



ALICE QUEEN
LIMITED

ASX Announcement
29 October 2021

Quarterly Activities Report

For the period ending 30th September 2021

Highlights

- ◆ Close spaced RC Drilling program completed at Horn Island
- ◆ RC Drilling program testing legacy gold mining stockpiles completed at Horn Island
- ◆ Scoping Study focusing on the historic pit area at Horn Island progressed
- ◆ Airborne magnetic and radiometric surveys reveal multiple compelling targets for intrusion-related gold deposits at Kaiwalagal
- ◆ Mendooran exploration drill program developed by Chief Technical Advisor, John Holliday, who is the co-discoverer of Newcrest's Cadia deposit
- ◆ Drilling program to commence at Mendooran targeting highest ranking Cu/Au porphyry targets when site conditions allow
- ◆ Successful completion of oversubscribed \$1.47m capital raise at \$0.011 per share

Alice Queen Limited

Level 2, 568 Chapel Street, South Yarra VIC 3141

ABN 71 099 247 408

www.alicequeen.com.au

ASX: AQX

Horn Island

Commencement of Drilling

In August Alice Queen commenced its 49-hole close-spaced RC drilling program at Horn Island, adjacent to the historic gold mine open pit (Inferred Resource (JORC 2012) 7.9Mt at 1.9 g/t Au for 492 oz gold). The 1,960m angled RC drilling program was completed on a nominal 5mx5m grid pattern, to a depth of 40m, designed to test the ability to define gold distribution from grade control spaced data. The data from this program was used to inform the Scoping Study currently being completed.

Upon completion of the RC grade control program, Alice Queen commenced an RC drilling program across the legacy stockpiles, from the prior gold mining operations at Horn Island. This program was designed to provide an initial assessment of the potential for low-grade gold within the stockpiles which are estimated to have a volume of ~4.5Mt.

Both programs were completed during the quarter.

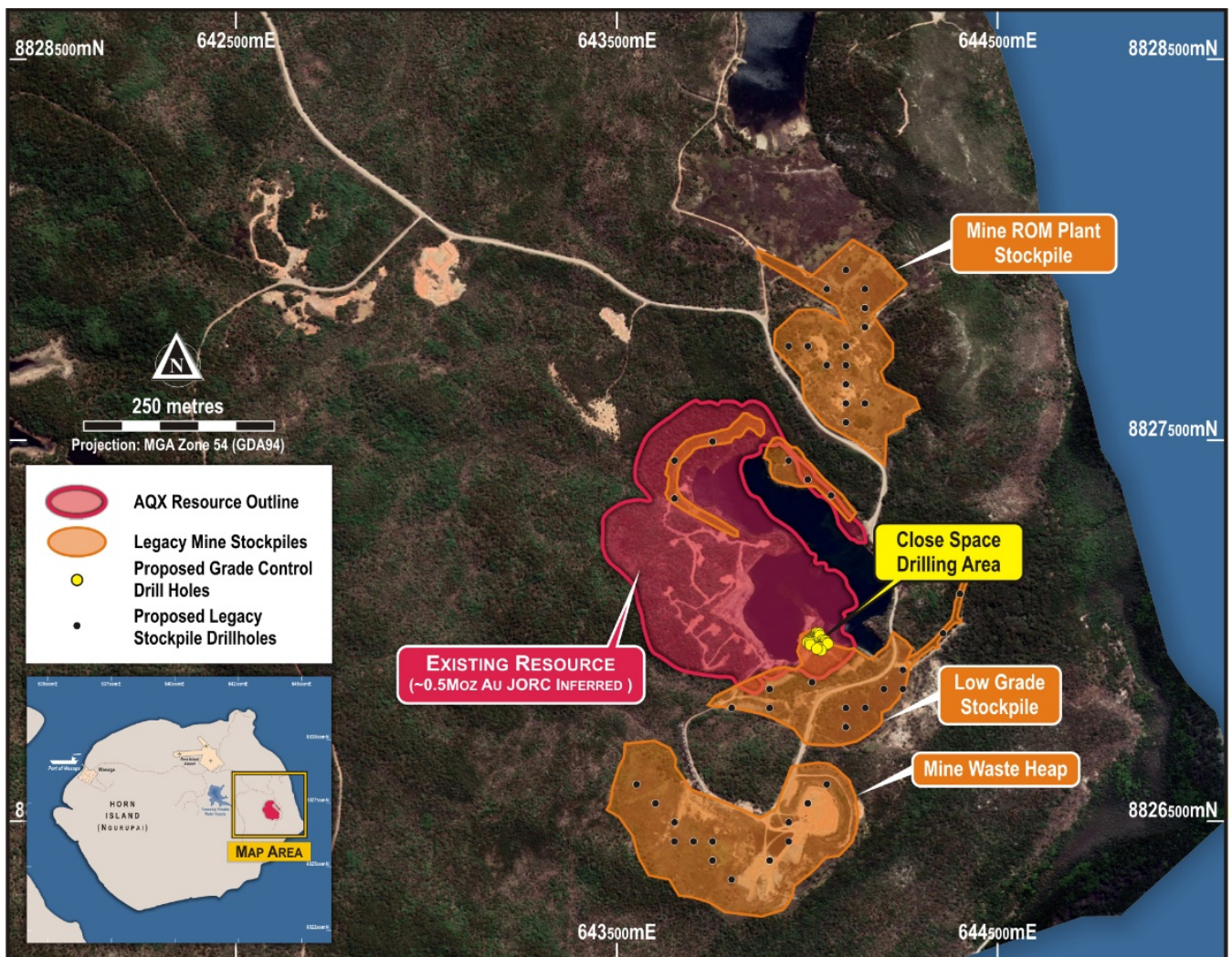


Figure 1. Planned Grade Control and Legacy Stockpile drilling areas



Horn Island Scoping Study update

The Scoping Study is focused on the historic pit area at Horn Island. The many programs, inputs and reports that inform the Scoping Study have been completed. The Scoping Study is now being finalised, the results of which will be released to the market shortly.

Mendooran

In August, Alice Queen provided a detailed update in relation to its exploratory drilling plan at its two highest ranking targets (see Figure 2) within its Mendooran Project (Exploration Licence 8469) along the northern extension of the Molong Volcanic Belt (MVB) of Macquarie Arc rocks in the Lachlan Fold Belt (LFB), NSW (see Figure 3).

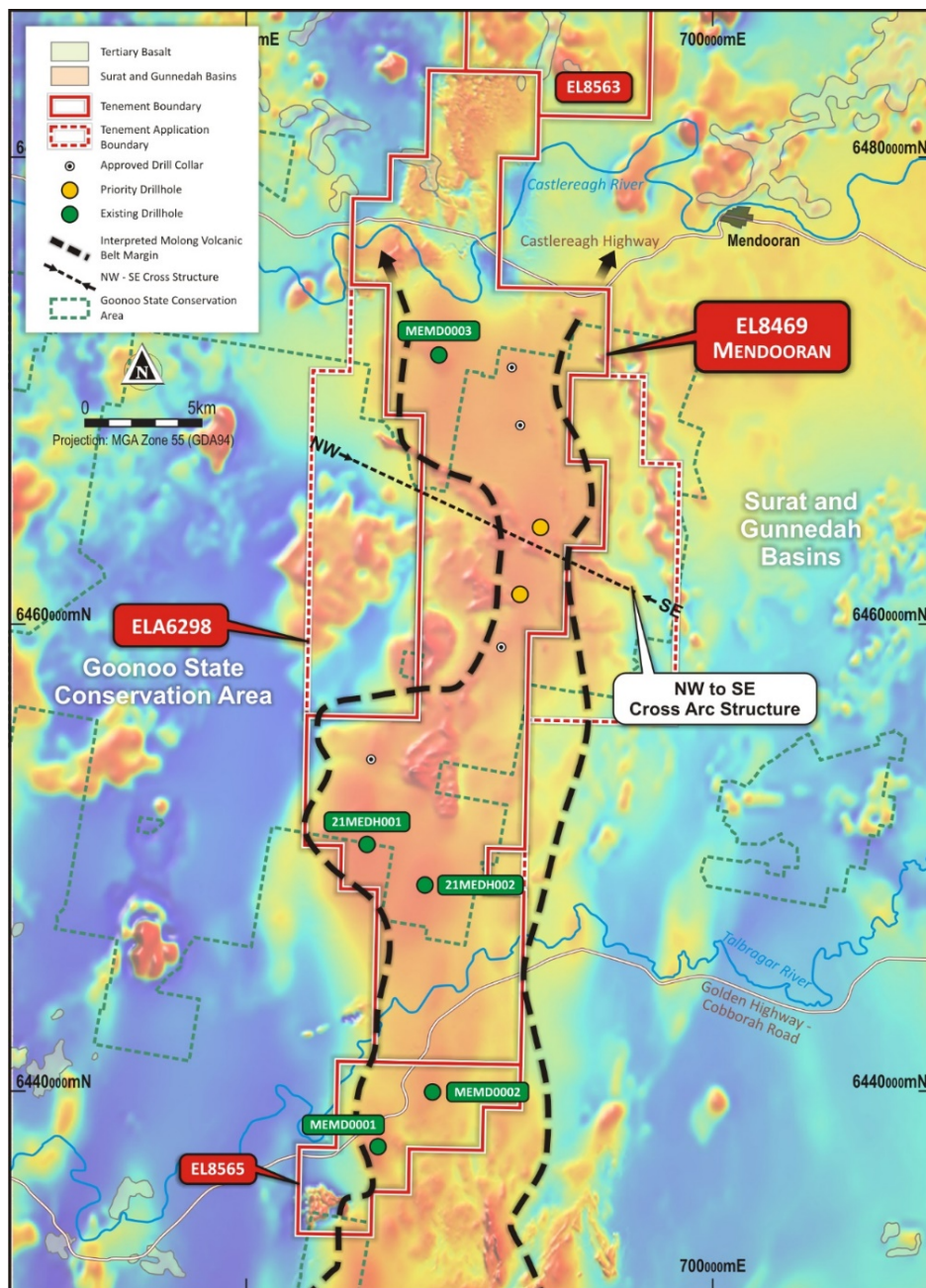


Figure 2. Mendooran drill targets



Background

The Macquarie Arc rocks of the LFB and specifically the MVB, are Australia's porphyry copper-gold exploration hot-spot, as exemplified by Alkane Resources recent Kaiser-Boda discovery, which lies only 11km south of the Mendooran Project area along the MVB.

Alice Queen's target concept is a large MVB type porphyry copper-gold complex, such as at Newcrest's Cadia Valley, and Alkane's Kaiser-Boda. A notable prospective indicator for these deposits on the MVB, and, also elsewhere on the Macquarie Arc at Evolution's Cowal-Marsden, is that they all lie close to significant north-west to south-east cross-arc structural lineaments (figure 2).

The Company's exploration strategy in this project area is led by John Holliday. John is a former Chief Geoscientist at Newcrest and was a principal discoverer of its giant (circa 50m Oz Au and 9m tons Cu) Cadia Valley Cu/Au deposit situated near Orange in NSW.

Exploration Rationale

In the Mendooran Project area, the MVB rocks are covered by younger basin sediments and have only been explored to date by five Alice Queen drill holes along a >40km extent. These holes have confirmed the northwards continuation of the MVB for this distance (ASX release 3 June 2021).

Within the north-south coverage by these five holes there is a 22.5km undrilled gap indicated to have cover of a thickness that is in the 350-700m range (quite permissive for underground bulk mining as employed by Newcrest Mining at Cadia).

Notably this undrilled gap is cut by a north-west to south-east cross-arc structure (see Figure 3) like those on which the major Macquarie Arc mines and prospects lie. This cross-structure area is clearly a prime target for porphyry copper-gold mineralisation and accordingly is the primary focus area of this drill program.

The Company is planning to test this high priority area by drilling in the vicinity of this cross-arc structure at two sites (figure 3) which are already permitted. This drilling will be co-funded by the NSW New Frontiers Co-Operative Drilling grant. Drilling will commence in Q3 2021 subject to sufficiently dry ground conditions.



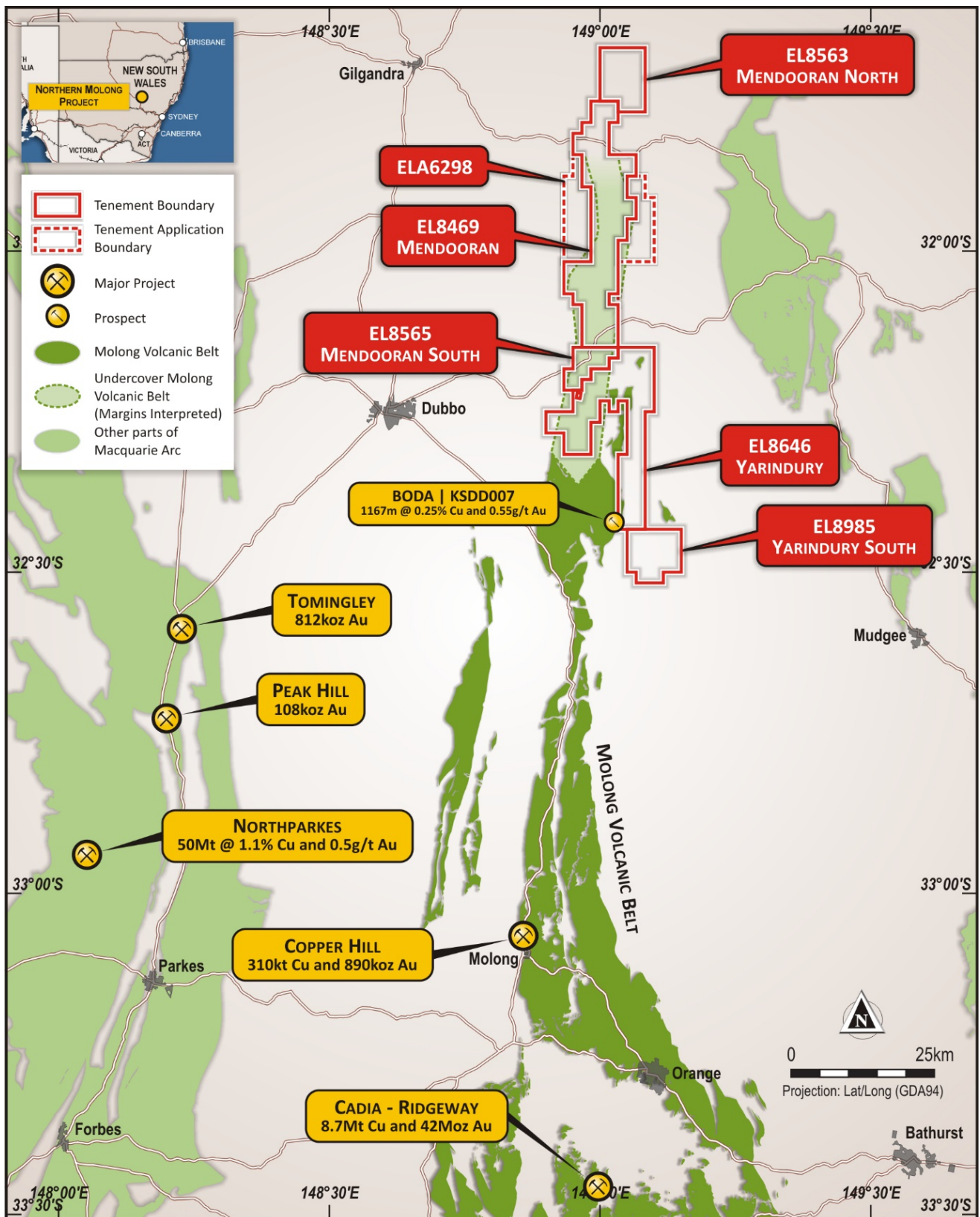


Figure 3. Northern Molong Projects



Kaiwalagal

The Kaiwalagal project covers four islands in the Torres Strait, Queensland. Muralug (Prince of Wales Island) is the largest island in the group covering ~252km². All the islands within the project area have historical evidence of artisanal mining.

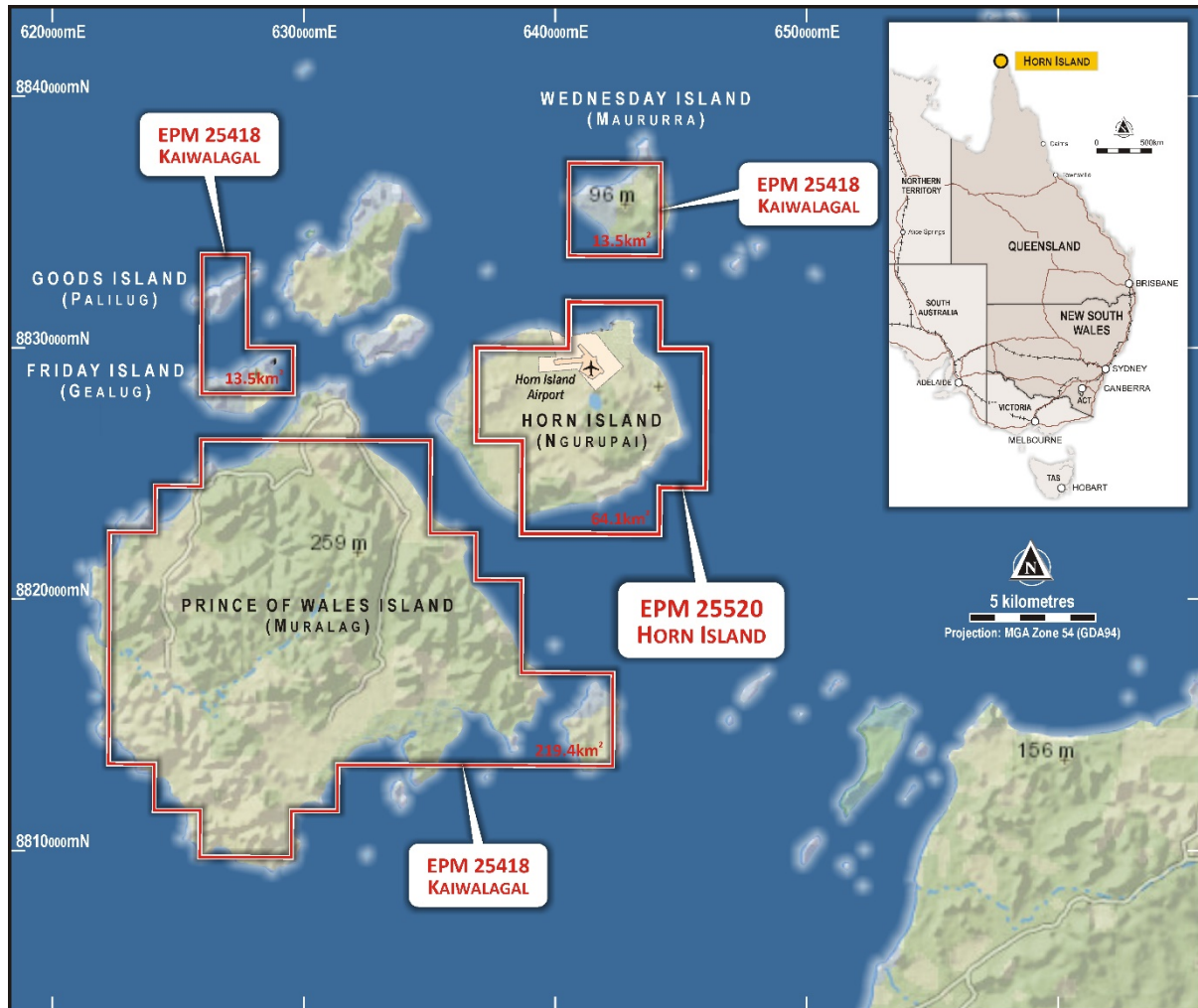


Figure 4. The above figure illustrates both Kaiwalagal (EPM25418) and Horn Island (EPM 25520) project areas in the Torres Strait, Queensland

Early in the Quarter Alice Queen provided an update from its airborne geophysical and satellite hyperspectral surveys flown across the Kaiwalagal Project, adjacent to the Company's Horn Island Project in the Torres Strait, Queensland. The results from these programs represent a significant opportunity as the Company explores for additional gold mineralised systems beyond its flagship ~0.5M oz (inferred) gold resource at the adjacent Horn Island Project.

The aim of the Kaiwalagal exploration surveys was to recognise the occurrence of regional hydrothermal systems across the project area and their potential for hosting large scale gold mineralisation. The survey comprised low altitude (35m) closely spaced (50m) survey lines bearing NW-SE for a total of 6,829 survey line kilometres, which covered Muralug, Zuna and Gialug Islands.



The high resolution data produced by the surveys was processed and reviewed by industry leading independent specialist consultants. The Company is very encouraged by the results from these surveys, which provide strong evidence for the presence of a large-scale hydrothermal system which may drive significant gold mineralisation at Kaiwalagal.

Based on these initial positive results, Alice Queen made the decision to elevate the prospectivity ranking for the Kaiwalagal Project and are currently considering further follow up exploration programs including geological mapping and sampling programs to assess these exciting target areas.

These surveys were completed and funded as part of the St Barbara Limited (ASX:SBM) Joint Venture. Alice Queen has regained ownership of both the Horn Island and Kaiwalagal Projects, following St Barbara's withdrawal. The Company considers this strategically positive in light of a potential future mining operation on Horn Island and any future discoveries being made within the wider project region.

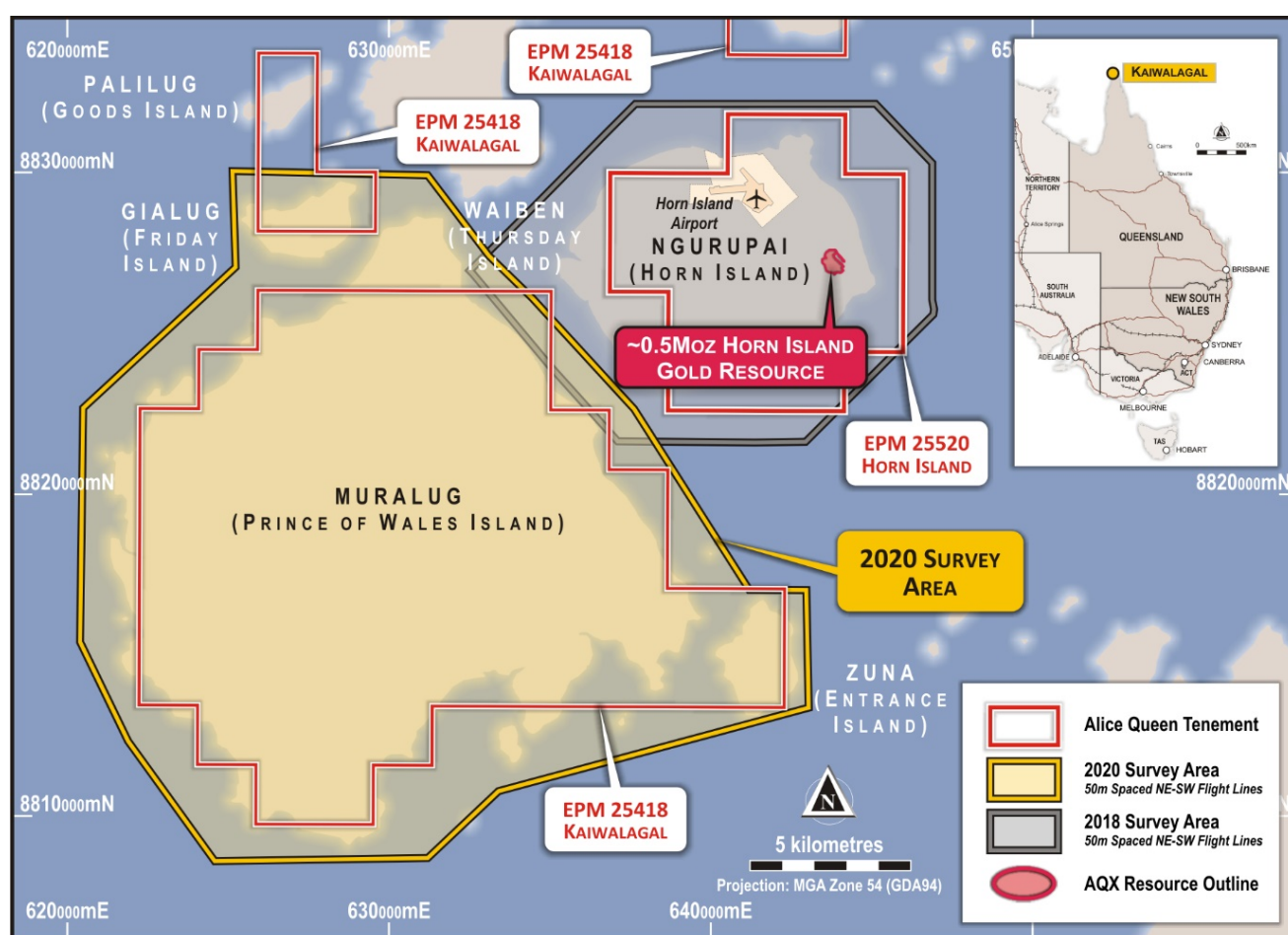


Figure 5. Extent of the Kaiwalagal aeromagnetic survey covering 3 islands to the SW of Horn Island



The SE side of Muralug and the south side of Zuna Island are intruded by a younger intrusive phase, with distinctive reverse magnetisation. Several discrete and circular reverse magnetic anomalies have been identified and are interpreted to represent younger porphyry plugs or potential breccia pipes. The remanent magnetisation may be associated with hydrothermal alteration halos, similar to the biotite-magnetite alteration and related magnetic anomaly low surrounding the ~3.5M oz Au Mt Leyshon gold breccia pipe. The circular magnetic lows in the SE part of the project area are considered areas of immediate interest for field checking (see Figure 6).

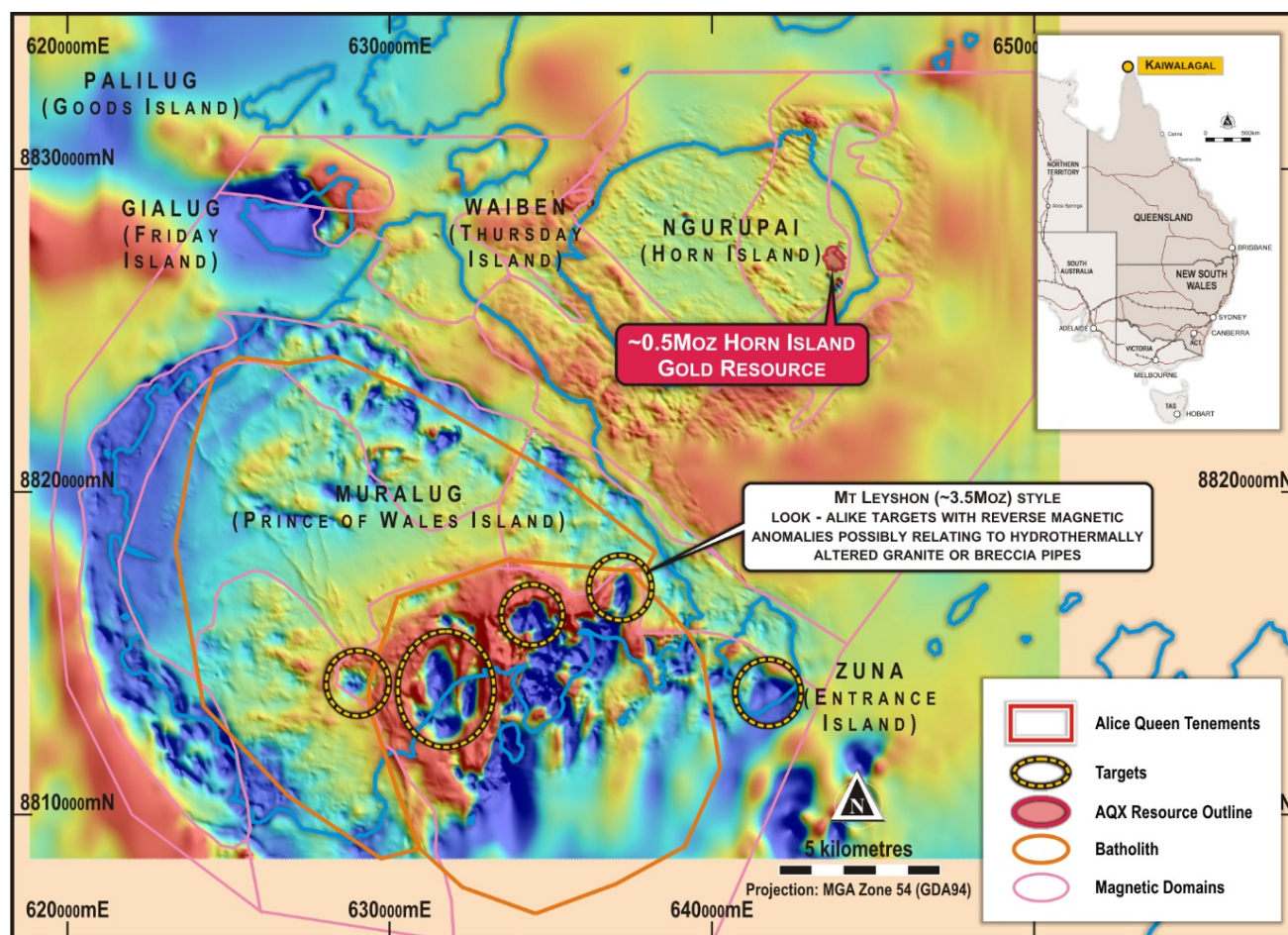


Figure 6. Magnetic anomaly image generated from merged detailed and regional airborne survey data sets, highlighting granitic intrusion centres with positive and reversed magnetic anomaly expressions. The reversely magnetised anomalies are interpreted as late stage porphyry plugs or breccia pipes, which may have similarities to the 3.5Moz Au Mt Leyshon breccia pipe gold deposit in Nth QLD to the south.



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	24/01/26
EL8469	New South Wales	Monzonite Metals Pty Ltd	100%	100	30/09/16	30 /09/26
EL8563	New South Wales	Monzonite Metals Pty Ltd	100%	28	12/05/17	12/05/27
EL8565	New South Wales	Monzonite Metals Pty Ltd	100%	14	17/05/17	12/05/27
EL8646	New South Wales	Monzonite Metals Pty Ltd	100%	86	12/09/17	12/09/25
EL9303 (ELA6298)	New South Wales	Monzonite Metals Pty Ltd	100%	48	14/10/2021	14/10/2027
EL8985	New South Wales	Monzodiorite Pty Ltd	100%	27	28/05/20	28/05/26
EL9126	New South Wales	Monzodiorite Pty Ltd	100%	45	6/04/2021	6/04/2024
EL9185	New South Wales	Monzodiorite Pty Ltd	100%	14	7/06/2021	7/06/2027



Capital Raise

Alice Queen completed a Placement which was strongly supported by major shareholders, in addition to other existing shareholders, new institutional and sophisticated investors.

The Placement resulted in the issue of 133,636,365 shares at an issue price of \$0.011 per share reflecting a 20.4% discount to the last close price of \$0.014 (on 23 August 2021) and a 20.4% discount to the 15-day volume weighted average price (VWAP).

For every two shares subscribed in the Placement, the Company intends to issue an option, with an exercise price of A\$0.03 and maturity of 2 years from the date of issue, subject to shareholder approval at the next general meeting of the Company. The Company intends to seek a listing on the ASX of these options when approved.

The proceeds from the Placement will be primarily used to:

- ◆ Complete the Horn Island Scoping Study
- ◆ Accelerate further exploration at Horn Island via an IP Survey
- ◆ Provide working capital

Henslow Pty Ltd acted as Lead Manager to the Placement. In connection with their role in the Placement, in addition to standard capital raising fees, the Company has agreed to issue Henslow an aggregate of 10,000,000 options on the same terms as the attaching options granted to participating shareholders in the Placement having an exercise price of \$0.03, with an expiry date 2 years from the issue date, subject to shareholder approval at the next general meeting of the Company.

During the quarter ended 30 September 2021, the Company incurred costs of \$884K (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.

- ◆ \$864K relates to the works on EPM25520 at Horn Island as described on pages 2 and 3 of this report; and
- ◆ \$20K were for costs associated with tenements in NSW as described on pages 3 and 4 of this report.

During the quarter ended 30 September 2021, a total of \$164K (ex GST) was paid to related parties and their associates which is comprised of fees paid to executive directors and non-executive directors as well as superannuation contributions where applicable.



ASX Listing Rule 5.23 Statement

The information in this ASX Release that relates to the Company's Mineral Resource estimate is extracted from and was reported in the Company's ASX announcement titled "Horn Island Resource Upgrade" dated 2 August 2018, which is available at www.asx.com.au the competent person being Mr. Richard Buerger BSc. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed. The Company confirms that the form and context of the Competent Person's findings in relation to that Mineral Resource estimate have not been materially modified from the original market announcements.

The information in this ASX Release that relates to Exploration Results is extracted from:

- (1) The report released 27 July 2021, "Multiple Gold Targets Identified at Horn Island", is composed by Mr Adrian Hell BSc who is a Competent Person. This report is available at www.asx.com.au
- (2) The report released 16 August 2021, "RC Drilling Commences at Horn Island", is composed by Mr Adrian Hell BSc who is a Competent Person. This report is available at www.asx.com.au
- (3) The report released 18 August 2021, "Alice Queen to Drill Highest Ranked Targets at Mendooran", is composed by Mr John Holliday who is a competent person. This report is available at www.asx.com.au

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context of the respective competent persons' findings in relation to that report have not been materially modified from the original market announcement.

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")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(340)	(340)
(e) administration and corporate costs	(273)	(273)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	96	96
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(517)	(517)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(443)	(443)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	96	96
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (refund of security deposits)	36	36
2.6	Net cash from / (used in) investing activities	(311)	(311)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,470	1,470
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(92)	(92)
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	1,378	1,378

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,161	1,161
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(517)	(517)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(311)	(311)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,378	1,378

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,711	1,711

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	1,711	1,161
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,711	1,161

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	164
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>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.</i></p> <p>Includes Fees paid to Executives and Non-Executive Directors (ex GST) and superannuation where applicable.</p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(517)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(443)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(960)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,711
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,711
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	
		1.78
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 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?	
	Answer: Yes. Due to the nature of the Company's business activities, the Company continues to expect negative operating cash flows in future periods, as is usual for mining exploration entities. The Company's cash position will substantially dictate the quantum of those cash flows and its exploration programmes.	
	8.8.2 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?	
	Answer: The Company will continue to assess the merits of various fundraising initiatives to ensure it has the financial capacity to progress its exploration program at an appropriate rate and will also examine alternative means of progressing exploration programs, if required.	

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

Answer:

Yes, for the following reasons:

- 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.
- The Company's Board and Management continue to be focused on meeting its stated objective and are cognisant of the funding requirements required to meet those objectives. The Company has a track record of successfully raising capital to continue to pursue its exploration programmes.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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 October 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.