



Quarterly Activities Report

For the period ending 31 December 2020

Advanced gold explorer, Alice Queen Limited (ASX: AQX) (Alice Queen or the Company) is pleased to provide its Quarterly Activities Report for the period ended 31 December 2020.

Highlights

- ◆ Multiple gold intercepts returned from Horn Island resource extension drilling (see ASX release 13 November 2020)
- ◆ First phase of RC Infill drilling commenced at the Horn Island Inferred Resource (see ASX release 13 November 2020)
- ◆ Maiden exploration drill program at Horn Island commenced under the St Barbara JV (see ASX release 6 October 2020)
- ◆ Initial Boda East drilling results announced to the market (see ASX release 9 October 2020)
- ◆ Alice Queen remains in a strong financial position with circa \$4.5 million in cash at the end of the quarter.

Horn Island

In November 2020, Alice Queen reported gold assay results from its resource extension drilling at Horn Island in Queensland's Torres Strait, where it aims to build on the existing Horn Island Inferred Resource of ~0.5Moz Au JORC 2012. The existing resource forms part of the "Excluded Areas" under the joint venture (JV) with St Barbara Limited (see ASX release 5 June 2019).

Alice Queen Limited

Level 2, 568 Chapel Street, South Yarra VIC 3141
ABN 71 099 247 408
www.alicequeen.com.au

ASX: AQX

The completed diamond drill program was comprised of six holes for a total of 1,356m to test a total strike length of 230m of the Tatoonie DDIP chargeability target (see Figure 1). All assays returned demonstrate zones of gold mineralisation (>0.5g/t Au), with the furthest intercept located approximately 100m south and down dip from the previous drilling (see ASX release 13 November 2020).

The results confirmed the DDIP chargeability anomaly is associated with mineralised gold-bearing sheeted and stockwork veining, these being similar in nature to the mineralised vein styles forming the Horn Island Inferred Resource.

Mineralisation remains open towards the south and northwest, coincidental with the overall trend of the Tatoonie DDIP CHG anomaly.

In December 2020, a diamond core program of 13 holes for 4,590 meters was completed under the St Barbara JV across the section of the Tatoonie DDIP anomaly and Naboo DDIP Target contained within the JV. Assay results for this program are expected to be released to the market in the March 2021 quarter.

Alice Queen also completed 13 of a planned 34-hole RC infill program at the Horn Island Resource to progress resource definition in December 2020 (see Figure 2).

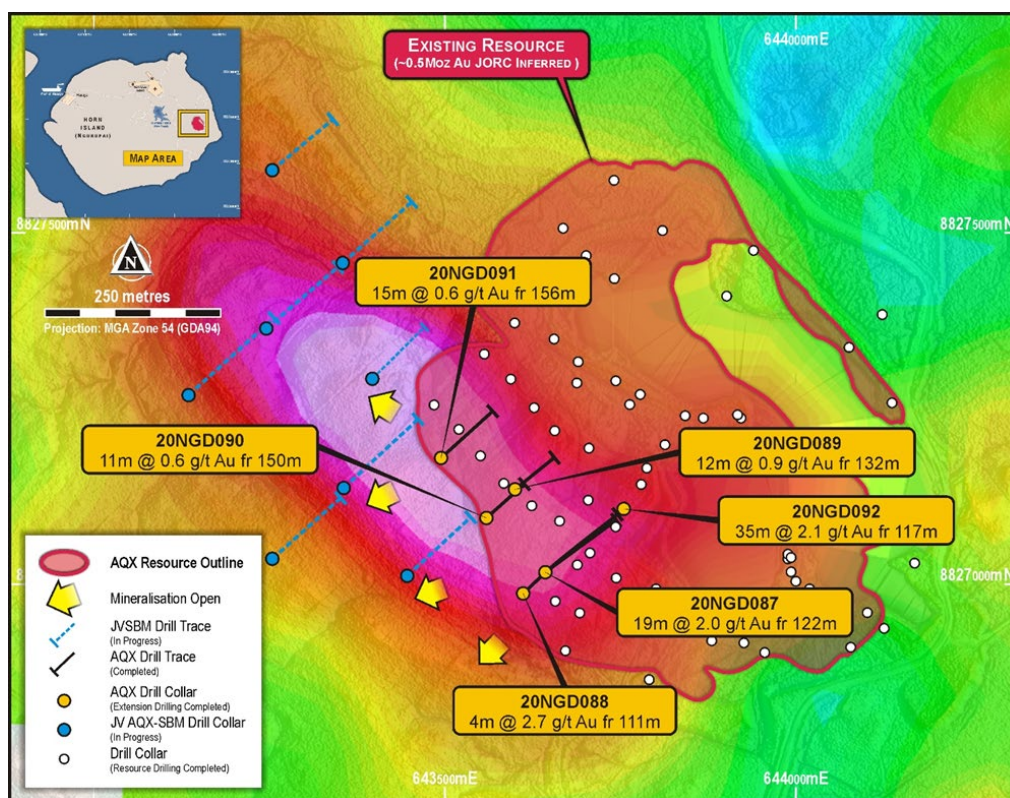


Figure 1. Significant gold assay intercepts in completed resource extension diamond (NQ2) drill holes - targeting southerly and north western extension within the Horn Island Inferred Resource (-0.5Moz Au inferred) area and across parts of the Tatoonie 1 DDIP chargeability target. DDIP image from 3D inversion chargeability slice -140m. Mineralisation from recently completed drilling remains open at depth and towards the south and northwest which coincidentally extends into the St Barbara JV area and larger area of the Tatoonie 1 target.



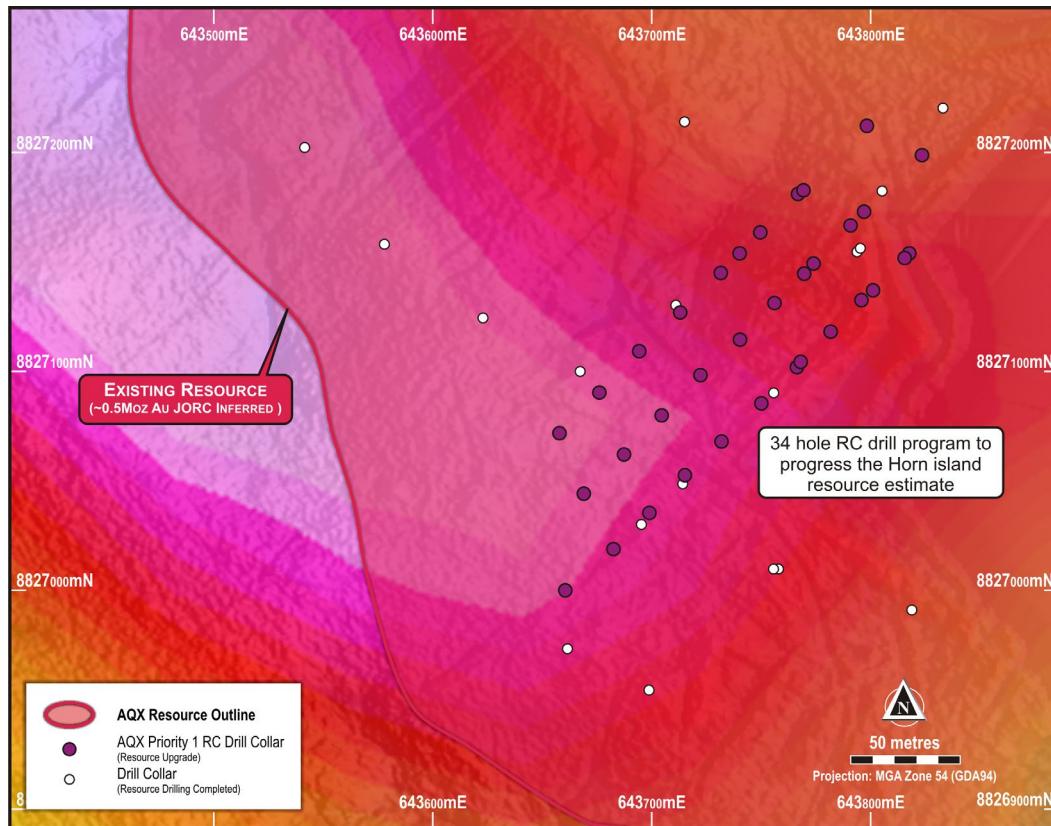


Figure 2. Planned Phase 1 RC Infill Drill Program

Boda East

In October 2020, Alice Queen provided an update on its drilling at the Boda East Project in the Lachlan Fold Belt, NSW. The Company reported assay results from the upper 480m of its first hole of a maiden program at Boda East (see Figure 3), which is adjacent to Alkane Resources' (ASX: ALK) Boda discovery within the Northern Molong Belt.

Alice Queen commenced drilling at Boda East in July 2020, initially completing four deep diamond holes for 3263.7m, as reported in October 2020. Results from the upper 480m of 20BEDH001 showed a previously reported chalcopyrite zone from 423m to 438m averaged 0.09% Cu (equivalent to 0.26% chalcopyrite, slightly higher than an earlier visual estimate).

Petrographic review of the mafic-intermediate volcanic host rocks indicate a shoshonitic affinity. Along with steeply dipping porphyritic mafic and intermediate dykes which intrude the sequence, the host rocks are interpreted as being part of the highly prospective Ordovician-Early Silurian Molong Volcanic Belt.

As reported in the September 2020 Quarterly Report, the observations from initial drilling at Boda East confirmed the host rocks of Alkane's Boda discovery appear to extend into Alice Queen's ground. The Company received approvals to increase its program to 14 diamond drill holes to test a ~13km north-south trend across four target areas at Boda East. Each target area contains multiple drill targets.



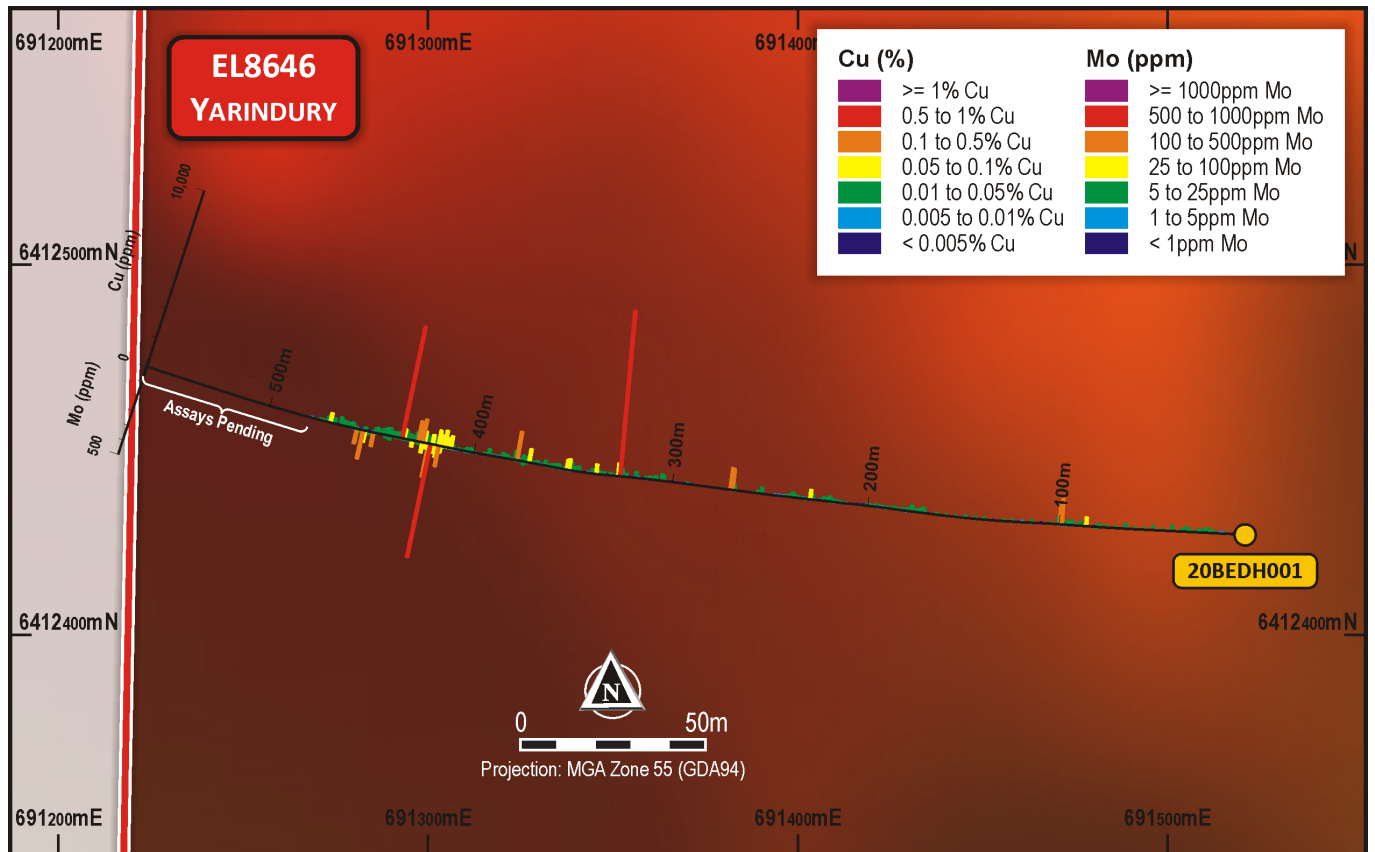


Figure 3. Plan view of the 20BEDH001 drill trace over RTP magnetic image testing the southern portion of the altered mafic to intermediate intrusive complex represented by the magnetic high (red areas).

Post Quarter-End Events

On 20 January 2021, the Company announced to ASX that drilling had recommenced at the Company's Boda East project and that the Company's RC Resource Infill drilling program at Horn Island (part of the Company's excluded zones which are outside of the St Barbara JV) had also recommenced.

CORPORATE

During the quarter ended 31 December 2020, the Company incurred costs of \$4.1M (ex GST) on exploration expenditure as set out below. These costs are on an accrued basis and include certain staff and management time expenditure allocated to project costs.

- ◆ \$1.6M were for costs associated with tenements in NSW as described on pages 1 and 2 of this report. These costs include drilling and associated costs incurred for EL8646 of \$800K; and
- ◆ \$2.5M relates to the works on EPM25520 at Horn Island as described on pages 3 to 4 of this report before the recovery of certain costs from St Barbara Limited under the terms of the Joint Venture Agreement.
- ◆ During the quarter ended 31 December 2020, a total of \$180,422 was paid to related parties and their associates which is comprised of non-executive director fees, executive director salaries and superannuation contributions.



TENEMENT SUMMARY

Tenement	Location	Current Holder*	Interest	Area (Sub Blocks)	Grant Date	Expiry Date
EPM 25520	Queensland	Kauraru Gold Pty Ltd	100%	19	08/10/14	07/10/24
EPM 25418	Queensland	Kauraru Gold Pty Ltd	100%	73	25/01/16	24/01/21
EL8469	New South Wales	Monzonite Metals Pty Ltd	100%	100	30/09/16	30 /09/26 (Pending)
EL8563	New South Wales	Monzonite Metals Pty Ltd	100%	28	12/05/17	12/05/21
EL8565	New South Wales	Monzonite Metals Pty Ltd	100%	14	17/05/17	17/05/21
EL8646	New South Wales	Monzonite Metals Pty Ltd	100%	86	12/09/17	12/09/25
EL8985	New South Wales	Monzodiorite Pty Ltd	100%	27	16/06/20	28/05/26

* Note: Alice Queen Limited holds an 84.5% equity interest in Kauraru Gold Pty Ltd. Alice Queen Limited holds a 90% equity interest in Monzonite Metals Pty Ltd.

END NOTES

1. The information related to the Company's inferred mineral resource is extracted from the Company's ASX announcement titled "Horn Island Gold Project Inferred Resource Upgrade" dated 2 August 2018 and included a Competent Person's Statement from Mr Richard Buerger, BSc. The Company confirms that it is not aware of any new information or data which materially affects the information included in the original market announcement and all material assumptions and technical parameters underpinning the inferred resource estimate in the original market announcement continue to apply and have not materially changed.
2. The information contained in this announcement related to the Company's past exploration results and is extracted from, or was set out in, the following ASX announcements which are referred to in this Quarterly Activities Report:
 - a. "Horn Island Extension Drilling Results" released by the Company on 13 November 2020, which included a Competent Person's Statement from Mr Adrien Hell BSc (Hon);
 - b. "Results from First Diamond Hole at Boda East" released 9 October 2020, which included a Competent Person's Statement from Mr John Holiday and Dr Jeff Vassallo.

The Company confirms that it is not aware of any new information or data which materially affects the information included in the original market announcements.

Approved by the Board of Alice Queen Limited.

For more information:

Andrew Buxton
Managing Director, Alice Queen Limited
+61 (0) 403 461 247
andrew.buxton@alicequeen.com.au

Victoria Humphries
Media & Investor Relations
+61 (0) 431 151 676
victoria@nwrcommunications.com.au



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Alice Queen Limited

ABN

71 099 247 808

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(374)	(588)
(e) administration and corporate costs	(646)	(1,014)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Management fees for services provided to joint venture partner	77	77
1.9 Net cash from / (used in) operating activities	(943)	(1,524)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	(10)	(92)
(c) property, plant and equipment	(20)	(94)
(d) exploration & evaluation (if capitalised)	(3,310)	(4,075)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other - Proceeds from joint venture partner	766	772
2.6	Net cash from / (used in) investing activities	(2,574)	(3,489)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	4	17
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(476)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4	6,541
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,986	2,945
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(943)	(1,524)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,574)	(3,489)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4	6,541

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,473	4,473

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,469	7,973
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (proceeds from exercise of options held in trust account until shares were issued on 13 January 2021)	4	13
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,473	7,986

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

180

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Includes Fees paid to Executive and Non-Executive Directors and superannuation where applicable.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(943)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(3,310)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(4,253)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	4,473
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	4,473
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.05

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

The Company commenced drilling programs as announced to ASX on 20 January 2021. However, the Company expects that its exploration and evaluation expenditure for the forthcoming quarter will be lower than the previous quarter. During the quarter ended 31 December 2020, the Company incurred non-recurring exploration expenditure at the Company's properties in NSW which has largely now been completed and was required in order to establish the projects.

The Company's cash position substantially dictates the quantum of its exploration and evaluation expenditure and the Company has the capacity to control the level of expenditure based on its financial position. Furthermore, the Company's exploration and evaluation expenditure includes expenditure incurred by the Company which is payable by to it from its joint venture partner. The calculation above does not consider the cash received from the joint venture partner in the current quarter (reported in Item 2.5 which amounts to 766K during the quarter) as well as recoverable expenditure from the joint venture partner for the December 2020 quarter which will be received in the next quarter.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company will assess fundraising initiatives at appropriate times but has not currently taken any steps to raise further capital.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes, for the following reasons:

- a) The Company's short-medium terms exploration program for the area the subject of its Horn Island joint venture is anticipated to be funded by its joint venture partner under the terms of the joint venture agreement previously announced to the ASX.
- b) As noted above, the Company is progressing drilling programs at both its New South Wales projects and the area excluded from the joint venture at Horn Island however, based on its internal budgets, expects that exploration expenditure will be significantly lower in the forthcoming quarter than in the December 2020 quarter.
- c) A key part of the proposed exploration program for the forthcoming quarter in New South Wales is drilling at Mendooran which is the subject of a government drilling grant of up to \$200,000.
- d) The Company expects that further amounts of the exploration expenditure reported in the December 2020 quarter to be recoverable from its joint venture partner in the forthcoming quarter (in addition to the \$766k received in the December 2020 quarter).

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2021

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.