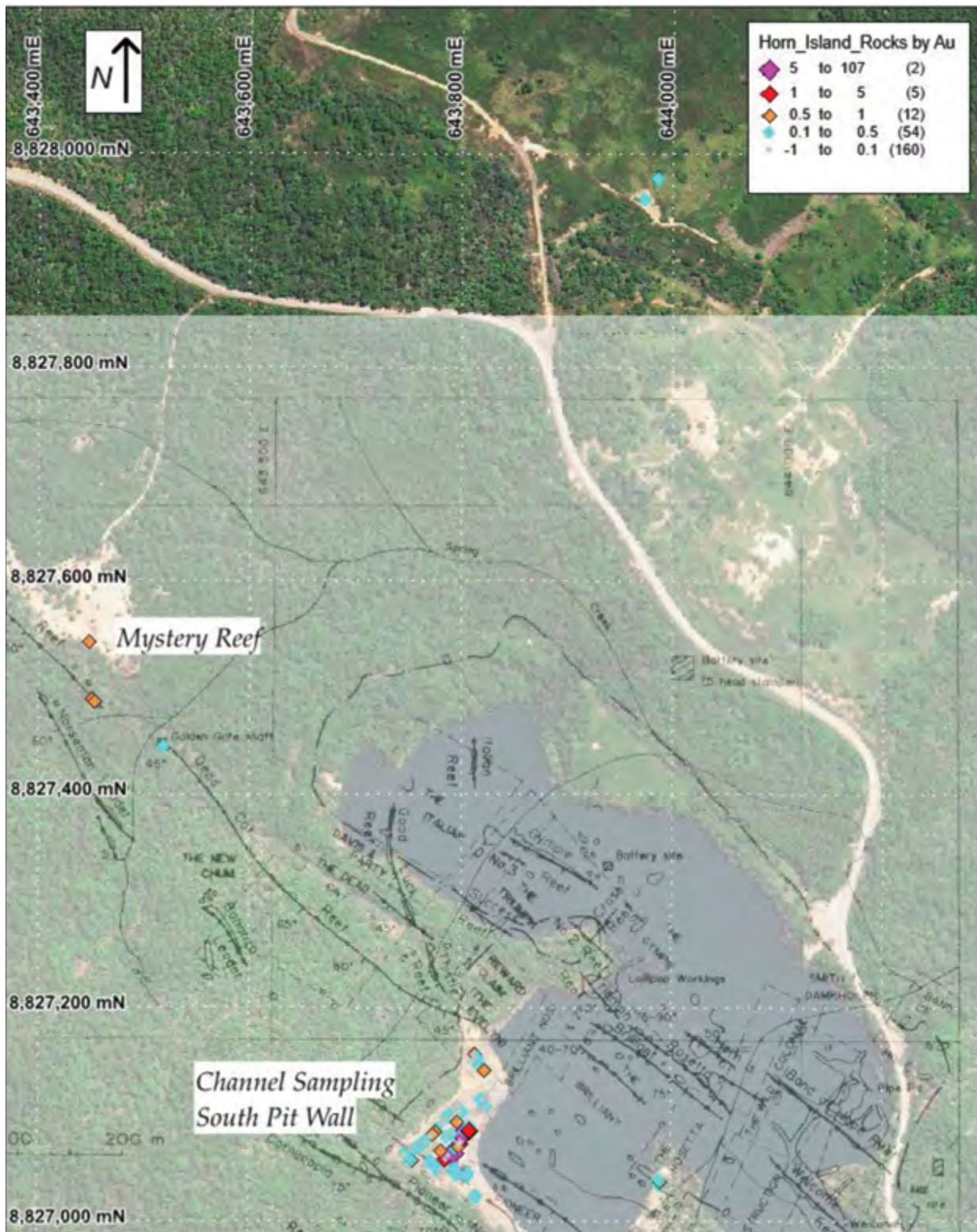
Quarry

Township of Wasaga

View of key infrastructure on Ngurupai (Horn Island) looking east.

continued

Figure 3.5 [9] - Rock Sampling program November 2014



The sampling program confirmed the presence of high-grade (including multi-ounce), gold in well-defined quartz-sulphide veins. Results from individual channel samples from this recent program include:

- 1.0m at 106g/t Au and 10.9g/t Ag (HC14-068)
- 1.0m at 21.5g/t Au and 3.1g/t Ag (HC14-057)

Previous chip/channel samples collected by Alice Queen in 2013 at locations in close proximity returned results of:

- 1.0m at 220g/t Au and 95g/t Ag (HI 9100)
- 1.0m at 150g/t Au and 75g/t Ag (HI 9098)

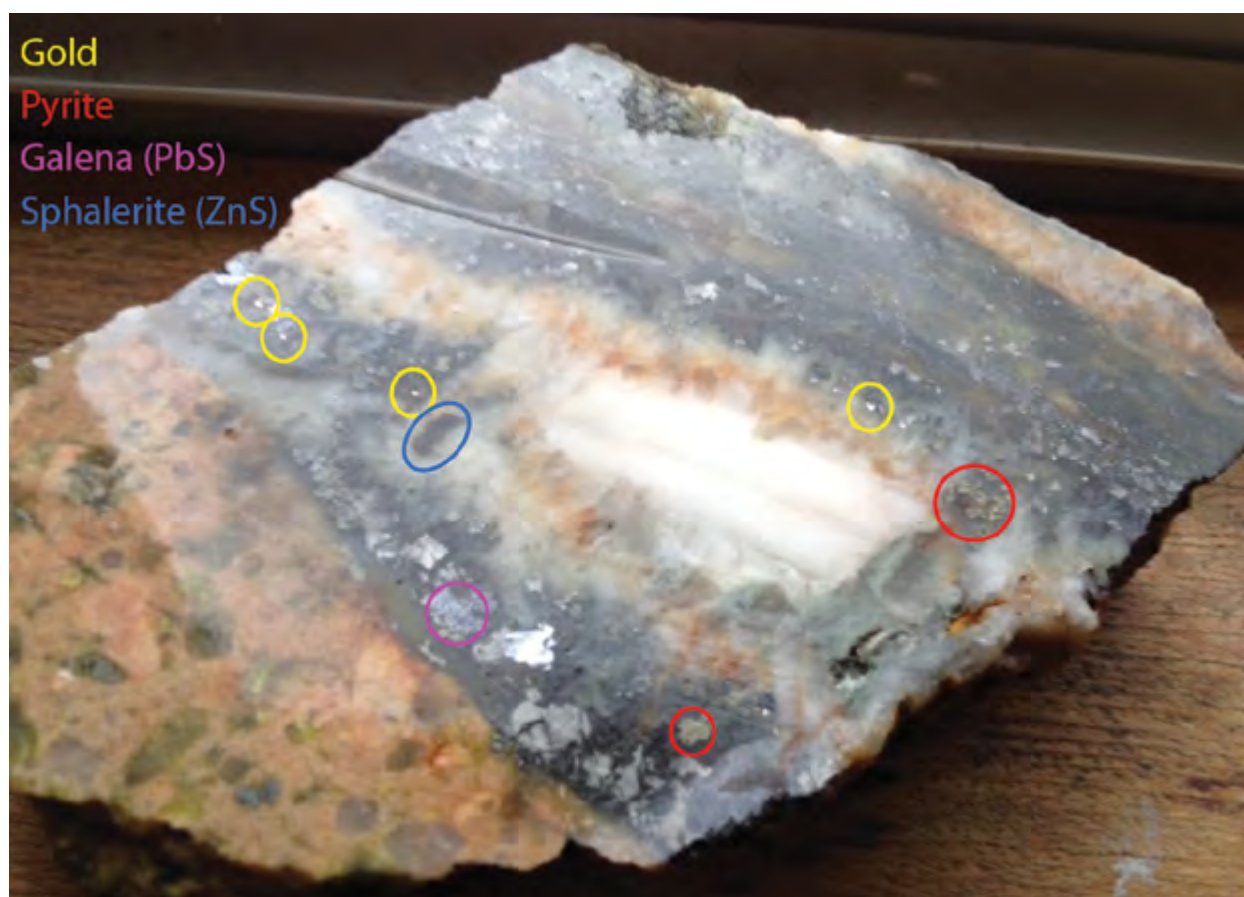
The close correlation of the high grade gold results from both the sets of sampling indicated to Alice Queen that the results are reliable. The Independent Geologist whose report is set out in Section 5 of this Prospectus noted the gold distribution is likely to be erratic as indicated by limited duplicate sampling. The Independent Geologist's Report should be read in conjunction with these results.

These observations are also consistent with the coarse gold observed in rock samples for example Figure 3.5 [10] illustrates detail of coarse visible gold observed in a portion of the vein from which sample HC14-057 was taken.

Combined, the recent sampling and the compilation of historic data provide a sound basis for the proposed core drilling program to test the deeper and broader exploration potential for high grade gold mineralisation surrounding and beneath the former mine pit.

The Company made a market release to ASX on 22 July 2015 reporting the full results of Alice Queen's recent exploration program at Horn Island. The market release has been lodged with ASX. Any person may request a copy of the market release containing these exploration results during the application period of this Prospectus, which the Company will provide free of charge. The market release can also be accessed free of charge via the ASX website www.asx.com.au

Figure 3.5 [10] - Detail of vein material showing visible gold and mineral distribution: Photo: Dr Andy Tomkins



3. COMPANY AND PROJECT OVERVIEW *continued*

Exploration Target

Recently Alice Queen formulated an Exploration Target for the Horn Island Gold Project of 7 to 21 million tonnes @ 2.0 to 2.5 g/t Au for 0.45 to 1.7 million ozs Au. **The potential quantities and grades expressed in the Exploration Target represent targets which are conceptual in nature, in that there has been insufficient exploration to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of a mineral resource. This Exploration Target statement was released by the Company to the ASX in the announcement dated 22 July 2015 referenced above.**

The above-stated Exploration Target is based on the results of 1980's mine drilling and estimation data, which are not JORC 2012 compliant. The Exploration Target is also based on the results of JORC compliant recent pit wall sampling and geological observations.

Specifically the 1980's Horn Island Gold Mine was built to mine 2,350,000 tonnes at 2.37 grams per tonne of gold. The mine was to be 40-50m deep. The proposed first Alice Queen drilling program will test to 170-180m depth, or roughly three times deeper again than was planned for the old mine. Thus a minimum Exploration Target to be tested in the first drilling program is approximately 7 million tonnes at approximately 2.0 grams per tonne. This is approximately 450,000 ounces of gold.

There is also a reasonable probability that the grades and volumes of gold may increase with depth, since similar quartz sulphide vein and breccia gold deposits in the same geological province (the Kennedy Igneous Province) are known to have substantial depth extents with significant gold grade. Thus a reasonable higher Exploration Target for the first drilling program is a two-times increased volume of gold mineralised rock, approximately 14 million tonnes at an enhanced gold grade of approximately 2.5 g/t (i.e. approximately 1.1 million ounces). Enhanced gold grade is reasonably possible as evidenced by channel samples of over 100 g/t of gold obtained from recent pit wall sampling.

Further, if an improved level of gold mineralisation continued to 300m depth, which is a reasonable depth for a modern open-cut mine, then the upper range for the Exploration Target, following a second drilling program, is approximately 21 million tonnes at approximately 2.5 g/t (approximately 1.7 million ounces).

Such a second drilling program has not been allowed for in the Company's current use of funds budgets. As such the Company's ability to undertake such a program would depend on its ability to raise further funding. This would most likely require a further capital raising which would have a dilutive effect on the issued share capital. There is also a risk that the Company may be unable to raise such funding.

The Exploration Target down to 300 metres depth is conceptually illustrated in Figure 3.5 [11] in a diagrammatic cross section spanning approximately 600 metres from the East pit to the South pit.

Planned Exploration Program

Based on the compilation of historic data and the recent rock channel sampling, Alice Queen believes that the Horn Island Project does have excellent exploration potential and thus warrants ongoing exploration.

The following targets have been inadequately tested and require further exploration:

- At depth under the flooded open cut (i.e. below 50m depth) where there has been very limited historic drilling.
- In the surrounding areas of historic old workings that have never been subject to deep drilling assessment (e.g. Mystery Reef and Narupai Reef).

Alice Queen have proposed a diamond drilling program of approximately 3,000m at the Horn Island Project which is considered by the Company to be a reasonable test of the identified high grade gold structures. The total program will comprehensively test the potential for gold mineralisation at depth. Core drilling has been selected as the preferred drilling technique as it will provide detailed geological information, to guide analytical sampling and will facilitate geologically constrained resource estimation.

Figure 3.5 [11] - Conceptual cross section diagrammatically illustrated and not to scale

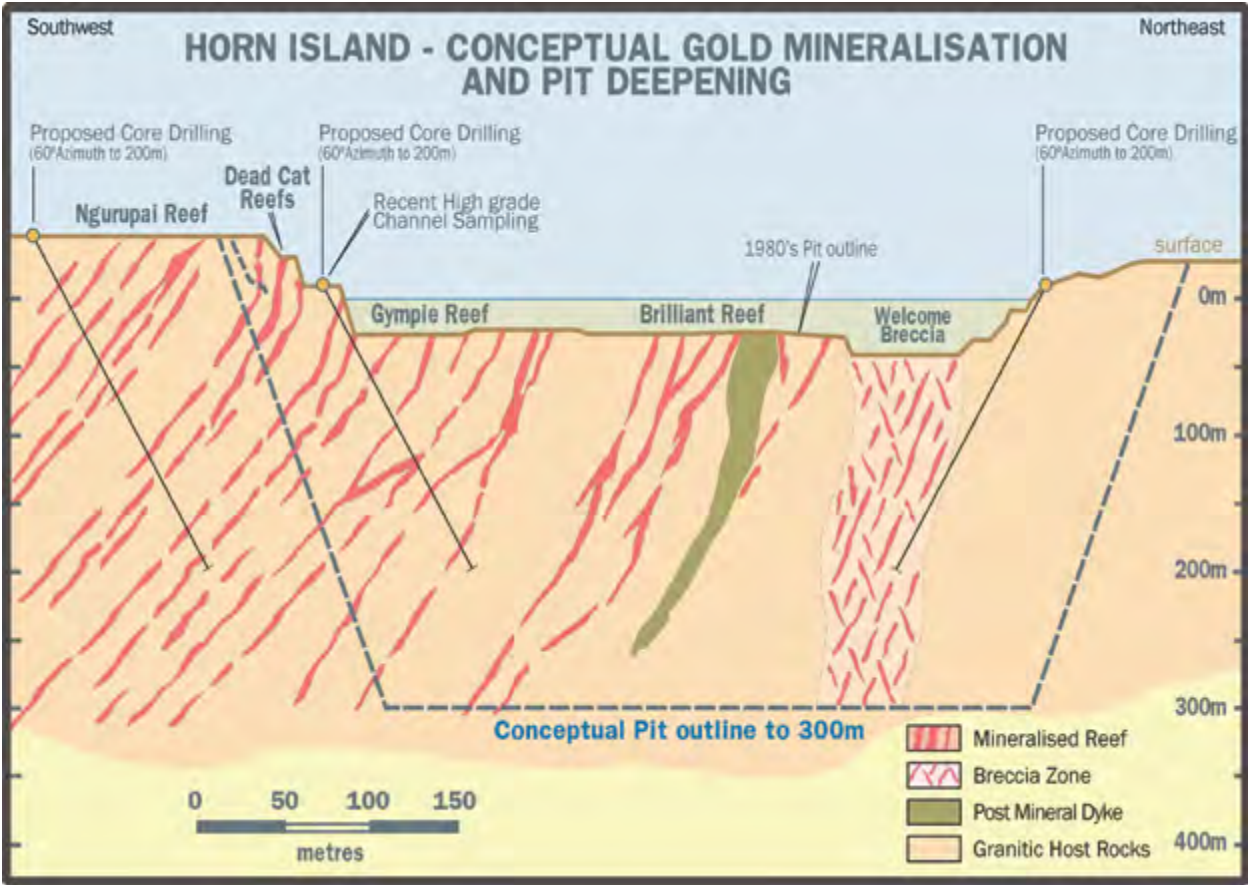


Figure 3.5 [12] - Proposed initial drilling program



3. COMPANY AND PROJECT OVERVIEW continued

3.5.2 Looking Glass Copper Porphyry Project

The Looking Glass Project (EL 8225 covering approximately 216km²) is located in the Central West Region of New South Wales approximately 30 km north west of Coonabarabran and approximately 300km north-West of Sydney [Figure 3.5 [13]].

Details of the tenement and conditions attaching thereto are provided in the Independent Report on Tenements set out in Section 8. The Looking Glass tenement is due for renewal in January 2016. Alice Queen has been advised that renewal is likely to be granted on application although a surrender of up to 50% of the area may be required.

The Looking Glass Project area is situated mainly within cleared and non-cleared grazing and pastoral land and is well serviced by existing road and electricity infrastructure and easily accessible from nearby Coonabarabran.

As indicated in Section 3.4 of this Prospectus an application has been recently lodged [EL Application 5207] over an area of approximately 300km² situated nearby to and south of the existing Looking Glass tenement. There can be no certainty as to the grant of the application or to the

timeframe for a grant. However if the application is granted it would allow for a considerable extension of the planned exploration area and objectives for the Looking Glass Project.

Geology

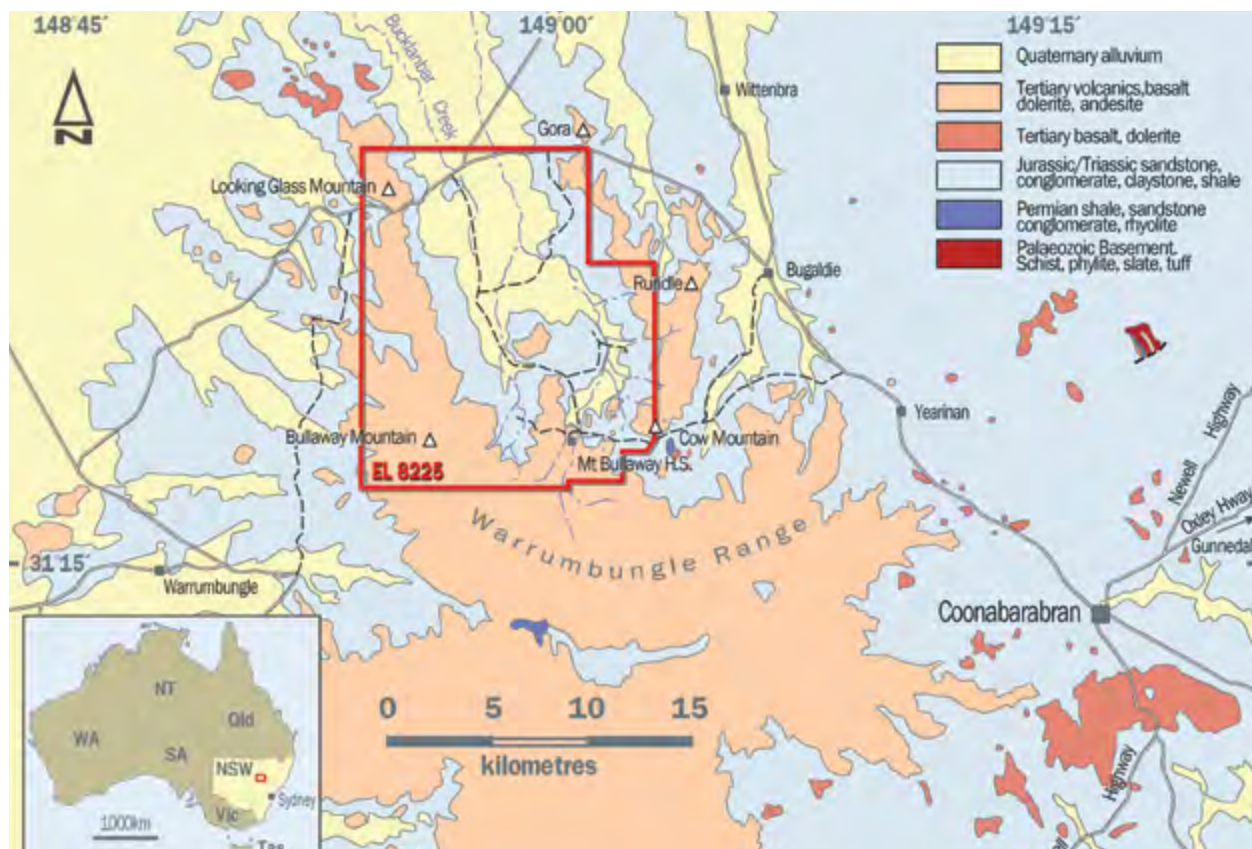
The Looking Glass tenement lies within the geological and tectonic terrain known as the Lachlan Orogen [formerly Lachlan Fold Belt]. [Figure 3.5 [14]]

Lithologically, the Lachlan Orogen is comprised of deformed sedimentary rocks, and mafic volcanics that accumulated along the eastern edge of Gondwanaland during the early Palaeozoic. For further information on the tectonic setting please refer to the Independent Geologist's Report in Section 5.

The Looking Glass Project occurs in what has been interpreted to be a similar geological and structural environment to world class copper-gold and gold deposits in the Lachlan Orogen [Figure 3.5 [14]]. These include:

- major porphyry Cu-Au deposits such as Cadia-Ridgeway, Goonumbla [Northparkes] and Copper Hill
- epithermal Au deposits such as Cowl, Peak Hill and Gidginbung / Temora
- Skarn-deposits such as Junction Reefs and Big Cadia

Figure 3.5 [13] - Looking Glass [EL8225] – project location



These Lachlan Orogen Cu-Au and Au deposits are hosted in Ordovician sediments and volcanics that have been faulted then intruded by complex differentiated Ordovician to Early Silurian intrusive bodies. The Looking Glass project is interpreted to occur within the under cover, northern extension of the Molong Volcanic Arc which hosts the Cadia deposits. The covered Molong Arc continuation has never been explored northwards beyond the Wellington area and certainly not in the area of EL8225.

Project Geology

Interpretation of airborne magnetic data indicates the Molong Arc continues northwards under and beyond the Warrumbungle Mountains to where the Looking Glass Project covers a significant magnetic feature under the Goorianawa Valley in EL8225 [Figure 3.5 [14]]. The thickness of the cover rocks is poorly understood, but is estimated to be 400m-500m based on water bore data and limited regional stratigraphic drilling. .

Historic Exploration

There has been no previous exploration of the Looking Glass area targeting the Molong Volcanic Arc basement rocks for gold or base metal mineralisation. Regional magnetic data is very old [1960's] and wide-spaced [1500m]. Thus the dataset is inadequate for use with modern geophysical analysis methods. However, the size and broad scale nature of the Looking Glass anomaly indicates it is likely to be a basement feature [Figure 3.5 [14]]. Further to the historic geophysical data a NSW government stratigraphic drilling program was completed approx. 30 kms to the north of EL8225. The nearest hole to EL8225 intersected undifferentiated, sub-Basin, Paleozoic metasediments at 377m depth.

In 2009, Santos QNT Pty Ltd drilled Tenandra 1 (PEL450) to explore for coal seam gas ~3km west of the south-west corner of EL8225 [Figure 29 - Independent Geologist's Report - Section 5]. This well intersected Paleozoic basement from 741m to 863.5m [TD]. The final 12m of the well was cored and described as "steeply dipping, sandy, cleaved metasediment (phyllite) with fractures and veining". Based on interpretation of the magnetic data, this well is thought to have intersected a down-faulted basement block, part of the Tooraweenah Trough, whereas EL8225 is believed to be an up-faulted basement block, part of the Baradine High.

Figure 3.5 [14] - Elements of the Lachlan Orogen and the Macquarie Arc - Ordovician Volcanics



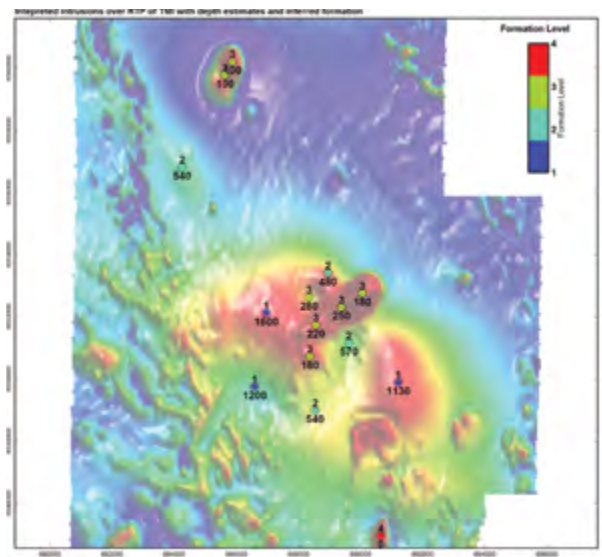
3. COMPANY AND PROJECT OVERVIEW continued

Recent Exploration by Alice Queen

The historic government magnetic data was considered inadequate for a quality basement interpretation and drillhole targeting. Therefore a closed spaced (250m) magnetics and radiometrics survey was completed over the licence in February 2015.

Applying geological context to the depth modelling helped constrain the interpretation and define the priority targets within the Looking Glass magnetic complex. The basement target areas interpreted to be in the covered Molong Arc rocks are indicated by magnetic features in formation levels 1 and 2 (dark blue and light blue) on Figure 3.5 [15]. Porphyry Cu-Au mineralisation might occur within or above these formation levels. The shallower magnetic features (formation levels 4 and 4) are interpreted to be either Mesozoic or Tertiary in age.

Figure 3.5 [15] – Looking Glass – Depth to magnetic source & classification



Planned exploration program

The objective of the project is to discover a new porphyry copper-gold mineralised centre by exploring the covered Molong Arc rocks.

Alice Queen has plans to drill a 700m RC/Core hole at Looking Glass to test the potential porphyry carapace zone in basement rocks above one of the identified deep magnetic features. The planned use of funds budget for the Company does not at this point provide for expenditure to complete this drilling program at Looking Glass. It is estimated that this program would cost up to \$200,000 to complete.

A variety of funding options are under consideration should the proposed program proceed. These include:

- An application to the NSW Government for a New Frontiers Cooperative Drilling Grant which if successful could provide up to 100% of direct drilling costs capped at \$200,000. Invitations for applications are scheduled to open on 16 November 2015 and Alice Queen intends to lodge an application as soon as is practical after that date.
- Provision of funding by potential farm in partners who wish to co-venture with Alice Queen in the Looking Glass Project.
- Further capital raising through an issue of shares of the Company.
- A combination of one or more of the above.

As any funds provided under the New South Wales grant system would be on a dollar for dollar basis any decision to proceed with the tentative drilling program at Looking Glass would be expected to dilute shareholders interest either through the need to issue further shares or through a dilution of Alice Queen's interest in the Looking Glass Project.

3.6 Corporate Strategy and Objectives

The Company's strategy is to grow shareholder value through the successful identification, exploration and subsequent definition and development of significant mineral resources.

The Company initially plans to seek to achieve this by focusing its exploration activities on the Alice Queen Projects and the Horn Island Gold Project in particular. In the event that its exploration activities prove successful, the Company will likely require additional funding in order to achieve its objective to further develop and exploit any of its mineral resources. Such funding may be in the form of further equity funding or debt funding as deemed appropriate by the directors exercising their discretion at the time.

3.7 Mali Project

In 2014 the Company acquired the right to acquire a controlling interest in a foreign company Ansongo Limited (Ansongo) which in turn held indirect 70.4% ownership of Mali Manganese SA (Mali Manganese). Mali Manganese was the holder of a mining lease in Mali Africa over a prospective high grade manganese project (the Ansongo Project). The intention was for the Company to progressively increase its holding in Ansongo from an initial small holding through contributing funding to the Ansongo Project.

These plans were frustrated through a legal challenge to Mali Manganese's title over the mining lease as a result of which the Company suspended all funding and operational plans with respect to the Ansongo Project.

In June 2015 the mining lease issue was resolved with a court decision in favour of Mali Manganese. There has been a considerable delay and changed circumstances since the original plans for the Ansongo Project were suspended. As such the Company has sought to engage with its counterparts in that project to assess the current situation and determine what (if any) involvement the Company may wish to pursue in the future. That process is at a beginning and therefore the Company has not to this point made any decisions regarding its position with respect to the Ansongo Project. However, the Company can confirm that its role regarding the Ansongo Project remains suspended and funds raised under this Prospectus are not being applied to that project. The Company's entitlement to the Ansongo Project will therefore have no effect upon completion of the proposed Transaction to acquire Alice Queen and invest in the Alice Queen Projects.



Andrew Buxton (Managing Director – Alice Queen) and Harry Seriat (Executive Secretary of Kaurareg Aboriginal Land Trust (KALT) at a community consultation meeting on Kirriri (Hammond Island – February 2015).



Seaswift vessels, Malu Chief and Malu Titan, unloading cargo at Ngurupai (Horn Island) deep water port.

4. RISK FACTORS

4.1 Introduction

The New Shares offered under this Prospectus are considered highly speculative. An investment in the Company carries risk. The Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus and consult their professional advisers, before deciding whether to apply for New Shares.

This Section identifies circumstances that the Directors regard as the major risks associated with an investment in the Company and which may have a material adverse impact on the financial performance of the Company, and the market price of the Shares, if they were to arise.

The business, assets and operations of Alice Queen and CUU are subject to specific risk factors that have the potential to influence the operating and financial performance of the Company in the future, if the Transaction is successfully completed (refer Section 4.2). In addition, there are other general risks associated with an investment in the mining exploration industry (refer section 4.3) and general investment risks (refer Section 4.4) many of which are largely beyond the control of the Company and difficult to predict or anticipate.

The Board aims to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, as noted above, some of the risks identified below are highly unpredictable and the Company is limited to the extent to which it can effectively manage them.

The following risk factors are not intended to be an exhaustive list of the risk factors to which the Company is exposed or will, following completion of the Transaction, be exposed. In addition, this Section has been prepared without taking into account an applicants' individual financial objectives, financial situation and particular needs. Applicants should seek professional investment advice if they have any queries in relation to making an investment in the Company.

4.2 Company Specific Risks

(a) Risks Associated with the Company's Tenements

The Company has two granted exploration tenements, one in New South Wales and one in Queensland. Alice Queen has two further exploration tenement applications pending one in Queensland and one in New South Wales. Please refer to the Independent Exploration Titles Report in Section 8 of this Prospectus for details of the status of the key Alice Queen tenements.

Dependence upon obtaining, maintaining or renewal of Tenements

The implementation of the Company's planned minerals exploration projects requires government licences, permits and other approvals principally in the form of government instruments creating the Tenements. Obtaining approval for the grant of Tenements and ensuring compliance with the conditions of grant can be complex, costly and time consuming and are therefore not assured. Failure to obtain or renew a Tenement could mean that the Company would be unable to proceed with the continued exploration and development of a particular project. This in turn would be likely to adversely affect the Company's financial condition and prospects. The permits, and in particular Tenements, that the Company needs may not be issued, maintained or renewed either in a timely fashion or at all which could also adversely affect its financial position and prospects.

EL 8225 in NSW, the Looking Glass Project tenement, is due for expiry in January 2016 and EPM 25520, the Horn Island tenement, is due for expiry in October 2019. The decision to renew these tenements will rest with the relevant government authorities in those states. In granting a renewal of these tenements those authorities may impose conditions which include increased expenditure or work commitments. The imposition of such new conditions and the potential inability of the Company to meet those conditions may adversely affect the operations, financial position and prospects of the Company.

EPM 25418 is an exploration tenement application in Queensland over an area to the west of Horn Island. An application has also been recently lodged [EL5207] over an area of approximately 300km² situated adjacent to and south of the existing Looking Glass tenement. Whilst reasonable efforts have and will continue to be made to ensure the applications proceed to a successful grant of EPM 25418 and EL5207 there can be no guarantee that such a grant will be forthcoming. If the applications are refused this will prevent the Company from pursuing exploration in that area and may adversely affect the Company's prospects.

4. RISK FACTORS continued

Access Restrictions Risk

There are a number of restrictions which operate to exclude, limit or impose conditions upon the Company's ability to conduct exploration activities on parts or all of the Tenements. These restrictions include:

- exclusions from pursuing exploration on certain areas of Commonwealth land;
- requirements arising from Native Title legislation and claims;
- requirements arising from state legislation relating to Aboriginal heritage, culture and objects;
- environmental based conditions and restrictions;
- access procedures and compensation requirements in relation to privately held land;
- access procedures and conditions in relation to land falling within deeds of grant in trust.

The Company has formulated its exploration plans to accommodate and work within the access restrictions outlined however the requirements can be complex and sometimes require approvals, consents or negotiations involving government or third parties. As such there is a risk that one or more of these access issues may prevent the Company from implementing its intended exploration plans which may thereby adversely affect the Company's financial position and prospects.

(b) Future requirements for capital

The exploration costs of the Company described in the Independent Geologist's Report are based on certain assumptions with respect to the method and timing of exploration works. There can be no guarantees that the funds raised by the Equity Offer will be sufficient to successfully achieve all of the Company's exploration objectives.

The funds raised by the Equity Offer will be used by the Company to carry out work on the Company's projects as detailed in this Prospectus. It is likely that the Company may require additional funding to carry out further exploration, undertake feasibility studies and/or acquire new projects. The Company may also incur unexpected costs in implementing its existing exploration plans. Any additional financing through share issues would be dependent upon the ability to raise funds in the share market. Such share issues, if successfully conducted, would also be dilutive to holdings acquired under this Prospectus. Furthermore, debt financing may not be available to support the scope and extent of proposed developments especially given the Company is engaged in early stage exploration.

The Company's arrangements with its co-venture partners in the Horn Island Gold Project and Looking Glass Project require it to fund such projects through to commercial production. The Company does not currently have sufficient funds nor is it likely to have such funds upon completion of the Equity Offer to fund its projects through to commercial production (assuming exploration success), and as such may have to undertake future capital raisings to proceed with the further development of projects to commercial production.

(c) Resource Estimation

Mineral resource estimates and exploration targets are expressions of judgement based on knowledge, experience and industry practice. There are inherent risks associated with such estimates, including that ore eventually recovered may be of a different grade, tonnage or strip ratio from those adopted in the model used. These estimates also depend to some extent on interpretations and geological assumptions which may ultimately prove to be unreliable. Fluctuations in commodity prices, costs and other market factors may subsequently alter a resource estimation.

Accordingly adverse changes to the assumptions underpinning mineral resource estimates or exploration targets would be likely to negatively impact the value of the Tenements and thereby the Company's prospects.

(d) Exploration Success

The Tenements are at varying but generally early stages of the exploration process and potential investors should note that mineral exploration and development, such as that being proposed by the Company, are high risk undertakings. There can be no assurance that exploration of the Tenements, or any other licences held or acquired in the future, will result in the discovery of a mineral deposit. Furthermore the discovery of a mineral deposit does not guarantee that the mining of that deposit would be economically viable. The size of the deposit, location, grade, access to infrastructure, development and operating costs, commodity prices and recovery rates are all key factors in determining commercial viability.

Accordingly, potential investors should take into account that there is a high risk the Company's expenditure of funds on its proposed exploration programs will not lead to the discovery and development of an economically viable resource. Such an outcome would be adverse to the Company's financial position and prospects.

(e) Environmental Risks

The Company's intended operations, by their nature, have the potential to impact biodiversity, land, water resources, coastal environments and related ecosystems. Changes in scientific understanding of these impacts, regulatory requirements or stakeholder expectations may prevent or delay approvals and result in increased costs for mitigation or compensatory actions.

A portion of the Horn Island Gold Project tenement has been subject to previous mining works which may not have been adequately rehabilitated. Whilst the Company is not responsible for these historic works it intends to undertake exploration activities in this area and the historical disturbances caused by previous mining may increase future rehabilitation costs over what otherwise would be expected.

(f) Community Risks

The Company's intended operations are located in close proximity to various communities. These local communities may become dissatisfied with the impact of the Company's activities or may oppose the development of projects. Such communities may solicit political support to thwart or restrict the provision of approvals the Company requires to implement its plans. Such opposition could also lead to litigation which may detrimentally impact the costs or even viability of operations. Community related risks may also include public protest demonstrations, civil unrest, damage to Company property and altercations involving local residents and the Company's employees or contractors. These matters all have the potential to adversely affect the Company's reputation, standing, financial position and prospects. Alice Queen has engaged extensively with the local community at Horn Island including private land owners, indigenous representatives, government officials and the community generally. Whilst the Company believes these efforts have fostered a strong base relationship with the relevant stakeholders there is a risk that this situation could change and in so doing detrimentally affect the Company's prospects.

(g) Counterparty Risks

The Company and its operating subsidiaries have contracted with, or will in the future need to contract with, various parties to enable the implementation of its exploration plans. Such counterparties include service contractors, consultants, suppliers, landowners and native title holders. There is a risk that counterparties may fail to perform their obligations under existing or future agreements. This could lead to delays, increase in costs, disputes and even litigation. All these factors could negatively affect the Company's operations and there can be no assurance that the Company would be successful in seeking remedies or enforcement of its rights through legal actions.

(h) Joint Venture Risks

The Tenements are held through joint venture corporate entities where minority shareholdings are held by third parties. While Alice Queen is the majority holder in the Tenement holding corporate entities, there is a risk that one or more minority shareholders of the Tenement holding corporate entities may encounter insolvency, management failure or otherwise change causing it to default in the discharge of obligations to the joint venture. Such defaults could cause delay or disruption to the operations of the Company in relation to the relevant Tenement and could thereby detrimentally affect the Company's prospects.

(i) Completion and Reinstatement Risk

The Company's Shares will be suspended from trading on ASX from the date of the General Meeting. Applicants should be aware that ASX will not re-instate existing Shares or admit any New Shares to Official Quotation until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules. In the event that the Company does not receive conditional approval for the reinstatement of the Company's Shares to Official Quotation, the Transaction will be terminated and the Company will not proceed with the Offers. In these circumstances the Company will repay all application monies received by in connection with the Prospectus (without interest).

4.3 Industry Risks

(a) Environmental/Regulation Generally

The intended operations of the Company in both the near and long term are subject to extensive State and Federal environmental laws and regulations. The planned activities are expected to impact the environment especially if advanced exploration or mine development is able to proceed. The Company will use all reasonable endeavours to comply with all requirements however the laws are complex and there is a risk of inadvertent non-compliance.

Proceeding with a mining operation would be expected to create significantly enhanced environmental risks particularly with respect to environmental damage through construction activities, disposal of waste products or water contamination. Such occurrences could delay production or increase costs.

Natural events such as excessive rainfall, floods, storms or bushfire could adversely affect the Company's ongoing compliance with environment laws and regulations. Breaches of environmental requirements could result in fines, damages, clean-up costs and other penalties being levied against the Company.

4. RISK FACTORS continued

(b) Expenditure, Reporting and Renewal of Tenements

The interests in the Tenements are governed by mining legislation, regulations and conditions imposed by the relevant State. Each Tenement is subject to annual expenditure and reporting obligations. The Tenements are granted for fixed terms and renewal or extension is subject to government approval which will depend in part upon historical and ongoing compliance with the tenement conditions and relevant law. Failure to meet these requirements may result in the loss of the Tenement.

Renewal or extension of a Tenement will necessitate the surrender of a portion of the area covered. There is a risk that in selecting an area for surrender the Company may forgo a yet to be discovered mineral deposit.

Details of the key Tenements and the conditions affecting same are set out in the Independent Report on Tenements in Section 8.

(c) Mine Development

In the event that the Company identifies an economically viable mineral deposit its capacity to proceed to develop a mine will be dependent upon a number of factors. These factors include obtaining relevant approvals from all relevant authorities and parties, seasonal weather issues, construction issues, cost overruns, plant and equipment availability, skilled consultants and labour availability, funding needs and other matters. These factors all create risks with respect to the successful development of a project.

(d) Operations

Operations will for the foreseeable future predominantly comprise exploration activities. These activities may be adversely affected by a range of factors including lack of access to suitable personnel, lack of access to drill rigs or other equipment, mechanical failure or breakdowns, adverse weather, industrial accidents or disputes, shortages or increasing costs for consumables, and many other factors outside the Company's control. Such factors would all detrimentally affect the Company's prospects.

4.4 General Risks

(a) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities. Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

(b) Regulatory Risks

The Company's activities could be adversely affected by changes to government laws such as the impact of taxes and charges, increasing requirements relating to regulatory and environmental matters and changes to mining or exploration rights granted under legislation. The Company could also be adversely affected by changes to laws regarding native title and heritage matters, employee relations, health and worker safety, protection of endangered and protected species and other matters. A failure to comply with applicable laws or permit conditions could result in fines, penalties or other sanctions including suspension or forfeiture of Tenement rights.

(c) Litigation Risks

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

(d) Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends upon the suitability of its directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

(e) Commodity price volatility and exchange rate risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(f) Risk of High Volume of Sale of Securities in Company

If the Transaction is successfully completed, the Company will have issued a significant number of New Shares to various parties. Some of the Alice Queen Vendors and others that apply for New Shares under the Equity Offer may not intend to continue to hold those Shares and may wish to sell them on ASX (subject to any applicable escrow period). There is a risk that an increase in the amount of people wanting to sell Shares may adversely impact on the market price of the Company's securities. There can be no assurance that there will be, or continue to be, an active market for Shares or that the price of Shares will increase.

4.5 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above risk factors, and other's not specifically referred to above, may materially affect the future financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or market value. The Company does not expect to declare any dividends for the foreseeable future.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.



Kaurareg Elder - Saila Savage at Waibene [Thursday Island] during Callabonna Resources Limited's cultural induction and project site visit - March 2015.



Prince of Wales Island Warrior: Photo - Museum of Applied Arts and Sciences, Published by Kerry & Co, Sydney 1890 - 1900.

5. INDEPENDENT GEOLOGIST'S REPORT



H&S CONSULTANTS Pty. Ltd.

RESOURCE ESTIMATION | FEASIBILITY STUDIES | DUE DILIGENCE

RESOURCE SPECIALISTS TO THE MINERALS INDUSTRY

Independent Expert Report on Horn Island & Looking Glass Projects (EMP 25520 & EL 8225) Queensland & New South Wales

Prepared for Callabonna Resources Ltd

by

H&S Consultants Pty Ltd

Project Code: 1503_02_CUU

Author: Mark Arundell, Associate Consulting Geologist, M Econ Geol, MAIG

Reviewer: Luke A Burlet, Director

June 2015

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Executive Summary

Callabonna Resources Ltd (“CUU” or “The Company”) have entered into an agreement to purchase Alice Queen Holdings (“AQH”). The key assets of AQH are controlling interests in the Horn Island and Looking Glass Projects.

Horn Island Project

The Horn Island gold and mineral deposits are located on the NE side of Horn Island, Queensland in Torres Strait between Cape York and Papua New Guinea. Production began in 1894 when the alluvial gold deposit was discovered and by 1901 some 31 kg of gold were won from alluvial workings and 190 kg were recovered from 16 626 t of ore (11.4 g/t gold). Exploration in the 1980s located a resource which was put into production as an open cut gold mine but subsequently failed.

AQH have compiled historical exploration information and conducted a rock channel sampling program on exposed benches of the 1980's open cut.

An exploration program has been designed to drill test the depth extent of mineralisation under the open cut as well as follow up promising results from a number of other gold bearing reefs adjacent to the open cut.

A two year budget of \$2.2M including \$0.95M of drilling has been proposed

Looking Glass Project

The Looking Glass Project is located to the west of Coonabarabran in central New South Wales. A distinct magnetic anomaly has been identified under cover which is interpreted to be in a similar geological setting to that which hosts the giant Cadia Copper-Gold deposits.

AQH have compiled historical exploration information and conducted and interpreted an airborne magnetic survey in order to refine drill targeting of the Looking Glass magnetic anomaly

An exploration program has been designed to definitively drill test the Looking Glass magnetic anomaly.

A two year budget of \$166,000 including \$70,000 of drilling has been proposed.

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Appendix 1 Review of Previous Exploration – Horn Island

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¹ Figures in this report annotated with “AQH” have been supplied by Alice Queen Holdings

1 Introduction

1.1 Terms of Reference

This Independent Expert's Report has been prepared by H&S Consultants (H&SC) at the request of the Directors of Callabonna Resources Ltd ("CUU" or "The Company"). CUU has entered into an agreement to purchase all the shares of Alice Queen Holdings ("AQH") the company which holds controlling interests in the Horn Island and Looking Glass Projects ("the Projects").

H&SC has not been requested to provide an Independent Valuation or detailed Risk Assessment. This report does not express an opinion regarding the value of mineral assets or tenements involved.

The report has been prepared in accordance with the Australian Securities and Investment Commission's (ASIC) Regulatory Guidelines 111 and 112 and follows the Valmin Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2005 Edition.

H&SC has provided its consent for the inclusion of this report, which will be included as a Competent Person's Report in Section 5 of the CUU Prospectus and for the inclusion of references to its name in other sections of the Prospectus in the form and context in which the report and those statements appear, and has not withdrawn that consent prior to issue. H&SC accepts responsibility for the Competent Person's Report for the purposes of the ASX listing. H&SC has taken all reasonable care to ensure that the information contained in this report is to the best of its knowledge in accordance with the facts and contains no omission likely to affect its import.

The purpose and scope of this report is to assess the technical information contained in the Prospectus, to independently review the sources of information and to make relevant comments on the integrity of that information and the work proposals contained therein.

Pursuant to the Prospectus, investors have the opportunity to subscribe to an offer of 63,638,364 new shares at a price of \$0.055 per share to raise \$3,500,000.00. The funds raised will be for the purpose of exploration and evaluation of the mineral properties and other things including administration and working capital.

1.2 Statement of Capability and Independence

CUU has commissioned H&SC to prepare this report. The author Mr. Mark Arundell is a consultant geologist with 29 years of experience in mineral exploration and evaluation of mineral projects. He has worked for several major mining companies, a number of junior exploration companies and as an independent consultant. Mr. Arundell has experience in many countries worldwide, including 12 years exploration for potash. His experience includes performing and assisting in exploration and resource studies for base metals, industrial minerals, uranium, iron ore, and gold projects.

Mr. Arundell is independent of CUU and AQH, has no equity interest in CUU or AQH or any of their projects, nor is entitled to any future interest in CUU and AQH nor their projects. Payment for services is based on standard professional fees that are not contingent on the outcome of the proposed capital raising.

1.3 Sources of Information

In respect to the sources of information H&SC is satisfied that CUU have made available copies of all relevant material it holds used in the preparation of the Prospectus. The Independent Expert's Report has been prepared on information available up to and including May 25, 2015. The conclusions expressed in this Report are therefore only valid for this date and may change with time in response to variations in economic, market, legal or political factors, in addition to on-going exploration results.

A site visit was made to the Horn Island Project by the author Mr. Arundell on 8-11 May 2015 guided by Mr J Holliday and Mr A Buxton². A site visit was not made to the Looking Glass Project. Given the complete lack of outcrop, early stage of the exploration and the lack of samples to review it was considered by the author not necessary at this stage.

H&SC reviewed the license status of the Horn Island tenement by using the Queensland MinesOnlineMaps system on May 4, 2015 (see Figure 1). The tenement EPM 25520 appears to be in good standing. More detail on the tenement status is given in Section 2.1.2 Tenements below.

H&SC reviewed the license status of the Looking Glass tenement by using the New South Wales MINVIEW (NSW DTI-RE, 2014) system on May 4, 2015 (see Figure 21). The tenement appears to be in good standing. More detail on the tenement status is given in Section 3.1.2 Tenements below.

Assessment of the geological concepts and project/prospect descriptions contained in this Prospectus are based on reports and data supplied by CUU, from H&SC's own observations and from public domain information sources. The statements contained in this report are based on that information and represent H&SC's independent assessment of the assets of the prospects that AQH hold.

1.3.1 Exploration Database

AQH has started to construct and collate an exploration database that includes data from government sources such as airborne geophysics, aerial imagery and large scale geological mapping, re-processing government airborne geophysical surveys, as well as historic exploration drilling data, historic rock and soil sampling, water bore data and geological mapping.

H&SC has sighted and used the Horn Island database, but has not validated the database and thus cannot comment on the veracity of the data; however H&SC has noted that, based

² Mr J Holliday, Exploration Director, Alice Queen Holdings and Mr A Burton, Managing Director, Alice Queen Holdings

on data seen, the work AQH has done on the database is of good quality and it is being reasonably managed considering that Projects' development. Issues with the data quality itself are discussed in Section 2.3.2.1.

The Looking Glass Project is an exploration project still in the early stages and the database has been assembled albeit limited due to the lack of information. However, H&SC has noted that, based on data seen, the work AQH has done on the database is of good quality and it is being reasonably managed. CUU & AQH do have plans to further develop their database systems in line with industry best practices, especially before the onset of more drilling or extensive surface sampling.

2 Horn Island Project

2.1 Project Overview

2.1.1 Location, Access and Infrastructure

The Horn Island Project (EPM 25520, covering ~81km²) is located in Torres Strait approximately 800 km north-north-west of Cairns in Northern Queensland (Figure 1). AQH also have an application for a second tenement in the Torres Strait area – EPM 25418. At the time of preparation of this report, EPM 25418 was not granted.



Figure 1 : Horn Island – Project Location

The Horn Island Project is situated mainly within open tropical eucalypt woodland or forest and is well serviced by existing road and electricity infrastructures and both are accessible from nearby Thursday Island. Service facilities in the area are good and include, but are not limited to, heavy earth moving equipment contractors, mechanical and electrical service contractors, hospital, housing and an airport (Figure 2).

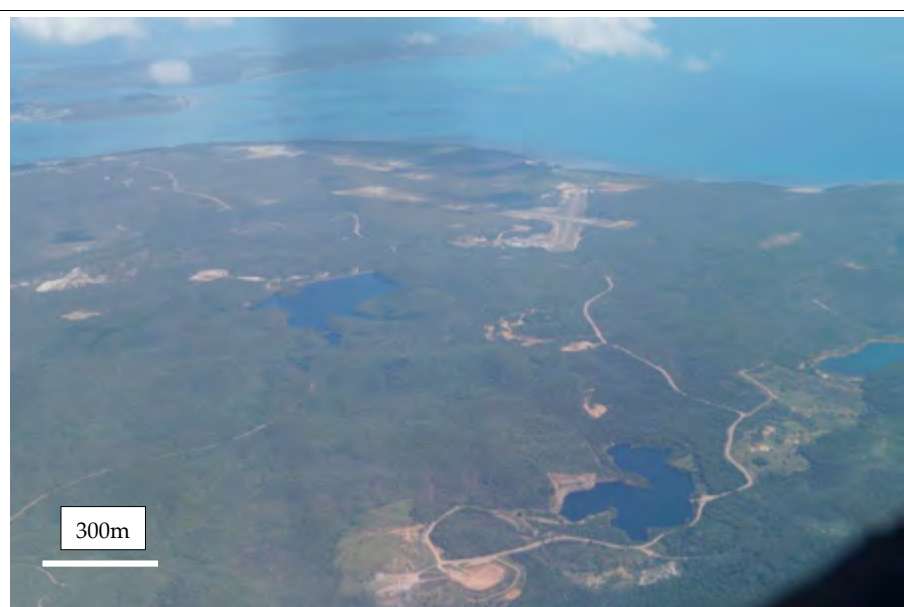


Figure 2 : Aerial view of Horn Island – Looking North

Old gold mine – bottom right; airport – centre right; water supply – centre; Thursday Island – top left (Photo : M. Arundell)

2.1.2 Tenements

2.1.2.1 Tenement License status

The Horn Island Project is covered by exploration permit EPM 25520 (Figure 1) and is held by Kauraru Gold Pty Ltd (“Kauraru”). Kauraru also has a tenement application – Kaiwalagal, EPM 25418 – located to the west of Horn Island. The tenements are managed by Alice Queen Holdings (“AQH”) on behalf of Kauraru. Kauraru is owned 84.5% by AQH. There is a Deed of Confirmation in place between Kauraru, AQH and other parties confirming AQH will solely fund all costs of Kauraru related to the maintenance, exploration and development of the Horn Island Project to production. H&SC has sighted the Deed of Confirmation.

H&SC reviewed the license status of the tenements by using the Queensland MinesOnlineMaps system on May 4, 2015 (Figure 1 and Table 1). EPM 25520 appear to be in

good standing. This, and the meeting of current expenditure commitments, are noted in the Tenement Report to CUU on the tenement status (Section 8 of the Prospectus).

All of the Exploration permits are subject to annual rental and environment fees payable to the Queensland Department of Natural Resources and Mines and the Queensland Department of Environment and Heritage Protection; H&S has received confirmation by email from the author of the Tenement Report that all current annual fees and levies have been paid by AQH.

2.1.2.2 Native Title and Land Access Agreement

As noted in the Tenement Report (Section 8) for EPM 25520, the Kaurareg People, via its Registered Native Title Body Corporate (RNTBC) which is known as the Kaurareg Native Title Aboriginal Corporation (KNTAC) is the sole Native Title holder over the area of Horn Island (Ngurupai) above the high water mark. EPM 25520 was initially granted on 8 October 2014 with the standard Native Title Protection Conditions (NTPC's); subsequently however in January 2015, Kauraru Gold Pty Ltd and the KNTAC entered into a separate voluntary Exploration Agreement, pursuant to which both parties have agreed to comply with the terms of the Exploration Agreement in lieu of the NTPC's. H&SC has sighted the signed copy of this Exploration Agreement.

In terms of Land Access, Kauraru Gold has commenced negotiations with the Torres Shire Council, being the free hold owner of Lot 10, which comprises the abandoned mine site and its immediate surrounds for the implementation of a standard form Conduct and Compensation Agreement (CCA) which will enable the planned drilling program to commence. Prior to the execution of the proposed CCA, Kauraru Gold Pty Ltd has gained access to Lot 10 and Lot 186 (Torres Shire Council), Lot 4 and Lot 48 (KALT) and Lot 49 (Queensland Department of Natural Resources and Mines (DNRM) by serving on each of those land owners a standard Notice Of Entry (NOE) pursuant to the Queensland Regulations. A CCA is only required when the proposed activities may cause ground disturbance, which is relevant, at this stage, only to the proposed drilling on Lot 10.

TenID	Holder	Operator	Project	Status	Grant Date	Expenditure	Rent	Sub Blocks	Area (km ²)
EPM 25520	KAURARU GOLD PTY LTD	ALICE QUEEN HOLDINGS PTY LIMITED	Horn Island	Granted	8/10/2014	\$1,250,000	\$3,774.40	24	81
EPM 25418*	KAURARU GOLD PTY LTD	ALICE QUEEN HOLDINGS PTY LIMITED	Kaivalagal	Application	N/A	N/A	N/A	88	297

Table 1 Summary of Horn Island tenement details

* EPM 25418 is under application

2.2 Geological Setting

2.2.1 Tectonic Setting

The following section is largely distilled from Champion & Bultitude (2013).

Intrusive and extrusive, predominantly felsic, magmatism throughout northern Queensland during the Carboniferous and Permian comprises the most widespread and voluminous magmatic event in the region (Figure 3). This magmatism is defined as the Kennedy Igneous Association.

The Jardine Subprovince of the Kennedy Igneous Association occupies the very northern part of eastern Queensland, forming two discrete outcrop areas in the northern Coen and Torres Strait (Horn Island) regions and extending into Papua New Guinea (Willmott et al. 1969; Figure 3). Interpreted subsurface extent of the Kennedy Igneous Association implies that these areas form part of a continuous belt of magmatism along the north-eastern Queensland coast. Intrusive (>1700 km²) and extrusive (>400 km²) magmatism occurs in both areas.

Magmatism in the Torres Strait region consists of high-level (miarolitic) granite (allanite-) hornblende-biotite granite and granodiorite as well as microgranite and aplite of the Badu Suite, and associated dominantly rhyolitic, allanite- and biotite-bearing volcanic rocks of the Torres Strait Volcanic Group (Willmott et al 1969, 1971, 1973; von Gnielinski 1996). Hornblende and rare pyroxene have been reported in the rhyolites, as well as some andesites (Willmott et al. 1969). Willmott et al. (1969) recorded locally common tonalitic to granodioritic enclaves in the Badu Suite granitoids.

The age of the extrusive and intrusive magmatism in both regions is uncertain. K-Ar ages (Richards & Willmott 1970; Richards, 1971) imply the magmatism was mainly Cisuralian, which is supported by a U- Pb zircon (SHRIMP) age for the Twin Humps Adamellite (Weymouth Supersuite) of 285 ± 9 Ma (Black et al 1992a, 1992b). The volcanic rocks in both regions predate and are intruded, and at least locally hornfelsed, by the associated granitoids.

Mineralisation associated with the magmatism includes Au-base metal (e.g. Horn Island), W- base metal, Sn (lode and alluvial), Mo and Cu in the Torres Strait region (Willmott et al. 1971, 1973; Denaro 1997a, 1997b).

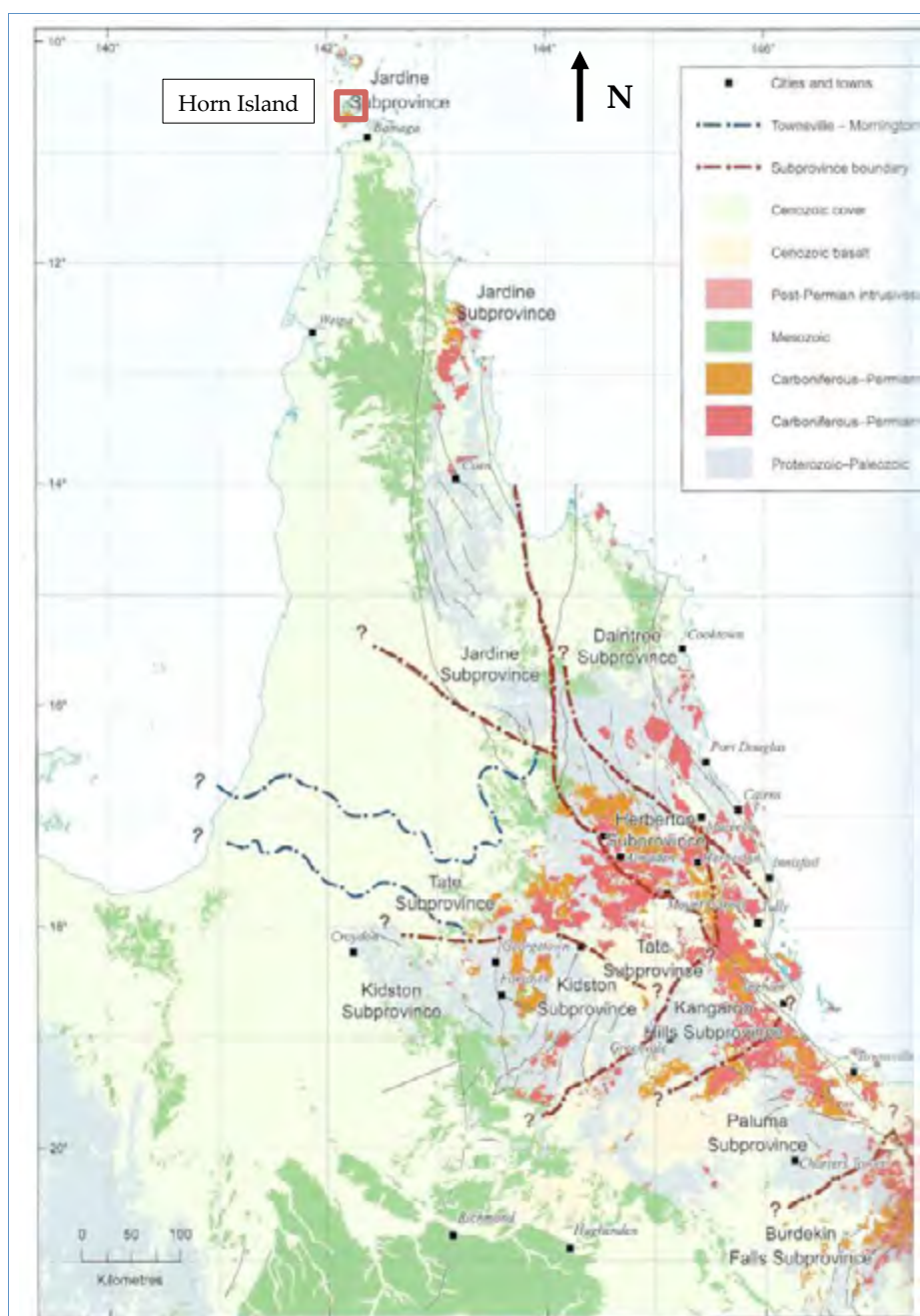


Figure 3 : Tectonic Setting of Horn Island
(after Champion & Bultitude 2013)

2.2.2 Regional Geology

The following section is taken from Kirk (1988).

The regional geology of the Torres Strait region is described by Willmott and Powell (1977) in the Explanatory Notes to the 1: 250,000 Torres Strait - Boigu - Daru Sheet (Figure 4).

Permian - Carboniferous acid volcanics and Late Carboniferous granites form a basement ridge, the Cape York - Oriomo Ridge, which trends north east across Torres Strait from Cape York to Papua New Guinea.

The Torres Strait Volcanics (Ct) consist of a considerable thickness of acid crystal-rich tuffs with minor agglomerate, rhyolite, andesite and interbedded sediments. Four separate members of the volcanics have been recognised in the southern part of Torres Strait, each composed of welded tuff sheets of similar composition; these are the Eborac Ignimbrite, the Endeavour Strait Ignimbrite, the Goods Island Ignimbrite and the Muralug Ignimbrite. Lithological differences suggest that these units originated from separate sources. The volcanics probably belong to the Early Permian to Middle Carboniferous acid volcanic province of North Queensland.

The Upper Carboniferous Badu Granite (Cub) is a high level granite which intrudes the Torres Strait Volcanics and forms the greater part of Badu Island and the northern part of Moa Island.

Porphyritic microgranite (Cup) forms several bodies on Mabuiag, Horn, Prince of Wales, Friday, Mount Apolphus Islands and the Tuesday Islets. It is thought to belong to the same intrusive event as the Badu Granite but probably is slightly younger. The microgranite on Horn Island (locally termed the Horn Island Granite) is grey and contains phenocrysts of albite, oligoclase and alkali feldspar to 25mm in grain size. Hornfelsed zones are present in the adjacent volcanics.

Sand and silt (TQs) cover lowland areas on the larger islands. Coastal alluvium (Qac) underlies swamps along the coast of many of the islands. Sand spits and sand flats (Qhb) fringe a number of the rocky islands where they form on coasts facing mainly west and north. Vegetated beach ridges (Qhm) are also found on many of the islands. Fringing coral reefs are commonly developed around the islands.

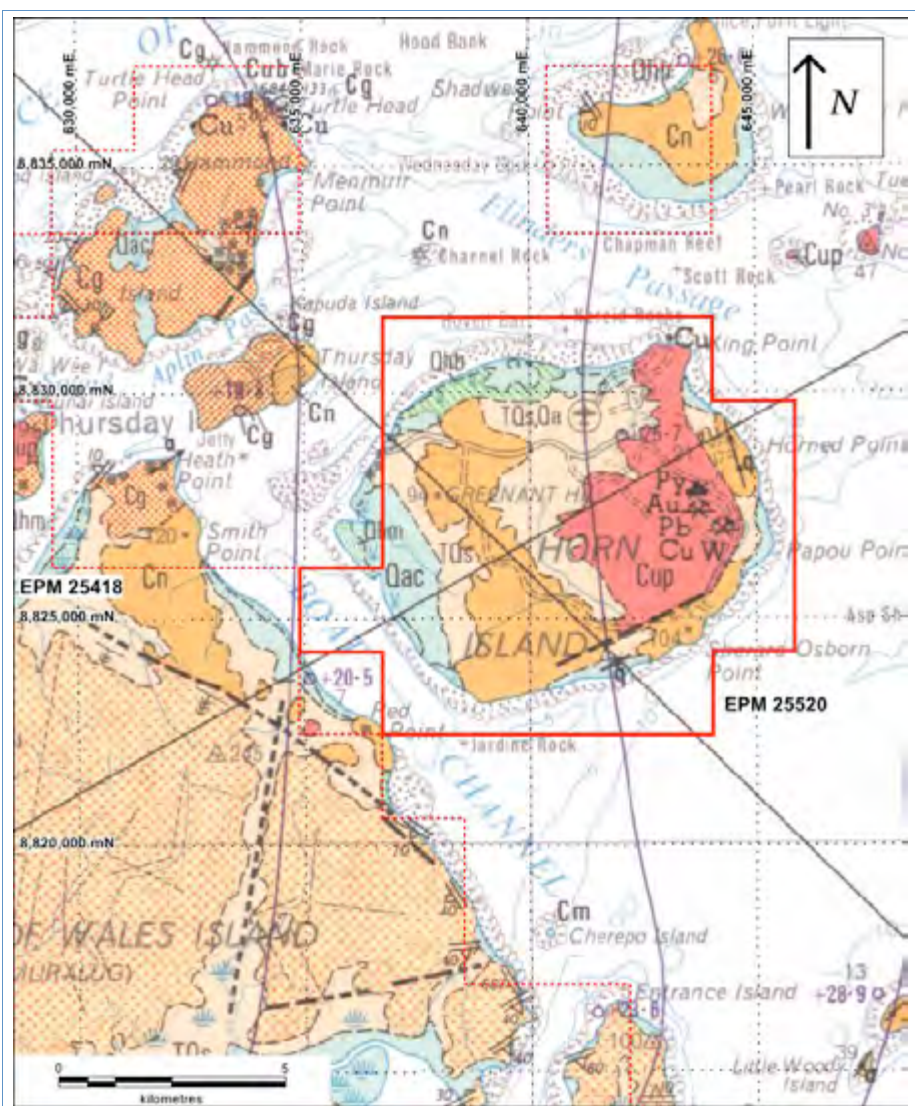


Figure 4 : Regional Geology of Horn Island

2.2.3 Project Geology

The following section is taken from Kirk (1988) and Levy & Storey (1990).

2.2.3.1 Geological Setting

The oldest Horn Island rock units are interpreted to be the Carboniferous Torres Strait Volcanics. They comprise rhyolitic welded tuff, ignimbrite and agglomerate, volcanic breccia and minor sediments. They have been interpreted to be intruded by the Upper

Carboniferous Badu Granite (Willmott et al., 1973), and a later post-mineralisation intermediate dyke suite of undetermined age.

The Horn Island gold deposit occurs on the eastern edge of a 4km wide composite granite stock (Figure 5). The dominant rock type is a coarsely porphyritic leucocratic granite which has been intruded by medium grained hornblende biotite granodiorite followed by felsic aplite phases. Quartz-sulphide-carbonate veins form gold and base metal lodes within the granitic rocks. A silicic, pyritic breccia transgresses the granitic rocks and lodes in the north-eastern portion of the deposit, and late stage porphyritic pyroxene-feldspar-quartz intermediate dykes (locally called andesites) have been intruded along an east trending fault zone at the centre of the deposit (Figure 6).

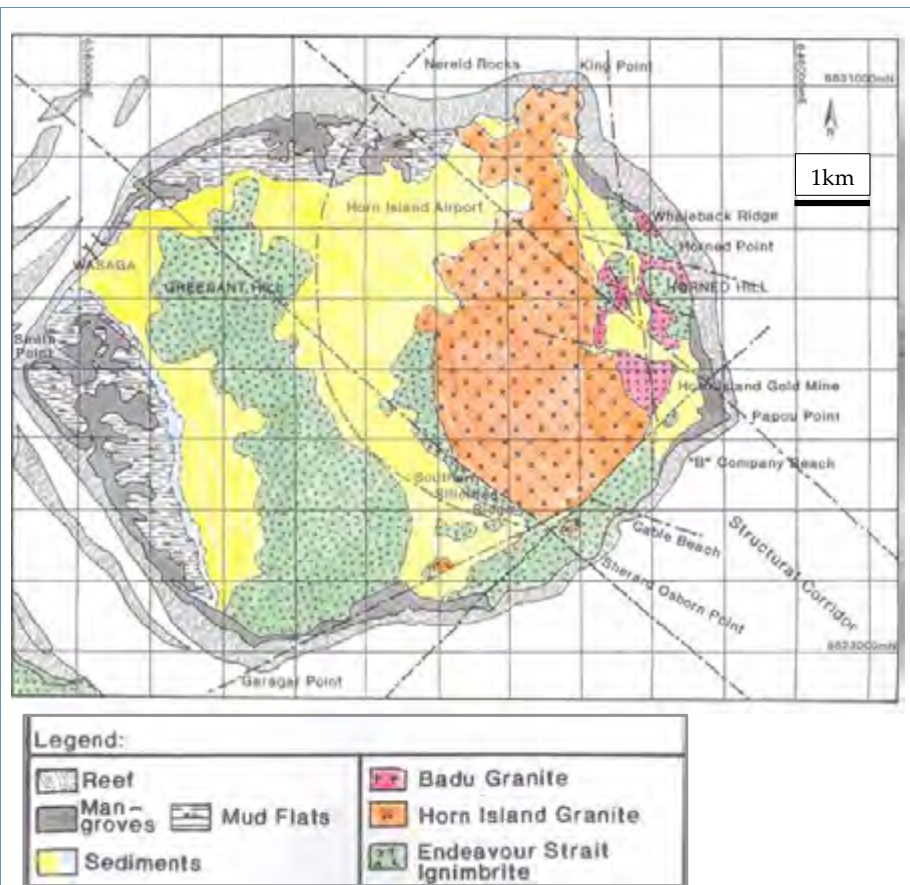


Figure 5 : Horn Island – Simplified Geology
(after von Gnielinski, 1996)

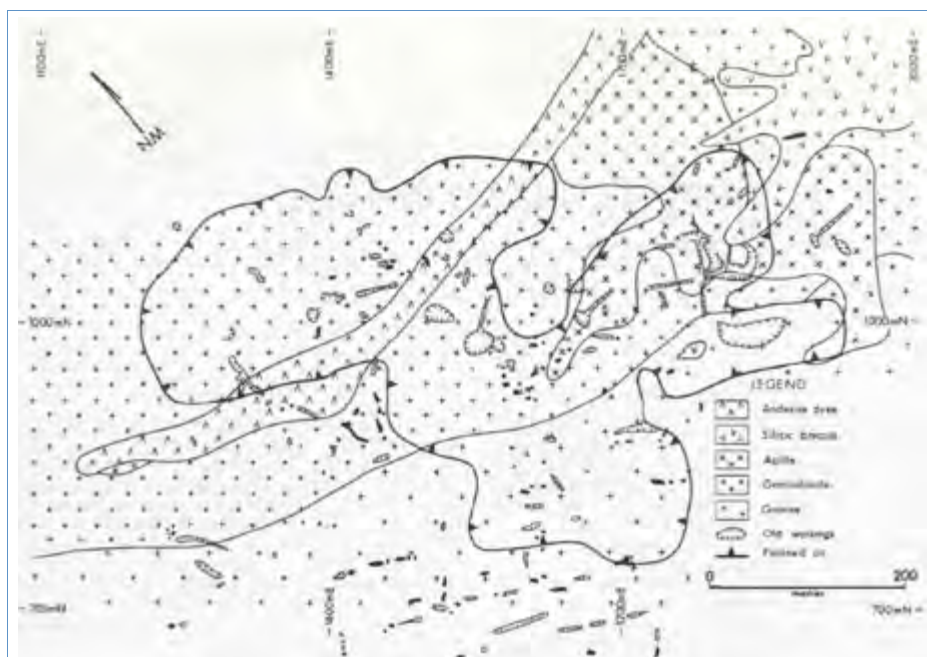


Figure 6 : Horn Island– Mine Geology
(after Levy & Storey, 1990)

2.2.3.2 Gold Lodes

The gold lodes crop out over 3km long zone length within a 1km wide corridor which strikes north-west. Lodes are composites of multiple veins each of which range in width from 0.01 to 2m, averaging about 0.2m wide. The lodes are normally ~1m wide zones of veins, but can be up to 15m wide in places, especially near brecciated intersections with other lodes.

The major lodes can be traced along strike for up to 1km but most extend for less than 60m. The lodes have been intersected in drill holes to a vertical depth of 100m but only the upper 50 m has been systematically drilled.

The gold is rarely visible and is commonly associated with sulphide – primarily galena. Abundant open vughs and post-ore vein fillings within the veins indicate tensional formation.

2.2.3.3 Alteration and Zonation

Unaltered igneous rocks are grey coloured. Near regional shears, pink colouration of potassium feldspars (hematite dusting) occurs within the granitic rocks. Sericite is the dominant alteration type associated with gold mineralisation. Pink rocks exhibit olive green alteration selvages either side of mineralised veins (0.1 to 2m in width). Wide zones of sericitic alteration (up to 20m) occur commonly associated with wider lodes and/or faulting.

The host rock around ore veins is generally barren, irrespective of the degree of alteration. Mine exposures show that alteration may be strongly developed in the absence of significant quartz-sulphide veining and is dominantly fracture-controlled.

2.2.3.4 Ore Genesis

The gold mineralisation was interpreted to be associated with quartz + sulphide veins (Figure 7) and gold content appears to be generally related but not correlated to sphalerite + galena abundance. The veins are dominantly quartz, sphalerite, galena, pyrite with lesser chalcopyrite and arsenopyrite and accessory molybdenite and tetrahedrite. Later quartz veins are observed to cross-cut the quartz sulphide veins occasionally with off-sets. However, Kirk (1988) commented that no detailed study of vein paragenesis has been conducted.



Figure 7 : Quartz + sulphide vein – western wall of Southern Pit
(Photo : M. Arundell)

The bulk of the gold mineralisation was observed to occur in two sets of veins; one near vertical striking ~310° Magnetic (270° mine grid) and the other with the same strike but a shallow dip (10° - 30°) to ~220° magnetic (grid south). High gold grade “shattered zones” occur at the intersection of the flat and steep structures. Steep lodes range from less than 1 to 10 metres in width (Figure 8), flat lodes range from 0.3 to 3 metres and shattered zones can be up to 15 metres but more commonly 4 to 6 metres wide. The lodes are often a series of veins or less commonly breccias. The controls on mineralisation are poorly known due to

the paucity of diamond drilling but may be related to steeply dipping faults. Later faulting with a strike of approximately magnetic north may displace the mineralised zones.



Figure 8 : “Steep Lode” – western wall of Southern Pit
(Photo : M. Arundell)

The mineralisation is cut by a 20 to 35 metres wide barren quartz feldspar porphyry dyke which strikes 100-130° magnetic (060-090° grid).

Levy & Storey (1990) interpreted a mesothermal origin for the base metal and gold mineralisation. Mineralisation was emplaced along tensional structures within a regional shear (structural corridor) during the waning stages of Badu Granite emplacement. Initially, quartz-pyrite-sphalerite infilled faults, then gold rich quartz-galena-pyrite mineralisation was emplaced, followed by the silicic, pyritic breccia and quartz-carbonate flooding.

2.3 Past and Recent Exploration

2.3.1 Historical Exploration at Horn Island

2.3.1.1 Historic Mining

This section on historic mining is summarised from von Gnielinski (1996).

The first gold on Horn Island was discovered by Smyth and party in 1894 and in that year the whole island was proclaimed a goldfield. The old workings appear to have been

concentrated within a north-west south-east structural corridor associated with more strongly altered rocks (Figure 5). A relatively unaltered coarsely porphyritic microgranite appears to be the south-west boundary to mineralisation. Most of the old hard rock workings were located immediately south of Horned Hill (Figure 5) on the southern side of Spring Creek. Gullies running into Spring Creek and Smyth's Creek were worked for alluvial gold.

The recorded production of the gold field is presented in Table 2. Most of the old workings consisted of small pits, trenches and shafts dug along the main quartz reefs (Figure 9). The ore treated was hand-picked from the highest grade portions of the lodes making determining the lode grade difficult. Few of these workings continued below the oxidised zone, largely because of the difficulty in recovering gold from the sulphide minerals.

Year	Holder	Tons treated	Gold Production (kg)	Comment
1894 / 1896			31.1	Alluvial
1896 / 1897		2,530	63.0	
1898 / 1899	Smyth brothers	4,396	89.5	
1900	Horn Island Gold Mining Company	9,819	25.3	
1903 / 1904			54.5	Horn and Possession Island

Table 2 Recorded Gold Production (after von Gnielinski)

The Horn Island Gold Mining Company was floated in 1899. They purchased the Smyth and party's claims in 1900 and erected a 40-head stamp battery, concentrating tables and Berdan pans (grinding and amalgamation pans). Operations were concentrated a 60 to 80 metres long by 10 metres deep open-cut on what is believed to be the Welcome reef. The company ceased operations after six months.

By 1901, the field was almost deserted (Jackson, 1902). The Cape York Peninsula Syndicate purchased the Horn Island Gold mill and Chinese prospectors cradled gold from surface material in 1902. After 1902, production figures for Horn Island were combined with figures from Possession Island. The Narupai Gold Mining Company worked surface material in 1908 but abandoned their leases later that year retaining a machinery area where they carried out surface work until 1909. Sporadic small scale mining (alluvial and shallow underground operations) continued to about 1921. Lennon and party intended to treat battery tailings in 1921 and 1922 but no gold was produced. Walker (1983) stated that since 1910 no record has been kept of mining on Horn Island.

Arthur (1936) examined the field and recommended that underground prospecting and core drilling should be carried out on the three main reefs - Mystery, Brilliant and Narupai (Figure 9). Prospecting and exploration work were carried out on the Welcome lease, where T. Rider installed a five-head battery in 1940.



2.3.1.2 Previous Exploration

A summary of previous exploration of Horn Island is presented in Table 3. Further details of the work conducted are included in Appendix 1.

Licence	Year	Company / Holder	Work completed
	1957	Enterprise Exploration Company Pty Ltd	Reconnaissance investigation of gold fields on Horn and Possession Islands and copper occurrences on other Torres Strait islands
GML 33	1950's-1960's	C.E. Peverill	Workings clean out & enlarged, bulk sampling..
AtP 184M	1962	New Consolidated Gold Fields (Australasia) Pty Ltd	Horn Island gold field visited, further work recommended but later rejected.
GML 33	1963	Australian Selection Pty Ltd	Conducted detailed study of Horn Island Goldfield. Drilled three diamond drill holes. Found best gold occurred in the main quartz-sulphide reefs and veins however was not persistent along strike. Option terminated
AtP 314M	1966	CRA Exploration Pty Ltd	Carried out drainage sampling program over ten Torres Strait islands, including Horn, targeting porphyry copper. A total of 121 samples were taken. Concluded that the granitic rocks showed no characteristics of porphyry copper type granites
AtP 580M	1969-1970	Noranda Australia Ltd	Geological mapping and rock chip sampling on five Torres Strait islands including Horn. Extensive areas of alteration outlined with pyrite. On Horn, 300 rock chip samples & 10 soil samples collected. High background Ag & Pb results were noted with low Cu & Zn. Au detected in all the parallel altered zones. Follow-up sampling indicated that Ag, Au & base metal contents were very erratic & only isolated samples had grades similar to those of the initial survey. Given this the tenement was relinquished.
EPM 3292M	1982	Essex Minerals Company	Due to lack of funds, no work carried out.
AtP 2222M	1979-	Jimilly Pty Ltd / Apollo International Minerals N.L	Geological mapping and geochemical sampling of Horn Island Goldfield. Several high Au values at Narupai & Eureka workings but most significant values "Welcome" reef. Au associated with sulphides & quartz defined over a 300m+ strike length at Welcome. Interpreted to be controlled by faulting within & adjacent to the microgranite-granite contact. Drilling proposed not completed.

Licence	Year	Company / Holder	Work completed
AtP 3352M	1983-1985	Jim Billy Pty Ltd / Seltrust Mining Corporation Pty Ltd	Geological reconnaissance completed. Alteration zones defined within 4km x 1km N-S zone. Rock chip sampling of alteration zones showed significant values. Ground magnetic survey showed no useful trends. Diamond drilling results disappointing. Soil sampling over the Gold Field outlined 600m x 400m gold anomaly. Soil sampling at southern Silicified Ridge outlined 300m x 70m Au anomaly. IP survey detected anomalies validated by drilling & thus considered useful target selection tool. Percussion drilling showed Au associated with quartz sulphide veining under soil & rock anomalies. Diamond drilling provided insights to mineralisation style and relationships to contacts.
AtP 3352M	1985-1987	Jim Billy Pty Ltd / AuGold N.L.	Multiple drilling programs were completed. Mineralization in the North-West Zone was interpreted to occur in series of lenses dipping to SE whilst in Welcome Zone, mineralization appeared to occur as steeply dipping stockwork. Drilling showed the mineralization covered area of 70m x 200m - ~25% of extent of old workings. Preliminary assessment of 'geological' 'reserves' and 'resource' undertaken. Deeper diamond drilling to test vertical extension of mineralization below proposed open pit encountered significant Au intersections. Potential alluvial/eluvial resource also identified & extensive study undertaken. Duplicate assaying indicated mineralisation tended to be coarse & erratic in distribution. Preliminary engineering study completed. Preliminary metallurgical testing yielded high recovery to combined gravity & cyanide extraction. Project Manager was appointed to determine the economic viability of project. Initial feasibility study completed. Sterilisation and ground water drilling conducted.
AtP 4273M		Carpentaria Exploration Company Pty Ltd	Stream sediment samples collected. Best stream sediment Au anomaly on Horn Island. Flew and interpreted detailed airborne geophysical survey. Magnetic response is subdued although NW- trend through Horn Island gold field is apparent. Detailed stream sediment sampling as follow up the Horn Island anomaly. A north-west trending lode structure identified as source.

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Licence	Year	Company / Holder	Work completed
AtP 3352M, 4273M & 4609M	1987-1989	Torres Strait Gold Pty Ltd (joint venture between AuGold and Giant Resources Limited)	Stream sediment geochemistry conducted. Orientation gradient array induced polarisation (IP) surveys across mine area revealed anomalous response across outcrop of ore zones. Surveys carried out in the mine area, Southern Silicified Ridge & Cable Bay Ridge to assist targeting drill follow up. All stream geochemistry and IP anomalies except Cable Bay Ridge drill tested with significant results being obtained in the Mystery Reef area, Narupai Reef and the Southern Silicified Ridge.

Table 3 Summary of Previous Exploration – Horn Island**2.3.1.3 Historical Ore Resources and Ore Reserves**

Pursuant to the Australian Securities Exchange (ASX) Listing Rules³ Chapter 5, sections 5.6, 5.12 and 5.14, there are certain requirements applicable to the reporting of historical estimates of mineralisation for material mining projects. This is applicable for projects that have historical estimates prior to February 1989 (with no subsequent reporting since that date) which is when the JORC Code was introduced as Appendix 5A to the ASX Listing Rules.

Horn Island falls under this category of 'historical resources', with previous tenement owners Giant and AuGold reporting resource and reserve estimates in 1988, prior to the commencement of mining (von Gnielinski 1996).

Pursuant to the ASX Listing Rules requirements applicable for public reporting (section 5.6) and for reporting historical estimates (sections 5.12, 5.14), the author includes the following information as shown in Table 4 as part of this IER:

³ <http://www.asx.com.au/regulation/rules/asx-listing-rules.htm>

Company		AuGold		ACA Howe		Fluor	
ASX Listing Rule		Treasure 1986		Treasure 1986		Treasure 1986	
5.12.1	Source & Date of historical estimates	Treasure 1986		Treasure 1986		Treasure 1986	
5.12.2	Uses categories other than those defined by JORC Code 2012?	Yes - possible is not called "Geological Reserves". Proven & Probable are categories defined by JORC Code 2012 but given the estimation method and lack of compliance with Table 1, these are not considered to be reliable estimations		Yes - possible is not. Proven & Probable are categories defined by JORC Code 2012 but given the estimation method is unknown, these are not considered to be reliable estimations		Yes; resources are undclassified	
		Tonnes	Grade Au g/t	Tonnes	Grade Au g/t	Cut-off grade	Tonnes
		Proven ore	4.4-5.2	Proven ore	3.4	0.6	420,000
		Probable ore	3.9-4.4	Probable ore	3.4		3.2
		Possible mineralisation	~4t	Possible mineralisation	3.4		
5.12.3	Relevance and materiality of historical estimates	Yes, indicates significant work was carried out on defining resources at the Horn Island project, albeit not to a current JORC reporting standard		Yes, indicates significant work was carried out on defining resources at the Horn Island project, albeit not to a current JORC reporting standard		Yes, indicates significant work was carried out on defining resources at the Horn Island project, albeit not to a current JORC reporting standard	
5.12.4	Reliability of historical estimates ref to Table 1	Low - not Table 1 compliant		Low - no details on estimate provided		Low - no details on estimate provided	
5.12.5a	Summary of the work programs on which historical estimates based	Selstrust - diamond drilling (11 holes - ~1,000m) and percussion (26 holes - 1335m); AuGold - percussion (71 holes - ~3,500m)		Selstrust - diamond drilling (11 holes - ~1,000m) and percussion (26 holes - 1335m); AuGold - percussion (71 holes - ~3,500m)		Selstrust - diamond drilling (11 holes - ~1,000m) and percussion (26 holes - 1335m); AuGold - percussion (71 holes - ~3,500m)	
5.12.5b	Summary of key assumptions, estimation parameters & methods of historical estimates	Preliminary calculation conducted on the basis of the correlations postulated on Plate (schematic diagram of correlations) and compiled drill sections. Reserves - Proven - more than one intersection in plane of orebody and where orebody intersected in more than one of two adjacent 25m spaced traverses; Probable - traverse intersections provided sufficient information to be reasonably certain of geological continuity; Possible - postulated on extension of ore beneath limit of current drilling (average 50m) - thought reasonable assumption based on known extension of ore zones. No account given to extensions of structures outside of area drilled. Weighted average grades calculated for assays within each chosen block.		No details given		Engineering study (Treasure 1986) noted resource would justify a decision to proceed to development, provided that limited mine life (~3 years) taken into account. Block calculations indicated ~420kt available in proposed open cut to 45m depth. Calculation gives no account to probable extension of mineralised structures between widely spaced traverses and none to depth extensions or outside open pit. Waste to ore ratio was ~8:1 - may be effect of lack of near surface data.	
5.12.6	Any more recent estimates or relevant data available?	Yes; Giant 1988		Yes; Giant 1988		Yes; Giant 1988	
5.12.7	Evaluation and/or exploration work to verify historical estimates	Work needed to verify historical resources includes, and may not be limited to: 1. locating all the original drilling logs and sample assay certificates; 2. locating all the quality control data on the assaying; 3. infill drilling (see Section 2.5) and several, or numerous, new drill holes twinned to historical drill holes to verify the historical drilled intersections. Associated with this drilling, all the necessary supporting information as outlined in 'Table 1' of the JORC 2012 Code pertaining to drilling a mineral deposit; 4. once additional drilling is carried out as outlined above, produce a new resource model and reported to a JORC 2012 Code level		Proposed timing of this re-evaluation and/or exploration work that CUU intends to undertake, is detailed in Section 2.5. In summary that includes: 1. a diamond drilling program has been designed to test high-grade structures and zones at depth for the Horn Island Project; 2. The drilling plan is for 14 core holes averaging 220m each for a total of 3,090m; 3. Work proposed to start before 2015/2016 wet season subject to approvals		Pursuant to ASX Listing Rules section 5.12.9, the author makes the following cautionary statement regarding these historical estimates: 1. the estimates are historical estimates and are not reported in accordance to JORC 2012 Code; 2. a competent person has not done sufficient work to classify the historical estimates so mineral resource or ore reserves in accordance with the JORC 2012 Code; and 3. it is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources or mineral reserves in accordance with the JORC 2012 Code	
5.12.8	Proposed timing						
5.12.9	Cautionary statement to historical estimates						
5.12.10	Competent Statement	Person's Statement					

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Company	PMIE	Giant Resources			Giant Resources		
ASX Listing Rule							
5.12.1 Source & Date of historical estimates	PMIE Feasibility Study, March 1987			Levy 1987			Giant Resources Annual Report, 1988
5.12.2 Uses categories other than JORC Code 2012	Yes; resources are unclassified						Proven, Probable & Measured are JORC Code categories but given estimation method unknown, estimates are not considered reliable
	Cut-off grade (g/t Au)	Tonnes	Grade Au (g/t)	Tonnes	Grade (g/t Au)	Type	Grade (g/t Au)
	0.5	3386 000	1.62	Eluvial Deposits	140500	Proven ore	1 820 000t 2.34
	0.9	2 104 000	2.2	Alluvial Deposits	224700	Probable ore	320 000t 2.58
	1.3	1 446 000	2.71	TOTAL	365200	Measured resources	210 000t 2.3
						TOTAL	2 350 000t 2.37
						Alluvial Deposit	200 000m ³ 0.9
5.12.3 Relevance and materiality of historical estimates	Yes, indicates significant work was carried out on defining resources, albeit not to a current JORC reporting standard			Yes, indicates significant work was carried out on defining resources at the Horn Island project, albeit not to a current JORC reporting standard			Yes, indicates significant work was carried out on defining resources at the Horn Island project, albeit not to a current JORC reporting standard
5.12.4 Reliability of historical estimates ref to Table 1	Low - not Table 1 compliant			Low - not Table 1 compliant			Very Low - no details on work programs, key assumptions or estimation method reported; not Table 1 compliant
5.12.5a Summary of the work programs on which historical estimates based	Soltruss - diamond drilling (11 holes - ~1,000m) and percussion (26 holes - 1335m); AuGold - percussion (71 holes - 3,500m + 85 holes) and diamond drilling (3 holes)			Percussion (310 holes - 3,720 samples), auger (35 holes - 51 samples); RC (93 holes - 159 samples); ditch/trenching (4 - 167 samples); Deep costeans (8 - 307 samples) shallow costeans (660 samples); 30 bulk samples			Based on exploration reports, assumed to be Soltruss - diamond drilling (11 holes - ~1,000m) and percussion (26 holes - 1335m); AuGold - percussion (71 holes - 3,500m + 288 holes) and diamond drilling (19 holes)
5.12.5b Summary of key assumptions, estimation parameters & methods of historical estimates	Geostatistical analysis & reserve estimate using "T.C. - Mine" software. Orebody model based on 6m columns in E, 6m rows in S direction & 35 3m benches. Variograms run in a number of directions to establish isotropy. Variogram plots modelled poorly - Kriging not used. Thus data points were weighted by inverse distance squared. A spherical shape of influence was adopted. The down hole variogram had a range of 15m.			Because of variable grade, no rigorous ore reserve was calculated. A geological plan of ore zones was used to deduce which elevated surficial grade zones constituted eluvial resources. Isolated, "unexplained" high surficial assays were excluded. The eluvial deposits identified relate to 485 lode system & Welcome lodes.			The mineable ore reserves, based on a 1.0 g/t Au cut-off grade
5.12.6 Any more recent estimates or relevant data available?	Yes, Giant 1988			Yes, Giant 1989			No
5.12.7 Evaluation and/or exploration work to verify historical estimates	Work needed to verify historical resources includes, and may not be limited to: 1. locating all the original drilling logs and sample assay certificates; 2. locating all the quality control data on the assaying; 3. infill drilling (see Section 2.5) and several, or numerous, new drill holes twinned to historical drill holes to verify the historical drilled intersections. Associated with this drilling, all the necessary supporting information as outlined in "Table 1" of the JORC 2012 Code pertaining to drilling a mineral deposit; 4. once additional drilling is carried out as outlined above, produce a new resource model and reported to a JORC 2012 Code level						
5.12.8 Proposed timing	Proposed timing of this re-evaluation and/or exploration work that CUU intends to undertake, and its funding, is detailed in Section 2.5. In summary that includes: 1. a diamond drilling program has been designed to test high-grade structures and zones at depth for the Horn Island Project; 2. The drilling plan is for 14 core holes averaging 220m each for a total of 3,090m 3. Work proposed to start before 2015/2016 wet season subject to approvals						
5.12.9 Cautionary statement to historical estimates	Pursuant to ASX Listing Rules section 5.12.9, the author makes the following cautionary statement regarding these historical estimates: 1. the estimates are historical estimates and are not reported in accordance to JORC 2012 Code; 2. a competent person has not done sufficient work to classify the historical estimates so mineral resource or ore reserves in accordance with the JORC 2012 Code; and 3. it is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as mineral resources or mineral reserves in accordance with the JORC 2012 Code						
5.12.10 Competent Person's Statement	Pursuant to ASX Listing Rules section 5.12.10, the author makes the following statement: 1. the information in this report under ASX Listing Rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the material mining project; 2. the competent person, Mark Arundell, is an Associate of H&S Consultants; and 3. the competent person, Mark Arundell, is a Member of the Australian Institute of Geoscientists						

Table 4 Historical Resources and Reserve estimates (pre-JORC 1988)

2.3.1.4 Mining operations

The following section is summarised from von Gnielinski (1996).

Construction commenced in late 1987. Open cut hard rock mining operation commenced Quarter 1 1988. Three open cut pits were mined: The West Pit, South Pit and the East Pit (Figure 10). The mine was abandoned in December 1989 due to bankruptcy of Giant Resources Ltd.

Ore dilution from mining the narrow, near vertical veined gold mineralisation was one of the main early problems causing the operation to lose money - increased waste stripping also contributed. The grade delivered to the plant was reported as 1.7 g/t against an expected grade of 2.37 g/t. Initially mining units of 6m x 6m x 3m were used but this was unsuitable for the character of the ore veins. Reducing the block size coupled with more selective excavation produced a dramatic increase in gold grade in the June and September 1989 quarters.

von Gnielinski (1996) calculated that Giant mined and milled ~640,000 tons at 1.6 g/t Au. Mining depth of the open cut was reported to have only reached 18 metres which he calculated a 'reserve' of ~1.5 million tons at 2.37 grams per ton. He concluded that the quantities summarised in Table 5 were upper limit estimates on tons and lower limit estimate on grades.

Quarter	Mined			Milled				
	Total (t)	Strip Ratio	Hard Rock (t)	Grade (g/t Au)	Alluvial (t)	Grade (g/t Au)	Hard Rock (t)	Grade (g/t Au)
June 88					3,330	0.45		
Sept 88	907,500	5.9:1	50,678	1.07	38,817	0.39	38,900	1.07
Dec 88	923,400	8.6:1	86,000	1.57	21,000	?	86,000	1.57
Mar 89	972,100	11:1	81,200	1.27			81,200	1.27
June 89	1,288,200	9:1	128,930	1.79			151,644	1.79
Sept 89	1,845,900	10.2:1	165,300	1.82			165,311	1.82
Dec 89	916,000	6.8:1	117,400	1.36			117,440	1.36
TOTAL	6,853,100	9.9:1	629,548	1.58	63,147	0.39	640,495	1.58

Table 5 Production Data



Figure 10 : Outcrop geology - Horn Island Gold Mine
(after von Gnielinski, 1996: Fig35)

2.3.1.5 Environmental Issues

The following section is summarised from von Gnielinski (1996).

Due to insolvency of Giant Resources Ltd and consequently of AuGold and TSG, the mine was abandoned in December 1989 and the mining leases forfeited. This enabled the Queensland Government, through the (then) Department of Mines and Energy (DME), to decommission and rehabilitate the mine.

The DME found that AuGold and Giant had not demonstrated a responsible, conscientious, approach to their pre-grant commitments and compliance was at best tenuous. In general DME perceived that poor management during the construction and early mining phases of the mine gave rise to a number of environmental problems which could have been avoided by stricter adherence by AuGold and Giant to lease conditions and the approved mining plan (DME file ML4947, ML 5948 cited in von Gnielinski, 1996).

AuGold was not able to commence any rehabilitation at all and their security bond was inadequate to completely rehabilitate the site. The Queensland State Government was then committed to the rehabilitation work. With only a limited budget, decommissioning of the mine site had to be strictly managed and prioritised.

As noted in the Tenement Report (Section 8), part of EPM 25520 is subject to prior mining disturbances that have not been adequately rehabilitated. As such, it is likely that exploration activities conducted under the authority of EPM 25520 will result in the creation

of additional environmental liabilities when conducting exploration activities within these previously disturbed areas.

2.3.2 Recent Exploration at Horn Island Project by AQH

This section is summarised from a report by Holliday (2014).

2.3.2.1 Geological Compilation

AQH have obtained all the historic exploration reports on the Horn Island Project from the Queensland Department of Resources and Mines QDEX system. Data from these reports has been compiled. The focus thus far has been on compiling the drilling data from the work completed by Seltrust and AuGold. AQH have located data for 536 holes (8,077m). Complete analytical data has been recovered for about 80 holes, including HOR 1-70 and earlier Seltrust holes. Composite assays have been located for drillholes HOR 71-410. For holes HOR 411-619, only sporadic assays have been entered where the old scans are legible. Unfortunately due to the poor state of some of original data records, not all of the assay data has been able to be digitized. AQH has had all legible drill-hole information hand-entered and validated into a digital database for use in GIS and 3D modelling software. These tools have been used to interpret the data as much as is possible given its limitations. Also, field inspection has shown that some of the collars of the drillhole have not been accurately located. However, by integrating available assay data, old workings plans and observable surface geology, the broad trends of the mineralisation can be recognised with confidence.

Historic drill core has been destroyed and limited information can be gleaned from the open cuts as they are filled with water (Figure 11).

The compilation by AQH of historic drilling results, identified numerous individual gold intersections over ~1m thickness interpreted to be across the strike of the mineralisation. Some of these intersections are beneath the current open cut and below the limit of the historic planned pit shell. A number of other intersections were identified outside the current open cut that remain untested along strike and at depth.

The following targets outside the zone of the existing pit area have been identified:

- Narupai Reef (Figure 9)
- Mystery Reef (Figure 9 and Figure 12)
- Southern Silicified Ridge (Figure 10 and Figure 13)



Figure 11 : Aerial view of Horn Island gold mine
(Photo : M. Arundell)



Figure 12 : Mystery Reef working
(Photo : M. Arundell)



Figure 13 : Southern Silicified Ridge
(Photo : M. Arundell)

2.3.2.2 Channel Sampling

This section is summarised from a report by Cooper (2014) and an announcement by Holliday (2014b).

Rock channel and rock chip sampling was completed by AQH at the former Horn Island mine site during November, 2014. The sampling consisted of 233 rock chip and channel samples collected mainly on the exposed western rock faces of the abandoned gold mine South Pit (Figure 15). The sampling was conducted on the only currently accessible area of wall rock exposure of the former mine. The samples were analysed for gold and a large range of other elements. Samples were collected either as a cut channel using a hand held diamond saw (Figure 14) or by hammer and chisel.

2.3.2.3 Sampling Methodology

Sampling techniques and data are reported as per Table 1 of JORC Code 2012 (Appendix 2).

The rock channel samples were taken by cutting parallel slots 2-3cms deep over an interval of rock face and chipping the central part out in total by hammer and chisel. The channels were oriented orthogonally to observable mineralized structures. The rock chip samples were taken by non-selectively sampling across a section of exposed rock by chipping with a hammer. In total, 134 rock channel and 96 rock chip samples were collected.



Figure 14 : Diamond saw rock channel sampling
AQH – November 2014



Figure 15 : Western Wall of Southern Pit
(Photo : M. Arundell)

2.3.2.4 Results

Figure 16 shows anomalous gold results (>0.1ppm) extending over ~750m of strike length from the Mystery vein workings in the north-west to the projection of the Dead Cat Reef in the western face of the Southern Pit.

Figure 17 illustrates the detailed channel sampling of the only currently accessible wall rock exposures within the Southern pit. Channel samples from this area have confirmed the presence of high-grade gold associated with quartz-sulphide veins. Significant results (Au >1 g/t) are presented in Table 6.

Sample	Centre_East (MGA54)	Centre_North (MGA54)	Intercept (m)	Grade (g/t Au)	Figure
HC14-048	643786.71	8827057.55	1.07	1.07	
HC14-057	643793.51	8827063.65	1.00	21.5	Figure 19
HC14-068	643803.37	8827080.98	1.02	107	Figure 18
HC14-081	643808.72	8827083.80	0.62	3.76	
HC14-082	643808.89	8827084.44	0.71	1.67	

Table 6 2014 Rock channel sampling. Significant Intersections Summary

Anomalous gold occurs with silver as well as geochemically anomalous levels of zinc, lead and arsenic (Figure 17).

AQH considered that the new results provide further strong encouragement for the proposed core drilling program to test the deeper and broader exploration potential for high gold grade ore surrounding and beneath the former mine pit. See **Section 2.5** for budget, target priority and proposed number of holes and meterage.

2.3.2.5 Duplicate sampling

Although only limited duplicate style sampling was undertaken by AQH as part of the channel sampling program, the author notes that the coarse and erratic nature of gold described by Noranda (Richards et al, 1970) and AuGold (Treasure, 1986 and Hills, 1987) is evident in the data.

For example, samples HC14-079 and HC14-081 were collected 20cm apart across the same vein. Sample HC14-079 reported 0.04ppm Au and HC14-081 reported 3.76ppm Au. Samples HC14-080 and HC14-082 were collected 20cm apart across a vein 70cm northwest of samples HC14-079 and HC14-081. Sample HC14-080 reported 0.07ppm Au and HC14-082 reported 1.67ppm Au.

Four samples were taken by the author during the site visit to Horn Island. These were taken as duplicates of the original AQH channel samples. Although not “perfect” duplicates, the author attempted to replicate the original sample as far as practical. Samples were analysed by different laboratories but similar methods as would be the case with umpire assaying. The difference in the results reinforces the author’s opinion that erratic gold distribution is likely to be present at Horn Island. Results are presented in Table 7.

H&S Sample	AQH Sample	East (MGA54)	North (MGA54)	Length (m)	AQH Au g/t	AQH Au(R) g/t	H&S Au g/t	Difference
38801	HC14-069	643805.42	8827083.89	1.10	0.2		0.05	-75%
38802	HC14-068	643803.37	8827080.98	1.02	106.5	90.2	3.92	-96%
38803	HC14-057	643793.51	8827063.65	1.00	21.5	18.9	102	374%
38804	HC14-060	643799.03	8827069.43	1.00	0.92		0.06	-93%

Table 7 Rock channel sample duplicates

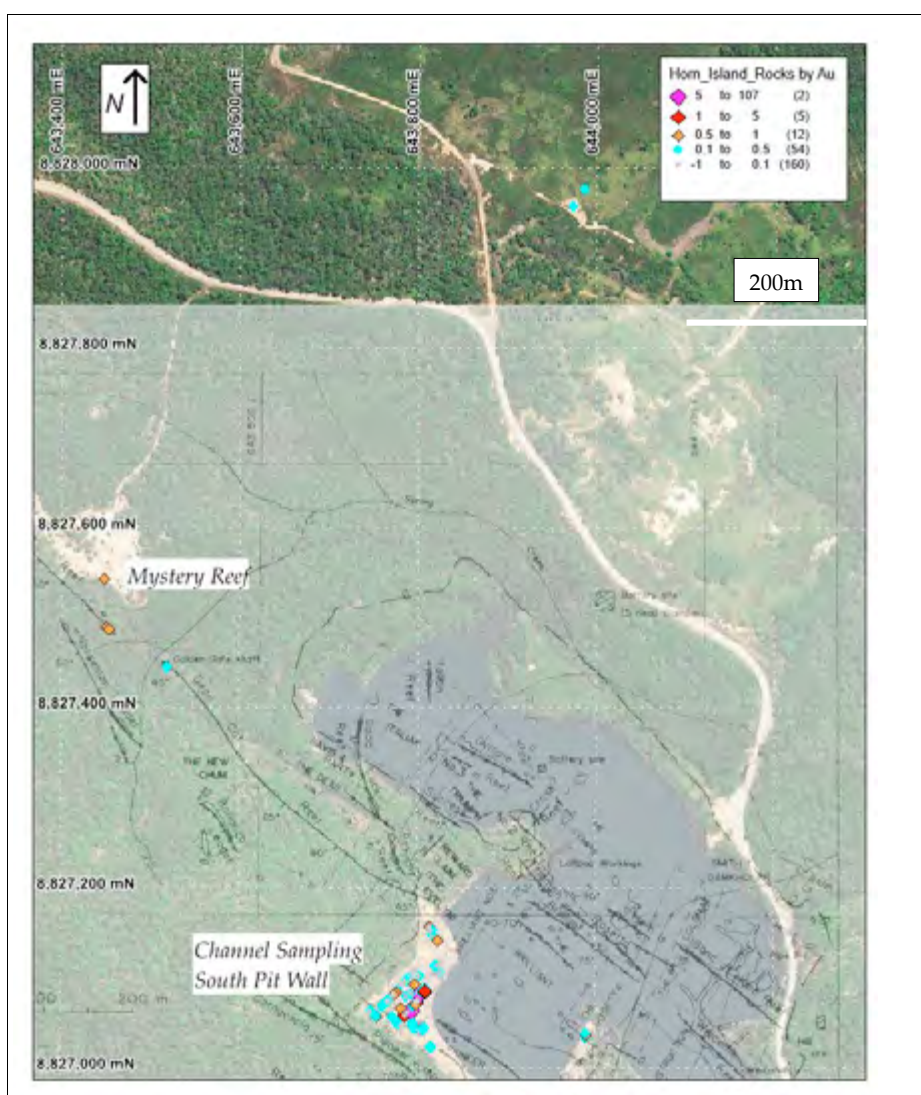


Figure 16 : Rock sampling 2014
 (see Figure 17 for more detail for South Pit)

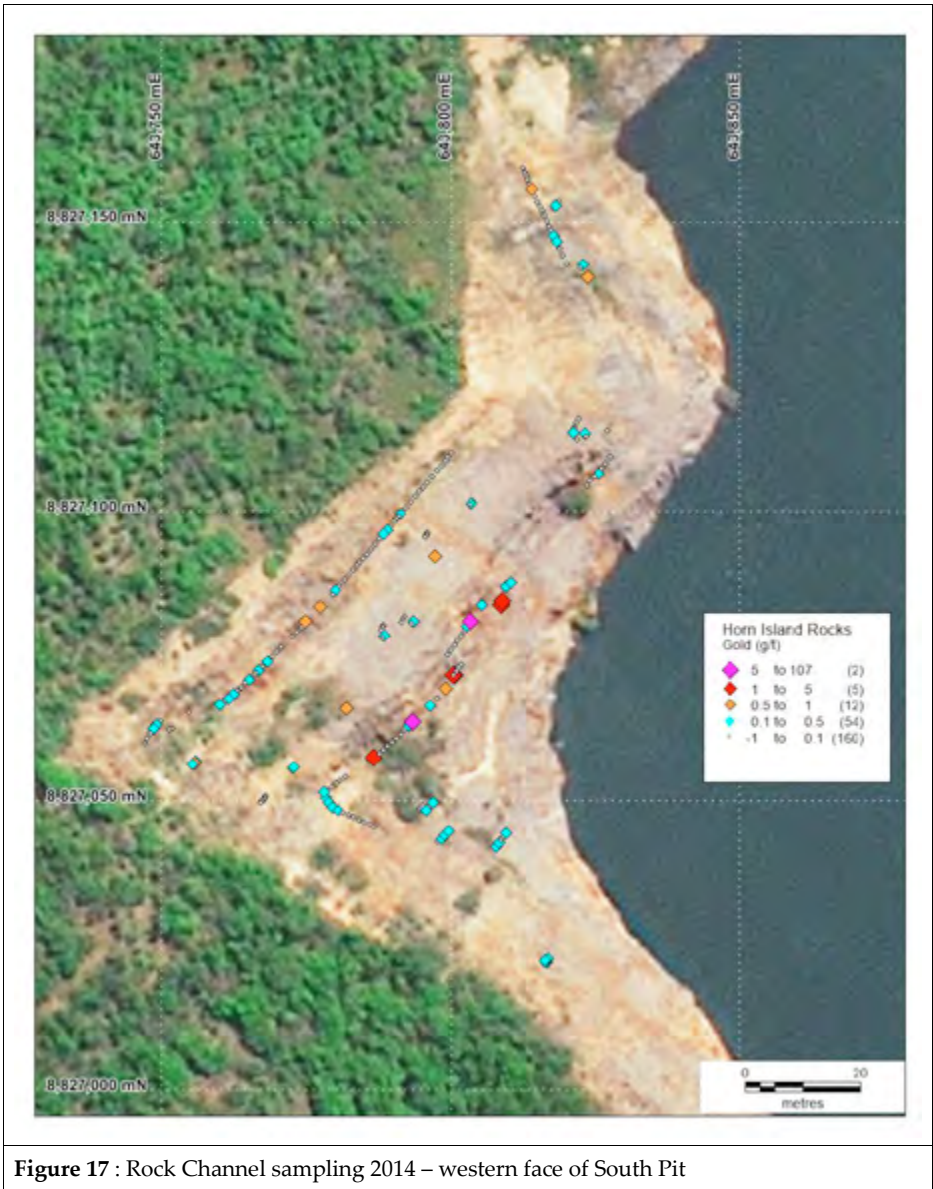


Figure 17 : Rock Channel sampling 2014 – western face of South Pit



Figure 18 : Rock Channel sampling 2014 – HC14-068
(Photo : M. Arundell)



Figure 19 : Rock Channel sampling 2014 – HC14-057
Geo pick for scale (Photo : M. Arundell)

2.4 Exploration Potential at the Horn Island Project

Based on the compilation of historic data and the recent rock channel sampling, AQH believes, and the author of this report concurs, that the Horn Island Project does have excellent exploration potential and thus warrants ongoing exploration.

The following targets have been inadequately tested and require further exploration:

- At depth under the flooded open cut, i.e. below 50m depth, where there has been hardly any drilling.
- In the surrounding areas of historic old workings that have never been subject to deep drilling assessment, e.g. Mystery Reef, Narupai Reef
- The Southern Silicified Ridge where high grade gold has been intersected but not followed up.

AQH have proposed a diamond drilling program of approximately 3,000m at Horn Island (see Section 2.5) which is considered by the author to be a good test of the identified high grade gold structures. The total program will comprehensively test the potential for gold mineralisation at depth. Core drilling has been selected as the preferred drilling technique as it will provide detailed geological information, analytical data sampled by geology and will facilitate geologically constrained resource estimation.

2.5 Exploration Program and Budgets

AQH have advised that it have devised a two-year forward looking exploration program and budget. The program will comprise drilling, modelling and resource estimation (Table 8 and Figure 20).

AQH have designed a core drilling program to test high-grade structures and zones at depth for the Horn Island Project. These structures and zones were interpreted by careful examination for alignments of historic workings plans and the high grade intersections in the 1980's drilling. The drilling plan is for 14 core holes averaging 220m each for a total of 3,090m.

Specifics of the drilling program are:

- 14 core holes to +200m downhole at 60° inclination to either 40°T or 220°T
- HQ3 core as a minimum size
- Geochemical analysis of half core of each hole unless totally unmineralised
- Assay interval of 1m or less
- Au analysis by fire assay; high grade Au by screen fire assay; multi-element analysis (33 elements) by ICP
- Preliminary on-site field portable XRF analysis
- High resolution core photography
- Spot (ASD) spectrometry and magnetic susceptibility downhole
- Oriented core logging
- Downhole survey by camera or gyro
- High resolution spectrometry (Corescan / Hy-Logger) & petrography on selected core
- Rehabilitation of drill tracks and drill pads as required

Core drilling direct cost is estimated at \$400,000 (excluding GST) based on indicative pricing provided by contractor of \$130/m. The proposed budget is presented in Table 8.

IER : Horn Island & Looking Glass Projects – Callabonna Resources

June 2015

Expenditure Exploration	Year 1	Year 2	Total
Exploration Drilling (inc. mobilisation/demobile, survey)	\$430,000	\$517,000	\$947,000
Sample analysis	\$81,000	\$104,000	\$185,000
Field Geology (inc. drilling supervision, core logging)	\$20,000	\$20,000	\$40,000
Office Geology and Reporting	\$47,000	\$47,000	\$94,000
Geophysics (airborne and ground)	\$-	\$-	\$-
Access and Heritage (inc. heritage surveys)	\$50,000	\$50,000	\$100,000
Environmental (inc. rehabilitation & bonds)	\$8,000	\$8,000	\$16,000
Tenement Cost & Compliance (inc. tenement rents)	\$20,000	\$20,000	\$40,000
Office & Admin	\$198,000	\$197,000	\$395,000
Community Relations	\$120,000	\$120,000	\$240,000
Sub Total	\$974,000	\$1,083,000	\$2,057,000
Contingency (10%)	\$97,400	\$108,300	\$108,300
Grand Total	\$1,071,400	\$1,191,300	\$2,262,700

Table 8 Proposed Budget for Horn Island Project

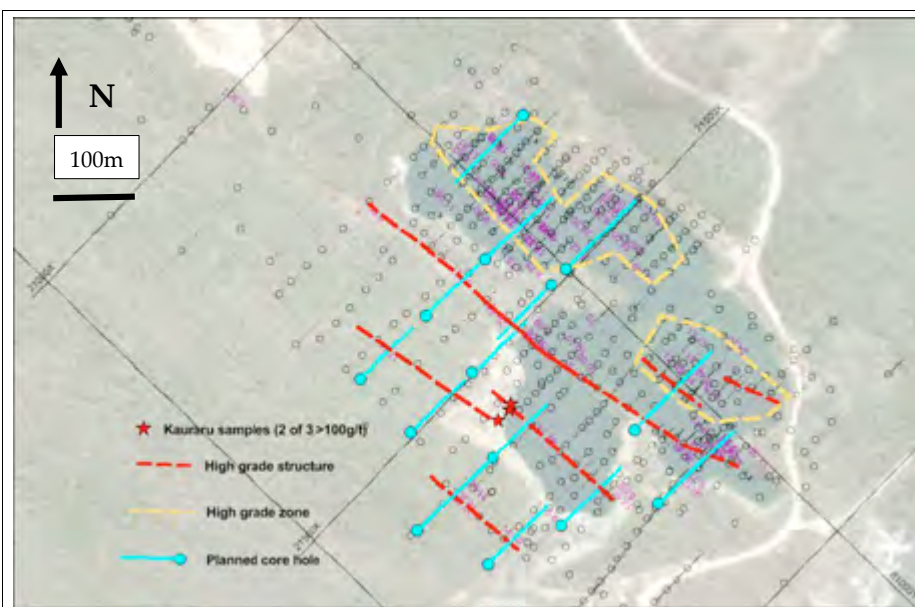


Figure 20 : Horn Island Project – Proposed drilling

2.6 Potential Liabilities and Risks

As noted in section 1.1, H&SC has not been requested to provide an Independent Valuation or detailed Risk Assessment but it should be noted that greenfields exploration is a high risk venture. AQH's Horn Island tenement is in an advanced stage of exploration but still requires significantly more work to ascertain if there are mineral resources and ultimately an ore reserve. Even if a resource were to be identified, other issues including ongoing funding, adverse government policy, geological conditions, commodity prices or other technical difficulties may result in a resource not being economically viable.

The following potential risks were noted during the site visit and review of the Horn Island Project:

- Arsenic – the gold mineralisation appears to be intimately associated with arsenic. The levels of arsenic appear to be significant and could be deleterious to health or pose an environmental risk. Further work on this needs to be undertaken.
- Crocodiles – a large saltwater crocodile was observed within the water filled open cut. Safety of staff during the drilling campaign could be at risk and need to have clearance from a qualified person
- Asbestos – the current Horn Island landfill site utilises the waste dumps of the 1980's mining operations. The landfill site is authorised to receive asbestos products. The nature of the disposal of the asbestos products on site is unknown and needs to be investigated.
- Environmental legacy - as noted in the Tenement Report (Section 8) any exploration activities conducted within previously disturbed areas will require appropriate rehabilitation in accordance with the current environmental conditions and the existence of the prior disturbances may cause these rehabilitation activities to be more comprehensive and costly.
- Nuggetty gold – both Noranda and AuGold commented that gold mineralisation tended to be coarse & erratic in distribution. Also, mined grades were significantly less than predicted. Where duplicate style sample were collected by AQH (samples ~0.5m apart), significant grade variation was recorded. This indicates that there may be an issue with grade estimation to nugget effect and/or coarse grained gold. This issue needs to be addressed in any subsequent drill or sampling program before resource estimation is undertaken.

It should be noted however, that H&SC makes no other assessment to potential liabilities and risks that relate, but not limited to, legal, financial, company, reliance on key personnel, or general exploration success. For other potential liabilities and risks the reader is directed to refer to the Investment Overview and Tenement Report elsewhere in the main Prospectus.

3 Looking Glass

3.1 Project Overview

3.1.1 Location, Access and Infrastructure

The Looking Glass Project (EL 8225, covering ~216km²) is located in the Central West Region of New South Wales and is approximately 30 km north-west of Coonabarabran and ~300km north-west of Sydney (Figure 21).



Figure 21 : Looking Glass – Project Location

The Looking Glass Project is situated mainly within cleared and non-cleared grazing and pastoral land and is well serviced by existing road and electricity infrastructures and both are easily accessible from nearby Coonabarabran. Service facilities in the area are excellent and include, but are not limited to, heavy earth moving equipment contractors, mechanical and electrical service contractors, hospitals, construction companies, significant residential housing and commercial regional airports.

3.1.2 Tenements

3.1.2.1 Tenement License status

The Looking Glass Project is covered by EL 8225 (Figure 21) and is held by Monzonite Metals Pty Ltd ("MMPL"). EL 8225 is managed by AQH on behalf of MMPL.

According to the Tenement Report (Section 8), MMPL is owned 90% by AQH. There is a Deed of Confirmation in place between MMPL and AQH deeming that AQH would solely fund the Looking Glass Project through to commencement of production. H&SC has sighted the Deed of Confirmation.

H&SC reviewed the license status of the tenement by using the New South Wales MinView system on May 4, 2015 (Figure 21 : Looking Glass – Project Location

and Table 9). The tenement appears to be in good standing. Although current expenditure commitments have not been met, an email from the author of the Tenement Report notes the Department has advised that the Annual Report (which notes the program conducted, expenditure and the proposed program) is acceptable, notwithstanding the shortfall in expenditure.

The Exploration licence is subject to annual rental fees payable to the NSW Division of Resources & Energy; all current annual fees and levies have been paid by AQH according to an email received by H&S from the author of the Tenement Report.

It should be noted however, that H&SC makes no other assertion or assessment to the legal position of the tenements nor is qualified or mandated to do so. The reader is directed to the Tenement Report (Section 8).

3.1.2.2 Land Access Agreement

As noted in the Tenement Report (Section 8) to CUU, it is necessary to enter into a written access agreement with a landholder prior to carrying out exploration on land which is owned or occupied (see Section 140(1) Mining Act). A landholder is entitled to compensation for all compensable loss caused to such land by exploration (Section 263(1) Mining Act).

3.1.2.3 Native Title

As noted in the Tenement Report (Section 8) to CUU, the total area of EL 8225 is subject to the Gomeroi People Native Title Claim NC2011/006. This claim has been accepted for registration pursuant to the terms of the Native Title Act (NTA). The Right to Negotiation

process prescribed by the NTA has not been completed or commenced by the Exploration Licence holder in respect to any land within EL 8225.

3.1.2.4 Exclusions / Restrictions

As noted in the Tenement Report (Section 8) to CUU, approximately 46% of EL 8225 is within four Mining Reserves that existed at the date of grant. Exploration can be conducted in accordance with the conditions of EL 8225 (particularly, Condition 36) within land subject to the Mining Reserves, and in the event that a mineable resource is defined, the holder of EL 8225 will need to make application to the Governor to revoke that part of the Mining Reserve from the surface to a depth, or from a depth below the surface to enable a Mining Lease Application to be granted in the land subject to the Mining Reserves.

TenID	Holder	Operator	Project	Grant Date	Expenditure	Rent	Units	Area km ²
EL 8225	MONZONITE METALS PTY LTD	ALICE QUEEN HOLDINGS PTY LIMITED	Looking Glass	6/1/2014	\$57,000	\$4,440	74	216.3

Table 9 Summary of Looking Glass tenement details

3.2 Geological Setting

3.2.1 Tectonic Setting

The Looking Glass tenement lies within the geological and tectonic terrain known as the Lachlan Orogen (formerly Lachlan Fold Belt) within the “Tasmanides” of Eastern Australia. The Lachlan Orogen extends from Queensland and through New South Wales and across into Victoria and Tasmania and is ~1000km long and ~700km wide (Gray, 1997; Figure 22)

Lithologically, the Lachlan Orogen is comprised of deformed sedimentary rocks, and mafic volcanics that accumulated along the eastern edge of Gondwanaland during the early Palaeozoic (Foster & Gray, 2008).

The deformation occurred during the mid-Palaeozoic and comprised of compression and strike-slip faulting (Gray, 1997; Gray et al, 1997), and then later extension (Fergusson & Coney, 1992), of the wedge of sedimentary and volcanic rocks. This intraplate deformation resulted in extensive thickening of the sedimentary and volcanic rocks in the order of 50% or more (Fergusson & Coney, 1992) and ingrained a general north-south trending structure to the belt. During the mid-Palaeozoic (late Silurian – mid-Devonian) this deformed and compressed rock wedge was subjected to extensive intrusion by S and I-type granites and underwent high temperature-low pressure metamorphism (Foster & Gray, 2008).

During the mid-Palaeozoic (late Devonian) the eastern part of Lachlan Orogen collided with an island arc assemblage with resulting in a mainly back-arc setting with terrestrial sedimentation (Fergusson & Coney, 1992) and silicic volcanism and plutonism (Gray, 1997). In late-Palaeozoic (Carboniferous) the eastern edge of the Lachlan Orogen collided with the New England Orogen (Gray, 1997). This was also a time of general extension across the whole of the Lachlan Orogen and the completion of the accretion process of the Lachlan Orogen to eastern edge of Gondwanaland.

The various stages of sedimentation/volcanism, intraplate deformation, faulting, granitisation and collisions resulted in the Lachlan Orogen comprising of three thrust belts, The Western, Central and The Eastern sub-provinces (Glen, 2005). The Looking Glass tenement lies within the Eastern sub-province (Eastern Lachlan; Figure 23).



Figure 22 : Tasmanides of eastern Australia
(after Glen et al, 2012)

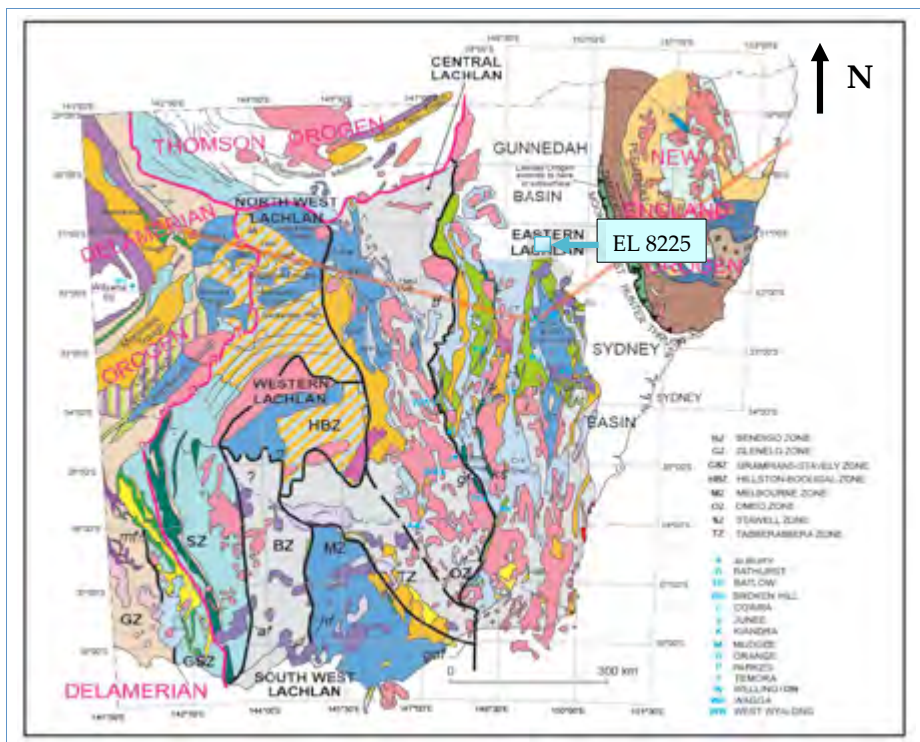


Figure 23 : Divisions of the Lachlan Orogen
(after Glen, 2005)

3.2.2 Regional Geology

The Looking Glass Project occurs in what is interpreted to be a similar geological and structural environment to world class copper-gold and gold deposits in the Lachlan Orogen (Figure 24). These include:

- major porphyry Cu-Au deposits such as Cadia-Ridgeway, Goonumbla (Northparkes) and Copper Hill
- epithermal Au deposits such as Cowal, Peak Hill and Gidginbung / Temora
- Skarn deposits such as Junction Reefs and Big Cadia

These Lachlan Orogen Cu-Au and Au deposits are hosted in Ordovician sediments and volcanics that have been deformed and faulted and then intruded by complex differentiated Ordovician to Early Silurian intrusive bodies. The Looking Glass project is interpreted to occur within the unexplored, under cover, northern extension of the Molong Volcanic Arc which hosts the giant Cadia deposits (9Mt Cu, 50Moz Au).

Three belts of Ordovician volcanic, sedimentary (volcaniclastic plus limestone) and intrusive rocks occur in central NSW– Junee-Narromine Volcanic Belt in the west; Molong Volcanic

Belt in the centre; and the Rockley-Gulgong Volcanic Belt in the east (Figure 24). These Ordovician belts, part of the Macquarie Arc in the Lachlan Orogen, have arc-like, calc-alkaline geochemistry and trace-element suprasubduction zone signatures (Glen et al, 2012).

The three belts are separated by Silurian–Devonian rift basins and are therefore, inferred to have been rifted apart during crustal extension. Chemical and isotopic data suggest the Macquarie Arc volcanics and intrusions are intraoceanic and therefore developed on primitive oceanic crust. However, features such as the Arc's longevity, multiple magmatic phases, and no provenance mixing with flanking coeval craton-derived turbidites and black shales indicate differences from modern intraoceanic arcs. The paleogeographic setting and magmatic evolution of the Macquarie Arc facilitated the deposition of porphyry-related, Au-Cu rich deposits in the Ordovician and Early Silurian (Glen et al, 2012).

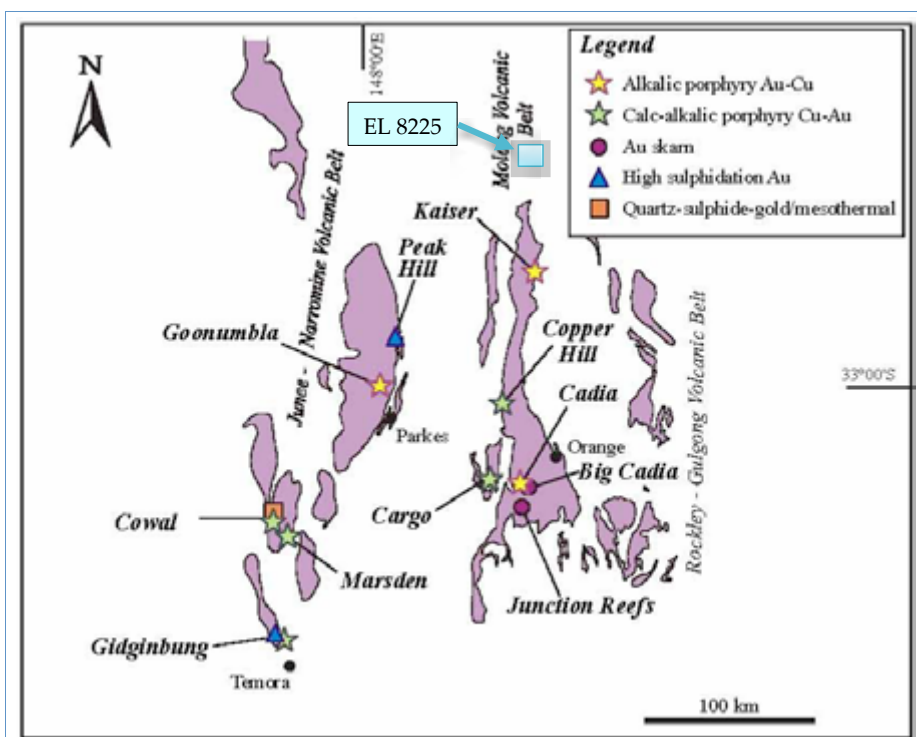


Figure 24 : Elements of the Macquarie Arc
Purple : Ordovician Volcanics (after Wilson, 2003)

3.2.3 Project Geology

The surface geology of the Looking Glass project as mapped on the Gilgandra 1:250,000 geology sheet (Figure 25) comprises Quaternary unconsolidated valley-fill (Qa), Tertiary volcanics (Tv), Tertiary basalt (Tb) and Jurassic Pilliga Sandstone (Jp) of the Surat Basin in the project area. Triassic and Permian sediments of the Gunnedah Basin occur outside the

area of immediate interest. However, it is the basement geology, interpreted to be equivalent to the Molong Volcanic Arc, which is being targeted for porphyry Copper – Gold mineralisation (Holliday, 2015).

The cover sequence of the Looking Glass area comprises the southern margins of the Jurassic-Cretaceous Surat Basin (part of the Great Australian Basin), and possibly the western margins of the Permian-Triassic Gunnedah Basin (Tadros, 1993; Hawke and Cramsie, 1984).

Interpretation of geophysics data – particularly magnetic data - enables the nature of the basement north of the Molong Arc outcrop to be speculated (Figure 26). Interpretation of airborne magnetic data of the Gilgandra 1:250,000 sheet area indicates the Molong Arc continues northwards under and beyond the Warrumbungle Mountains to where EL8225 covers a significant magnetic feature under the Goorianawa Valley (Figure 27). The thickness of the cover rocks is poorly known, but is estimated to be 300-500m based on water bore data and limited regional stratigraphic drilling. The airborne data over the area is old (1960's vintage), widely-spaced (1500m) and thus of limited use for modern day detailed exploration. The covered Molong Arc continuation has never been explored northwards beyond the Mendooran area and certainly not in the area of EL8225 (Holliday, 2015).

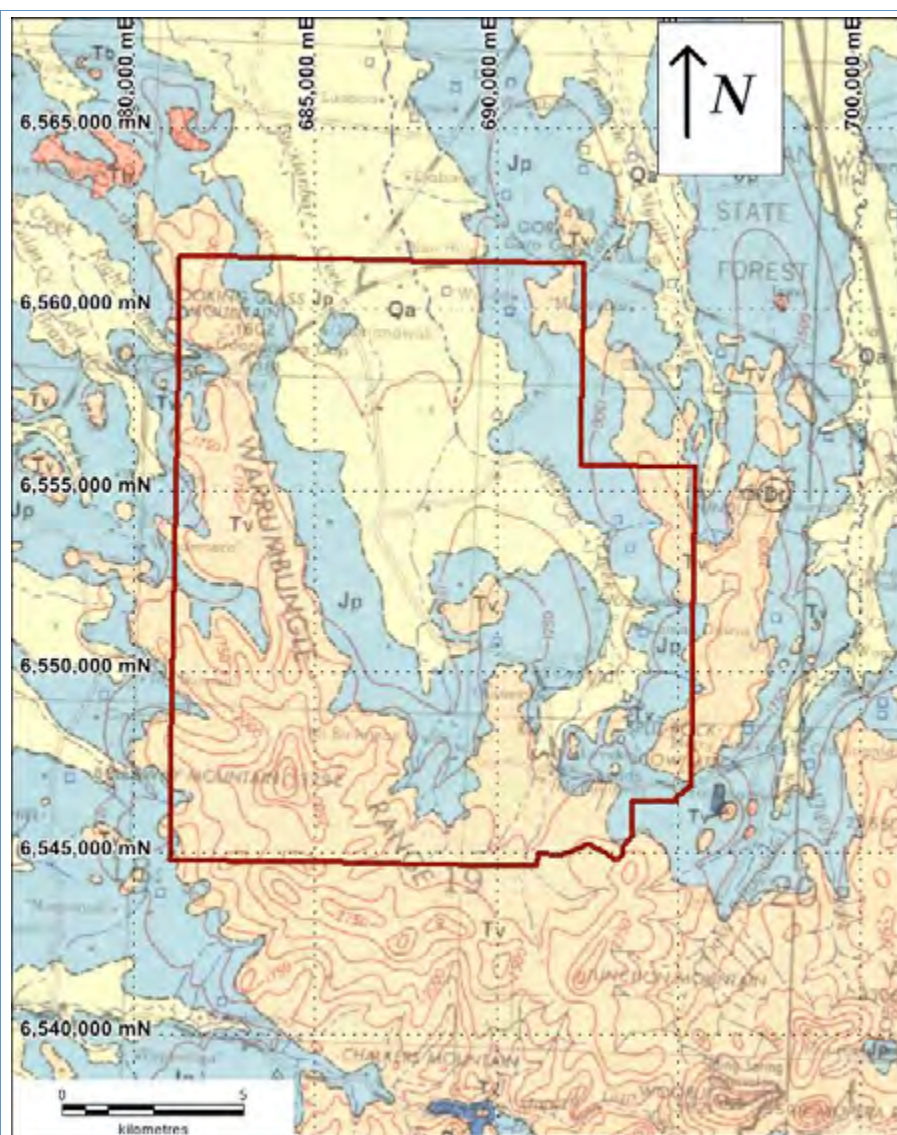


Figure 25 : Looking Glass Surface Geology

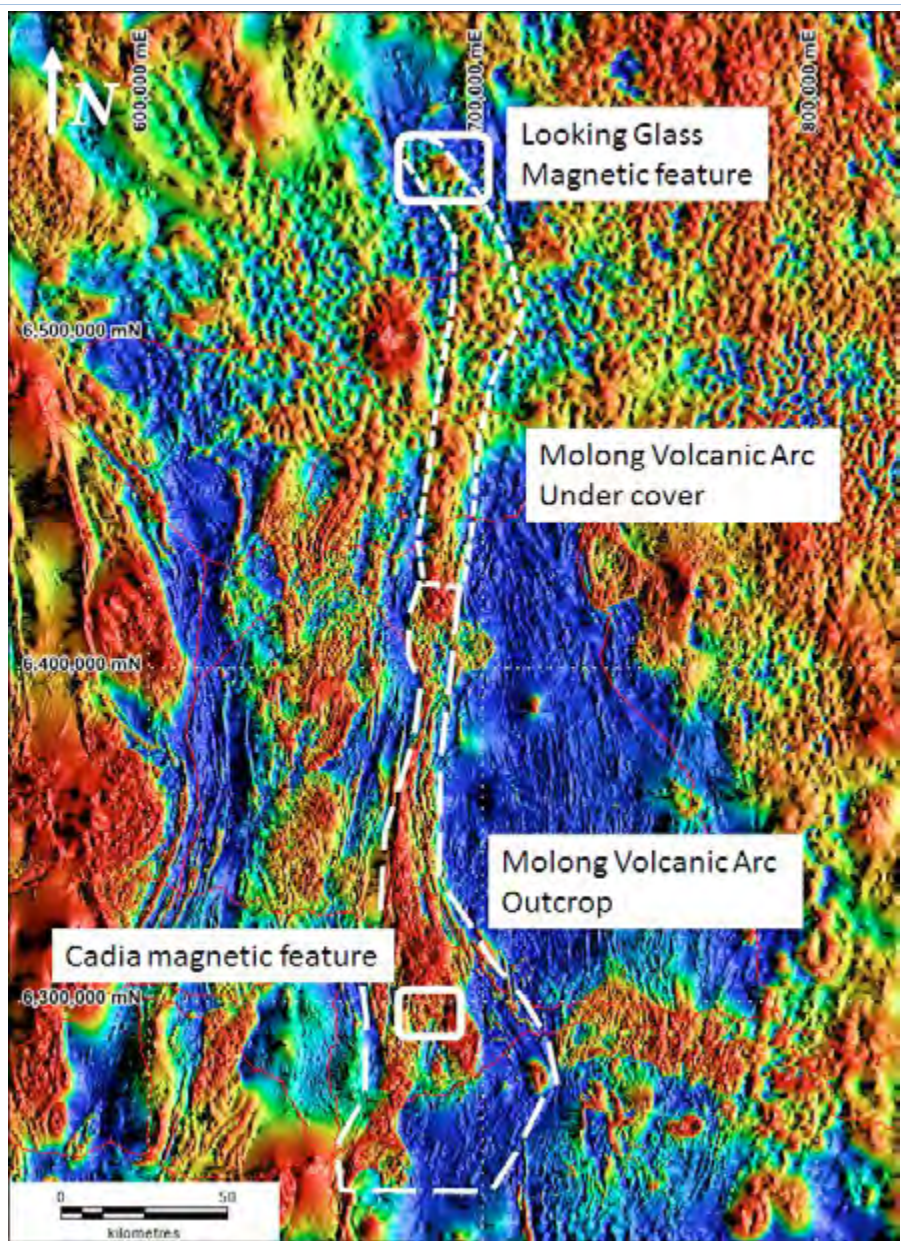


Figure 26 : Molong Volcanic Arc - Regional magnetics

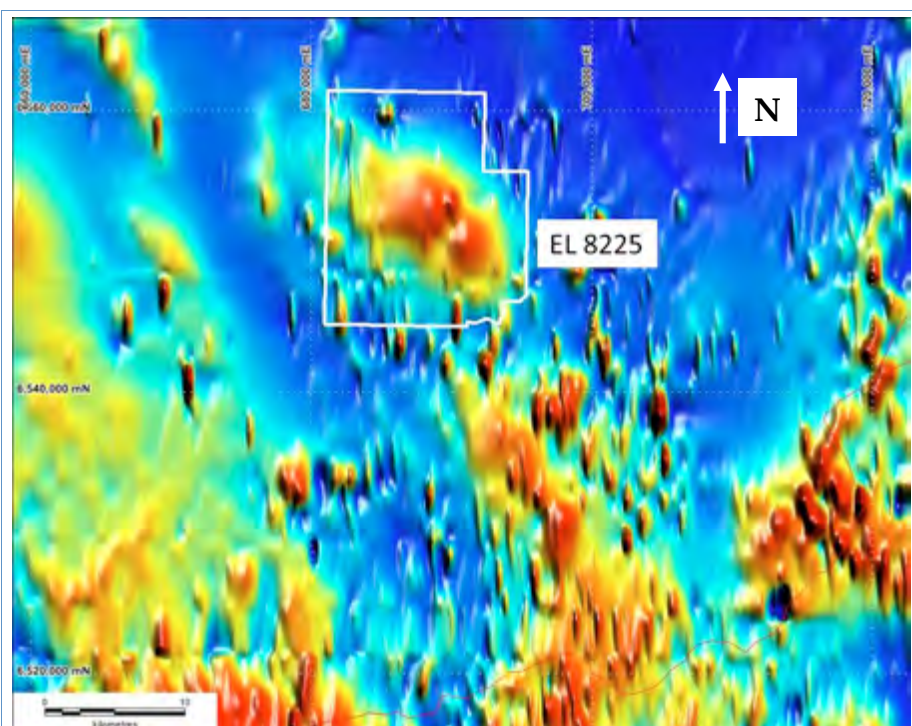


Figure 27 : Looking Glass area - Regional magnetics

3.3 Past and Recent Exploration

3.3.1 Previous Exploration of the Looking Glass Project

There has been no previous exploration of the Looking Glass area targeting the basement rocks for gold or base metal mineralisation. Minor exploration for alluvial gold and precious stones in leads under Tertiary volcanics was conducted during the 1990's under EL's 3268 and 4487, which lay on the north-east of EL8225 (Holliday, 2015).

Regional geophysical datasets have been collected by the NSW Geological Survey. The regional magnetic data over the northern Gilgandra 1:250,000 sheet area is very old (1960's) and wide-spaced (1500m). Thus these data are inadequate for use with modern modelling methods. However, the size and broad scale nature of the Looking Glass anomaly indicates it is likely to be a basement feature (Figure 27). Smaller, spotty anomalies are likely to be derived from Tertiary basalts in the cover sequence. The gravity data reveal a broad low in the Looking Glass area but the data points are very widely spaced at ~11km (Holliday, 2015).

NSW Geological Survey studies of the Gunnedah Basin (Tadros, 1993) included stratigraphic drilling on an east-west traverse passing roughly 30 kilometres to the north of EL8225. The nearest hole on this traverse, Baradine West 1, intersected undifferentiated, sub-Basin, Palaeozoic metasediments at 377m depth. The hole passed through Quaternary alluvium, Cretaceous Rolling Downs Group, then Jurassic sequences including Pillaga Sandstone, and Triassic Napperby Formation before hitting basement (Holliday, 2015).

In 2009, Santos QNT Pty Ltd drilled well Tenandra 1 (PEL450) to explore for coal seam gas ~3km west of the south-west corner of EL8225 (Figure 29). This well intersected Palaeozoic basement, described as "fissile grey shale interbedded with fine to very fine sandstone", from 741m to 863.5m (TD). The final 12m of the well was cored and described as "steeply dipping, sandy, cleaved metasediment (phyllite) with fractures and veining". Based on interpretation of the magnetic data, this well is thought to have intersected a down-faulted basement block, part of the Tooraweenah Trough (Figure 28), whereas EL8225 is believed to be an up-faulted basement block, part of the Baradine High (Holliday, 2015).

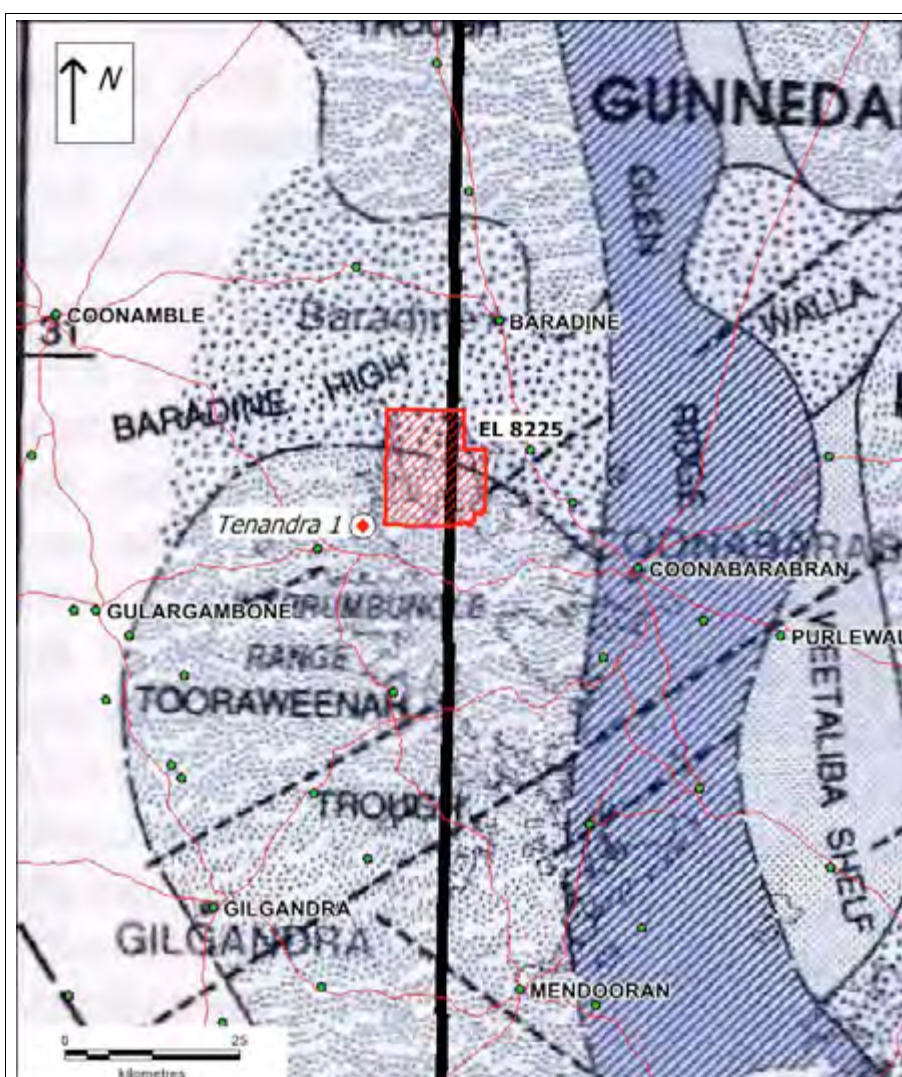


Figure 28 : Structural subdivisions of the Gunnedah Basin

3.3.2 Recent Exploration at Looking Glass Project by AQH

The following work has been undertaken on EL 8225 ("Looking Glass") by AQH:

1. Landholder and community liaison (in progress)
2. Geological review
3. Geophysical interpretation
4. Water bore data compilation
5. Airborne magnetic and radiometric surveying
6. Interpretation of airborne magnetic and radiometric data

3.3.2.1 Geological Compilation

EL8225 covers the Goorianawa Valley, which is a broad acre grazing and cropping farming area. A program of close community liaison has been undertaken prior to flying an aeromagnetic survey and any follow-up drilling. This has included a community meeting hosted by local graziers in January, 2015 at which the exploration rationale and proposed activities were explained (Holliday, 2015).

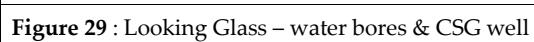
Information on both the cover and basement geology and depth to basement was sought from both water bore data and regional geology studies (Holliday, 2015).

The outcropping cover sequence in the area comprises the southern margins of the Jurassic-Cretaceous Surat Basin (part of the Great Australian Basin), and possibly the western margins of the Permian-Triassic Gunnedah Basin (Tadros, 1993; Hawke and Cramsie, 1984). Basement is interpreted to be Palaeozoic rocks under the Gunnedah Basin. Both basins contain significant groundwater resources, hence the area of EL8225 and its surrounds contains many water bores (Figure 29). Examination of the NSW water bore database was carried out by AQH. This revealed that no bores within EL8225 penetrated to Palaeozoic basement. The deepest bore terminated at 213m in the cover sequence. However, a bore located 3km north of the northern boundary of EL8225 (Figure 29) penetrated possible basement at 469m - "bedrock" in the drillers log (Holliday, 2015).

AQH consider it likely that any drilling within EL8225 will intersect basement at between 300 and 600m after penetrating a sequence of Jurassic and Triassic sediments unless there is an unknown structural feature that brings basement even closer to surface. This is considered unlikely, but it is possible, as evidenced by the small basement window outcrop that occurs adjacent to Scabby Rocks only 20 kilometres east of EL8225 (Holliday, 2015).

3.3.2.2 Magnetic Survey & Interpretation

The historic government magnetic data was considered inadequate for a quality basement interpretation and drillhole targeting (Holliday, 2015). A close spaced (250m) magnetics and radiometrics survey has been completed over the licence.



An aeromagnetic and radiometric survey was flown by Thompson Aviation in February 2015 with the following specifications (Table 10).

Description	Specification
Terrain clearance	~75m average
Traverse line direction	90°
Traverse line spacing	250 m
Tie line direction	180°
Tie line spacing	1250 m / 2500 m
Block Traverse	931 line km
Block Tie	176 line km
Block Total	1,107 line km

Table 10 Airborne magnetics survey specification

The grid and line data were reprocessed by Tensor Research to produce a suite of images that were used to help separate the anomalies within the Looking Glass complex and a subset of those are shown in Figure 30 (Tensor Research, 2015).

Initially, interpretation of the depth to the magnetic targets was undertaken. Applying geological context to the depth modelling helped constrain the interpretation and define the priority targets within the Looking Glass magnetic complex. The depth interpretation was then encoded by the formation in which they terminate to determine basement targets. These basement targets are Formations 1 and 2 (dark blue & light blue) on Figure 31. The shallower targets are interpreted as either Triassic-Jurassic or Tertiary in age (Tensor Research, 2015).

Prioritisation of the magnetic targets for drill testing is currently being conducted (Holliday, pers. comm.)

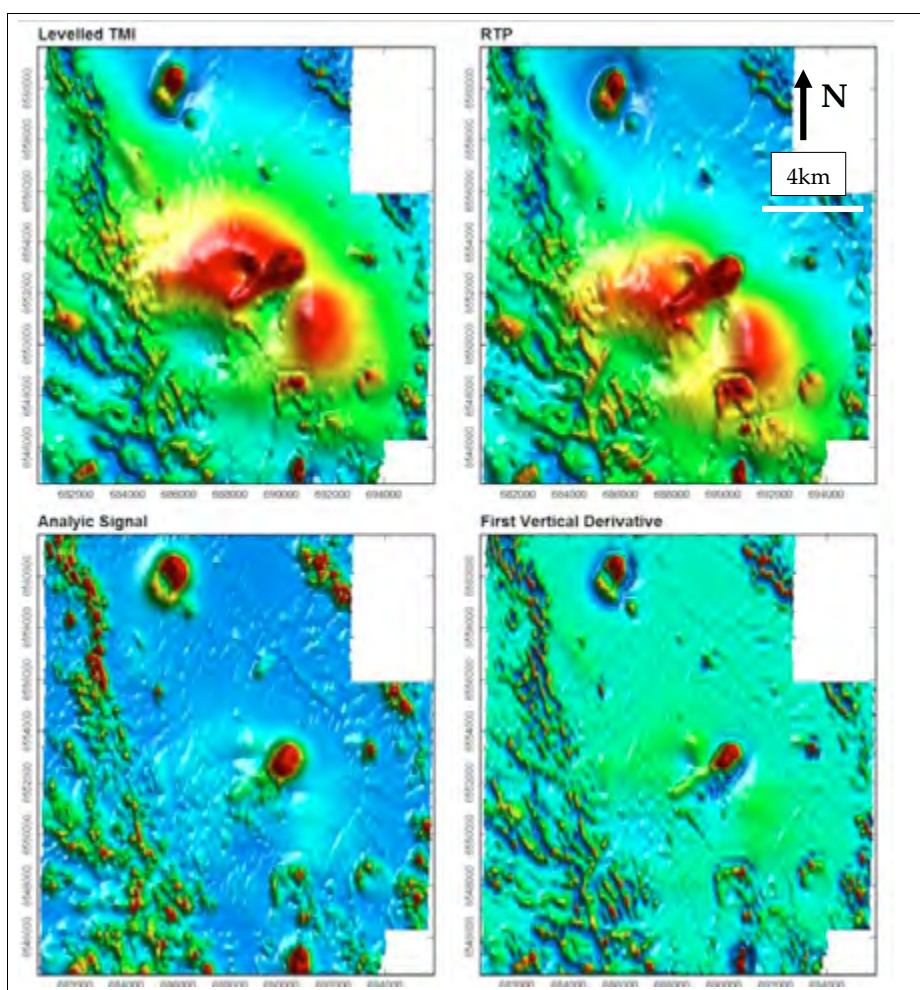


Figure 30 : Looking Glass – images of magnetic data
(after Tensor Research, 2015)

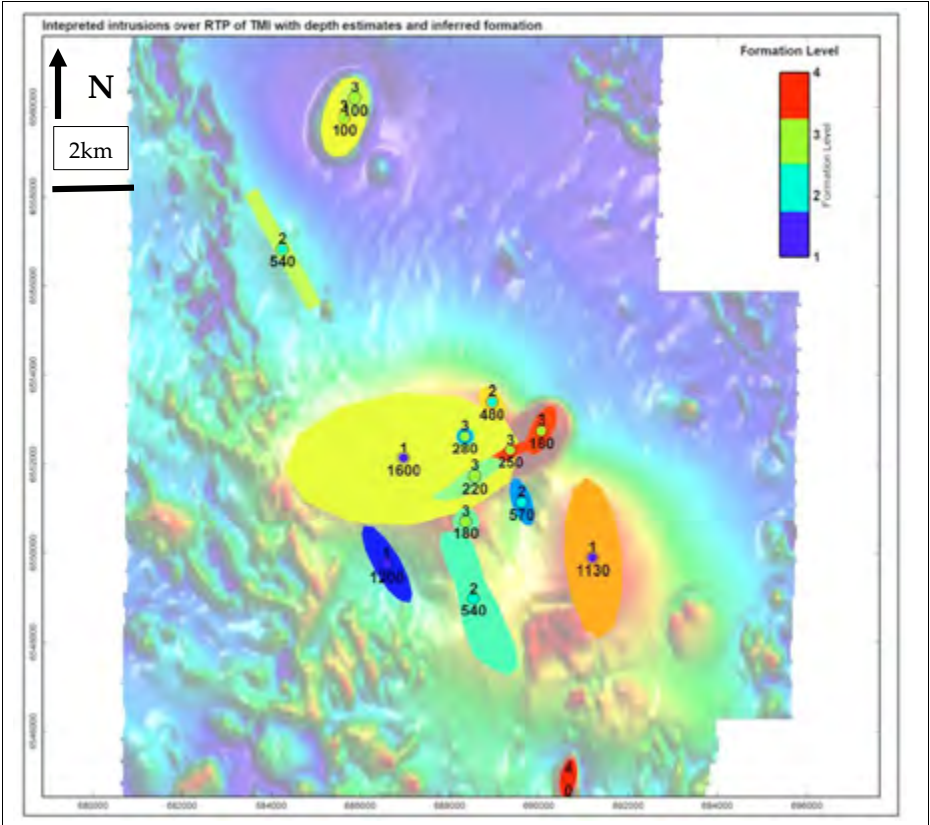


Figure 31 : Looking Glass – Depth to magnetic source & classification
(after Tensor Research, 2015)

3.4 Exploration Potential at Looking Glass Project

Based on the compilation of historic data and modelling of magnetic data, AQH believes, and the author of this report concurs, that the Looking Glass Project does have exploration potential and warrants further exploration.

AQH have proposed a combined reverse circulation (RC) / diamond drilling program of approximately 1,400m at Looking Glass (see Section 3.5) which is considered by the author to be a good test of the identified magnetic anomaly.

3.5 Exploration Program and Budgets

AQH has advised that it have developed a two-year forward looking exploration program and budget. The program will comprise drill testing of a deep magnetic feature (Table 11).

Specifics of the program are:

1. Continue community liaison
2. Application for a NSW Government New Frontiers Cooperative Drilling Grant
3. Drilling – one 700m RC/core hole is proposed to test the potential porphyry carapace zone in the basement rocks above one of the deep magnetic features.
4. Rehabilitation of drill site

The exploration plan for the Looking Glass Project is to apply for a NSW Government New Frontiers Cooperative Drilling Grant when the invitation to apply comes out on 15 November, 2015. AQH and CUU believes this project would qualify as a New Frontier project but success with the application cannot be assured. However, the budget assumes success such that CUU will only have to part fund the drilling.

The expenditure planned for Year 1 will satisfy the two year expenditure commitment for the tenement. Thus, AQH and CUU propose to thoroughly evaluate the results from the drilling of the first hole before any other work on the tenement would be considered.

Expenditure Exploration	Year 1	Year 2	Total
Exploration Drilling (inc. mobilisation/demobile, survey)	\$70,000		\$70,000
Sample analysis	\$12,000		\$12,000
Field Geology (inc. drilling supervision, core logging)	\$10,000	\$4,000	\$14,000
Office Geology and Reporting	\$3,000	\$1,000	\$4,000
Geophysics (airborne and ground)			
Access and Heritage (inc. heritage surveys)	\$2,000	\$1,000	\$3,000
Environmental (inc. rehabilitation & bonds)	\$2,000	\$1,000	\$3,000
Tenement Cost & Compliance (inc. tenement rents)	\$3,000	\$3,000	\$6,000
Office & Admin	\$35,250	\$3,000	\$38,250
Sub Total	\$137,250	\$3,250	\$150,500
Contingency (10%)	\$13,725	\$1,325	\$15,050
Grand Total	\$150,975	\$14,575	\$165,550

Table 11 Proposed Budget for Looking Glass Project

3.6 Potential Liabilities and Risks

As noted in Section 1.1, H&SC has not been requested to provide an Independent Valuation or detailed Risk Assessment but it should be noted that greenfields exploration is a high risk venture. AQH's Looking Glass tenement is in the early stages of exploration and requires significantly more work to ascertain if there are mineral resources and ultimately an ore reserve. Even if a resource were to be identified, other issues including ongoing funding, adverse government policy, geological conditions, commodity prices or other technical difficulties may result in a resource not being economically viable.

The following were noted during review of the Looking Glass Project as potential risks:

- Siding Springs Observatory – an exclusion zone around the observatory located in the Warrumbungle National Park has been declared to prevent any light pollution. As noted in the Tenement Report (Section 8), approximately 46% of EL 8225 is within four Mining Reserves that existed at the date of grant. This could impact on any future exploration or mining activities – particularly night shift.

It should be noted however, that H&SC makes no other assessment to potential liabilities and risks that relate, but not limited to, legal, financial, company, reliance on key personnel, or general exploration success. For other potential liabilities and risks the reader is directed to refer to the Investment Overview and Tenement Report elsewhere in the main Prospectus.

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5 APPENDICIES

Appendix 1: Review Of Previous Exploration

Horn Island

GML 33 - C.E. Peverill

Walker (1983) noted that in the 1950's and early 1960's some of the old workings were cleaned out and enlarged with Peverill concentrating on the "Welcome" open pit and a smaller pit and shaft near his house. In 1960, the prospect was optioned to Becker who undertook bulk sampling in the "Welcome" pit. Van Gnielinski (1996) reported that in 1961 Peverill excavated some ore for assay and testing by the CSIRO. No results are reported.

Enterprise Exploration Company Pty Ltd

Investigations on gold fields on Horn and Possession Islands and copper occurrences on other Torres Strait islands was undertaken in 1957. On the basis of this reconnaissance investigation, no further work was recommended (Richards et al, 1970).

AtP 184M New Consolidated Gold Fields (Australasia) Pty Ltd

The company was granted AP 184M covering 1,150 square miles in 1962. The Horn Island gold field was visited, further work was recommended but this recommendation was later rejected (Richards et al, 1970).

GML 33 - Australian Selection Pty Ltd

In 1963 Australian Selection Pty. Ltd. completed a detailed geological, geochemical and geophysical study of the Horn Island Goldfield (Peverill's Lease). They targeted an ore body of at least 500 tons/vertical foot (1,600t/vert m) and a minimum grade of 10 dwts/ton (15.3 g/t). Three diamond drill holes were drilled for 782 feet (238m). It was found that the best gold values occurred in the main quartz-sulphide reefs and veins. However, these values were not persistent along strike and very little gold was contained in the pyrite which was disseminated in small fractures and shears throughout the adjacent rock. The option agreement under which the work was done was terminated (Richards et al, 1970).

AtP 314M - CRA Exploration Pty Ltd

In 1966, CRAE carried out a drainage sampling program over ten Torres Strait islands, including Horn Island, because the area was rated as a possible target for porphyry copper deposits (Whitcher, 1966). A total of 121 samples were taken and -80# material was analysed for Pb, Ag, Zn, Cu, Cd, Ni, Co and Cr from the islands. The highest recorded copper content came from Moa (Banks) Island. They concluded that the granitic rocks of the area showed no characteristics of porphyry copper type granites.

AtP 580M - Noranda Australia Ltd

Noranda carried out geological mapping and rock chip sampling on AtP 580M to investigate potential gold and base metal mineralisation on five Torres Strait islands - Horn, Hammond, Goods, Possession and Hawkesbury. On all islands except Hawkesbury, extensive areas of alteration were outlined and pyrite was generally present. On Horn Island, 300 rock chip samples and 10 soil samples were collected from the mineralised area of the island. The samples were analysed for Au, Ag, Cu, Pb, Zn and Mo. High background silver and lead results were noted with low copper and zinc results. Gold was detected in all the parallel altered zones. However, follow-up sampling indicated that the silver, gold and base metal contents were very erratic over short distances, and only isolated samples had grades similar to those of the initial survey. Given the erratic grade distribution and low bulk average there seemed no chance of an economic prospect being present and the tenement was relinquished (Richards et al, 1970).

EPM 3292M - Essex Minerals Company

Van Gnielinski (1996) commented that no reports on EPM 3292M covering Friday, Thursday, Horn and Prince of Wales Islands had been received by the then Department of Minerals and Energy. Further, it was stated, due to lack of funds Essex did not carry out any work on their tenure.

AtP 2222M - Jimbilly Pty Ltd / Apollo International Minerals N.L.

Investigations involved geological mapping and geochemical sampling of the auriferous lodes which form the Horn Island Goldfield. Investigations included analysis of enhanced Landsat I Imagery, geological structural analysis of low level aerial photography, field geological mapping & geochemical sampling and literature research (Bold & Layden, 1981).

Geochemical sampling returned several high gold values in the vicinity of the Narupai and Eureka workings but the most significant values were from the "Welcome" reef and parallel projections. Gold mineralisation in association with sulphides and quartz was defined over a 300+ metre strike length zone at Welcome and was interpreted to be controlled by faulting within and adjacent to the microgranite-granite contact. A diamond drilling program of 1000m was proposed, but not completed. (Bold & Layden, 1982).

AtP 3352M - Jimbilly Pty Ltd / Seltrust Mining Corporation Pty Ltd

Exploration was carried out by Joint Venture partners Seltrust (operator) and Jimbilly. Initially, geological reconnaissance of the AtP was completed. Alteration zones comprising strong quartz veining, silicification, strong pervasive sericite alteration and brecciation were defined mostly within a 4km by 1km N-S zone within the eastern part of the licence. The Horn Island Gold and Mineral Field (GMF) workings constitute one of the alteration zones. An orientation soil survey showed the -425µm fraction of the 'B' soil horizon to best define gold anomalies. Lead and arsenic values showed similar patterns to gold. Soil sampling was carried out over the recognised alteration zones. Results indicated the sample spacing needed to be reduced to enable detailed appraisal. Rock chip sampling of alteration zones showed significant anomalous values at Horned Hill, Welcome Siliceous Breccia, Mangrove

Knoll, old GMF south end Cable Bay Ridge, Southern Silicified Ridge, and South Mangrove. An orientation ground magnetic survey showed no useful trends. Planned work comprised detailed mapping, soil sampling and diamond drilling (Walker, 1983).

In the second reporting period, diamond drilling (7 holes - 523.7m at Horned Hill, Welcome open pit and Cable Bay Ridge), detailed soil sampling and detailed geological mapping were completed. Diamond drilling results were disappointing. Soil sampling over the GMF outlined a 600m by 400m gold anomaly. As noted in the previous report, arsenic values have a similar pattern to gold but lead values were less widespread. This zone was considered to warrant follow up drill testing. Soil sampling at southern Silicified Ridge outlined a 300m by 70m anomalous gold. Additional soil sampling and geological mapping was recommended (Walker, 1984).

In the third reporting period, work comprised completion of geological mapping and sampling over the GMF and the Southern Silicified Ridge (SSR); IP survey of the GMF (10 line km); airtrack percussion (26 holes - 1335m) and diamond drill (4 holes - 513.8m) program over the GMF; and a costean (102m) to test the eluvial plain north of the major workings. The IP survey detected anomalies which were validated by diamond drilling and it was thus considered useful as a target selection tool with other parameters. Airtrack percussion drilling showed gold was associated with quartz sulphide veining beneath the soil and rock anomalies. The diamond drilling provided insights to the style of mineralisation and relationships to lithological contacts. Further testing of the eluvial plain was considered warranted. Also, the north-west extension of the GMF and the SSR area were considered to warrant percussion drill testing (Fleming & Walker, 1985a).

In the fourth reporting period, no field work was undertaken.

AtP 3352M - Jimbilly Pty Ltd / AuGold N.L.

In May 1984, Jimbilly granted a twelve-month option to AuGold N.L. (AuGold) to purchase their prospect and their joint venture on AtP 3352M. AuGold assumed responsibility for the project during March of 1985 from Seltrust and Jimbilly.

AuGold's initial work comprised 3500 metres of percussion drilling (71 holes) focussed on the North-West and Welcome Zones within the GMF. AuGold published a preliminary assessment of 'geological' 'reserves' – Section 2.3.1.3. An independent study of the results was conducted by A.C.A. Howe Australia Pty Ltd – Section 2.3.1.3. A potential alluvial/eluvial resource was also identified (Treasure, 1986).

Duplicate assaying indicated that mineralisation tended to be coarse and erratic in distribution. Trial screen fire assaying demonstrated that ~50% of the gold could be contained in the +200 µm fraction and thus reproducibility of 50 gram fire assay samples could be low. They claimed that intersection averages obtained from duplicate sets were reproducible (within 20%) and considered acceptable for reserve calculations (Treasure, 1986).

A preliminary engineering study was conducted by Fluor Australia Pty Ltd – Section 2.3.1.3. Preliminary metallurgical testing yielded high recovery of 97.5% to a combined gravity and

cyanide extraction processing. The study concluded that a 150,000 tonne per annum treatment system on the currently reserves would be justified (Treasure, 1986).

The objective of the 1986 field program was to extend the known gold resource by proving up additional ore and clarify the geometrical distribution of ore lenses within the known resource. During the period, 85 percussion and 3 diamond drill holes were completed. Mineralization in the North-West Zone was interpreted to occur in a series of lenses dipping to the SE whilst in the Welcome Zone, the mineralization appeared to occur as a steeply dipping stockwork. Drilling showed the mineralization extended over an area of 70 metres by 200 metres - this ~25% of the extent of the old workings. Drill testing has been restricted to a depth of 40 to 50 metres (Hills, 1986).

The 1987 field season commenced with a planned 10,000 metre drilling program. The objectives of the program were the same as for the 1986 program. The diamond drilling was designed to test the vertical extension of mineralization to depths below a proposed open pit. Significant intersections were encountered in all but two of the fourteen holes drilled. Precious Metals Engineering Pty Ltd (PME) was appointed Project Manager of the Horn Island Project in December 1986 to determine the economic viability of the project. The excavation of the trial pit and collection of a bulk sample for process testing was managed by PME. The results of this testing combined with the drill hole database were computer modelled by PME to calculate ore 'reserves' – Section 2.3.1.3.

An initial feasibility study was based on a four year project using mining reserves of 1.6 Mt at 2.4 g/t Au. The flow sheet included the use of a pre-concentration stage (crush to -10mm, pre-concentrate using a heavy media cyclone) which resulted in the head grade of the ore feeding the mill effectively doubling. A final feasibility study was planned (Duggan, 1987a).

In the six months to 29th September, a further 205 holes were drilled - 14 diamond and 191 open hole percussion. In addition to this work, an extensive alluvial/eluvial study was undertaken. Sterilisation drilling was also conducted over areas proposed as the tailings dam, plant site and waste rock dumps. One diamond drill hole was drilled on the Southern Silicified Ridge (60m). A further fourteen holes were drilled for ground water of which three produced the required quantities (Duggan, 1987b). An alluvial/eluvial 'resource' was calculated by Levy (see Section 2.3.1.3)

A joint venture agreement was signed between AuGold and Giant Resources Limited (Giant) in May 1987 to administer and establish the mining operation. The joint venture company -Torres Strait Gold Pty Ltd (TSG) - came into being in June 1987 (Duggan, 1987b).

AtP 4273M - Carpentaria Exploration Company Pty Ltd

CEC selected this area to explore for gold because of known gold on Horn Island and the presence of acid volcanics within the Torres Strait Islands. This was thought to be conducive to a volcanic hosted gold deposit. Stream sediment samples (-80#) from five islands in Torres Strait were collected and analysed for gold and a number of path finders and base metals. The best stream sediment gold anomaly was on Horn Island – west of AtP 3352M. CEC also carried out interpretation of a detailed airborne geophysical survey. The data included total field magnetics and four channels of radiometrics: potassium, uranium,

thorium and total count. Overall flight line spacing was 300 metres, but was closed in to 150m over Horn Island. Mean terrain clearance was 80 metres. Magnetic response is subdued from the volcanics and granites although the north-west structural trend through the Horn Island gold field is apparent. Greenant Hill has the strongest potassium radiometric response. No other significant radiometric anomaly was identified (Lord & Shalley, 1987).

Detailed stream sediment sampling was carried out to follow up the Horn Island anomaly. A north-west trending lode structure was identified as the source of the stream anomaly. Rock chip sampling of this lode (14 samples) intersected anomalous gold along a strike length of 325 metres (width 5 to 10 metres). CEC noted there is a suggestion of a middle dead section with the seven north-west end samples (Lord, 1987).

According to von Gnielinski (1996), the Authority was transferred to Torres Strait Gold Pty Ltd (TSG) in 1988, but no further work was carried out.

AtP 3352M, 4273M & 4609M - Torres Strait Gold Pty Ltd

Stream sediment geochemistry was conducted over the eastern part of Horn Island and detected seven gold anomalies: Narupai, Main Camp, Mystery West, Southern Silicified Ridge- East & West, Northern Southern Silicified Ridge and Dam Catchment. Soils sampling and geological mapping was recommended as a follow up to this work (Kirk, 1988).

Orientation gradient array induced polarisation (IP) surveys across the mine area revealed an anomalous response across the outcrop of the ore zones. Thus surveys were carried out in the mine area, Southern Silicified Ridge and at Cable Bay Ridge. These were used to assist targeting drill follow up (Kirk, 1988).

All stream geochemistry and IP anomalies except Cable Bay Ridge were drill tested with significant results being obtained in the Mystery Reef area, Narupai Reef and the Southern Silicified Ridge (Kirk, 1988).

Appendix 2: Table 1 JORC Code 2012

AQH Horn Island Channel Sampling

(after Holliday, 2014b)

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 (eg 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. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. - Aspects of the determination of mineralisation that are Material to the Public Report. - In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	- The November 2014 rock channel samples were taken by cutting parallel slots 2-3cms deep over an interval of rock face and chipping the central part out in total by hammer and chisel. The channels were oriented orthogonally to observable mineralized structures. - The November 2014 and the 2013 rock chip samples were taken by non-selectively sampling across a section of exposed rock by chipping with a hammer.
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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).	NA
Drill sample recovery	- Method of recording and assessing core and chip sample recoveries and results assessed. - Measures taken to maximise sample recovery and ensure representative nature of the samples. - 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.	NA
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.	Each sample was geologically described. November 2014 sample sites were photographed.

Criteria	JORC Code explanation	Commentary
	- Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. - The total length and percentage of the relevant intersections logged.	
Sub-sampling techniques and sample preparation	- If core, whether cut or sawn and whether quarter, half or all core taken. - If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. - For all sample types, the nature, quality and appropriateness of the sample preparation technique. - Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. - 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. - Whether sample sizes are appropriate to the grain size of the material being sampled.	- The November 2014 samples were prepared by ALS Townsville to industry standard for rock samples. The rock channel and rock chip samples weighed between 0.7 and 5.56kg. All samples were jaw crushed to a nominal 70% -6mm and if >3.2kg they were riffle split to 3.2kg. Samples were then pulverized to a nominal 85% -70 microns. - The 2013 samples were prepared by Bureau Veritas Perth to industry standard for rock samples – the whole sample was pulverized to a nominal 85% -70 microns.
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. - 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. - Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	- The November 2014 samples were assayed by ALS Townsville to industry standard. The samples were assayed for Au by 30g charge fire assay and for 33 other elements by 4 acid ICP-AES. - The 2013 samples were assayed by Bureau Veritas Perth to industry standard. Au was assayed by 40g charge fire assay. - QA/QC procedures included laboratory and client-submitted blanks, and duplicates. The November 2014 samples initially assaying above 15g/t Au were re-assayed by screen fire assay. - The QA/QC procedures have satisfactorily demonstrated the integrity of the sampling and assaying procedures.
Verification of sampling and assaying	- The verification of significant intersections by either independent or alternative company personnel. - The use of twinned holes. - Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. - Discuss any adjustment to assay data.	- Significant higher grade Au results have been verified by duplicate assaying and screen fire assay. - Data was supplied digitally in both pdf and spreadsheet form by the laboratories.
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. - Specification of the grid system used. - Quality and adequacy of topographic control.	2014 Samples were located by GPS to an accuracy of $\pm 2m$ in GDA94. 2013 samples were located by GPS to an accuracy of $\pm 10m$ in AGD66
Data spacing	Data spacing for reporting of Exploration Results.	See plans for data spacing. Most of the 2014 samples and all of the

Criteria	JORC Code explanation	Commentary
and distribution	- 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.	2013 samples were taken on the only accessible benches of the 1980's open pit, which comprise only a very small proportion of that pit. No compositing 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. - 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.	Channel samples were cut orthogonal to mineralised structures.
Sample security	The measures taken to ensure sample security.	Samples were in the care of Kauraru Gold personnel until freighting to the laboratories. The samples were freighted in calico sample bags within larger tied sacks.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	NA

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. - 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. - Acknowledgment and appraisal of exploration by other parties.	QLD Exploration Permit Minerals 25520 was granted on the 8 October 2014 for five years to the 7 October 2019. The EPM is held by Kauraru Gold Pty Ltd, which is a joint venture company formed between Alice Queen Holding Pty Ltd and the Kaurareg Aboriginal Land Trust. The tenure is secure.
Exploration done by other parties		Extensive exploration, including much shallow drilling, was conducted on the area of EPM 25520 during the 1980's. This is documented in reports available via the QLD Qdex system, but much of the drilling assay information is lost. The 1980's drilling led to the establishment of a significant shallow open-cut mining operation, with the now water-filled pits covering an area roughly 650x350m. Past exploration information is insufficient to enable assessment of sampling and assaying quality, so therefore has to be considered to be of non-JORC standard. However, the past information does demonstrate the presence of a large area of Au mineralisation. There has been no exploration since 1989 until this presently reported rock sampling program because until the granting of EPM 25520 the area was under a moratorium on exploration to enable environmental rehabilitation from the 1980's mining work.
Geology	Deposit type, geological setting and style of mineralisation.	Au deposit of uncertain genetic type. Au occurs in veins, breccias and structures in association with sulphides of Zn, Pb and As in granites and ignimbrites of Carboniferous-Permian age.
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. - If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from	NA

Criteria	JORC Code explanation	Commentary
	the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. - 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. - The assumptions used for any reporting of metal equivalent values should be clearly stated.	NA
Relationship between mineralisation widths and intercept lengths	- These relationships are particularly important in the reporting of Exploration Results. - If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. - If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	Channel sample widths are close to true mineralised structure widths.
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.	Plans attached.
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.	NA
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.	NA
Further work	- The nature and scale of planned further work (eg 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.	Drilling is planned to test under the previously shallow-mined mineralisation.

The information in this report that relates to Exploration Results is based on information compiled by Mr. John Holliday, a Competent Person who is a member of the Australian Institute of Geoscientists. Mr. Holliday is a director of Alice Queen Holding Pty Ltd and Kauraru Gold Pty Ltd. Mr. Holliday has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Holliday consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

5. INDEPENDENT GEOLOGIST'S REPORT continued

Glossary of Technical Terms

aeromagnetic survey	A geophysical survey carried out by an aircraft that measures the magnetic properties of the rocks along the flight path.
Ag	Abbreviation for the metal Silver.
alteration	A mineralogical change to the composition of a rock or mineral. Occurs when the rock or mineral reacts and changes when subjected to hydrothermal activity.
amphibole	A silicate mineral group comprising a large number of hydrous minerals with various combinations of water, aluminium, calcium, iron, silica, sodium, magnesium.
aplite	A fine-grained, light-colored granitic rock consisting primarily of orthoclase and quartz.
arsenopyrite	A mineral of the Sulphide group, an iron-arsenic sulphur mineral.
assay	A test, usually by chemical mean, on a rock to determine its elemental content.
Au	Abbreviation for the metal Gold.
back-arc basin	A submarine basin associated with subduction zones that form behind an island arc.
Berdan Pans	The Berdan Pan operates on the principle of a heavy cast iron ball rolling as the pan rotates, crushing samples into finer aggregate for testing.
Bi	Abbreviation for the metal Bismuth.
BLEG	Abbreviation for 'Bulk leach extractable gold'; a geochemical leaching procedure that carries out a partial extraction of a large, 100gm – 2000gm, sample.
breccia	A rock composed of various sized angular fragments of minerals or other rock that is cemented together by a fine-grained matrix. Can be formed in a variety of ways, such as a result of brittle faulting of a host rock, or violent fracturing of host rocks during hydrothermal events or by high energy sedimentation processes.
Calc-alkaline	Calc-alkaline rocks are rich in alkaline earths (magnesia and calcium oxide) and alkali metals (potassium and sodium).
Carboniferous	Geological time scale: period of 359 - 298 million years ago ¹ .
chalcocite	A sulphide mineral composed of copper and sulphur (Cu ₂ S), an important copper mineral that is dark-grey to black in colour.
chalcopyrite	A sulphide mineral composed of iron, copper and sulphur (CuFeS ₂), an important copper mineral that is a brassy to golden in colour.
channel sampling	A rock sampling technique whereby a small channel/trench of about 8-10cm wide and 2-4cm deep is cut out of the rock and used as a sample for study and analysis. Length of sample is variable but generally 0.5 to 2m per sample. The samples are very good representations of the rock of interest.
chargeability	A geophysical rock response term that indicates the extent to which a rock can be electrically charged; see Induced Polarization .
Corescan/ Hy-logger	These Hyperspectral Core Images integrate reflectance spectroscopy, visual imagery and 3D laser profiling to map the mineralogy and geochemistry of drill core.
costean	A surface trench or small pit.
Cu	Abbreviation for the metal Copper.
DD	Abbreviation for 'Diamond Drill'; a type of drilling technique: a rotating diamond studded bit is progressed through rock and produces a solid core sample for study and analysis.
Devonian	Geological time scale: period of 419 - 359 million years ago.
Diamond Core drill	A particular type of drilling that uses a diamond bit and produces a solid core sample that can be examined and/or assayed.
Electromagnetic survey	A geophysical survey that measures the electromagnetic properties of rocks. Rocks with a higher EM response are electrically more conductive, due to either the presence of sulphide or carbonaceous minerals in the rock.
EM	Abbreviation for "electromagnetic".

Extrusive	Extrusive refers to the mode of igneous volcanic rock formation in which hot magma from inside the Earth flows out (extrudes) onto the surface as lava or explodes violently into the atmosphere to fall back as pyroclastics or tuff.
fault	A break in a rock body along which either or both sides have moved past each other.
felsic	igneous rocks that are relatively rich in elements that form feldspar and quartz.
float	Rock that appears to be close to its source bedrock (i.e. has not been transported or eroded or moved far) but is not actual outcrop. See 'outcrop' and 'subcrop'.
fracture	A break in a rock body along which either or both sides have not appreciably moved with respect to each other.
g/t	Abbreviation for 'grams per tonne', used to indicate metal content from an assay.
gabbroic diorite	An chemically intermediate intrusive igneous rock with mostly plagioclase feldspar for composition.
gabbro-norite	a chemically mafic intrusive igneous rock composed largely of the calcium-rich plagioclase, labradorite, orthopyroxene, and olivine.
galena	A sulphide mineral composed of lead and sulphur (PbS), an important lead mineral that has a black metallic colour.
gossanous	An intensely oxidized, weathered or decomposed rock that initially had iron sulphide minerals that have now been partly or wholly altered to iron oxide minerals. Usually a reddish/rusty/ yellowish/greenish colour owing to the iron oxide minerals.
grab sampling	A sampling technique where surface samples are 'grabbed' from outcrop/subcrop/float for study and possible analysis. Generally a spot or point sample, does not define, by itself, the width or length of a zone. See channel sample.
granite	An chemically felsic to intermediate intrusive igneous rock ² with approximately equal portions of quartz and potassium feldspar, and lesser amounts of alkali feldspar.
granitoid	A granitic rock ² ; granites, granodiorite, monzogranite, quartz diorite, syenite.
granodiorite	An chemically felsic to intermediate intrusive igneous rock ² with approximately equal portions of quartz, alkali feldspar and potassium feldspar.
Gondwanaland	An ancient continent that broke up ~180 Ma into Australia, Africa, Antarctica, the Arabian Peninsula, Indian subcontinent, and South America.
Igneous	Igneous rock is formed through the cooling and solidification of magma or lava.
Ignimbrite	An ignimbrite is the deposit of a pyroclastic density current, or pyroclastic flow. It is a hot suspension of particles and gases flowing rapidly from a volcano driven by having a greater density than the surrounding atmosphere.
Induced Polarization	A geophysical survey technique that measures the induced potential field in the ground in order to map the geological subsurface.
intrusive	intrusive rock, also called plutonic rock, igneous rock formed from magma forced into older rocks at depths within the Earth's crust, which then slowly solidifies below the Earth's surface, though it may later be exposed by erosion.
intrusive complex	A suite or group of intrusive rock bodies with varied compositions, i.e. some may be gabbro, some may be diorite, some may be norite. Generally closely related ² .
IP dipole-dipole	A particular setup of an IP survey where the electrode configuration consists of two sets of electrodes, the current (source) and potential (receiver) electrodes. A dipole is a paired electrode set with the electrodes located relatively close to one another.
IP Gradient array	A particular setup of an IP survey where the current electrodes are widely spaced and the potential electrodes are a fraction of the current electrode spacing.
IP	Abbreviation for Induced Polarisation.
IRGS	Intrusion-Related Gold Systems.
Lachlan Orogen	a geological subdivision of the east part of Australia comprising of a zone of folded and faulted rocks, formed during the middle Palaeozoic. Also known as the Lachlan Fold Belt.

5. INDEPENDENT GEOLOGIST'S REPORT continued

lithology	The description of a rock unit's physical characteristics at an outcrop, hand specimen or low magnification microscope.
magmatism	The molten rock material under the earth's crust, from which igneous rock is formed by cooling.
massive sulphide	A clump/lens/mass of iron-, copper-, zinc- and lead-sulphide minerals.
metamorphism	The process by which a rock's component minerals and/or geological texture are altered by way of heat and pressure.
meta-sediments	A metamorphosed sediment.
meta-volcaniclastics	A metamorphosed volcaniclastic rock.
mineragraphic examination/study	A study, that complements a petrological study, of opaque and translucent minerals by means of reflected incident light in a polarizing microscope.
mineralisation	the hydrothermal deposition of economically important metals in the formation of ore bodies or lodes.
Mo	Abbreviation for the metal Molybdenum.
Moho	Abbreviation for 'Mohorovičić discontinuity'; earth's boundary between crust and top of mantle.
modulus filter	A data processing technique that calculates the modulus [remainder] between two given data.
monzogranite	A type of granitic rock, a biotite granite. Considered to be the final fractionated product of a magma.
Mt	Abbreviation for 'million tonnes'.
mudstone	A type of sedimentary rock which was originally clay or mud, now turned into rock.
orogen	an extensive belt of rocks deformed by orogeny, associated in places with plutonic and metamorphic rocks.
orogeny	the forces and events that lead to the severe structural deformation of the Earth's crust due to the interaction between of tectonic plates.
Ordovician	Geological time scale: period of 485 - 444 million years ago.
Outcrop	Exposed bedrock.
Paleozoic	Geological time scale: spanning the period of the late Silurian to mid-Devonian.
Permian	Geological time scale: period of 299 - 252 million years ago.
petrological examination/study	An examination or study that focuses on the microscopic details of a rock(s) to try to ascertain details on its composition and origin.
phenocrysts	Distinct crystal(s) in a porphyritic igneous rock, distinctly larger than the groundmass that it sits in.
porphyry	A general textural term describing an igneous rock that has a larger crystals (see phenocrysts) dispersed in a finer-grained groundmass.
polished thin section	See thin section. A polished thin section is a thin section that have been polished so that it can be examined in reflected light as well as transmitted light.
propylitic alteration	the chemical alteration of a rock, caused by iron and magnesium bearing hydrothermal fluids, altering biotite or amphibole within the rock groundmass. It typically results in epidote-chlorite-albite alteration and veining or fracture filling with the mineral assemblage along with pyrite.
pyrite	A sulphide mineral composed of iron and sulphur (FeS ₂), that is a brassy-yellow in colour [also known as fool's gold due to the colour].
quartzite	A type of sedimentary rock which was originally sand, which was turned into sandstone at lower metamorphic grade and with increasing metamorphic grade now turned silicified sandstone.
RAB	Abbreviation for 'rotary air blast', a type of drilling technique: 'percussion rotary air blast'. uses a pneumatic reciprocating hammer bit to drive into rock. The drill bit is hollow and cuttings from the hammering bit are blown up the outside of the rods and collected at surface for study and analysis. In mineral exploration, used primarily for shallow depth holes and samples as deeper samples can be contaminated from contact with other rocks.

RC	A type of drilling technique: similar to RAB drilling, but the cuttings are blown and returned to surface on the inside of the rods (thus 'reverse') which helps prevent contamination from contact with other rocks on the way back up the hole. Can suffer from sample cross-contamination of drill cuttings from higher up in the hole, especially if ground water is encountered. The cuttings are used for study and analysis.
RTP	Abbreviation for 'Reduced to the Pole': a data processing technique on geophysical magnetic data that recalculates total magnetic intensity data as if the inducing magnetic field has a 90 degree inclination. This will transform a dipolar magnetic anomaly to a monopolar anomaly making it easier to visualise.
sandstone	A type of sedimentary rock which was originally sand, which was turned into sandstone at lower metamorphic grade.
Sedimentary rock	A rock that was formed by sediment which in turned was deposited by water or air.
Sediment/sediments	The material product of the breakdown of rocks, by the process of weathering and erosion.
shales	A type of sedimentary rock which was originally clay or mud, now turned into a stratified and platy rock.
sheeted quartz vein	Quartz veining that has the appearance stripes or bands, described as sheets.
Silurian	Geological time scale: period of 444 - 419 million years ago.
Sn	Abbreviation for the metal Tin.
stream sediment survey	The sampling and assays of stream sediments for anomalous levels of metal content.
Subcrop	Used when a geologist is unsure if the rock on the surface is subded outcrop or float; generally towards outcrop but with a level of uncertainty.
sulphides	Short of metal sulphide mineral: minerals that contain a metal atom and the sulphide ion, S^{2-} . Examples include the minerals pyrite, arsenopyrite, chalcopyrite, sphalerite.
Suprasubduction zone	Supra-subduction zone [SSZ] ophiolites have the geochemical characteristics of island arcs but the structure of oceanic crust and are thought to have formed by sea-floor spreading directly above subducted oceanic lithosphere.
sphalerite	A sulphide mineral composed of zinc and sulphur $[(Zn,Fe)S]$ an important zinc mineral that is dark-brown to black or yellow in colour.
syngenetic	A mineral deposit or formation produced at the same time as the host rock.
turbidite	A type of rock/sediment that was formed by turbidity currents during an underwater landslide of sand/mud.
tennantite-tetrahedrite	sulphide minerals composed of copper, arsenic, stibnite, sulphur, $\pm$ zinc, $\pm$ iron [Tennantite: $Cu_6[Cu^4(Fe,Zn)_2]As_4S_{13}$, Tetrahedrite: $Cu_6[Cu_4(Fe,Zn)_2]Sb_4S_{13}$] important copper minerals that are steel-grey in colour. Difficult to differentiate between them in hand specimen or polished section.
Tertiary	Geological time scale: period of 252 - 201 million years ago.
thematic map	A type of map designed to pictorially show a particular theme in a geographic area.
thin section	A very thin, ~ 0.03 mm, flat piece of rock material which has been prepared for use in a petrological study. The thinness allow transmitted light to pass through enabling a petrography to study and identify minerals.
vein	A filled open space within a fractured host rock. The open space is filled with mineral crystals that precipitated from mineral laden fluids.
volcaniclastic	A clastic rock made of volcanic material.
XRF	Abbreviation for 'X-ray fluorescence'; an non-destructive analytical technique that measures the interaction between x-rays and a target sample to determine its elemental composition.
Zn	Abbreviation for the metal Zinc.

1. See <http://australianmuseum.net.au/The-geological-time-scale>

2. See http://en.wikipedia.org/wiki/QAPF_diagram for classification of igneous rocks



John Holliday (Alice Queen – Technical Director) at former Horn Island gold mine pit - November 2014.

6. FINANCIAL INFORMATION

6.1 Pro-Forma Consolidated Statement of Financial Position

The information set out below consists of the audit reviewed Historical Statements of Financial Position of the Company as at 31 December 2014 and of Alice Queen as at 31 March 2015*, the directors' estimate of subsequent events from those dates to completion of the Offer and the Transaction, and the pro forma adjustments associated with completion of the Offer and Transaction (collectively referred to as the Pro Forma Financial Information).

Callabonna Resources Limited Pro Forma Consolidated Statement of Financial Position As at 31 October 2015

	CUU [Audit reviewed] 31 Dec 2014 \$	AQH [Audit reviewed] 31 Mar 2015 \$	Subsequent events \$	Pro-forma adjustments \$	Pro-forma 31 Oct 2015 \$
Assets					
Current assets					
Cash and cash equivalents	444,843	142,814	[585,000]	2,930,875	2,933,532
Trade and other receivables	17,100	17,057	[10,000]	-	24,157
Other	27,517	8,257	[15,000]	-	20,774
Total current assets	489,460	168,128	[610,000]	2,930,875	2,978,463
Non-current assets					
Available for sale investments	25,599	-	-	-	25,599
Exploration and evaluation expenditure	-	144,394	-	-	144,394
Other	30,000	13,487	-	-	43,487
Total non-current assets	55,599	157,881	-	-	213,480
Total assets	545,059	326,009	[610,000]	2,930,875	3,191,943
Liabilities					
Current liabilities					
Trade and other payables	70,055	21,278	-	-	91,233
Total current liabilities	70,055	21,278	-	-	91,233
Total liabilities	70,055	21,278	-	-	91,233
Net assets	475,004	304,731	[610,000]	2,930,875	3,100,710
Equity					
Issued capital	44,600,361	657,900	-	[40,543,732]	4,714,529
Reserves	256,042	-	-	[256,042]	-
Accumulated losses	[44,381,399]	[352,408]	[610,000]	43,730,649	[1,613,158]
Non-controlling interests	-	[661]	-	-	[661]
Total Equity	475,004	304,831	[610,000]	2,930,875	3,100,710

*A qualified review conclusion was issued for both the Company as at 31 December 2014 and for Alice Queen as at 31 March 2015. Details of the qualification are set out in Section 7 Investigating Accountant's Report for this Prospectus.

Notes to the Pro-Forma Financial Information

1. Introduction

The Pro Forma Financial Information has been prepared on the basis of adjusting the Company's audit reviewed Statement of Financial Position as at 31 December 2014 and Alice Queen's audit reviewed Statement of Financial Position as at 31 March 2015 for the financial effects of the following transactions:

- a. Subsequent events representing the directors' estimate of operating costs which have occurred or are likely to occur totalling \$610,000 for both the Company and Alice Queen from the date of the audit reviewed Historical Statements of Financial Position to the date of completion of the Offer and Transaction. Of this total amount, \$140,000 is accounted as a pre-acquisition loss in the acquisition of Alice Queen.
- b. Pro-forma transactions which are yet to occur but are proposed to occur representing the Transaction and Equity Offer and comprised of:
 - i. The consolidation of the Company's shares on a ratio of 10:1.
 - ii. The acquisition of 100% of the issued capital of Alice Queen through the issue of 110,700,298 shares at the price of \$0.055 per share, being the shares the subject of the Vendor Offer.
 - iii. Reverse acquisition accounting entries to reflect the Transaction.
 - iv. The issue of 63,636,364 shares at the offer price of \$0.055 per share to raise \$3.5 million (before costs), being the shares the subject of the Equity Offer. Offer and other transaction costs total \$569,125, of which \$458,124 have been deducted directly against equity and \$111,001 expensed. These costs include legal and compliance fees as well as the costs of professional advisors. A breakdown of the offer and other transaction costs is set out in Section 11.4. No tax benefit has been recognised in respect of the offer and other transaction costs.

2. Basis of Preparation

a. Statement of compliance

The Financial Information has been prepared:

- i. in accordance with Australian Accounting Standards ('AASBs') as outlined in the significant accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of members; and
- ii. on an accruals basis; and
- iii. is based on historical costs unless otherwise stated in the notes; and
- iv. the amounts presented in the Pro Forma Statement of Financial Position has been rounded to the nearest dollar and

v. is presented in Australian Dollars.

The significant accounting policies that have been adopted in the preparation of the Financial Information are:

b. Going concern

The Financial Information has been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

c. Use of estimates and judgements

The preparation of the Pro Forma Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

d. Basis of Consolidation

Reverse acquisition accounting

The proposed acquisition of Alice Queen (the legal subsidiary) by the Company (the legal parent) is deemed to be a reverse acquisition, since the substance of the transaction is such that the existing shareholders of Alice Queen will obtain control of the Company.

AASB 3 Business combinations [AASB 3] sets out the accounting principles to be followed in a reverse acquisition transaction. However, the Directors have concluded that the Company does not meet the definition of a business as prescribed in AASB 3 and, as such, it has been deemed that the Acquisition cannot be accounted for in accordance with the guidance set out in AASB 3.

Therefore, consistent with the accepted practice for transactions similar in nature to the acquisition, the Company has accounted for the acquisition in the consolidated financial statements of the legal acquirer (the Company) as a continuation of the financial statements of the legal acquired (Alice Queen), together with a share based payment measured in accordance with AASB 2 Share Based Payments [AASB 2], which represents a deemed issue of shares by the legal acquired (Alice Queen), equivalent to the current shareholders in the Company post the acquisition. The excess of the assessed value of the share based payment over the pro forma net assets of the Company as at the acquisition date has been expensed to the income statement as a listing fee.

Further disclosure on the adopted accounting treatment and the pro forma listing expense recognised for the acquisition is set out below in note 5.

3. Significant Accounting Policies

a. New Accounting Standards and Interpretations

Certain new accounting standards and IFRIC interpretations have been published that are not mandatory for current reporting periods. CUU and its controlled entities (the Group) assessment of the impact of these new standards and interpretations is that there would be no material impact on the pro forma financial information.

b. Principles of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii. Transactions eliminated and consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

c. Property, plant and equipment

i. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see Impairment accounting policy below).

ii. Depreciation

Depreciation is charged to the profit or loss using the reducing balance method from the date of acquisition. Office equipment and motor vehicles are depreciated on a straight line basis over the items useful life.

d. Trade and other receivables

Trade and other receivables are stated at their amortised cost with the amount of GST included less impairment losses. Trade and other payables are stated at their amortised cost with the amount of GST included.

e. Available for sale financial assets

The Group's investments in equity securities are classified as available for sale financial assets and are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly as a separate component of equity.

When an investment is derecognised the cumulative gain or loss in equity is reclassified to profit or loss.

f. Share capital

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, to the extent that costs relate to the issue of new capital. Costs that relate to both the transaction and issue of new capital have been allocated based on the proportion of new shares issued to the total number of shares (new and existing shares).

g. Trade and payables

Trade and other payables are stated at their amortised cost with the amount of GST included. Trade payables are non-interest bearing and are normally settled on 30 day terms. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

h. Impairment

i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its

recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

iii. Exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- the term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

iv. Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

v. Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or

amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

i. Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the entity has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

j. Income tax

Income tax expense for the year comprises current and deferred tax. Income tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. On this basis no deferred tax asset has been recognised in the Pro-forma Statement of Financial Position.

4. Cash and Cash Equivalents

The pro-forma cash and cash equivalents comprise cash balances and adjustments as follows:

Cash and Cash equivalents	\$	\$
Per Callabonna as at 31 Dec 2014	444,843	
Per Alice Queen as at 31 March 2015	142,814	587,657
The following actual and likely Subsequent events		
Collection of trade and other receivables	25,000	
Estimated working capital expenditure – Callabonna	(470,000)	
Estimated working capital expenditure – Alice Queen	(140,000)	(585,000)
Pro-forma adjustments		
Fully paid ordinary shares issued at \$0.055 pursuant to the Offer	3,500,000	
Cash costs associated with the acquisition and the Offer	(569,125)	2,930,875
Cash and Cash equivalents – Pro Forma		2,933,532

5. Pro-Forma Listing Expense

The proposed acquisition of Alice Queen by the Company is deemed to be a reverse acquisition as the substance of the transaction is such that the existing shareholders of Alice Queen will obtain control of the Company. However, the Company is not considered to meet the definition of a business under AASB 3 Business Combinations [AASB 3] and, as such, it has been concluded that the acquisition cannot be accounted for in accordance with the guidance set out in AASB 3. Therefore, consistent with the accepted practice for transactions similar in nature to a takeover offer, we have accounted for the Acquisition in the consolidated financial statements of the legal acquirer [the Company] as a continuation of the financial statements of the legal acquiree [Alice Queen], together with a share based payment measured in accordance with AASB 2 Share Based Payments [AASB 2], which represents a deemed issue of shares by the legal acquiree [Alice Queen], equivalent to current shareholders interest in the Company post the acquisition. The excess of the assessed value of the share based payment over the net assets has been expensed to the income statement as a listing fee.

The Company [legal parent, accounting acquiree] will issue 110,700,298 ordinary shares [post consolidation] to Alice Queen shareholders who, as a result, will own approximately 86% of the combined entity at settlement of the acquisition but prior to the completion of the Equity Offer. The remaining 14% will be owned by current shareholders of the Company.

As there is no market for Alice Queen shares, the fair value of 100% of the Company is assessed as \$1,014,753 based on the 18,450,050 post consolidation Callabonna shares on issue prior to the acquisition of Alice Queen and the Equity Offer, at a value of 5.5 cents per share being the price of the Offer under this Prospectus.

Consequently, a listing expense of \$1,009,749 has been expensed to the income statement which represents the excess of the deemed fair value of the share based payment less the pro forma net assets of the Company on settlement of all transactions, as set out below

Net assets of The Company at completion date	\$	\$
Per Callabonna as at 31 Dec 2014	475,004	
Estimated working capital expenditure – Callabonna	(470,000)	5,004
Assessed fair value of assets acquired:		
Post-consolidation Callabonna shares on issue	18,450,050	
Price of post consolidation shares issued under this Prospectus	\$0.055	
Deemed fair value of share-based payment, assessed under AASB2		1,014,753
Pro-forma listing expense recognised on reverse acquisition		1,009,749

6. FINANCIAL INFORMATION continued

6. Issued Share Capital

The pro-forma issued share capital as at the completion of the acquisition of Alice Queen and the Equity Offer is as follows:

	Number of Shares ^(a)	\$
Share capital		
Alice Queen issued capital as at 31 March 2015	36,450,000	657,900
Callabonna issued capital as at 31 December 2014	18,450,050	44,600,361
Pro-forma adjustments		
Elimination of issued capital of Alice Queen on reverse acquisition	[36,450,000]	-
Elimination of issued capital of Callabonna on reverse acquisition	[18,450,050]	[44,600,361]
Deemed fair value of share-based payment to Callabonna shareholders on reverse acquisition	18,450,050	1,014,753
Issue of Callabonna shares to Alice Queen shareholders on reverse acquisition	110,700,298	-
Issue of Callabonna shares at \$0.055 pursuant to this Prospectus	63,636,364	3,500,000
Cash costs associated with the Equity Offer	-	[458,124]
Total Pro-forma adjustment		[40,543,732]
Post share consolidation	192,786,712	4,714,529

[a] The number of shares stated for the Company are post the 10:1 share consolidation.

7. Accumulated Losses

The pro-forma accumulated losses as at the completion of the acquisition of Alice Queen is as follows:

	\$	\$
Accumulated losses		
Per Callabonna as at 31 Dec 2014	44,381,399	
Per Alice Queen as at 31 March 2015	352,408	44,733,807
The following actual and likely Subsequent events		
Estimated working capital expenditure – Callabonna	470,000	
Estimated working capital expenditure – Alice Queen	140,000	610,000
Pro-forma adjustments		
Elimination of Callabonna pre-acquisition losses on consolidation	[44,851,399]	
Pro forma listing fee recognised on reverse acquisition	1,009,749	
Cash costs associated with the Equity Offer	111,001	[43,730,649]
Accumulated losses – Pro-forma		1,613,158

6.2 Forecast financial information

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings beyond the expected listing date on the basis that the operations of the Company and Alice Queen are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

6.3 Dividend Policy

It is anticipated that following completion of the Transaction, the Company will focus on the exploration and development of the Alice Queen Projects. The Company does not expect to declare any dividends during this period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

6.4 Alice Queen Historical Financial Information

The Company is an ASX listed company whose historical audited financial statements are available from ASX announcements.

The historical reviewed Balance Sheet and Income Statement for Alice Queen is set out below for the nine months to 31 March 2015 and for the years ended 30 June 2014 and 30 June 2013**.

	Audit reviewed balance sheet as at 31 March 2015 \$	Audited balance sheet as at 30 June 2014 \$	Audited balance sheet as at 30 June 2013 \$
Alice Queen Holdings Pty Ltd			
Assets			
Current assets			
Cash and cash equivalents	142,814	4,959	19,228
Trade and other receivables	17,057	6,407	40,192
Total current assets	168,128	11,366	59,420
Non-current assets			
Security deposits	12,500	10,000	-
Exploration and evaluation expenditure	144,394	4,570	-
Other	987	987	637
Total non-current assets	157,881	15,557	637
Total assets	326,009	26,923	60,057
Liabilities			
Current liabilities			
Borrowings	-	31,458	-
Trade and other payables	21,178	10,453	-
Total current liabilities	21,178	41,911	-
Total liabilities	21,178	41,911	-
Net assets	304,831	[14,988]	60,057
Equity			
Issued capital	657,900	172,900	171,770
Accumulated losses	[352,408]	[187,533]	[113,263]
Non-controlling Interests	[661]	[355]	1,550
Total equity	304,831	[14,988]	60,057

6. FINANCIAL INFORMATION continued

Alice Queen Holdings Pty Ltd Income Statement	Nine months to 31 March 2015		
	Audit reviewed Actual	FY 2014 Audited Actual	FY 2013 Audited Actual
Total Revenue	\$1,062	-	\$577
Operating expenses	[\$158,856]	[\$46,995]	[\$72,112]
Exploration expenses	[\$7,387]	[\$30,180]	[\$22,354]
Total Expenses	[\$166,243]	[\$77,175]	[\$94,466]
[Loss] from operations	[\$165,181]	[\$77,175]	[\$93,889]
Losses from non-controlling interest	\$306	\$2,905	-
[Loss] attributable to parent entity shareholders	[\$164,875]	[\$74,270]	[\$93,889]

**** A qualified review conclusion was issued for Alice Queen as at 31 March 2015. Details of the qualification are set out in Section 7 Investigating Accountant's Report for this Prospectus. The same qualification was issued in respect of the years ended 30 June 2014 and 30 June 2013.**



Kaurareg Elder – Joseph Wasaga with Alison Keogh of AMC Consultants Pty Ltd at former Horn Island gold mine pit – June 2015

7. INDEPENDENT LIMITED ASSURANCE REPORT ON PRO FORMA FINANCIAL INFORMATION



25 August 2015

The Directors
Callabonna Resources Limited
Level 17, 530 Collins Street
MELBOURNE VIC 3000

Dear Sirs

INVESTIGATING ACCOUNTANTS REPORT AND FINANCIAL SERVICES GUIDE INDEPENDENT LIMITED ASSURANCE REPORT ON CALLABONNA RESOURCES LIMITED

1. Introduction

Callabonna Resources Limited (**CUU** or **the Company**) has authorised the issue of a Prospectus, dated on or about 28 August 2015, for the issue of 63,636,634 shares in CUU at a price of 5.5 cents per share to raise \$3.5 million (**Equity Offer**).

The Company has engaged Nexia Melbourne Pty Ltd (**Nexia**) to provide an Independent Limited Assurance Report (**Report**) on the pro forma financial information of CUU for inclusion in the Prospectus in respect of the Equity Offer.

Details concerning the current operations and objectives of the Company and proposed acquisition of Alice Queen Holdings Pty Ltd (**AQH**) are set out in Section 3 of the Prospectus.

The purpose of the Equity Offer is to provide working capital to fund the on-going operations of CUU following the acquisition of AQH.

Expressions and terms defined in the Prospectus have the same meaning in this Report. References to CUU in this Report include the Directors, or appointed committees or management under delegation as appropriate, of CUU.

The nature of this Report is such that it can only be issued by an entity that holds an Australian Financial Services License under the Financial Services Reform Act 2001. Nexia Melbourne Pty Ltd (**Nexia**) holds the appropriate Australian Financial Services Licence. Nexia's Financial Services Guide is attached as Appendix A to this Report.

Nexia Melbourne Pty Ltd
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p +61 3 9608 0100, f +61 3 9608 0192
info@nexiamelbourne.com.au, www.nexia.com.au

Independent member of Nexia International



Nexia Melbourne Pty Ltd (ABN 17 386 983 833) is an independent Victorian firm of chartered accountants using the Nexia International trademark under license. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

2. Scope

You have requested Nexia to review the Pro Forma Consolidated Statement of Financial Position, as at 31 October 2015, being the proposed completion date of the Equity Offer and acquisition of AQH, referred to as the **Pro Forma Financial Information**.

The Pro Forma Financial Information, as set out in Section 6.1 of the Prospectus, has been derived from the historical financial information of CUU and AQH, comprising the reviewed Statement of Financial Position of CUU as at 31 December 2014 and the reviewed Statement of Financial Position of AQH as at 31 March 2015, after adjusting for the effects of the pro forma adjustments described in Note 1 of Section 6.1 of the Prospectus, as if those events or transactions had occurred as at the date of the Pro Forma Financial Information. Due to its nature, the Pro Forma Financial Information does not represent the Company's actual or prospective financial position.

The Statement of Financial Position of CUU has been extracted from the reviewed interim financial statements of CUU as at 31 December 2014 prepared in accordance with Australian Accounting Standards. Those interim financial statements were reviewed by KPMG in accordance with Australian Auditing Standards applicable to Review Engagements and on which an unmodified conclusion was issued with the inclusion of an emphasis of matter paragraph in relation to a material uncertainty regarding continuation as a going concern. The review report included the following:

"Without modifying our conclusion, we draw attention to Note 3, 'Going Concern' in the interim financial report. The conditions disclosed in Note 3, including raising additional funding from shareholders or other parties, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report."

The Statement of Financial Position of AQH has been extracted from the reviewed financial statements of AQH as at 31 March 2015 prepared in accordance with International Financial Reporting Standards (IFRS). Those financial statements were reviewed by HLB Mann Judd Assurance (NSW) Pty Ltd in accordance with Australian Auditing Standards applicable to Review Engagements and on which an unmodified conclusion was issued with the inclusion of an emphasis of matter paragraph in relation to a material uncertainty regarding continuation as a going concern.

The review report included the following:

"Without modifying our conclusion, we draw attention to Note 16 (Going concern) in the financial report, which indicates the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business."

The Pro Forma Financial Information is presented in the Prospectus in an abbreviated form, in so far as it does not include all the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

3. Directors' Responsibility

The Directors of the Company are responsible for the preparation of the Pro Forma Financial Information, including the basis of preparation and the selection and determination of the pro forma

7. INDEPENDENT LIMITED ASSURANCE REPORT ON PRO FORMA FINANCIAL INFORMATION

continued



Callabonna Resources Limited
Independent Limited Assurance Report
25 August 2015

adjustments included in the Pro Forma Financial Information. This includes responsibility for such internal control as the Directors determine are necessary to enable the preparation of Pro Forma Financial Information that is free from material misstatement, whether due to fraud or error.

We have assumed, and relied on representations from the Directors, that all material information concerning the Company, the Pro Forma Financial Information and the pro forma transactions as set out in the Prospectus have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Pro Forma Financial Information, based on the procedures performed and the evidence obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information*.

Our limited assurance procedures consisted of review of working papers, including the most recently available unaudited financial reports, and other supporting information, making such enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures we considered necessary to adequately evaluate whether the Pro Forma Financial Information was prepared in accordance with the stated basis of preparation.

A limited assurance engagement is substantially less in scope than an audit in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

5. Conclusions

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention which causes us to believe that the Pro Forma Financial Information as described in Section 6.1 of the Prospectus is not presented, in all material aspects, in accordance with the stated basis of preparation and accounting policies, as set out in Notes 1 and 2 of Section 6.1 of the Prospectus.

6. Restriction on Use

Without modifying our conclusions, we note that the purpose of the Pro Forma Financial Information is for inclusion in the Prospectus to assist investors in assessing the Equity Offer. As a result, the Pro Forma Financial Information may not be suitable for use for another purpose. We disclaim and assumption of responsibility for any reliance on this Report, or the Financial Information to which it relates, for any purpose other than for which it was prepared.

7. Consent

Consent to the inclusion of this Limited Assurance Report in the Prospectus in the form and context in which it appears has been given. At the date of this report, this consent has not been withdrawn.

8. Liability

The Company has agreed to indemnify and hold harmless Nexia and its employees from any claims arising out of misstatement or omission in any material or information supplied by the Company to Nexia for the purposes of preparation of this Report and the Prospectus.

9. Independence or Declaration of Interest

Neither Nexia nor its partners or employees has any interest in the outcome of the Equity Offer. Nexia will receive from the Company professional fees in respect to the preparation of this Report, in accordance with its normal fee billing arrangements.

Yours faithfully

Nexia Melbourne Pty Ltd

Holder of Australian Financial Services Licence No: 247262

A handwritten signature in black ink, appearing to read "G. Graco".

GARY GRACO
Director & Authorised Representative

Callabonna Resources Limited
Independent Limited Assurance Report
25 August 2015



APPENDIX A - Nexia Melbourne Pty Ltd Financial Services Guide

**This Financial Services Guide is dated 25 August 2015
and forms part of the Independent Limited Assurance Report.**

Nexia Melbourne Pty Ltd (ACN 052 362 348) (**Nexia**) holds Australian Financial Services Licence no 247262 authorising it to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to wholesale and retail clients. Nexia has been engaged by Callabonna Resources Limited (**CUU** or the **Company**) to provide a report in the form of an Independent Limited Assurance Report (this Report) for inclusion with the Prospectus issued by CUU on or about 28 August 2015 to potential investors considering investing in the Company.

The *Corporations Act 2001* (Cth) requires Nexia to provide this Financial Services Guide (**FSG**) in connection with its provision of this Report. Nexia does not accept instructions from retail clients. Nexia provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Nexia does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

Nexia is only responsible for this Report and this FSG. Nexia is not responsible for any material publicly released by the Company in conjunction with this Report or the Equity Offer. Nexia will not respond in any way that might involve any provision of financial product advice to any retail investor.

This Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of this Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

When providing reports in the form of this Report, Nexia's client is the Company to which it provides the report. Nexia receives its remuneration from the Company. In respect of this Report, Nexia will receive a fee of up to \$6,000 plus reimbursement of out-of-pocket expenses from the Company. Directors or employees of Nexia or other associated entities may receive distributions, salary or wages from Nexia. Nexia and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products.

Nexia has professional indemnity insurance cover for reports of this nature under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the *Corporations Act 2001* (Cth).

Nexia has internal complaints-handling mechanisms. If you have concerns regarding this Report, please contact us by writing to Mr Kevin Mullen, Nexia Australia, Level 18, 530 Collins Street, Melbourne, Vic, 3000. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.



Benching on west wall of South Pit of former Horn Island gold mine.

8. INDEPENDENT EXPLORATION TITLES REPORTS



Exploration & Mining Title Services
www.hemts.com.au

CALLABONNA RESOURCES LTD

INDEPENDENT EXPLORATION TITLES REPORT

1. INTRODUCTION

1.1 Scope of Instructions

The following report has been prepared independently and in compliance with the VALMIN Code.

Hetherington Exploration & Mining Title Services Pty Limited (ACN 003 122 996) ("HEMTS") has been instructed by Callabonna Resources Ltd (ACN 099 247 408) ("the Company") to conduct searches of and outline the rights conferred by the exploration tenements as set out in the Schedule ("the Schedule")

1.2 Qualifications

Russell Hetherington has approximately 35 years experience in exploration and mining tenement management across Australia. Russell Hetherington is a member of the Australian Mining and Petroleum Law Association and a member of the Business Law Section of the Law Council of Australia.

1.3 Independence

HEMTS is independent from the Company within the meaning of the VALMIN Code. HEMTS' costs of preparing this report have been calculated at its normal charge out rate.

2. THE TENEMENTS

2.1 Queensland Tenements

2.1.1 General

Hetherington Exploration & Mining Title Services (QLD) Pty Ltd (ACN 153 626 110) has provided information and commentary on the tenements in Queensland.

Unless stated otherwise, the following information was obtained from the Queensland Department of Natural Resources and Mines ("the DNRM"), the Queensland Department of Environment and Heritage Protection ("the DEHP") and the National Native Title Tribunal ("the NNTT").

The Company instructs that Alice Queen Holdings Pty Ltd (ACN 155 971 761) ("Alice Queen") and Kauraru Gold Pty Ltd (ACN 164 034 244) ("Kauraru Gold") have an interest in the tenements in Queensland. Kauraru Gold is 84.5% held by Alice Queen.

The exploration tenements in Queensland are comprised of Exploration Permit for Minerals ("EPM") No's 25418 ("EPM 25418") and 25520 ("EPM 25520") collectively referred to as "the Queensland Exploration Tenements".

The Queensland Exploration Tenements have been applied for or granted to explore for all minerals (other than coal) pursuant to the terms of the Queensland Mineral Resources Act 1989 ("the MRA").

SYDNEY	BROSBANE	PERTH
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Kauraru Gold is the applicant for the legal interest in EPM 25418 pursuant to the terms of the MRA.

Kauraru Gold is the registered holder of the legal interest in EPM 25520 pursuant to the terms of the MRA.

The application by Kauraru Gold for EPM 25418 covers the land contained in Prince of Wales Island and other islands located to the west and north-west of Horn Island. EPM 25418 has progressed through the expedited procedure process as detailed in the Native Title Act 1993 ("the NTA") and as no Native Title Party objected to the grant of the tenement, EPM 25418 will upon grant, be subject to compliance with the Native Title Protection Conditions (NTPC's).

As part of the land within EPM 25418 falls over Deed of Grant in Trust (DOGIT) land (approximately 10% of the tenement area), comments from the DOGIT owners are required prior to grant. DNRM has obtained comments from the DOGIT owners and has provided those comments to Kauraru Gold, which subsequently provided DNRM with a response to those comments. The application for EPM 25418 is likely to progress to grant in the future, however, DNRM may elect to exclude the DOGIT land from the grant of EPM 25418 or place additional conditions over the DOGIT land within EPM 25418 in order to address any concerns raised by the DOGIT owners.

The land subject to EPM 25520 covers the whole area of Horn Island. Previously, Horn Island has been subject to a number of mining operations, the most recent by Augold NL, within Mining Lease No's 5947 and 5948, which terminated 12 August 1990 and 28 August 1990 respectively. As a result of the early mine closure, there were significant mine disturbances and land contamination that required rehabilitation. On 24 August 1995, the Queensland Government approved and proclaimed a Restricted Area (known as RA 295) over an area including the previous mining operation.

It is understood that the purpose of the Restricted Area was to prevent applications for further exploration or mining tenements until such time as the necessary rehabilitation could be assessed and where possible, completed.

On 20 December 2013, following representations by Kauraru Gold, the Queensland Government elected to remove the Restricted Area and allow applications for EPM's over the area in question. As a consequence, EPM 25520 was subsequently applied for and granted to Kauraru Gold by the DNRM.

Whilst the grant of EPM 25520 over the area of the past mining operations will not result in any direct assumption of any historic environmental liability, it should be noted that any exploration activities conducted within these previously disturbed areas will require appropriate rehabilitation in accordance with the current environmental conditions and the existence of the prior disturbances may cause these rehabilitation activities to be more comprehensive and costly.

2.1.2 Exclusions / Restrictions

Non-Native Title land refers to background land tenures within the Queensland Exploration Tenements where Native Title rights have been extinguished. Native Title land refers to background land tenures where Native Title rights may not have been extinguished.

With the exception of the exclusions referred to in Table 1, the Queensland Exploration Tenements have been granted in respect of both Native Title land and Non-Native Title land.

Reference should be made to Table 1 and the following paragraphs which summarizes the areas excluded from the Queensland Exploration Tenements or are subject to restrictions. The stated percentage of the exclusions/restrictions area is approximate only.

Table 1 – Exclusions / Restrictions

Tenement	MRA Exclusions/Restrictions	Environmentally Sensitive Areas Exclusions / Restrictions	Other Exclusions/Restrictions
EPM 25418	-	Category C – CMD (100%) Category B – ERE (1%) Category A – RINP (<1%) Category B – MP (8%)	DOGIT (10%)
EPM 25520	HIA (10%)	Category B – MP (10%) Category C – CMD (70%) Category B – ERE (3%)	-

Key:

MP	– Marine Plants
CMD	– Coastal Management District
ERE	– Endangered Regional Ecosystems
HIA	– Horn Island Aerodrome
DOGIT	– Deed of Grant in Trust
RINP	– Round Island National Park

Various land tenures including Lot 1 on SP142709, Lot 40 on RP893114, Lot 5 on RP748024, Lot 61 on SP176564, Lot 41 on SP137880, Lot 3 on SP145563, Lot 2 on RP748024 and Lot 16 on SP145563, together constitute the Horn Island Aerodrome ("HIA"). These land tenures are the subject of a Commonwealth acquisition. As the MRA does not provide for the grant of tenements over Commonwealth land, these land tenures have been excluded from the area contained in the grant of EPM 25520. The total area excluded represents approximately 10% of the tenement area.

Refer to Section 2.1.1 for details of the DOGIT land within EPM 25418.

References in the Environmentally Sensitive Areas ("ESA's") exclusions/restrictions column of Table 1, indicate areas that are excluded or restricted to access in the EPM grant pursuant to the requirements of the relevant Environmental Authority ("EA"). In this case, the exclusions are divided into three categories (Category A, B or C). Section 2.1.5 of this report details the various categories and the effect of restrictions for each category.

2.1.3 EPM Conditions

The following conditions apply or will apply to the Queensland Exploration Tenements when granted:

- General Conditions;
- Specific Conditions;
- Conditions of the relevant EA (see Section 2.1.5); and
- Conditions of the relevant Native Title agreement, if applicable (see Section 2.1.4).

The General Conditions set out the obligations and procedures with which the holder of the Queensland Exploration Tenements must comply when conducting exploration. These conditions address issues such as notification of and negotiation of compensation (if applicable) with the relevant owners before commencing exploration and other matters concerning relationships with owners.

The Specific Conditions require the holder of the Queensland Exploration Tenements to follow a specific program of works, reduction requirements and expenditure commitments outlined in the EPM grant document. The Specific Conditions may also detail areas that are specifically excluded from the EPM upon grant. Further information on specific exclusions or restrictions are detailed in Section 2.1.2. Expenditure

commitments and reduction requirements for the Queensland Exploration Tenements are set out in the Schedule.

The conditions of the relevant EA issued in respect to each of the Queensland Exploration Tenements (see Section 2.1.5) form or will form part of the relevant conditions of grant. It is a condition of the EA that the holder of the EPM complies with all conditions contained in the Code of Environmental Compliance for Exploration Permits and Mineral Development Licences 2001 ("the Environmental Code"). Additional comments on environmental matters are detailed in Section 2.1.5 of this report.

Comments on the Native Title requirements for the Queensland Exploration Tenements are provided in Section 2.1.4.

2.1.4 Native Title

The land subject to the Queensland Exploration Tenements includes Native Title land and Non-Native Title land. Where noted below, the holder must comply with all relevant Native Title conditions when conducting exploration activities on any Native Title land within the Queensland Exploration Tenements.

Reference should be made to Table 2 which provides a summary of the current Native Title status for the Queensland Exploration Tenements, details of the category of Native Title and how each category will affect exploration on the relevant tenements.

The Queensland Exploration Tenements have or will be granted subject to compliance with the NTPC's. The NTPCs require the holder to serve a copy of the proposed program of works on any registered Native Title claimant(s) before commencing those exploration activities. The registered Native Title claimant(s) are entitled to a period of time to review the program of works. If the Native Title claimant(s) do not have any amendments to the program of works and do not require a site clearance to be conducted, exploration can commence without delay. The NTPCs detail annual payments (administrative payments) due to the registered claimant(s) and costs associated with site clearances and other matters.

Table 2 – Native Title Summary

EPM No	Native Title Category	Native Title Party
EPM 25418	NTPC's	QCD 2001/002 – Kaurareg People (Murulong #1) QCD 2001/004 – Kaurareg People (Murulong #2) QC 2008/007 – Kaurareg People #2 QC 2010/003 – Kaurareg People #3 QCD 2001/003 – Kaurareg People (Zuna) QCD 2001/005 – Kaurareg People (Mipa, Tarilag, Yeta and Damarala)
EPM 25520	NTPC's	QCD 2001/001 – Kaurareg People (Ngurupai) QC 2008/007 – Kaurareg People #2

QC 2008/007 – Kaurareg People # 2 – Native Title claim registered on 13 February 2009 and remains a pending determination.

QCD 2001/001 – Kaurareg People (Ngurupai) – Native Title claim determined on 23 May 2001.

QC 2010/003 – Kaurareg People # 3 – Native Title claim registered on 3 December 2010 and remains a pending determination.

QCD 2001/002 – Kaurareg People (Murulong #1) – Native Title claim determined on 23 May 2001.

QCD 2001/004 – Kaurareg People (Murulong #2) – Native Title claim determined on 23 May 2001.

QCD 2001/003 – Kaurareg People (Zuna) – Native Title claim determined on 23 May 2001.

QCD 2001/005 – Kaurareg People (Mipa, Tarilag, Yeta and Damarala) – Native Title claim determined on 23 May 2001.

In the case of EPM 25520 which covers Horn Island, the Kaurareg People (Ngurpai) are the only Native Title Party which claims Native Title rights over the area of Horn Island above the high water mark.

The current Native Title conditions for EPM 25520 requires the holder to comply with all conditions of the NTPC's, however, Kauraru Gold and the Kaurareg Native Title Aboriginal Corporation (Right to Negotiate Body Corporate) ("KNTAC (RTNBC)") have negotiated a separate Exploration Agreement whereby both parties agree to comply with the terms and conditions of the negotiated Exploration Agreement in lieu of the NTPC's.

In the case of EPM 25418, the six different Native Title parties claim Native Title rights over various sections of land within the application area are listed in Table 2. It should be noted that there are no overlaps between these Native Title Party areas. Upon grant, EPM 25418 will be subject to compliance with the NTPC's. The company will need to apply the NTPC conditions to the relevant Native Title Party where the exploration activities are to occur.

2.1.5 Environmental Authorities

The grant of EPM 25520 is, and EPM 25418 will be, subject to a Level 2 (code compliant) Environmental Authority. As such, the holder is required to comply with all conditions of the Environmental Code when conducting exploration activities on the relevant Queensland Exploration Tenement.

The Environmental Code imposes various exclusion zones known as Environmentally Sensitive Areas ("ESAs") around Category A and Category B areas within which exploration activities involving the use of machinery cannot be performed (1,000 metres for Category A ESAs and 500 metres for Category B ESAs).

No exploration activities (of any nature) can be conducted within Category A ESAs, however, if the EA is modified, certain activities involving the use of machinery might be permitted within Category B ESAs or within the exclusion zones around Category A ESAs and Category B ESAs.

The Environmental Code also refers to Category C ESAs within which exploration activities cannot be performed, unless the holder has obtained consent from the relevant administrative authority.

As detailed in Section 2.1.2, both of the Queensland Exploration Tenements have restricted areas due to certain Category A, B, or C ESAs.

2.1.6 Expenditure and Reporting Requirements

It is or will be a condition of the Queensland Exploration Tenements that the holder complies with the relevant expenditure commitments. The expenditure commitments for the Queensland Exploration Tenements are set out in the Schedule.

Annual Exploration Reports must be lodged in respect to the Queensland Exploration Tenements within one month of the anniversary date of grant. An Annual Statement of Expenditure conducted on exploration is also due at this time.

Whenever the holder relinquishes any sub-blocks from an EPM, it is required to lodge a relinquishment report. This report is due for submission within 2 months of the date the relinquishment is accepted by DNRM.

Compliance with the reporting requirements and expenditure commitments of the Queensland Exploration Tenements is important because these matters are considered by DNRM when determining whether or not to renew the Queensland Exploration Tenements. Further, compliance with such requirements and commitments may also affect DNRM's decision to renew a Queensland Exploration Tenement in full, or to require a reduction in area. Non-compliance with these conditions could also give rise to "show cause" action which may lead to termination of the EPM by the DNRM.

As at the date of preparing this report, there were no outstanding annual reports, expenditure statements or relinquishment conditions due in respect of the Queensland Exploration Tenements.

2.1.7 Access and Compensation

In accordance with the current land access requirements of the MRA, an Initial Notice of Intention of Entry to Conduct Preliminary Activities must be served on each affected owner at least 10 business days prior to the intended entry. If advanced activities such as high impact exploration, are to be carried out, a Conduct and Compensation Agreement must be entered into with the owner. The period to negotiate this agreement can take up to 50 business days, with a subsequent referral to the Land Court, if an agreement is not reached.

2.1.8 Rent

From the date of grant, the holder of the Queensland Exploration Tenements is required to make annual rental payments to DNRM in respect to the retained area of the tenements. Annual rent is noted in the Schedule.

The rate of rental is subject to annual increases commensurate with appropriate price indices. The current rent rate (which is exclusive of GST) is \$140.60 per sub-block for the Queensland Exploration Tenements (Schedule 5 Mineral Resources Regulation 2003).

As at the date of preparing this report, there are no outstanding rental payments in respect to the Queensland Exploration Tenements.

2.1.9 Encumbrances

Section 318AAZC of the MRA deals with recording of agreements, arrangements, dealings or interests in the Queensland Exploration Tenements and provides that an agreement, arrangement, dealing or interest recorded under this Section shall, subject to being otherwise legally enforceable, take priority over other unrecorded or any subsequently recorded agreements, arrangements, dealings or interests.

Reference to the DNRM Register searches for each of the Queensland Exploration Tenements indicates that there are currently no agreements, arrangements, dealings or interests recorded against any of the Queensland Exploration Tenements.

2.1.10 Royalties

No annual royalty returns and associated royalty payments are required in respect of the Queensland Exploration Tenements, unless mineral production has occurred. In the case of standard exploration activities conducted on the Queensland Exploration Tenements, this is unlikely.

2.1.11 Aboriginal Cultural Heritage

The activities conducted under the authority of the Queensland Exploration Tenements are required to comply with the Aboriginal Cultural Heritage Act 2003.

The Aboriginal Cultural Heritage Act 2003 provides that there exists a "cultural heritage duty of care" and, therefore, all reasonable and practicable measures must be taken to ensure that Aboriginal cultural heritage is not harmed (Section 23 Aboriginal Cultural Heritage Act 2003 (QLD) ("ACHA")). The "Cultural Heritage Duty of Care Guidelines", published by Gazette on 16 April 2004, outline how the cultural heritage duty of care requirement is met.

If a breach of the cultural heritage duty of care is demonstrated, the maximum penalties are \$750,000 for a corporation and \$75,000 for an individual.

It is recommended that an assessment of any proposed exploration activity be compared against the "Cultural Heritage Duty of Care Guidelines" in order to determine whether, or to what extent, Aboriginal cultural heritage may be affected by the activity. It is also recommended that a search of the Cultural Heritage Register and Cultural Heritage database be conducted prior to commencement of exploration activities.

Kauraru Gold and the KNTAC (RTNBC) have negotiated an Exploration Agreement for EPM 25520. This agreement complies with the Cultural Heritage Duty of Care requirements of the ACHA.

The grant of EPM 25418 will be subject to compliance with the NTPC's. Full compliance with the NTPC's over both Native Title and Non-Native Title land within the tenement should ensure compliance with the Cultural Heritage Duty of Care requirements of the ACHA.

2.1.12 Future Obligations

The activities conducted under the authority of the Queensland Exploration Tenements are likely to result in the creation of environmental liabilities for the holders. The environmental liabilities will commence when exploration causes on-site ground disturbance. When any disturbed area has been satisfactorily rehabilitated, the environmental liability in respect to that area will cease.

Rehabilitation of any current and future exploration disturbances will be necessary and the relevant requirements are detailed in the Environmental Code.

A portion of EPM 25520 is subject to prior mining disturbances that have not been adequately rehabilitated. As such, it is likely that exploration activities conducted under the authority of EPM 25520 will result in the creation of additional environmental liabilities when conducting exploration activities within these previously disturbed areas.

If exploration is conducted on Native Title land, additional costs in respect to Native Title consultation, negotiation and compensation payments and cultural heritage site clearances would be anticipated.

The holders of the Queensland Exploration Tenements may apply to renew the Queensland Exploration Tenements for further terms. Such renewal applications should be lodged between six months and three months prior to the relevant expiry date. Rental is payable annually on the anniversary of grant of the relevant EPM.

The MRA requires the holder of any granted Queensland Exploration Tenement to periodically reduce the area of each of that granted Queensland Exploration Tenement. Reference should be made to the Schedule for details of the reduction requirements applicable to the granted Queensland Exploration Tenements. Pursuant to Section 141 of the MRA, the holder of the granted Queensland Exploration Tenements may make application to DNRM to vary these reduction requirements.

2.2 New South Wales Tenement

2.2.1 General

Unless otherwise stated, the following information has been obtained from the New South Wales Department of Trade and Investment, Regional Infrastructure and Services ("the Department"), the NNTT and the New South Wales Office of Environment and Heritage within the Department of Premier and Cabinet.

Much of the information obtained from the Department has been extracted from the Department's Tenement Administration System ("TAS"). This report is subject to the proviso that TAS may contain errors and is not always reliable. Where possible, the information obtained from TAS has been verified against other available information, such as Exploration Licence instruments and electronic maps.

Exploration Licence No 8225 (1992) ("the Exploration Licence") has been granted pursuant to the terms of the New South Wales Mining Act 1992 ("the Mining Act").

Basic details of the Exploration Licence are set out in the Schedule.

Monzonite Metals Pty Ltd (ACN 165 629 818) ("Monzonite Metals") is the registered holder of the Exploration Licence.

Monzonite Metals is 90% held by Alice Queen.

The Exploration Licence applies to Group 1 minerals as defined in the Mining Act, which are metallic minerals such as gold, silver, copper, lead, zinc etc.

Pursuant to the Conditions of Grant of the Exploration Licence, the Exploration Licence allows exploration by various methods, although some methods require additional approval by the Environment Branch of the Department or other Government instrumentalities.

2.2.2 Exclusions / Restrictions

The terms of the Exploration Licence instrument exclude land vested in the Commonwealth of Australia and any land subject to a National Park, regional park, historic site, nature reserve, karst conservation reserve or Aboriginal area which existed at the date of grant.

National Parks

No National Parks existed within the Exploration Licence at the date of grant.

Mining Reserves

Approximately 46% of the Exploration Licence is within the following Mining Reserves that existed at the date of grant, as outlined in the table below:

Reserve Number	Dedication Date	Mining Act 1906	Depth Restriction	Land Affected	Purpose of Reserve
MR 3039	02 February 1973	Section 23(2)(e)	Nil	Crown Land	Exemption from Leases
MR 3040	02 February 1973	Section 46(2A)	Nil	Private Land	Exemption from Mining Leases
MR 3041	02 February 1973	Section 86(1A)	Nil	Crown and Private Land	Exemption from Dredging Leases
MR 3046	02 February 1973	Section 14(3)	Nil	Crown Land	Exemption from Occupation for Mining or Mining Purposes

The Mining Reserves were proclaimed pursuant to the Mining Act 1906 (New South Wales) ("Mining Act 1906") and the Mining Reserves continue in force due to the savings provisions of the Mining Act 1973 (New South Wales) and the Mining Act.

Pursuant to Section 57 of the Mining Act, a Mining Lease may not be granted over any land within a reserve in respect of which an order prohibiting the granting of mining leases is in force under Section 367 of the Mining Act.

Section 367 of the Mining Act enables the Governor to proclaim reserves to extend only to the surface of the land, to the surface of the land and the subsoil below the surface, to the surface of the land and the subsoil to a specified depth below the surface, or to the subsoil below or between any specified depth or depths below the surface of the land. It is noted that MR 3040 and MR 3041 were partially revoked on 22 March 1974, although these partial revocations occurred outside the area of the Exploration Licence.

Exploration can be conducted in accordance with the conditions of the Exploration Licence (particularly, Condition 36) within land subject to the Mining Reserves in the table above, and in the event that a mineable resource is defined, the holder of the Exploration Licence will need to make application to the Governor to revoke that part of the Mining Reserve from the surface to a depth, or from a depth below the surface to enable a Mining Lease Application to be granted in the land subject to the Mining Reserves.

Other Titles and Applications

Pursuant to Section 19 of the Mining Act, the Exploration Licence may not be granted over land that is already subject to an Exploration Licence or Exploration Licence application for the same group of minerals, except with the written consent of the holder of the prior Exploration Licence or Exploration Licence Application.

Pursuant to Section 19 of the Mining Act, the Exploration Licence may not be granted over any land subject to a Mining Lease, Assessment Lease or Mineral Claim submitted, except with the written consent of the holder of the Mining Lease, Assessment Lease or Mineral Claim.

Pursuant to Section 19 of the Mining Act, the Exploration Licence may not be granted for areas upon which an application for any of the following has been lodged; an Exploration Licence Application for the same group of minerals, an Assessment Lease Application, a Mining Lease Application, or a Mineral Claim Application, except with the written consent of the applicant for the prior application.

Other Exclusions

Time does not permit an investigation into whether there is any land vested in the Commonwealth of Australia, historic site, nature reserve, regional reserve, karst conservation reserve or Aboriginal area, although it is considered unlikely that there are large areas of such land within the Exploration Licence.

2.2.3 Other Titles and Applications

Condition 33 attached to the Exploration Licence instrument requires the Exploration Licence holder to make every reasonable attempt, and be able to demonstrate any such attempts, to enter into a cooperation agreement with the holder(s) of any overlapping mineral exploration and petroleum exploration title(s) (see also Section 2.2.12 below).

The area of the Exploration Licence co-exists with Petroleum Exploration Licence No 450 (1991) ("PEL 450"), granted to Santos QNT Pty Ltd pursuant to the terms of the Petroleum (Onshore) Act 1991 (New South Wales) ("the Petroleum Act").

There are no Exploration Licences or Exploration Licence Applications over the same area of the Exploration Licence for the same group of minerals.

There are no Mining Leases, Mining Lease Applications, Mineral Claims or Mineral Claim Applications over the same area of the Exploration Licence.

2.2.4 Annual Administrative Levy

Liability under the Mining Act for payment of an Annual Administrative Levy arises on the grant of an Exploration Licence and on each grant anniversary date that occurs during the term of the Exploration Licence.

The Annual Administrative Levy is one percent of the assessed security deposit.

The current Annual Administrative Levy for the Exploration Licence is \$100.

2.2.5 Annual Rental Fee

Liability under the Mining Act for payment of an Annual Rental Fee arises on the grant of an Exploration Licence and on each grant anniversary date that occurs during the term of the Exploration Licence.

The Annual Rental fee for Exploration Licences is \$60 per unit.

The current Annual Rental fee for the Exploration Licence is \$4,440.

2.2.6 Depth Restrictions and Surface Exclusions

No depth restrictions or surface exceptions are registered on the Exploration Licence instrument of grant or the Department's TAS Register.

2.2.7 Brigalow Belt South Bioregion

The Exploration Licence is entirely within the Brigalow Belt South Bioregion. This bioregion covers approximately 6.7% of New South Wales.

The existence of this bioregion has no material effect on activities conducted within the Exploration Licence.

2.2.8 Mineral Allocation Areas

The Exploration Licence is not subject to any Mineral Allocation Areas for Group 1 minerals.

2.2.9 Encumbrances

There are no encumbrances registered against the Exploration Licence.

2.2.10 Exempted Areas

Exempted areas under the Mining Act are lands set aside for a public purpose, including travelling stock reserves, road reserves, water supply reserves, State Forests and public reserves and permanent commons. Section 30 of the Mining Act requires an Exploration Licence holder to obtain prior written consent from the Minister of Resources and Energy before commencing prospecting operations in an exempted area.

Section 140 of the Mining Act requires the Exploration Licence holder to obtain a written land access agreement with the landholder prior to conducting exploration (see Section 2.2.15). In relation to reserved land, the relevant landholder, for the purposes of Section 140 of the Mining Act, is the controlling body of that land.

Although it is likely that the Exploration Licence will contain some exempted areas, a review of all exempted areas within the Exploration Licence is beyond the scope of this report.

2.2.11 State Forests and State Conservation Areas

State Forests

The Exploration Licence is not affected by any State Forests.

State Conservation Areas

The Exploration Licence is not affected by any State Conservation Areas.

2.2.12 Exploration Licence Conditions

The conditions attached to the current Exploration Licence instrument of grant relate to environmental management of exploration, drilling requirements, reporting requirements, expenditure commitments, clearing of vegetation, rehabilitation of disturbed land, lodgment of security deposits, cooperation agreements with the holders of overlapping mineral and petroleum exploration titles and community and landholder liaison programs.

The Exploration Licence is subject to the Exploration Licence conditions 2010.

The Exploration Licence instrument also contains conditions relating to Native Title (see Section 2.2.16 below).

Some of the Exploration Licence conditions 2010 of note include:

Condition 18 requires that at least 28 days prior to commencement of drilling operations other than Category 1 drilling, the Exploration Licence holder must notify the New South Wales Office of Water, within the Department of Environment, Climate Change and Water, of the intention to drill exploratory holes, and provide information on the nature and location of the proposed holes.

Condition 22 requires the Exploration Licence holder to submit an Environmental Management Report with the Director-General as part of any application for renewal of the Exploration Licence, or within 30 days of the expiry or cancellation of the Exploration Licence.

Condition 28 of the Exploration Licence conditions requires that the relevant Local Aboriginal Land Council be notified within 30 days of the grant of the Exploration Licence. It is beyond the scope of this report to investigate whether Condition 28 has been complied with.

Condition 33 of the Exploration Licence conditions requires the Exploration Licence holder to make every reasonable attempt, and be able to demonstrate attempts, to enter into a co-operation agreement with the holder/s of any overlapping authorities (see Section 2.2.3 for further discussion).

Condition 34 of the Exploration Licence conditions requires the Exploration Licence holder, prior to the commencement of any prospecting operations, to establish a Community and Landholder Liaison Program that can effectively address enquiries from landholders and community members within the area of the Exploration Licence.

Condition 35 of the Exploration Licence conditions requires that should there be a change in the effective control of the Exploration Licence holder or a foreign acquisition of substantial control in the Exploration Licence holder, prior written consent by the Minister is needed before such a change comes into effect.

Condition 35(b) sets out what constitutes a "change in effective control" being when a person is appointed with a minimum of 50% control over the directors of a board, greater than 50% control over votes at a general meeting, or more than 50% of issued share capital. In the case of foreign persons or corporations as set out in Condition No 35(c), "foreign acquisition of substantial control" occurs when a person gains a minimum of 15% control over the directors of a board, greater than 15% control over votes at a general meeting, or more than 15% of issued share capital.

Condition 35(d) makes exception to the requirement of prior written consent from the Minister in accordance with Condition 35(a), where the change in effective control of the Exploration Licence holder or a foreign acquisition of substantial control in the Exploration Licence holder is the result of the acquisition of shares or other securities on a registered stock exchange.

Condition 36 requires the Exploration Licence holder to ensure that prospecting operations that will utilise methods which are likely to cause interference with any operations conducted by the Sidings Springs Observatory during its operation hours, are conducted in co-operation and consultation with the Australian National University.

2.2.13 Expenditure and Reporting Requirements

Compliance with the expenditure and reporting requirements of an Exploration Licence is important because those matters are considered by the Department when determining whether or not to renew the Exploration Licence, and if so, whether to renew the Exploration Licence in full, or to require a 50 per cent reduction in the Exploration Licence area upon renewal.

The Department advises that the first annual report for the Exploration Licence has been lodged and assessed as acceptable.

The Department advises that expenditure for the first year (2014 – 2015) of the Exploration Licence was \$37,466, which is below the required minimum expenditure of \$57,000 per annum.

2.2.14 Security

Upon the grant of an Exploration Licence, a condition may be imposed that requires the holder to provide and maintain a security deposit that secures funding for the fulfilment of the requirements of the Mining Act and environmental and rehabilitation obligations in respect to the Exploration Licence (Section 261B, Mining Act).

A security deposit can be provided in the form of a bank guarantee, cash, bond or, if considered appropriate, an insurance policy (Section 261D of the Mining Act).

Currently the required security deposit for the Exploration Licence is \$10,000. This is currently lodged with the Department in the form of a cash deposit.

2.2.15 Access and Compensation

It is necessary to enter into a written access agreement with a landholder prior to carrying out exploration on land which is owned or occupied (see Section 140(1) Mining Act). A landholder is entitled to compensation for all compensable loss caused to such land by exploration (Section 263(1) Mining Act). In the event that an agreement cannot be reached with the landholder, the matter can be referred to arbitration, and if not resolved, to the Land and Environment Court for determination.

It is necessary for the holder of an Exploration Licence to obtain the prior written consent of the owner of any dwelling house, garden or improvement before carrying out exploration within 200 metres of the relevant dwelling house, within 50 metres of the relevant garden or on the land subject to the relevant improvement (Section 31 Mining Act).

2.2.16 Native Title

The total area of the Exploration Licence is subject to the Gomeroi People Native Title Claim NC2011/006. This claim has been accepted for registration pursuant to the terms of the NTA.

The issue of whether or not a Native Title Claim applies to the land subject to the Exploration Licence is irrelevant to the requirement to comply with the Native Title processes prescribed by the NTA if the relevant land is land where Native Title exists or may exist ("Native Title land"). The threshold question when considering Native Title issues is therefore whether or not the relevant land is Native Title land or, in other words, whether or not Native Title has been extinguished. If Native Title has been extinguished, then it is not necessary to consider whether or not there is a Native Title Claim in respect to the relevant land before carrying out exploration.

If Native Title has not been extinguished, then it will (except in very specific circumstances) be necessary to comply with Native Title processes before carrying out exploration. The presence of a registered Native Title Claim simply means that it will be necessary to reach an agreement with the Native Title Claimants before proceeding with the relevant exploration activity. This may not be the case where there is currently no registered Native Title Claim, although in that case it is still necessary to undergo the "Right to Negotiate" process prescribed by the NTA or other Native Title process.

As a general statement, it can be said that Native Title has been extinguished in much of New South Wales. Nonetheless, it is likely that the Exploration Licence contains at least some land where Native Title may not have been extinguished. The status of any Native Title in land cannot be determined with certainty until a thorough search of each parcel of land is carried out. Such searches are beyond the scope of this report.

The Exploration Licence contains the "Minister's consent" condition. This means that before carrying out exploration on Native Title land, the Minister's consent must be obtained. The Minister will not grant that consent until the Right to Negotiate process prescribed by the NTA has been undergone.

The Right to Negotiation process prescribed by the NTA has not been completed or commenced by the Exploration Licence holder in respect to any land within the Exploration Licence.

2.2.17 Aboriginal Places and Objects

An Aboriginal object is any material evidence relating to Aboriginal habitation of an area. An Aboriginal place is a place declared as such by the Minister administering the National Parks and Wildlife Act 1974 (New South Wales) ("NPW Act"), because that place is deemed to have special significance to Aboriginal culture. An Aboriginal place may or may not contain Aboriginal objects.

Aboriginal places and objects are registered on the Aboriginal Heritage Information Management System ("AHIMS") maintained by the New South Wales Office of Environment and Heritage. A search of AHIMS indicates that there are several places and objects located within or in close proximity to the Exploration Licence.

Pursuant to Section 86(5) of the NPW Act, it is a strict liability offence to harm an Aboriginal object, or harm or desecrate an Aboriginal place. It is also an offence to harm or desecrate an Aboriginal object that the person knows is an Aboriginal object pursuant to Section 86(1) of the NPW Act. It may be necessary to apply for an Aboriginal Heritage Impact Permit if the activities contemplated in exercising rights under the Exploration Licence are likely to cause damage to Aboriginal objects or places. The prohibitions contained in Section 86(1), (2) and (4) of the NPW Act apply whether or not the Aboriginal place or Aboriginal object has been registered on the AHIMS.

A defence is available to a person charged with a strict liability offence pursuant to Section 87 of the NPW Act. Pursuant to Section 87(2) of the NPW Act, the defendant must show that the defendant exercised due diligence to determine whether the act or omission constituting the alleged offence would harm an Aboriginal object, and reasonably determined that no Aboriginal object would be harmed.

It should be emphasised that the issue of Aboriginal places and objects is entirely separate to that of Native Title.

2.2.18 Heritage Items

There are a number of items listed on the State Heritage Inventory maintained by the New South Wales Office of Environment and Heritage in respect to the local government areas in which the Exploration Licence is located. Whilst the geographical location of some entries on the State Heritage Inventory is unclear, the Exploration Licence holder must exercise normal caution when carrying out exploration. If the Exploration Licence holder comes across what may be a heritage item in the course of exploration, it should check with the local Government Councils and/or the New South Wales Heritage Council.

2.2.19 Future Obligations

The Exploration Licence holder has an ongoing obligation to comply with the terms and conditions of grant of the Exploration Licence, including satisfaction of the expenditure condition, unless otherwise varied by the Department.

Rehabilitation of any current and future exploration disturbances will be necessary and will need to be conducted in accordance with the conditions of the Exploration Licence, as well as any conditions of any additional consent that might be issued in accordance with the requirements of law or those conditions.

The activities conducted under the authority of the Exploration Licence are likely to result in the creation of environmental liabilities for the holder. The environmental liabilities will commence when exploration causes on-site ground disturbance. When any disturbed area has been satisfactorily rehabilitated, the environmental liability in respect to that area will cease.

If exploration is conducted on Native Title land, additional costs in respect to making an application for the Minister's consent to conduct activities on Native Title land, the Right to Negotiate process, Native Title consultation, negotiation and compensation payments and cultural heritage site clearances should be anticipated.

The holder of the Exploration Licence may apply to renew the Exploration Licence for further terms. The renewal applications should be lodged with the Department within the period two months before the expiry date.

The Mining Act requires the holder of the Exploration Licence to periodically reduce, by half, the area of the Exploration Licence. Pursuant to Section 114(6) of the Mining Act, the holder of the Exploration Licence may make application to the Department to vary these reduction requirements.



RUSSELL HETHERINGTON

Hetherington Exploration & Mining Title Services Pty. Ltd
Sydney Office
18 May 2015

SCHEDULE

QUEENSLAND

TENEMENT	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	STATUS	AREA (SUB-BLOCKS)	REDUCTION REQUIREMENTS (SUB-BLOCKS)	SECURITY HELD	ANNUAL EXPENDITURE COMMITMENT	RENT (CURRENT TERM - EXCLUDES GST) FULL SUB-BLOCK RETENTION	MINERALS	REGISTERED ENCUMBRANCES	NAME
EPM 25418	Kauraru Gold Pty Ltd (100%)	-	-	Application	88	Reduce from 88 to 53 sub-blocks by the end of Year 3 after grant.	\$2,500 (Note 1)	Conditioned Period 1 Y1 - \$100,000 Y2 - \$110,000 Y3 - \$140,000 (Note 1) Conditioned Period 2 Y4 - \$159,000 Y5 - \$260,000 (Note 1)	\$12,372.80	All minerals, other than coal	Nil	Kaivalagal
EPM 25520	Kauraru Gold Pty Ltd (100%)	8 Oct 2014	7 Oct 2019	Granted	24	Reduce to 15 sub-blocks by 7 September 2017	\$2,500 (Note 1)	Conditioned Period 1 Y1 - \$1,250,000 Y2 - \$1,500,000 Y3 - \$2,000,000 (Note 2) Conditioned Period 2 Y4 - \$5,500,000 Y5 - \$5,800,000 (Note 2)	\$3,374.40	All minerals, other than coal	Nil	Horn Island

Note 1 – EPM 25418 and EPM 25520 are both subject to a single EA. A total security deposit of \$2,500 for the overall EA is currently held by DNRM.

Note 2 – In accordance with DNRM Operational Policy No 5/2012, the expenditure conditions for EPM 25418 have been separated into two Conditioned Periods. Provided the tenement holder expends a minimum amount of \$350,000 by the end of Year 3 (Conditioned Period 1) and a further amount of \$419,000 by the end of Year 5 (Conditioned Period 2), the holder will have complied with the expenditure conditions for EPM 25418.

Note 3 – In accordance with DNRM Operational Policy No 5/2012, the expenditure conditions for EPM 25520 have been separated into two Conditioned Periods. Provided the tenement holder expends a minimum amount of \$4,750,000 by 17 October 2017 (Conditioned Period 1) and a further amount of \$11,300,000 by 17 October 2019 (Conditioned Period 2), the holder will have complied with the expenditure conditions for EPM 25520.

NEW SOUTH WALES

TENEMENT	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	STATUS	UNITS	SECURITY		ANNUAL EXPENDITURE COMMITMENT	ANNUAL ADMINISTRATIVE LEVY	ANNUAL RENTAL FEE	ENCUMBRANCES	MINERALS
EL 8225	Monzonite Metals Pty Ltd	6 Jan 2014	6 Jan 2016	Granted	74	REQUIRED	HELD	\$57,000	\$100	\$4,440	Nil	Group 1
						\$10,000	\$10,000 (cash)					

9. KEY PEOPLE, INTERESTS AND BENEFITS

9.1 Directors and Proposed Directors

Upon successful completion of the Transaction, the Board will be reconstituted.

The existing Directors of the Company, other than Michael Raetz, will remain as directors following completion of the Transaction. In addition, resolutions for the election of the following nominees of Alice Queen (the Proposed Directors) are to be voted upon by shareholders at the Annual General Meeting:

- Andrew Buxton;
- Bruce Fulton;
- Mark Kerr; and
- John Holliday.

The profiles of each of the Proposed Directors are provided below:



Andrew Buxton (Proposed Managing Director)

Andrew was previously Managing Director of Kidman Resources Limited [ASX: KDR] an ASX listed base metals and rare earth elements explorer in New South Wales and Northern Territory. Kidman Resources listed on the ASX in January 2011 and was ranked as the fifth best performing IPO by price appreciation, by Deloitte Touche Thomatsu in its Annual IPO Report 2011. Before this Andrew was co-founder and Executive Director of Media Entertainment Group Limited, which specialised in screen advertising. Media Entertainment Group was ASX listed and operated in six countries before being acquired by Consolidated Press Holdings.



Bruce Fulton (Proposed Non-Executive Chairman)

Bruce has a M.Sc. (Earth Sciences) from Waikato University, New Zealand, and an MBA from Deakin University, Melbourne, Australia. He is a member of: The Australian Institute of Company Directors (MAICD); The Australasian Institute of Mining and Metallurgy (MAusIMM); The Canadian Institute of Mining, Metallurgy and Petroleum (MCIM); and The Society of Economic Geologists (MSEG). Bruce is an experienced geologist and previously held the position of Chief Geologist at the Porgera Gold Mine, Papua New Guinea. Following his career in mining with companies such as Dominion Mining, Placer Dome and Plutonic Resources, Bruce co-founded Ophir Partners, an executive search company specialising in the resources industry. He currently holds Board positions as non-executive Director of Signature Gold Limited and is Managing Director of Ophir Partners. Bruce was also recently appointed to the position of Member of the Executive Council of the Association of Mining and Exploration Companies (AMEC).



Mark Kerr (Proposed Non-Executive Director)

Mark is Chairman of Contango Microcap Limited (appointed 7 December 2009), is a non-executive director of Contango Income Generator Limited, appointed 1 July 2013, and is a non-executive Chairman of Think Childcare Limited (appointed June 2014).

He is Chairman of both Hawthorn Resources Limited (appointed 22 November 2007) and Australian Seafood Investments Limited (unlisted public company, appointed 17 November 2014).

Mark specialises in public relations and reputation management consultancy and has served on a number of public company boards. He is currently a director of Berkeley Consultants, a public relations and reputation management consultancy.

Mark was responsible for the launch and publication of the National Directory of Aboriginal and Torres Strait Islander Organisations directory, this directory being the first of its kind in Australia in 1992.



John Holliday (Proposed Technical Director)

John has over 30 years' experience in metals exploration mostly with BHP Minerals and Newcrest Mining, including the positions of Chief Geoscientist and General Manager, Property Generation. John was a principal discoverer and site manager of the Cadia and Marsden porphyry gold-copper deposits in New South Wales, and was a principal geological advisor on the acquisition of many significant projects, including Namosi and Wafi-Golpu. John has worldwide experience in gold-copper deposit exploration and evaluation and has presented at major international conferences on exploration for porphyry deposits. He has a geophysics/geology honours degree from Macquarie University and an economics/politics degree from Sydney University. John is Principal of his own geoscience consultancy, Holliday Geoscience. John is a member of the Australian Institute of Geoscientists, the Australian Society of Exploration Geophysicists and the Society of Economic Geology.

The profiles of the existing Directors who will remain on the Company's Board following completion of the Transaction are provided below:



Jeffrey Williams

Jeffrey (Jeff) Williams has 40 years' experience as a professional mining engineer in Australia including seven years in the stockbroking industry and 14 years as a Managing Director. He is a Fellow of the Australasian Institute of Mining and Metallurgy. Jeff's mining experience ranges from mine planning, underground management and feasibility studies through to mine development. From 1972 to 1984, he held various positions with CRA Limited at Broken Hill in New South Wales. Following completion of a MBA program in 1987, he played a major role as a Senior Project Engineer with North Limited. From 1989 to 1996, he specialised in gold mining research in the stock broking industry finishing up as Head of Resources Research at James Capel Australia.

In 1997 Jeff established Nimbus Resources which acquired Mineral Deposits Limited (MDL) from BHP Billiton in 1998. This included mineral sands assets near Hawks Nest on the north coast of New South Wales. Jeff remained Managing Director for 14 years until 30 June 2011. During this time the company acquired the Grand Cote Mineral Sands project in Senegal in West Africa which is now under development into a world class mineral sands mine. MDL also acquired and developed the Sabodala gold deposit in Senegal which is now a significant gold producer in West Africa and was demerged from MDL into the standalone gold producer Teranga Gold Corporation. Jeff brings a wealth of project experience to Callabonna.

Jeff has been a Director of the Company since 16 March 2012.



Phillip Harman

Phillip is a professional geophysicist who spent more than 30 years working for BHP Billiton in minerals exploration in a broad number of roles including Chief Geophysicist, Manager Discovery of Technology, and Exploration Manager in both South America and Western Australia.

His experience in BHP spanned both technical and managerial roles here in Australia and overseas. He is broadly networked throughout the international mining business development and exploration community, has experience in creating and managing junior exploration companies and understands capital markets, having raised risk capital for exploration through the ASX and on AIM in London.

Phillip is currently the non-executive Chairman of ASX listed Stellar Resources Limited and a non-executive director of unlisted Laguna Gold Limited. He is also a non-executive director of the Deep Exploration Technology Cooperative Research Centre [DET-CRC].

Phillip has been a Director of the Company since 9 February 2009.

9. KEY PEOPLE, INTERESTS AND BENEFITS continued

9.2 Company Secretary

Ian Hobson

Ian holds a bachelor of business degree and is a Chartered Accountant and Chartered Secretary. Ian provides company secretarial and corporate, management and accounting advice to a number of listed public companies involved in the resource, mining services and oil and gas industries. Ian was appointed on 27 July 2012.

9.3 Interests of advisers

The Company and Alice Queen have engaged the following advisers in relation to the Offers and/or the Transaction:

- Henslow Pty Ltd has been engaged as Lead Manager to the Equity Offer. The details and the terms of Henslow's engagement, including the fees it will receive, are set out in Section 13.1(e).
- Quinert Rodda & Associates Pty Ltd has been engaged as solicitors for the purposes of preparation of this Prospectus. Quinert Rodda & Associates will receive fees of approximately \$100,000 plus GST in connection with the preparation of this Prospectus.
- Nexia Melbourne Pty Ltd [Nexia Melbourne] has been engaged to provide the Independent Limited Assurance Report on the Pro-Forma Financial Information set out in Section 7 of this Prospectus. Nexia Melbourne will receive fees of approximately \$16,500 plus GST in connection with the preparation of the Limited Assurance Report. Nexia Melbourne has also been engaged to prepare an independent expert report for the purposes of the explanatory memorandum which accompanied the notice to convene the General Meeting, and will receive additional fees of approximately \$16,300 plus GST in connection with the preparation of that report.
- Hetherington Exploration & Mining Title Services Pty Ltd [HEMTS] has been engaged to provide the Independent Report on Tenements set out in Section 8 of this Prospectus. HEMTS will receive fees of approximately \$15,000 plus GST in connection with the preparation of the Independent Report on Tenements.
- H&S Consultants Pty Ltd [H&S Consultants] has been engaged to provide the Independent Geologist's Report set out in Section 5 of this Prospectus. H&S Consultants will receive fees of approximately \$20,000 plus GST in connection with the preparation of the Independent Geologist's Report.

9.4 Directors' interests and remuneration

9.4.1 Directors' interests in the Company

Immediately prior to completion of the Transaction, the existing Directors are expected to have direct and indirect interests in the Company's securities as set out in the table below (on a post-Consolidation basis):

Existing Directors Relevant Interests – Pre-Transaction				
Name	Shares		% Interest	Options
	Direct	Indirect		
Michael Raetz	Nil	649,185	3.34%	38,462
Phillip Harman	Nil	1,041,881	5.65%	115,385
Jeffrey Williams	Nil	830,761	4.50%	Nil

None of the Proposed Directors presently have a current relevant interest in Shares of the Company.

Various Non-Executive Directors may from time to time, provide additional services to the Company outside of the scope of their engagement as directors of the Company - including, for example, for geological consultancy services. These duties will be performed on terms, and for remuneration, approved by the Board from time to time.

Following the successful completion of the Transaction, the existing Directors and Proposed Directors will have direct and indirect interests in the Company's securities as set out in the table below:

Name	Shares		% Interest	Options
	Direct	Indirect		
Existing Directors – Post Transaction				
Michael Raetz	Nil	649,185	0.34%	38,462
Phillip Harman	Nil	1,041,881	0.54%	115,385
Jeffrey Williams	Nil	830,761	0.43%	Nil
Proposed Directors – Post-Transaction				
Andrew Buxton	25,638,670 [13.30%]	Nil	13.30%	Nil
Bruce Fulton	Nil	17,359,516 [9.00%]	9.00%	Nil
Mark Kerr	10,682,779 [5.54%]	9,614,502 [4.99%]	10.53%	Nil
John Holliday	Nil	18,694,863 [9.70%]	9.70%	Nil
Other Officers				
Ian Hobson	Nil	200,000	0.10%	Nil

Notes to Table:

Approval will be sought at the General Meeting for the existing Directors named in the table above to participate in the Equity Offer by subscribing for up to 909,091 New Shares (total subscription sum of \$50,000 each). If shareholder approval is obtained, the existing Directors will have the ability (but not the obligation) to subscribe for additional shares up to the approved limits. If approval is obtained, and each of the existing Directors successfully subscribe for the full \$50,000, their respective percentage relevant interests in the Company will be: Michael Raetz 1,558,276 shares [0.81%], Phillip Harman 1,950,972 [1.01%] and Jeffrey Williams 1,739,852 [0.90%].

The existing Directors and Proposed Directors also have the following interests in the Offers:

- Each of the Proposed Directors (directly or indirectly) has a free-carried equity interest in the entity which holds the Horn Island Project [Kauraru Gold Pty Ltd] of 2%. Alice Queen has agreed that it will solely fund the Horn Island Project through to commercial production.
- Each of the Proposed Directors (directly or indirectly) has a free-carried equity interest in the entity which holds the Looking Glass Project [Monzonite Metals Pty Ltd]. Those interests are as follows: John Holiday [4%], Andrew Buxton [2%], Bruce Fulton [2%] and Mark Kerr [2%].

9. KEY PEOPLE, INTERESTS AND BENEFITS continued

9.4.2 Directors' Remuneration

On completion of the Transaction, Andrew Buxton will commence as Managing Directors of the Company. Remuneration comprised of \$250,000 excluding GST will be payable to Mr Buxton's service company under a Consultancy Agreement - summary of which is set out in Section 13.1[d].

The Company's Constitution provides that remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by resolution passed by shareholders at a general meeting. The aggregate annual remuneration for non-executive directors is currently not more than \$200,000. On completion of the Transaction it is proposed that each non-executive director will receive remuneration of \$25,000 per annum.

The existing remuneration received by the existing Directors in the past two years is set out in the table below:

	FY 2014	FY2015*	1 July 2015 to date
Michael Raetz	\$80,000	\$93,000	\$13,333
Phillip Harman	Nil	\$13,000	Nil
Jeffrey Williams	Nil	\$13,000	Nil

Note to Table:

*At the 2014 AGM, shareholders approved the issue of 1,000,000 ordinary shares to each of the directors in lieu of director fees foregone / reduced. The value of those shares was \$13,000 for each Director at the time.



Elizah Wasaga (Director – KNTAC), Milton Savage (Chairman – KNTAC) with Mark Kerr (Non-Executive Director – Alice Queen) at former Horn Island gold mine site – November 2014.



Aboriginal with Mask: Photo - Museum of Applied Arts and Sciences,
Published by Kerry & Co, Sydney 1890 - 1900.

10. CORPORATE GOVERNANCE

10.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity commensurate with Company's needs.

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations. Section 9.2 contains a table setting out information in respect of the Company's compliance with The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council on 27 March 2014 [Recommendations]. The Recommendations replace and update the prior version of the corporate governance recommendations published by the ASX Corporate Governance Council. The Company anticipates that its corporate governance policies will be reviewed and amended following completion of the Transaction to take into account changes to the Company's activities and Board structure. Its corporate governance policies would also be reviewed and where necessary updated and amended to address the revised Recommendations at the same time.

Details on the Company's corporate governance procedures, policies and practices can be obtained from the Company website at www.callabonna.com.au.

Board of Directors

The Board is responsible for corporate governance of the Company. The Board is responsible for the following matters:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- reviewing, ratifying and monitoring systems of risk management, codes of conduct, internal control systems and legal and regulatory compliance;
- monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies;
- allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the budgets, progress of major capital expenditure, capital management and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the shareholders in a general meeting. However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

The Company believes it is not of a size to justify having a nomination committee. If any vacancies arise on the Board, all Directors will be involved in the search and recruitment of a replacement. The Board believes corporate performance is enhanced when it has an appropriate mix of skills and experience. Any director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next annual general meeting and is then eligible for re-election by the shareholders.

Identification and management of risk

The Company believes it is not of a size to justify having a separate audit and risk management committee. Upon completion of the Transaction, the entire Board will take over the role of the corporate manager and be responsible for the design, implementation and progress of the risk management policies and internal control systems.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director.

The aggregate remuneration for Non-Executive Directors is set at \$200,000 per annum. Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel. The policy generally provides that written notification to the Company Secretary must be obtained prior to trading.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit committee

The Company believes it is not of a size to justify having a separate audit and risk management committee. All Directors share responsibility for ensuring the integrity of the Company's financial reporting and appropriate Board processes must be implemented to perform the following audit functions:

- reviewing the overall conduct of the external audit process, including the independence of all parties to the process;
- reviewing the performance of external auditors;
- considering the reappointment and proposed fees of the external auditor;
- where appropriate, seeking tenders for the audit and where a change of external auditor is recommended, arrange submissions to the shareholders for shareholder approval;
- reviewing the quality and accuracy of all published reports; and
- reviewing the accounting function and ongoing application of appropriate accounting and business policies and procedures.

Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

10.2 Departures from Recommendations

Following re-admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report. The Company's corporate governance statement is set out below.

Principles and recommendations	Comply [Yes/No]	Explanation
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the chair and management; and includes a description of those matters expressly reserved to the Board and those delegated to management.	Yes	The Company has adopted a Corporate Governance Charter, which is available on the Company's website [www.callabonna.com.au]. The Corporate Governance Charter sets out, among other things, specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and management, Director's access to Company records and information, details of the Board's relationship with management.
Recommendation 1.2 A listed entity should: - undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and - provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	Appropriate checks have been undertaken in respect of each proposed Director named in Section 9.1 and information will be provided to security holders at the time of election or re-election as appropriate.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Agreements are in place.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.	Yes	The Company secretary is accountable to the Board.

Principles and recommendations	Comply [Yes/No]	Explanation
Principle 1: Lay solid foundations for management and oversight continued		
Recommendation 1.5 A listed entity should: ■ have a diversity policy which includes requirements for the Board: i. to set measurable objectives for achieving gender diversity; and ii. to assess annually both the objectives and the entity's progress in achieving them; ■ disclose that policy or a summary of it; and ■ disclose as at the end of each reporting period: i. the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and ii. either: a. the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation [including how the entity has defined "senior executive" for these purposes]; or b. the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.	Partially	The Company has adopted a diversity policy which is available at the Company's website, [www.callabonna.com.au]. While the Company's policies on diversity provide a framework for the Company to achieve a list of measurable gender diversity objectives, it does not propose to establish measurable gender diversity objectives in the near future because: ■ the proposed management team are experience and stable and there is no intention to change the current management team in the near future; ■ the Company is strongly committed to making all selection decisions on the basis of merit and, given the current size of the Company, setting of specific objectives for the quantum of males/females at any level would potentially influence decision making to the detriment of the business. The Company's diversity policies provide for the monitoring and evaluation of the scope and currency of the policy from time to time. As at the date of this Prospectus, 100% of the company's Board and employees are male.
Recommendation 1.6 A listed entity should: ■ have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and ■ disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	The Corporate Governance Charter sets out a process for performance evaluation practices. The Chairman and/or corporate manager are responsible for evaluating the performance of the Board, its committees and individual directors on an annual basis. The Board will annually review the performance of the Managing Director/CEO. At the commencement of each financial year, the Board and the Managing Director will agree a set of generally Company specific performance measures to be used in the review of the forthcoming year.
Recommendation 1.7 A listed entity should: ■ have and disclose a process for periodically evaluating the performance of its senior executives; and ■ disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	The performance of senior executives will be required by the Managing Director/CEO.

10. CORPORATE GOVERNANCE continued

Principles and recommendations	Comply [Yes/No]	Explanation
Principle 2: Structure the Board to add value		
Recommendation 2.1 The Board of a listed entity should: - have a nomination committee which: - has at least three members, a majority of whom are Independent Directors; and - is chaired by an Independent Director, and disclose: - the charter of the committee; - the members of the committee; and - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or - if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	No	Given the Company's size, the Company does not currently have a Nomination Committee. The role of the Nomination Committee will be undertaken by the Board.
Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	Yes	Full details of each Director (or Proposed Director) and senior executive's relevant skills and experience are set out in this Prospectus and will be published in the Annual Report. The Company's Corporate Governance Charter sets out the procedures for selecting and appointment of Directors which include a commitment to ensuring a balance of skill and experience necessary for the conduct of the Company's activities.
Recommendation 2.3 A listed entity should disclose: - the names of the directors considered by the Board to be Independent Directors; - if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and - the length of service of each director.	Yes	The Company considers both Jeffrey Williams and Phillip Harman to be independent Directors. The length of service of each existing Director is set out in Section 9.1 of this Prospectus.

Principles and recommendations	Comply [Yes/No]	Explanation
Principle 2: Structure the Board to add value continued		
Recommendation 2.4 A majority of the Board of a listed entity should be Independent Directors.	No	Upon completion of the Transaction, Jeffrey Williams and Phillip Harman will be independent (i.e. 33% of the Board). The Company will reconsider its position in relation to the new appointments in the future and make any appointment it deems necessary.
Recommendation 2.5 The chair of the Board of a listed entity should be an Independent Director and, in particular, should not be the same person as the CEO of the entity.	Partially	Upon completion of the Transaction the Chair of the Company will be Bruce Fulton and the Managing Director will be Andrew Buxton. The Company will review its Chairman in the future with a view to appointing an independent Chair at an appropriate time.
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	Partially	The Company is committed to procuring appropriate professional development opportunities for Directors so that they may develop and maintain the skill and knowledge needed to perform their roles effectively, whether this be by informal program or otherwise. The Company intends to review its Corporate Governance Charter with the view to amending the Charter to explicitly reflect this commitment.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: ■ have a code of conduct for its directors, senior executives and employees; and ■ disclose that code or a summary of it.	Yes	The Company's Corporate Governance Charter includes a Code of Conduct. A copy of the Corporate Governance Charter is available at the Company's website (www.callabonna.com.au).
Principle 4: Safeguard integrity in corporate reporting		
Recommendation 4.1 The Board of a listed entity should: ■ have an audit committee which: i. has at least three members, all of whom are Non-Executive Directors and a majority of whom are Independent Directors; and ii. is chaired by an Independent Director, who is not the chair of the Board, and disclose: iii. the Charter of the Committee; iv. the relevant qualifications and experience of the members of the committee; and v. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or ■ if it does not have an Audit Committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	No	At this stage it is not practical for the Company to establish an Audit and Risk Committee due to the nature of the Company's current and proposed business structure, financial capacity and objectives. Whilst the Company does not have an Audit and Risk Committee, the Board will follow the audit and risk management policies set out in the Corporate Governance Charter where possible and is confident that this will independently verify and safeguard the integrity of its corporate reporting. The Company's audit and risk management policies are set out in the Corporate Governance Charter which is available at the Company's website (www.callabonna.com.au). Details of the qualifications and experience of the Directors will be provided in the Company's annual reports. Should an Audit and Risk Committee be established details of the meetings will be provided in the Company's annual reports.

10. CORPORATE GOVERNANCE continued

Principles and recommendations	Comply [Yes/No]	Explanation
Principle 4: Safeguard integrity in corporate reporting continued		
Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	This process is in place.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company will make arrangements for its external auditor to attend its AGM (as required by the Corporations Act) to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: - have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and - disclose that policy or a summary of it.	Yes	The Company has a written Continuous Disclosure Policy which forms part of its Corporate Governance Charter available at the Company's website (www.callabonna.com.au).
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its governance is available in the Corporate Governance Charter which can be found on the Company's website (www.callabonna.com.au).
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Company has adopted a Shareholders Communication Policy which forms part of its Corporate Governance Charter available at the Company's website (www.callabonna.com.au).
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	The Shareholders Communication Policy referred to above, contains policies and processes aimed to facilitate and encourage participation at meetings. Links are made available at the Company's website to information released to the ASX. Shareholders are encouraged to participate in, and raise questions at, all shareholder meetings.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Shareholders can elect to receive communications from the Company by email and the majority of communications to the Company can be made by email.

Principles and recommendations	Comply [Yes/No]	Explanation
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: ■ have a committee or committees to oversee risk, each of which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director, and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or ■ if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	Partially	At this stage it is not practical for the Company to establish a Risk Management Committee due to the nature of the Company's current and proposed business structure, financial capacity and objectives. Whilst the Company does not have a Risk Management Committee, the Board will follow the risk management and internal compliance and control policies set out in the Corporate Governance Charter where possible. The Company's risk management and internal compliance and control policies are set out in the Corporate Governance Charter which is available at the Company's website (www.callabonna.com.au).
Recommendation 7.2 The Board or a committee of the Board should: ■ review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the Board; and ■ disclose in relation to each reporting period, whether such a review has taken place.	No	The Company's risk management and internal compliance and control policies currently provide for review every two years. Following completion of the Transaction the Company intends to review its policies and update where considered appropriate.
Recommendation 7.3 A listed entity should disclose: ■ if it has an internal audit function, how the function is structured and what role it performs; or ■ if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Partially	As the Company does not currently have an audit or risk committee, it does not have an internal audit function. Whilst the Company does not have a Risk Management Committee, the Board will follow the risk management and internal compliance and control policies set out in the Corporate Governance Charter where possible.
Recommendation 7.4 A listed entity should disclose whether, it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The entity does not have material exposure in these areas, other than as disclosed in the key risks section of this Prospectus. The Company will review risks applicable to its operations in accordance with its risk management policies.

Principles and recommendations	Comply [Yes/No]	Explanation
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: - have a remuneration committee which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director, and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or - if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Partially	See Recommendation 1.7 in relation to the Remuneration Committee. The Company will reconsider its position in relation to new appointments in the future and make any appointment it considers necessary. Whilst the Company does not have a Remuneration Policy, it will follow the remuneration policies set out in the Corporate Governance Charter where possible and is confident that this process will ensure that the remuneration for Directors and executive will be appropriate in the circumstances and not excessive.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of Non-Executive Directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	Yes	See Recommendation 1.7 in relation to the Remuneration Committee. The remuneration policies set out in the Corporate Governance Charter and the remuneration report of the Company's annual report disclose the Company's policies and practices regarding the remuneration of executive, non-executive and senior management.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: - have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and - disclose that policy or a summary of it.	No	The Company does not yet have an equity-based remuneration scheme although one is proposed for adoption at the General Meeting. A policy of the kind referred to in Recommendation 8.3 may be considered by the Board if the equity-based remuneration scheme is adopted.



Passenger ferry terminal wharf on Ngurupai (Horn Island).

11. DETAILS OF THE OFFER

11.1 The Offers

11.1.1 Equity Offer

This Prospectus invites investors to apply for up to 63,636,364 New Shares at an issue price of \$0.055 per New Share to raise \$3,500,000. The Equity Offer of New Shares to investors under this Prospectus consists of:

- the Priority Offer exclusively to eligible CUU shareholders (being persons who are shareholders of Callabonna Resources Limited at midnight on 3 September 2015, and who are in Australia or otherwise capable of accepting the Equity Offer); and
- the Broker Firm Offer to retail investors who have received a firm allocation of New Shares from their broker and who are eligible to participate in the Equity Offer; and
- a General Offer, which is available to all eligible investors.

Details of how to apply for New Shares under the Equity Offer are set out in Section 12.

11.1.2 Vendor Offer

The Prospectus contains an offer of 110,700,298 New Shares to the Alice Queen Vendors, which are to be issued in consideration of the Company's acquisition of all of the equity interest of Alice Queen. No funds will be raised through the Vendor Offer.

11.1.3 New Shares

All New Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the ordinary shares already on issue. The rights attaching to the shares are outlined in the Company's constitution and summarised in Section 13.3 of this Prospectus.

11.2 Conditions of the Offers

Completion of the Offers is conditional upon:

- Shareholder approval of all Acquisition Resolutions at the General Meeting (see Section 2);
- the Equity Offer raising \$3.5 million (before costs);
- the Company completing its acquisition of all of the issued share capital of Alice Queen from the Alice Queen Vendors; and
- ASX confirming that it will re-admit the Company to the Official List and terminate the suspension from Official Quotation of Shares, subject to such terms and conditions (if any) as are prescribed by ASX or the ASX Listing Rules.

In the event that the conditions above are not satisfied, the Offers will not proceed and no New Shares will be issued pursuant to this Prospectus. If this occurs, applicants will be reimbursed their application monies (without interest).

11.3 Purpose of this Prospectus and the Offers

This Prospectus has been issued to assist the Company to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules (including, for example, shareholder spread) and to qualify the New Shares issued under the Equity Offer and New Shares issued to the Alice Queen Vendors under the Vendor Offer for secondary trading (subject to any escrow arrangements imposed by ASX).

The purpose of the Equity Offer under this Prospectus is to enable the Company to raise funds for the exploration and development of the Alice Queen Projects and the fund the ongoing administration of the Company.

The Company is intending to apply the funds raised under the Equity Offer in the manner detailed in Section 11.4 below. The Board believes that the funds raised from the Equity Offer will provide the Company with sufficient working capital at anticipated expenditure levels to achieve the objectives as shown in the table in that section.



11.4 Use of Proceeds

The Company intends to apply funds raised from the Equity Offer, in the next two years following re-admission to the Official List of the ASX as follows:

	Year 1	Year 2	Total
Horn Island Gold Project			
Exploration drilling	\$430,485	\$516,583	\$947,068
Sample analysis	\$81,333	\$103,599	\$184,932
Field geology	\$20,000	\$20,000	\$40,000
Review and reporting	\$47,000	\$47,000	\$94,000
Geophysics	Nil	Nil	Nil
Access and heritage	\$50,000	\$50,000	\$100,000
Environmental	\$8,000	\$8,000	\$16,000
Tenement costs and compliance	\$20,000	\$20,000	\$40,000
Total Horn Island	\$656,818 [19%]	\$765,182 [22%]	\$1,422,000 [41%]
Looking Glass Project			
Exploration drilling	\$70,000	Nil	\$70,000
Sample analysis	\$12,000	Nil	\$12,000
Field geology	\$10,000	\$4,000	\$14,000
Review and reporting	\$3,000	\$1,000	\$4,000
Geophysics	Nil	Nil	Nil
Access and heritage	\$2,000	\$1,000	\$3,000
Environmental	\$2,000	\$1,000	\$3,000
Tenement costs and compliance	\$3,000	\$3,000	\$6,000
Total Looking Glass	\$102,000 [3%]	\$10,000 [0.3%]	\$112,000 [3%]
Corporate Administration			
Salaries	\$494,250	\$494,250	\$988,500
Accounting and Audit	\$50,000	\$50,000	\$100,000
Advisory	\$30,000	Nil	\$30,000
ASX and ASIC fees	\$2,000	\$27,000	\$29,000
Registry fees	\$15,000	\$15,000	\$30,000
Insurance	\$15,000	\$15,000	\$30,000
AGM and Annual Report	\$10,000	\$10,000	\$20,000
Office costs and rental	\$19,500	\$19,500	\$39,000
Travel and miscellaneous	\$65,000	\$65,000	\$130,000
Total corporate administration	\$700,750 [20%]	\$695,750 [20%]	\$1,396,500 [40%]
Costs of the offer			
Legal fees	\$105,000	Nil	\$105,000
Expert reports	\$88,000	Nil	\$88,000
Listing and lodgement fees	\$70,000	Nil	\$70,000
Capital raising fees	\$215,000	Nil	\$215,000
Printing, typesetting, postage and miscellaneous	\$16,500	Nil	\$16,500
Advisor success fees	\$75,000	Nil	\$75,000
Total costs of offer	\$569,500 [16%]	\$0 [0%]	\$569,500 [16%]
Totals year 1 and year 2	\$2,029,068 [58%]	\$1,470,932 [42%]	\$3,500,000

11. DETAILS OF THE OFFER continued

The estimate of expenditure set out in the tables above based on budgets provided by Alice Queen. The actual level and break-up of expenditure may change on an ongoing basis depending on factors which may include changes in market conditions, the development of new or existing opportunities and other factors (including the risk factors set out in Section 4).

As noted in Section 4.2 of this Prospectus, the future capital requirements of the Company depend on numerous factors and the Company may require further financing in addition to amounts raised under the Equity Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

11.5 Capital Structure

As at the date of this Prospectus, the Company has 184,500,498 Shares on issue (on a pre-Consolidation basis). As part of the Transaction, the Company will undertake a consolidation of capital on the basis that every 10 existing Shares will be consolidated to 1 Share (with fractional entitlements rounded up). The expected capital structure of the Company following completion of the Offers, is summarised below (the capital structure is presented on a post-Consolidation basis).

Shares	
Existing CUU Shares (post-consolidation)	18,450,050 [9.57%]
Vendor offer	110,700,298 [57.42%]
Equity offer	63,636,364 [33.01%]
Total Shares following transaction	192,786,712 [100%]

Upon completion of the Transaction the Company will, subject to rounding, have the following options on issue:

- 1,328,235 (post-Consolidation) unlisted options exercisable at 30 cents and expiring on 30 June 2017; and
- 2,030,770 (post-Consolidation) unlisted options exercisable at 30 cents and expiring on 31 December 2017.

In the past 12 months the only shareholder of the Company to hold a relevant interest in more than 10% of the voting shares of the Company is Wealford Investments Pty Ltd. Details of the major shareholders of Alice Queen are set out in Section 3.5.

11.6 Minimum Subscription – Equity Offer

The minimum subscription for the Equity Offer of New Shares to investors is \$3,500,000. No New Shares will be issued pursuant to the Equity Offer made under this Prospectus until the minimum subscription is reached. Should the minimum subscription not be reached, all application monies will be dealt with in accordance with the Corporations Act.

If the New Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

12. HOW TO APPLY FOR NEW SHARES

12.1 Applying under the Equity Offer

Applications for New Shares under the Equity Offer must be made either:

- By accepting the Priority Offer by returning the personalised Priority Offer Acceptance Form which will be sent to eligible CUU shareholders with a copy of this Prospectus together with payment of the application amount prior to the close of the Equity Offer. The personalised Priority Offer Acceptance Form can also be used to apply for additional New Shares.
- Pursuant to the Broker Firm Offer if you have received a firm allocation of New Shares from your broker and you are eligible to participate in the Equity Offer.
- In respect of the General Offer, by returning a General Application Form to the Company's Share Registry together with payment of the application amount prior to the close of the Equity Offer.

Further details in respect of each method of applying for New Shares under the Equity Offer are set out below.

Applications for New Shares under the Equity Offer must be for a minimum of 36,500 New Shares [\$2,007.50] and thereafter in multiples of 10,000 New Shares. Payment for New Shares must be made in full at the issue price of \$0.055 per Share:

- when accepting the Priority Offer or applying for New Shares under the General Offer; or
- in accordance with your broker's instructions in the case of the Broker Firm Offer.

The allocation of New Shares between the Broker Firm Offer and General Offer will be determined by the Company at its discretion in consultation with the Lead Manager.

(a) Priority Offer – Eligible CUU shareholders

Under the Priority Offer, eligible CUU shareholders will be guaranteed an allocation of 36,500 New Shares if they submit a valid Application with payment of the application amount for 36,500 New Shares. Eligible CUU shareholders may also apply and pay for additional New Shares above the Priority Offer of 36,500 New Shares, but will not be guaranteed an allocation of the additional New Shares. Acceptance for fewer than 36,500 New Shares, and applications for additional New Shares above 36,500 New Shares will be treated as applications under the General Offer and may be allocated under the General Offer at the discretion of the Directors in consultation with the Lead Manager.

Applications for New Shares by CUU shareholders who wish to apply for New Shares under the Priority Offer will only be accepted on the personalised Priority Offer Acceptance Form which will accompany a copy of this Prospectus.

Completed personalised Priority Offer Acceptance Forms and payment of the application amount should be sent to:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne, VIC 3001

In the event that a CUU shareholder applies for New Shares under the Priority Offer and is ineligible to participate, such application will be treated as if made under the General Offer.

(b) Broker Firm Offer

If you have received a firm allocation of New Shares from your broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation if you apply using a personalised Broker Firm Offer Application Form.

You should contact your broker to determine whether you can receive an allocation of New Shares from them under the Broker Firm Offer.

If you have received an allocation of New Shares from your broker under the Broker Firm Offer and wish to apply for those New Shares, you should contact your broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions.

Applicants under the Broker Firm Offer must lodge their personalised Broker Firm Offer Application Form and application monies with the relevant broker in accordance with the relevant broker's directions in order to receive their firm allocation.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your broker and the instructions set out on the reverse of the Broker Firm Offer Application Form.

Applicants under the Broker Firm Offer must not send their Broker Firm Offer Application Forms or payment to the Share Registry.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your broker in connection with your application.

The Company in consultation with the Lead Manager reserve the right to reject any application which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer.

12. HOW TO APPLY FOR NEW SHARES *continued*

Payment methods

Applicants under the Broker Firm Offer must pay the application amount for the New Shares applied for under the Broker Firm Offer to their broker in accordance with instructions provided by that broker.

Allocation policy under the Broker Firm Offer

New Shares that have been allocated to brokers for allocation to their Australian resident retail clients will be issued to the applicants nominated by those brokers. It will be a matter for each broker as to how they allocate firm New Shares among their retail clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant New Shares.

(c) Equity Offer – General Offer

Applications under the Equity Offer (other than by eligible CUU Shareholders using the personalised Priority Offer Acceptance Form) may be made, and will only be accepted, in one of the following forms:

- on the General Application Form attached to or accompanying this Prospectus; or
- on a paper copy of the relevant electronic General Application Form which accompanied an electronic version of this Prospectus, which can be found at and downloaded from www.callabonna.com.au.

Instructions for completing and lodging General Application Forms and paying the application amount are set out in the General Application Form. Unless you have made arrangements with your broker or the Lead Manager, the completed General Application Form and payment should be sent to:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne, VIC 3001

Payments are to be made in Australian currency by a cheque drawn on an Australian branch of an Australian bank. Do not send cash.

(d) Acceptance of the Equity Offer generally

It is your responsibility to ensure that application and acceptance forms and payment are mailed in time to allow for delivery before the Closing Date. It is also your responsibility to ensure sufficient funds are available upon presentation of cheques and/or for DvP settlement, as applicable. If returning your acceptance or application to your broker please allow sufficient time for your broker to receive and process your acceptance, application or bid. The Company, the Lead Manager and the Share Registry take no responsibility for lost

or delayed mail, or misprocessed acceptances and payments, or errors or delays by brokers. The Company, in consultation with the Lead Manager may, but is not obliged to, accept late applications and acceptances.

To the extent permitted by law, an acceptance or application under the Equity Offer is irrevocable. If the amount received as application amount is less than the amount payable for the New Shares accepted or applied for, the Company may (but is not obliged to) treat the acceptance or application as being for the number of New Shares represented by the amount received and issue fewer New Shares than were applied for. The Company, in consultation with the Lead Manager, may correct or fill in any application or acceptance form and/or treat as valid and give effect to an application or acceptance form notwithstanding any error or that any information is incomplete.

The Company, in consultation with the Lead Manager, may reject or not accept an application in part or in whole or to allocate fewer New Shares than applied for. If acceptances and applications in excess of \$3.5 million are received, the Board reserves the right not to accept (in whole or in part) or to scale back applications at its discretion in consultation with the Lead Manager. However valid Priority Offer acceptances will not be rejected or scaled back (however applications for New Shares by participants in the Priority Offer in addition to their priority entitlement may be rejected in part or in whole, or scaled back). If an application is rejected or not accepted in whole or in part or is scaled back, the relevant amount will be refunded to the applicant as soon as practicable after completion of the Equity Offer without interest.

12.2 Applying under the Vendor Offer

The Vendor Offer of New Shares is made solely to and only capable of acceptance by the Alice Queen Vendors.

12.3 ASX Listing

Application for Official Quotation by ASX of the New Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the New Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any as an indication of the merits of the Company or the New Shares offered under this Prospectus.

12.4 Issue

Subject to the conditions described in Section 2 being satisfied and the Offers not being withdrawn, allotment of the New Shares offered under this Prospectus will take place as soon as practicable after the Closing Date. The Company reserves the right not to proceed with all or part of the Offers at any time before the issue of New Shares to applicants. If the Equity Offer does not proceed, all application amounts will be refunded to the applicant without interest.

12.5 Not Underwritten

The Offer is not underwritten.

12.6 Commissions Payable

The Company will pay an aggregate fee to the Lead Manager of 6% [ex GST] of the total amount raised by them under this Prospectus. No brokerage, commission or stamp duty is payable by applicants on acquisition of New Shares under the Equity Offer.

12.7 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of New Shares issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of shares or options can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Securityholders may request a holding statement at any other time, however a charge may be made for such additional statements.

12.8 Applicants Outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

No action has been taken to register or qualify the New Shares or otherwise permit a public offering of the New Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisors as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the Company to allot and issue the New Shares to you pursuant to this Prospectus. The return of a completed application or acceptance form will be taken by the Company to constitute a representation and warranty by you that you are a person whom the Company's securities can be offered and issued lawfully, that all relevant laws have been complied with and that all relevant approvals have been obtained.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The New Shares are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept a placement of New Shares other than to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the Shares before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for New Shares in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this Prospectus.

13. ADDITIONAL INFORMATION

13.1 Material Contracts

(a) Deeds Confirming Free-Carry Interest – Kauraru Gold and Monzonite Metals

The shareholders of Kauraru Gold entered into a Deed of Confirmation dated 11 March 2015 to formalise their prior agreement of Alice Queen to fund the development of the Horn Island Gold Project through to commercial production. Kauraru Gold is also a party to the deed.

Under the terms of the deed, Alice Queen has confirmed it's agreement to solely fund all costs of Kauraru Gold related to the maintenance, exploration and development of the Horn Island Gold Project through to the date on which the Horn Island Project produces three successive months of commercial quantities of gold or other minerals. Under the deed the parties acknowledge that funding provided by Alice Queen will be deemed to form a loan to Kauraru Gold repayable only from future production. Alice Queen has agreed that, to the extent it is able, it will procure that Kauraru Gold does not issue further equity interests in Kauraru Gold without the consent of the remaining shareholders.

Alice Queen has entered into a separate Deed of Confirmation, also dated 11 March 2015, with the shareholders of Monzonite Metals pursuant to which Alice Queen agrees to solely fund the Looking Glass Project through to commercial production on the same terms as the Horn Island Gold Project.

(b) Terms Sheet

As noted in Section 2.1, on 12 March 2015, the Company entered into a binding agreement with Alice Queen setting out the framework for the acquisition of all the issued share capital of Alice Queen.

The Terms Sheet provided for the binding terms upon which the acquisition has been and will continue to be, pursued. The Terms Sheet also provided for the undertaking of due diligence, the nomination by Alice Queen of directors to the board of the Company, being the Proposed Directors set out in Section 9.1 and completion of a capital raising, being the Equity Offer set out in this Prospectus.

The remaining conditions required to be satisfied under the Terms Sheet to enable completion of the Transaction are:

- the Company obtaining all necessary shareholder and regulatory approvals required to complete the Transaction, being the Acquisition Resolutions referred to in Section 2.2; and
- the Company raising the minimum amount sought under the Equity Offer contained in this Prospectus; and
- Alice Queen procuring that each of the Alice Queen Vendors enter into formal agreements for the sale of their interest in Alice Queen to the Company.

As noted in Section 2.1, in accordance with its obligations, under the Terms Sheet, Alice Queen is in the process of procuring that each of the Alice Queen Vendors enter into a formal contract for the sale of their respective equity interest in Alice Queen. This contract of sale will be on terms consistent with the Terms Sheet and will, upon execution, replace the Terms Sheet.

(c) Exploration Agreement – EPM 25520

On 5 March 2015, Kauraru Gold entered into an Exploration Agreement with Kaurareg Native Title Aboriginal Corporation ICN 3712 [RNTBC]. The Exploration Agreement provide a framework for the rights and obligations of Kauraru Gold in respect of access to the Horn Island Project for the purposes of conducting exploration activities.

Kauraru Gold holds the Horn Island Gold Project which is comprised within granted exploration permit EPM25520 and exploration permit application EPM25415. Both the Horn Island Project tenements pertain to land located within the area of land that has been determined under the Native Title Determination Application to be held by RNTBC [the Exploration Area]. Pursuant to the Exploration Agreement, RNTBC has agreed to allow Kauraru Gold access to the Exploration Area for the purpose of exploration. At present, the terms of the Exploration Agreement apply to the existing granted permit [EPM 25520] however new permits within the Exploration Area may be included under the terms of the Exploration Agreement by agreement between the parties.

Under the Exploration Agreement, Kauraru Gold acknowledges that the members of the RNTBC are the owners and traditional custodians of any Aboriginal Cultural Heritage [as defined in the *Aboriginal Cultural Heritage Act 2003* (Qld)] located within the Exploration Area. RNTBC agrees to assist Kauraru Gold in avoiding damage, disturbance or interference to any sites of cultural heritage significance in the course of conducting exploration activities as part of the development of the Horn Island Gold Project. The Exploration Agreement provides that members of RNTBC may continue to exercise customary and traditional activities on the Exploration Area provided these activities do not unreasonably interfere with exploration activities of Kauraru Gold.

Kauraru Gold has agreed that exploration activity will not be undertaken in the Exploration Area unless such activity is part of a work program that has been submitted to and approved by RNTBC. The Exploration Agreement provides a framework for ongoing communication between the parties regarding the notification, review and approval of work programs. As part of the review and approval process, RNTBC may require that field inspections be conducted at Kauraru Gold's cost to identify any areas of cultural heritage significance.

Kauraru Gold must ensure that its employees comply with the terms of the Exploration Agreement and must not engage any contractor to undertake exploration activities unless the contractor agrees to comply with the terms of the Exploration Agreement.

During the term of the Exploration Agreement, Kauraru Gold must use its reasonable endeavours to consult with RNTBC and consider suitable candidates nominated by RNTBC for employment in respect of the exploration activities conducted by it at the Horn Island Gold Project. As part of this commitment, Kauraru Gold has agreed that it will use its best endeavours to employ a minimum of two RNTBC members in activities directly associated with exploration in the Exploration Area. Additionally, an Administration Coordinator will be appointed for a period of 12 months to coordinate the implementation of the Exploration Agreement.

Under the Exploration Agreement, Kauraru Gold agrees that it will obtain and comply with the relevant environmental authority required to conduct exploration operations in the Exploration Area.

The Exploration Agreement provides that a breach of the agreement will not give rise to a right for either party to elect to terminate although this will not affect the exercise of any other remedy available to the affected party. A dispute resolution procedure applies to disputes under the Exploration Agreement which includes a requirement for mediation before proceeding to arbitration.

The Exploration Agreement will terminate upon the cancellation, surrender or expiration of the last of the permits held by Kauraru Gold in the Exploration Area.

(d) Executive Service Agreement with Andrew Buxton

On 3 August 2015, the Company entered into a consultancy agreement with Andrew Buxton and a third-party consultancy services company controlled by Andrew Buxton for the purpose of confirming the terms upon which Andrew would act as managing director of the Company.

The consultancy agreement is subject to the Company successfully completing an acquisition of all of the issued share capital of Alice Queen. In the event this condition is not satisfied by 31 December 2015, the consultancy agreement may be terminated.

Under the consultancy agreement, the Company agrees to engage the consultant company to procure the services of Andrew to the Company as Managing Director. As Managing Director it is anticipated that Andrew will oversee the day to day operation of the Company's business which will include the formulation and implementation of a corporate strategy to develop the Company's minerals exploration projects, implementing procedures to keep shareholders and the market well informed of the Company's activities. As managing director Andrew must report directly to the Board.

The term will commence on the date the Company successfully completes the acquisition of all of the issued share capital of Alice Queen and will continue until terminated. Throughout the term of the consultancy agreement, Andrew must not be engaged, employed or concerned with any company or business in competition with the Company without the Company's prior written consent. Furthermore, the activities of both Andrew and his consultancy company will be restricted from directly or indirectly interfering with the contractual relationship between the Company and third parties or inducing or seeking to persuade any of the Company's personnel to terminate their position with the Company for a period of one (1) year from the date of termination of the consultancy agreement.

The Company shall pay Andrew's consultant company a fee of \$250,000 (plus GST) per annum by monthly instalments, which is deemed to be inclusive of all entitlements to Directors fees. The consultancy agreement acknowledges that Andrew shall be entitled to a period of absence for an aggregate of not more than four (4) weeks each year without placing the consultancy company in breach of its obligations to procure his services to the Company.

The consultancy agreement may be immediately terminated by the Company on the giving of written notice to the consultant company for reasons which include but are not limited to acts of wilful dishonesty, fraud or misconduct, Andrew's voluntary resignation as a director of the Company and circumstances where Andrew becomes bankrupt or of unsound mind. In addition, the Company may terminate the consultancy agreement without cause at any time by payment to Andrew's consultant company of six (6) months fees. Payment of this amount will constitute full satisfaction and discharge of the Company's obligations with respect to notice of termination.

The consultancy agreement may be terminated by Andrew's consultancy company by giving the Company three (3) month's notice to that effect at any time.

Otherwise, the consultancy agreement contains terms typical to agreements of a similar nature including provisions relating to confidentiality and return of information.

(e) Henslow Corporate Mandate

On 1 July 2015 the Company engaged Henslow Pty Ltd to provide corporate advisory and capital raising services under the terms of a corporate advisory engagement letter.

Pursuant to the terms of the engagement letter, Henslow has agreed to provide corporate advisory services which include project management, assistance with drafting of documents, and participation in the due diligence process.

Henslow has also agreed to act as Lead Manager to the Equity Offer and, in this capacity, to provide various services which include seeking to place the New Shares offered under the Equity Offer with its network of wholesale and professional investors, introduce other brokers (where appropriate) and coordinating investor presentations and assisting in preparation of relevant marketing material.

In consideration of the provision of the services outlined above, the Company has agreed to pay Henslow capital raising fees equal to 6% of the amount raised under the Equity Offer (comprised of a management fee of 2% and a commission of 4% which may be paid, at Henslow's discretion, to introducing brokers and other parties).

Henslow is also to receive a success fee of \$95,000 on completion of the Transaction less the amount paid to Halcyon Corporate Pty Ltd under its \$5,000 per month retainer ending 30 June 2015. The Company understands that it has paid Halcyon Corporate Pty Ltd \$20,000 under the monthly retainer and accordingly the success fee payable to Henslow on completion of the Transaction would be reduced to \$75,000.

Additionally, a post-listing retainer of \$5,000 per month for the first six months following completion of the Transaction. The post-listing retainer of \$5,000 will be on-going beyond the first six months following completion of the Transaction until terminating by giving of three months' written notice by either party. The period of engagement is effective for a minimum of three months and at the end of this period, the engagement will be extended on a monthly basis unless terminated. The engagement letter may be terminated by either party in the event that the other commits a material breach of its terms or otherwise may be terminated on one months' notice.

The corporate advisory engagement letter otherwise contains terms which are typically of similar arrangements including provisions relating to confidentiality, limitations on liability and an indemnity in favour of Henslow in the event of a breach by the Company or its obligations under the engagement letter, breaches of the Australian Securities and Investments Commission Act 2001 (Cth) or any negligent, wrongful act or omission by the Company.

13.2 Litigation

As at the date of this Prospectus, neither the Company nor Alice Queen is currently engaged in any litigation and neither the existing Directors nor the Proposed Directors are aware of any legal proceedings pending or threatened against the Company or Alice Queen.

13.3 Rights and liabilities attaching to CUU shares (including New Shares)

The New Shares offered under this Prospectus will be fully paid ordinary shares in the issued capital of the Company and will, upon issue, rank equally with all other New Shares then on issue.

The rights and liabilities attaching to New Shares are regulated by CUU's Constitution, the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and common law. The following is a summary of the more significant rights and obligations attaching to the New Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders. To obtain such a statement, persons should seek independent legal advice.

Further details of the rights attaching to New Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

General meetings

Shareholders are entitled to attend and vote at general meetings of the Company, in person, or by proxy, attorney or representative.

For so long as the Company remains a listed entity, Shareholders will be entitled to receive at least 28 days' prior written notice of any proposed general meeting.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

13.3.1 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of Shareholders or a class of Shareholders:

- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid [not credited] bears to the total amounts paid and payable (excluding amounts credited).

Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Board may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid [not credited] is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

No dividend shall carry interest as against the Company. The Board may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Board, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Board by resolution passed at a general meeting, implement a dividend reinvestment plan which provides for any dividend which the Board may declare from time to time, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares to be issued to the relevant Shareholder.

Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

Shareholder liability

As the New Shares offered the Prospectus are fully paid shares, they are not subject to any calls for money by the Company and will therefore not become liable for forfeiture.

Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

Variation of rights

The rights attaching to Shares may only be varied or cancelled by the sanction of a special resolution passed at a meeting of Shareholders or with the written consent of holders of three quarters of all Shares on issue. A special resolution is passed only where approved by at least 75% of all votes cast (and entitled to be cast) on the resolution at the meeting.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the authorisation by a special resolution passed at a separate meeting of the holders of the shares of that class.

Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting.

13.4 Summary of Option Plan

In connection with the Transaction the Company intends to adopt an Employee Share Option Plan (ESOP). Shareholder approvals for the ESOP will be sought at the General Meeting. A summary of the ESOP is set out in Appendix Two of the Explanatory Memorandum to Company's Notice of Meeting dated 12th August 2015 and lodged with ASX on 13 August 2015. The Directors of the Company will not be entitled to participate in the ESOP without further shareholder approvals first being obtained.

13. ADDITIONAL INFORMATION *continued*

13.5 Major Alice Queen shareholders

The top 10 shareholders of Alice Queen are set out in the table below. The table below also sets out their anticipated percentage interest in the Company following completion of the Transaction.

Alice Queen Vendor	% Interest in Alice Queen	Interest in CUU on completion of Transaction	
		Shares	%
Andrew Buxton	23.16	25,638,670	13.30
Monzonite Investments Pty Ltd	16.89	18,694,863	9.70
Maplefern Pty Ltd	15.68	17,359,516	9.00
Mark Kerr	9.65	10,682,779	5.54
Eleventh Klinton Pty Ltd	5.79	6,409,667	3.32
Lindmark Investments Pty Ltd	4.83	5,341,390	2.77
Berkeley Consultants Pty Ltd	3.86	4,273,112	2.22
Antonieta Adaley	3.02	3,338,368	1.73
Barry Stynes	2.41	2,670,695	1.39
Collectibles & Antiques Pty Ltd	2.41	2,670,695	1.39

13.6 Consents

Other than as set out below, each of the parties referred to in this Section:

- do not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by the relevant party;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of the party; and
- did not authorise or cause the issue of all or any part of this Prospectus.

Henslow Partners Pty Ltd has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as an advisor to the Company in the form and context in which they are named.

Quinert Rodda and Associates Pty Ltd has given its written consent to being named as legal advisor of the Company in the Prospectus. Quinert Rodda and Associates Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named.

H&SC Consultants Pty Ltd has given its written consent to being named as the independent geologist in this Prospectus and to the inclusion of the Independent Geologist's Report set out in Section 5 of this Prospectus in the form and context in which the information and reports are included. Various statements in Section 3 of the Prospectus have been based on the findings and conclusions contained in the Independent Geologist's Report. H&SC Consultants Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Hetherington Exploration & Mining Title Services Pty Limited has given its written consent to be named in this Prospectus and to the inclusion of the Independent Report of Tenements set out in Section 8 of this Prospectus in the form and context in which the information and reports are included. Hetherington Exploration & Mining Title Services Pty Limited has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Nexia Melbourne has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Independent Limited Assurance Report on Pro Forma Financial Information in Section 6 of this Prospectus in the form and context in which the information and reports are included. Nexia Melbourne has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

KPMG has given and, as at the date hereof, has not withdrawn, its written consent to be named as the auditor of the Company in the form and context in which it is named.

HLB Mann Judd Assurance has given, and as at the date hereof, has not withdrawn, its consent to being named as the auditor of Alice Queen in the form and context in which it is named.

Willie Wigness and Harry Seriat have given and, as at the date hereof, not withdrawn their consent to being named as the Chairman and Executive Secretary of the Kaurareg Aboriginal Land Trust respectively, in the form and context in which they are named.

13.7 Cost of the Offer

The total expenses of the Offers (excluding GST) are estimated to be approximately \$570,000. A detailed breakdown of the costs of the Offers is set out in the use of funds table in Section 11.4.

13.8 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will continue to be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s shares.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

13.9 Governing law

The Offer and the contracts formed on return of an application or acceptance form are governed by the laws applicable in Victoria, Australia. Each person who applies for New Shares pursuant to this Prospectus submits to the non exclusive jurisdiction of the courts of Victoria, Australia, and the relevant appellate courts.

13.10 Directors’ Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented, and as at the date of this Prospectus has not withdrawn his consent, to the lodgement of this Prospectus with ASIC.

14. GLOSSARY

Acquisition resolutions	means those Shareholder resolutions referred to in Section 2.2 of this Prospectus and to be considered at the General Meeting;
Alice Queen	means Alice Queen Holding Pty Ltd [ACN 155 971 761];
Alice Queen vendors	means the shareholders of Alice Queen immediately prior to completion of the Transaction;
Alice Queen Project	means the Horn Island Gold Project (described in Section 3.5.1) and the Looking Glass Project (described in Section 3.5.2);
ASX Bookbuild	means the automated on-market bookbuild facility operated by ASX;
Broker firm offer	means the invitation to clients of Brokers who have received a firm allocation of Shares from their Broker as part of the Equity Offer;
Broker firm offer application form	means a personalised form specifying the number of New Shares an eligible client of a Broker is entitled to accept under the Broker Firm Offer;
Company	means Callabonna Resources Limited [ACN 099 247 408];
Closing date	means 2 October 2015;
Corporations Act	means the Corporations Act 2001 [Cth], as amended from time to time;
Consolidation	means the proposed consolidation of the Company's issued share capital on a 10:1 basis (i.e. that every 10 existing shares be consolidated to 1 share, with fractional entitlements rounded up), which forms a condition to the Transaction;
CUU or Callabonna	means Callabonna Resources Limited [ACN 099 247 408];
Directors	means the directors of Company, from time to time;
DvP	means "delivery versus payment", a method of settlement where payment is made simultaneously with or in anticipation of the delivery of the security;
Equity offer	means the offer of up to 63,636,364 million New Shares, which includes the Priority Offer to eligible CUU Shareholders;
Existing Directors	means Mike Raetz, Phillip Harman and Jeffrey Williams;
General meeting	means the general meeting of the shareholders of CUU at which approval for the Acquisition Resolutions, and other resolutions related to the Transaction, will be sought. A meeting will be held on 15 September 2015 to seek these approvals;
General offer	means the invitation to eligible investors to apply for New Shares as part of the Equity Offer (not including the Priority Offer to eligible CUU Shareholders and the Broker Firm Offer);
General offer application form	means an application form upon which an application for New Shares can be made under the General Offer (not including a Priority Offer Acceptance Form or Broker Firm Offer Application Form);
KALT	Kaurareg Aboriginal Land Trust
Lead manager	means Henslow Partners Pty Ltd;
New shares	means a Share issued, on a post Consolidation basis, pursuant to this Prospectus;
Offers	means, collectively, the Equity Offer and the Vendor Offer;
Offer Price	means \$0.055 per New Share;
Official List	means the official list of ASX;
Official Quotation	means official quotation by ASX in accordance with the ASX Listing Rules;
Priority Offer	means the invitation to eligible CUU Shareholders to apply for 36,500 New Shares each, as part of the Equity Offer;
Priority offer acceptance form	means a personalised form specifying the number of New Shares an eligible CUU Shareholder is entitled to accept under the Priority Offer;
Vendor offer	means the offer of 110,700,298 New Shares to the Alice Queen Vendors made under this Prospectus;
Proposed Directors	means Andrew Buxton, John Holliday, Mark Kerr and Bruce Fulton;
Prospectus	means this Prospectus;
Section	means a section of this Prospectus;
Share	means an ordinary fully paid share in the issued capital of CUU;
Share Registry	means Computershare Investor Services Pty Ltd [ACN 078 279 277];
Shareholders	means the shareholders of the Company, from time to time;
Tenements	means the tenements held by Alice Queen however, in respect of the risk sectors disclosed in Section 4, also extends to any other mining or exploration tenements which the Company may hold from time to time;
Transaction	means the Company's acquisition of Alice Queen as referred to in Section 2.

(to be renamed Alice Queen Limited)

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A\$

Title or Company Name	Given Name(s)	Surname

Joint Applicant 2 or Account Designation

[illegible][illegible]

City/Suburb/Town												State			Postcode		

Contact Name _____ Telephone Number - Business Hours (____) _____

Holder Identification Number (HIN)

X									
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Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A\$

PROSPECTUS 193

How to complete this Broker Firm Offer Application Form

A Number of Shares applied for Enter the number of Shares you wish to apply for. This Application must be for a minimum 36,500 New Shares (\$2,007.50). Applications for greater than 36,500 New Shares must be in multiples of 10,000 New Shares (\$550). B Application Monies Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the issue price of A\$0.055. C Applicant Name(s) Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system. D Postal Address Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.	E Contact Details Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application. F CHES QMS Media Limited will apply to the ASX to participate in CHES, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares issued to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on issue, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN). G Payment Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section A. If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with their instructions. Paperclip (do not staple) your cheque(s) to the Application Form. Receipts will not be forwarded. Funds cannot be directly debited from your bank account.
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Before completing this Broker Firm Application Form the Applicant(s) should read the Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in Callabonna Resources Limited is upon and subject to the terms of the Prospectus and the Callabonna Resources Limited Constitution, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement Instructions:

You must return your Application Form so it is received by your Broker by the deadline set out in their offer to you.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to QMS Media Limited. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

(to be renamed Alice Queen Limited)

(within Australia) +61 (8) 9388 8256
(outside Australia) +61 (8) 9388 8256

PROSPECTUS 195

How to complete this General Offer Application Form

A Number of Shares applied for Enter the number of Shares you wish to apply for. This Application must be for a minimum 36,500 New Shares (\$2,007.50). Applications for greater than 36,500 New Shares must be in multiples of 10,000 New Shares (\$550). B Application Monies Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares applied for in Step A by the issue price of A\$0.055. C Applicant Name(s) Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applications may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system. D Postal Address Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.	E Contact Details Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application. F CHES The Company participates in CHES. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN). G Payment Make your cheque, bank draft or money order payable in Australian dollars to "Callabonna Resources Limited" and cross it "Not Negotiable". Cheques must be drawn from an Australian bank. Cash will not be accepted. The total payment amount must agree with the amount shown in Step B. Complete the cheque details in the boxes provided. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Public Offer Application Form. Receipts will not be forwarded. Funds cannot be directly debited from your bank account.
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Before completing the General Offer Application Form the Applicant(s) should read this Prospectus to which this Application relates. By lodging the General Offer Application Form, the Applicant agrees that this Application for Shares in Callabonna Resources Limited is upon and subject to the terms of the Prospectus and the Constitution of Callabonna Resources Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the General Offer Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm (WST) on 2 October 2015. You should allow sufficient time for this to occur. Return the General Offer Application Form with cheque, bank draft or money order attached to:

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

Neither CIS nor Callabonna Resources Limited accepts any responsibility if you lodge the General Offer Application Form at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. General Offer Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Callabonna Resources Limited. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

CORPORATE DIRECTORY

Directors

Jeffrey Williams
Michael Raetz*
Phillip Harman

Proposed Directors (Post-Transaction)

Andrew Buxton
Mark Kerr
Bruce Fulton
John Holliday
Phillip Harman
Jeffrey Williams

Current ASX Code

CUU

Proposed ASX Code

AQX

Lead Manager to the Offer

Henslow Pty Ltd
Level 8, 446 Collins Street
Melbourne, Victoria 3000

Investigating Accountant

Nexia Melbourne Pty Ltd
Level 3, 480 Collins Street
Melbourne Victoria 3000

Registered Office

Level 17, 530 Collins Street
Melbourne Victoria 3000

Telephone: (03) 9618 2590
Facsimile: (03) 9620 5200
www.callabonnaresources.com.au

Share Registry

Computershare Investor Services Pty Ltd
117 Victoria Street
West End Queensland 4101

Company's Legal Advisers in respect of the Offer

Quinert Rodda & Associates Pty Ltd
Level 6, 50 Queen Street
Melbourne Victoria 3000

Company's Auditor

KPMG
L16, 71 Eagle Street
Brisbane Queensland 4000

