



ALICE QUEEN  
LIMITED

**ASX Announcement**  
**31 January 2022**

# Quarterly Activities Report

For the period ending 31 December 2021

## Highlights

- ◆ Horn Island Scoping Study and Mineral Resource Estimate complete:
  - Life of Mine (LOM) 8.5 years
  - Average production rate of 37koz Au per annum
  - Mill feed to Waste Ratio 2.5:1
  - Initial Capital Cost A\$75M
  - Capital payback period of 27 months (2.25 years)
  - Net Cashflow (EBITDA) of ~A\$200M
  - Net Present Value (NPV) @ 5% discount of ~\$140M
  - Internal Rate of Return (IRR) of 44.3%
  - All-in Sustaining Costs (AISC) of A\$1,388/oz
- ◆ Commenced ground dipole-dipole induced polarisation survey (DDIP) totalling 55-line kms and covering a 11km<sup>2</sup> prospective area from south of the Horn Island historic pit area to the Southern Silicified Ridge (SSR)
- ◆ Mr Nicholas Mather was appointed to the role of Strategic Advisor to the Company

**Alice Queen Limited**

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**ASX: AQX**

# Horn Island

## Scoping Study Outcomes and Mineral Resource Estimate

The objective of the Horn Island Scoping Study was to determine a high-level understanding of the potential economics of the project.

A number of independent parties were engaged by the Company to complete test work, studies and reports that inform this Scoping Study. The Company engaged Peter Fairfield of Miner Insight Pty Ltd as our Study Manager, in addition we engaged Dale Sims of Sims Consulting Pty Ltd (Mineral Resource Estimate), John Wyche of AMDAD (Mine planning), Scantech and OrePortal (Bulk Ore Sorting), Tomra (Particle Ore Sorting), GR Engineering (GRES – Process and Metallurgy) and Mincore (alternate Capital Expenditure).

The study focused areas that make up the Mineral Resource Estimate (MRE) around the historic open pit at Horn Island and only includes the MRE stated in that release. The study does not include other areas within the tenement that consist of other Exploration Targets, deposits or prospective areas.

The Scoping Study establishes a business case to support further studies leading to establishing an open pit mine, commencing with a starter pit at the site of the historical open pit at Horn Island.

The Mineral Resource Estimate has been completed by Dale Sims of Sims Consulting Pty Ltd. The deposit consists of thin stockwork veins, gold is associated within sulphide veins with no gold occurring in the alteration zone or host rock. Due to the nature of the deposit, the study has found that there is a significant opportunity to remove large amounts of waste rock through pre-concentration.

The ability to pre-concentrate allows a lower cut-off grade to be mined. The ability to mine at a lower cut-off grade results in a significant increase in ounces being achieved. For example, mining at a cut-off grade of 0.6g/t Au would result in 10.6Mt of material being mined at 1.26g/t Au containing 427k ounces of gold.

With pre-concentration, mining at a cut-off grade of 0.4g/t Au can be achieved, this results in the overall grade of the Mineral Resource being reduced however, more material is mined, and more contained ounces are achieved.

The resulting total Mineral Resource Estimate using a 0.4g/t Au cut off is, **16.7Mt @ 0.98g/t Au containing 524k ounces of gold.**

The mining material included in the Scoping Study consists of 65% in Measured or Indicated JORC category.

As the study found that there is a significant opportunity to remove large amounts of waste rock through pre-concentration the scale of the mill that is required is reduced which enhances the overall economics of the project.



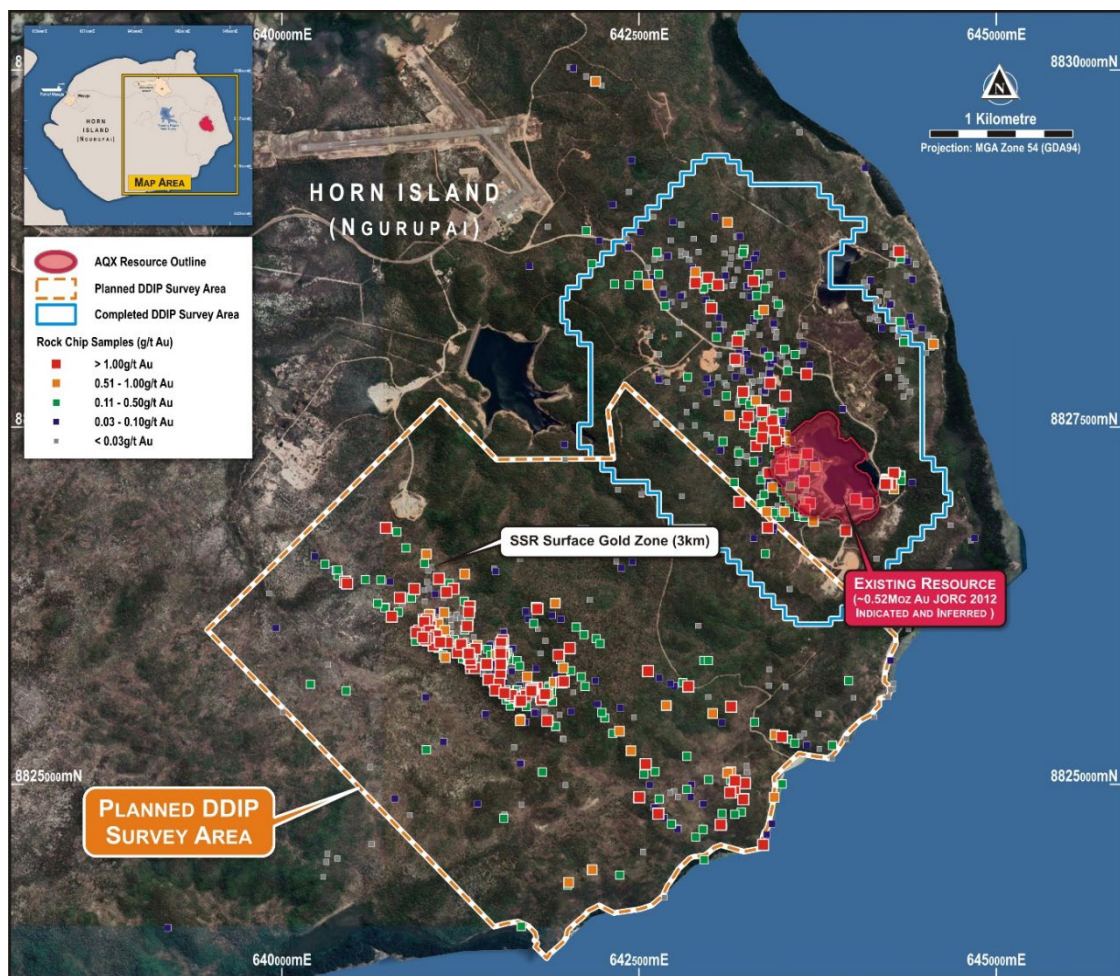
Horn Island Scoping Study and Mineral Resource Estimate highlights included:

- ◆ Life of Mine (LOM) 8.5 years
- ◆ Average production rate of 37koz Au per annum
- ◆ Mill feed to Waste Ratio 2.5:1
- ◆ Initial Capital Cost A\$75M
- ◆ Capital payback period of 27 months (2.25 years)
- ◆ Net Cashflow (EBITDA) of ~A\$200M
- ◆ Net Present Value (NPV) @ 5% discount of ~\$140M
- ◆ Internal Rate of Return (IRR) of 44.3%
- ◆ All-in Sustaining Costs (AISC) of A\$1,388/oz

For further details refer to ASX release 11 November 2021, "HORN ISLAND SCOPING STUDY AND MRE".

### Dipole Dipole Induced Polarisation Survey (DDIP)

In late November 2021, the Company commenced a ground dipole-dipole induced polarisation survey (DDIP) totalling 55-line kms and covering an extensive 11km<sup>2</sup> prospective area from south of the Horn Island historic pit area to the Southern Silicified Ridge (SSR) (see **Figure 1**).



**Figure 1 .** Planned DDIP survey area (11km<sup>2</sup>) totalling 55 line kilometres and located SW of the Horn Island Resource including the 3km SSR surface gold zone.





The survey is designed to identify near surface to deeply occurring chargeability anomalies which may be caused by sulphide minerals that are often associated with gold mineralisation at Horn Island.

This DDIP survey is based on the success of previously completed historic ground array induced polarisation (GAIP) surveys and the recently completed DDIP survey, which recognised a new gold zone across the Tatooine target area and may possibly represent extensions to the known resource area (see ASX release 30 June 2021, "Drilling Confirms New Broad Gold Zone at Horn Island").

The survey will cover areas of interpretive structurally complex zones and mapped surface veining. These zones also display coincidental gold and pathfinder surface geochemistry anomalism, which collectively forms an extensive prospective hydrothermal IRG footprint (see Figure 2). This footprint is similar in scale to the Ravenwood 7M oz Au deposit (see ASX release 29 May 2019, "Dr Morrison Horn Island Metal Zonation").

Furthermore, a limited and shallow 9-hole diamond drill program previously completed by Alice Queen at the SSR prospect revealed vertical & strike extensive veined mineralisation. The best intercepts returned were 11m @ 2.9g/t Au from 70m (18NGD052) and 2m @ 5.6g/t Au from 160m incl. 1m @ 8.2g/t Au (see ASX release 21 March 2018, "SSR Results Confirm New Gold System" and 30 April 2018, Further Significant Gold Intersected at SSR).



**Image 1 .** Part of the exploration team at Horn Island working on the DDIP survey.



It is important to note that the gold system at the SSR prospect remains open. Surface gold indicates a 3km strike which is coincident with historic GAIP chargeability anomalies located SE and outside of the Company's previously completed drilling. This adds further encouragement of a potentially large scale Intrusive Related Gold System (IRGS) that may host multiple gold deposits across Horn Island.

Alice Queen will review the results from the DDIP survey in conjunction with its airborne magnetics, surface mapping & geochemical data to define additional priority target areas for diamond drill testing. The Company plans to commence this drilling in the first quarter of the 2022 calendar year.

## Mendooran

In August 2021, Alice Queen provided a detailed update in relation to its exploratory drilling plan at its two highest ranking 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.

Whilst light vehicles can access the drill sites within the Goonoo Goonoo State Conservation Area, due to ongoing wet weather events, heavy vehicles (drill rig) cannot. During the maiden drill program in early 2021 when conditions were relatively dry, significant, and expensive mitigation work was completed to enable access and heavy vehicles were frequently bogged requiring excavators and other measures to retrieve causing significant delays and additional costs to the Company.

The site was inspected in late 2021 and again in January 2022, we will continue to monitor and assess the conditions of the drill sites within the Goonoo Goonoo State Conservation Area.

## 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

\* Note: Alice Queen Limited holds an 84.5% equity interest in Kauraru Gold Pty Ltd, 90% equity interest in Monzonite Metals Pty Ltd and 100% equity interest in Monzodiorite Pty Ltd.





## Corporate

During the quarter ended 31 December 2021, the Company incurred costs of \$716K (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.

- ◆ \$669K relates to the works on EPM25520 at Horn Island as described on pages 2 to 5 of this report; and
- ◆ \$47K were for costs associated with tenements in NSW as described on pages 5 of this report.

During the quarter ended 31 December 2021, a total of \$154K (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.

### Annual General Meeting

The Annual General Meeting was held on Thursday, 21 October 2021. All resolutions were carried.

### Nicholas Mather appointed as Strategic Advisor

In December 2021, Mr Nicholas Mather was appointed to the role of Strategic Advisor to the Company. Mr Mather has the ideal skill sets, both corporate and technical, that can assist the Board in adding significant value to the Company's portfolio of exploration assets and thus shareholder value.

Nicholas Mather graduated in 1979 from the University of Queensland with a B.Sc. (Hons, Geology) and has 35 years' experience in exploration and resource company management in a variety of countries and geological settings, exploring for precious and base metals and fossil fuels. Nick has focused his attention on the identification of, and investment in, grass roots early-stage resource exploration projects. He has been instrumental in the generation of projects that have laid the foundation of returns of AUD\$5.7billion to shareholders through corporate take overs.

He was Managing Director of Auralia Resources NL, a junior gold explorer, before its USD\$23 million merger with Ross Mining NL in 1995. Nick was managing director of BeMaX Resources NL (an ASX-listed company) from 1997 until 2000 and instrumental in the discovery of the world class Ginkgo mineral sand deposit in the Murray Basin in 1998, prior to its \$300m takeover by Cristal. As an Executive Director and co-founder of Arrow Energy NL (also ASX-listed) until his resignation in 2004, he drove the acquisition and business development of Arrow Energy's large Surat Basin Coal Bed Methane project in south-east Queensland. The project provided the foundation for the A\$3.5billion takeover by Shell and Petrochina in 2010. He was a Non-Executive Director of Bow Energy which was also taken over by Shell and Petrochina in 2011 for AUD\$500 million.

He was a Non-Executive Director of Ballarat Goldfields NL from 2000 to 2002, having assisted that company in its recapitalisation and re-quotation on the ASX in 2003, prior to its \$500m merger with Lihir Gold in 2007. Nick was founder and Chairman of TSX-V listed Waratah Coal Inc until its \$130m takeover by Minerology Pty Ltd in December 2008. Nick was a co-founder of Northern Energy (taken over by New Hope Collieries in 2011) and a Non-Executive Director of Orbis Gold prior to its takeover by Canadian gold miner Semafo in 2014.

Nick is most recently known as a co-founder and driver as CEO of SolGold (LSE and TSX) and its world class Cascabel copper-gold porphyry project in Northern Ecuador, a greenfields discovery by SolGold. Cascabel has achieved a Resource of nearly 3 billion tonnes of ore which contains 10 million tonnes of copper and 20 million ounces of gold. Nick and his project management team, headed by



Jason Ward, drove Solgold's market capitalisation to in excess of US\$1billion and were awarded Best Director and Best Exploration Team Management at the Mines and Money forum awards in London and Toronto 2017 and 2018.

He is currently Managing Director of ASX-listed resource company creator DGR Global Limited and sits on the Board of the following Companies: Chairman of Armour Energy and NewPeak Metals (ASX) – Non-Executive Director of AusTin Mining (ASX) and Director Lakes Blue Energy (ASX) and a Non-Executive Director of SolGold plc.

## Events Subsequent to Reporting Date

- ◆ 14 January 2022 – ASX Release, "POSITIVE GOLD RESULTS FROM STOCKPILE DRILLING AT HORN ISLAND"
- ◆ 17 January 2022 – ASX Release, "HORN ISLAND CLOSE SPACE DRILL RESULTS"
- ◆ 19 January 2022 – ASX Release, "1.4KM IP ANOMALY EMERGING AT HORN ISLAND"
- ◆ 24 January 2022 – ASX Release, "ALICE QUEEN COMPLETES PRIVATE PLACEMENT"

**Approved by the Board of Alice Queen Limited.**

## For more information:

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## Competent Persons Statement

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

## 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 Scoping Study Outcomes and Mineral Resource Estimate" dated 11th November 2021, which is available at [www.asx.com.au](http://www.asx.com.au) the competent person being Mr. Dale Sims who is a chartered Professional Fellow of the Australian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientist. 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



## 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 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(369)	(708)
	(e) administration and corporate costs	(126)	(401)
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
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(495)</b>	<b>(1,013)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(10)	(10)
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(844)	(1,286)
	(e) investments	-	-
	(f) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	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)	202	238
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(652)</b>	<b>(962)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>1,378</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,711	1,161
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(495)	(1,013)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(652)	(962)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,378

## 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 (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	564	564

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	564	1,711
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)	564	1,711

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	154
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>		

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

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(495)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(844)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,339)
8.4	Cash and cash equivalents at quarter end (item 4.6)	564
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	564
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.42
<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?	
<p>Answer:</p> <p>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.</p> <p>The Company's cash position will substantially dictate the quantum of those cash flows and its exploration programmes.</p>		



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:

Yes. The Company raised \$1.3M in January 2022. For further details, refer to the Company's announcement released to ASX on 24 January 2022.

Furthermore, 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: 31 January 2022

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.