



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

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 2019.

HIGHLIGHTS FOR THE QUARTER

- Drilling commenced at Yarindury in New South Wales, with the first three holes targeting porphyry copper-gold mineralisation intersecting bedrock at only 60m (predicted to be 200m)
- The North Molong project prospectivity was highlighted during the quarter following a significant intersection by Alkane Resources at the nearby Boda prospect
- Horn Island JV exploration defines new anomalous soil and rock chip gold zone to the northwest of the existing open pit area, with a dipole induced polarisation (DDIP) survey completed late in the quarter, and
- Post quarter end, the Company was drilling at both Horn Island (within the JV exclusion zone) and continuing diamond drilling at Yarindury.

PROJECTS

HORN ISLAND JV EXPLORATION FOCUSED NORTHWEST OF PIT

During the reporting period, Alice Queen focussed on the JV program of work at its Horn Island project as part of the joint venture with established gold miner St Barbara Limited (ASX: SBM).

As part of the target generation program for large-scale Intrusion Related Gold Systems (IRGS), an infill surface soil and rock chip program was undertaken over an area of 2km x 1km to the northwest of the existing open pit and 0.5Moz Inferred Mineral Resource (Mineral Resource is excluded from the JV). A total of 407 (primary and duplicate) soil samples were collected on 200m spaced NE orientated lines with sample intervals at 50m. 176 quartz vein rock chip samples were selectively collected over a similar area.

For the soil sampling program, a maximum assay result of 2.31g/t Au was returned over the existing Mineral Resource, with 21 samples returning anomalous results of >0.1g/t Au. The rock chip sampling program returned a maximum result of 215g/t Au, with 14 samples returning greater than 1.0g/t Au.

The anomalous gold results occur within an area of 1.5km located to the northwest of the existing Mineral Resource (excluded from the JV).

The anomalous gold commonly correlates with aeromagnetic low anomaly trends, which have the potential to represent primary structures for hosting potential gold mineralisation.

A review of the multi-element geochemical analyses indicates that anomalous gold in surface samples is associated with enriched Sb-Ag-As-Pb-Zn. This is consistent with the gold and multi-element association observed in the Horn Island Mineral Resource and is similar to the geochemical signature of other intrusion related gold deposits in Queensland.

The surface sampling area was followed up by a DDIP survey in December targeting a broader area than the surface program, covering 3km x 2.5km. The DDIP results are still being interpreted as at the date of this release.

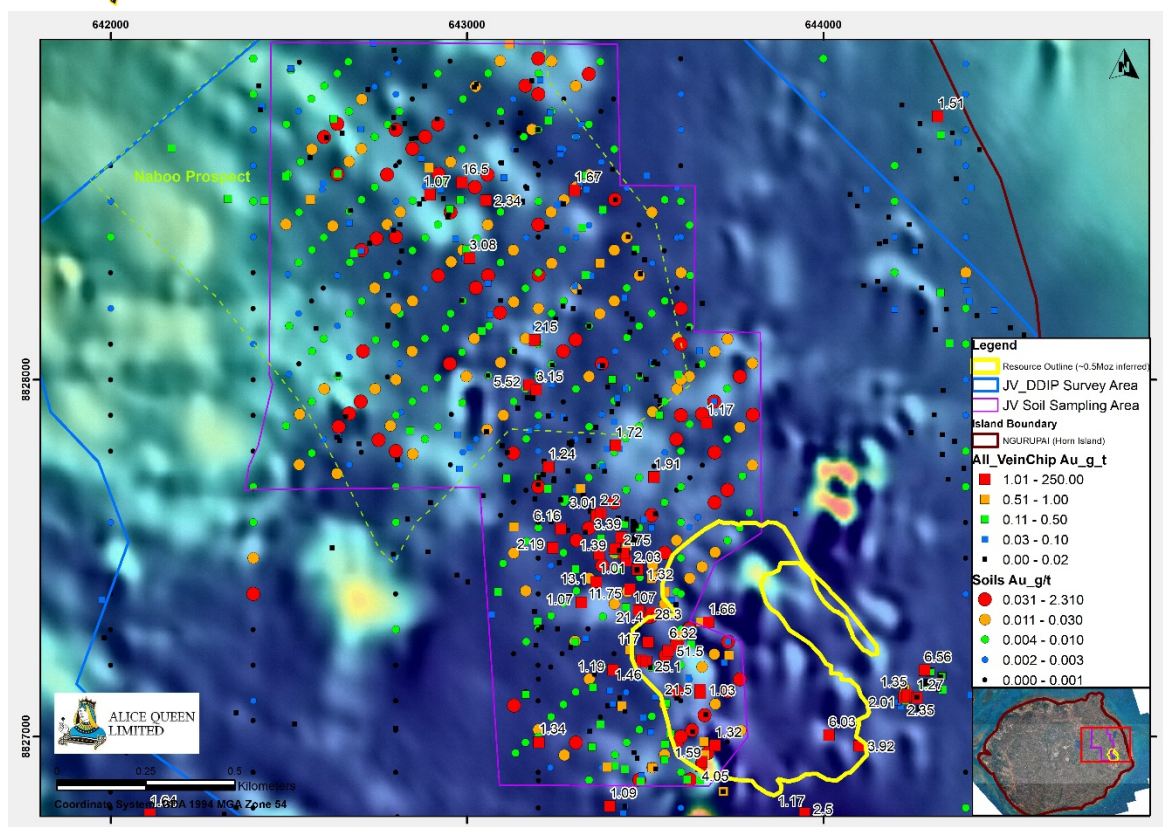


Figure 1. Maiden Horn Island JV soil and rock chip results

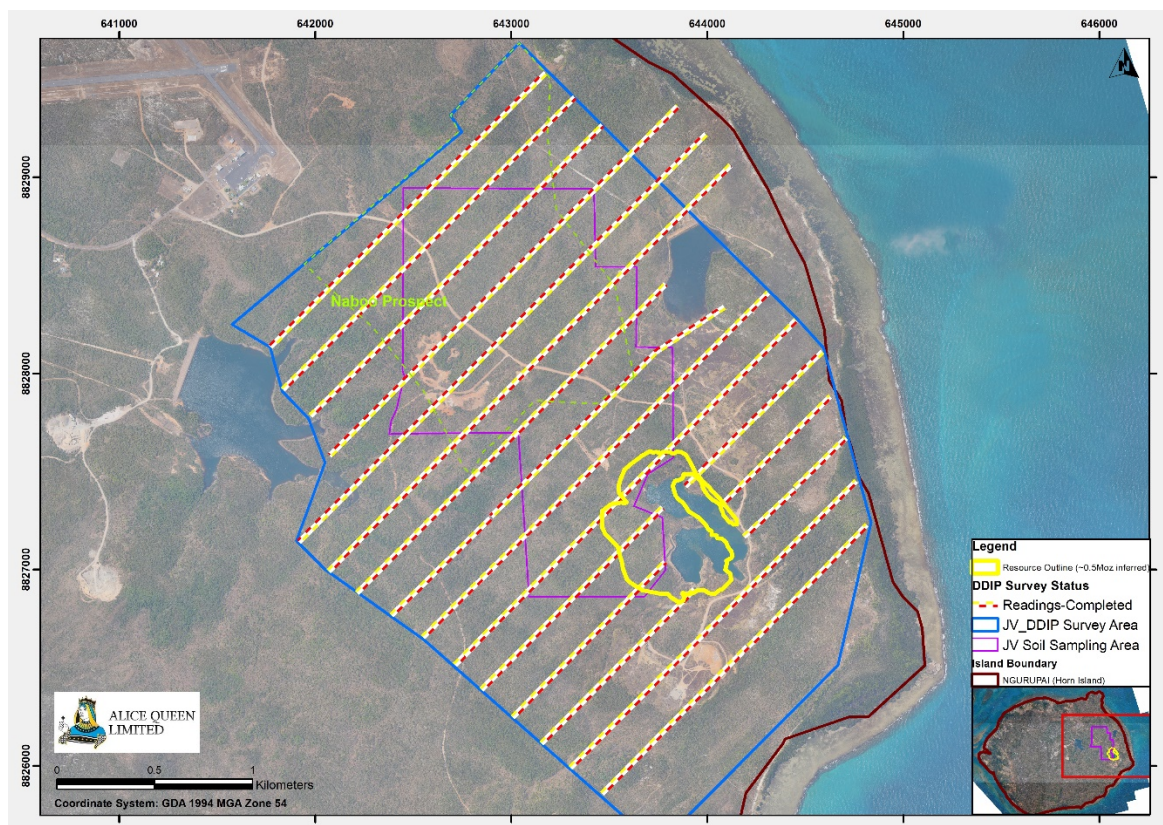


Figure 2: Dipole-Dipole Induced Polarisation (DDIP) survey showing line locations. The DDIP survey covers geochemical survey area (purple outline) and the Horn Island Mineral Resource (yellow outline).



HORN ISLAND ORE SORTING AND MINERAL RESOURCE DRILLING PROGRAM PLANNED

During the quarter, preparations were made for the commencement of a limited PQ diamond core drill program, consisting of 3 holes for 490m to provide a larger sample size from within the existing Mineral Resource to further advance planning for future Mineral Resource drilling, as well as providing sufficient material for bulk ore sorting testwork with Tomra.

Given that the gold within the Horn Island Inferred Mineral Resource is predominantly associated with quartz veins and not contained within the host rock, Tomra ore sorting technologies offer the potential to significantly reduce the mass of material prior to milling by separating the veins from the host rock.

The drill program commenced post the end of the quarter in January.

PROSPECTIVITY OF NORTHERN MOLONG PROJECTS HIGHLIGHTED DURING THE QUARTER

Alice Queen has been active in the Northern Molong Belt in New South Wales since 2016, with an exploration strategy based on the potential discovery of porphyry copper-gold deposits.

The Boda discovery of 502m at 0.48g/t Au and 0.20% Cu by Alkane Resources in September 2019 (refer ALK announcement 9 September 2019) highlighted the potential of the region to host significant mineralisation.

Alice Queen has a large portfolio of 100% owned tenements in the North Molong, including Boda East, located only 700m to the east of the Boda discovery in Yarindury EL8646.

Following Alkane's discovery, the Company has received significant interest from investors, shareholders and other parties with regards to the prospectivity of the Northern Molong Projects.

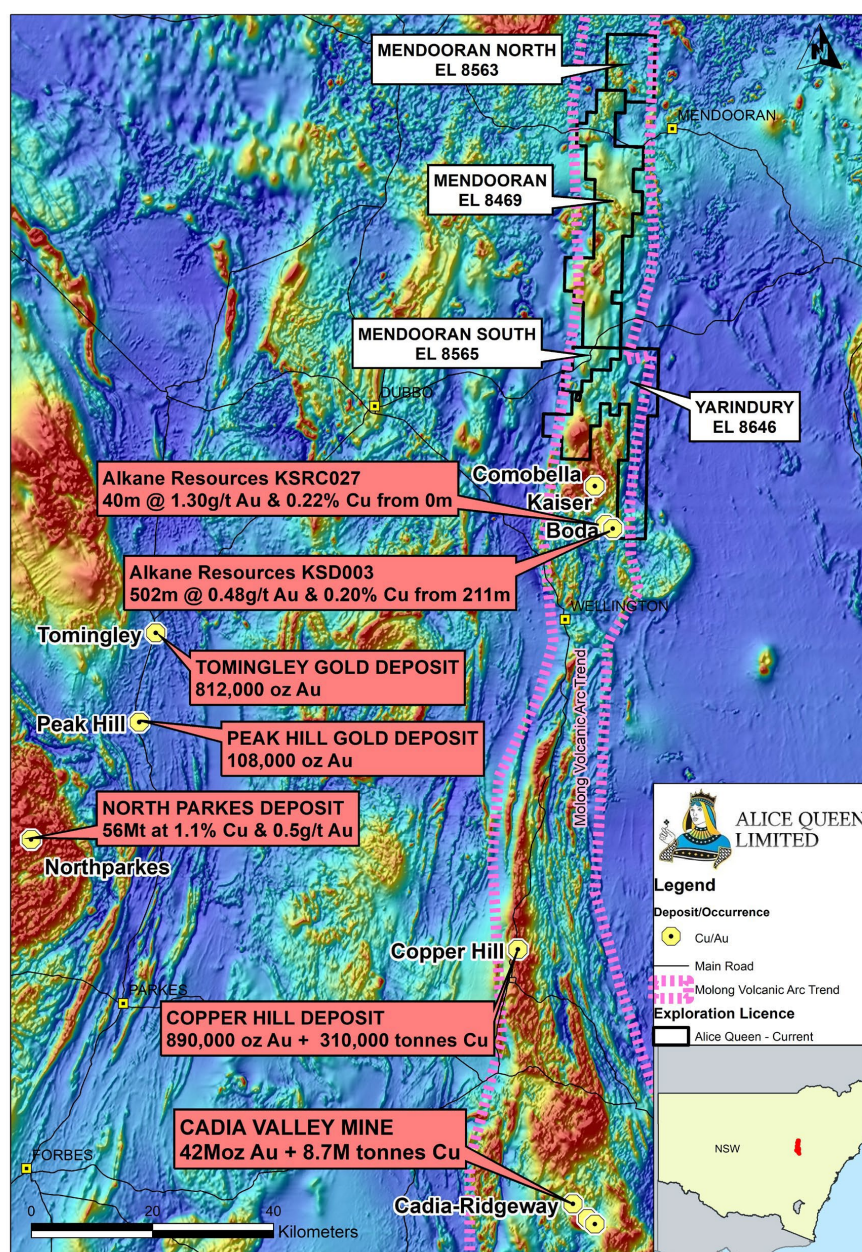


Figure 3: North Molong Belt Projects



DRILLING COMMENCED AT HIGHLY PROSPECTIVE COPPER/GOLD PORPHYRY TARGETS AT YARINDURY

During the quarter, Alice Queen commenced a nine hole drilling program at its Yarindury gold-copper project in NSW, focusing on high-quality porphyry Au-Cu targets.

Yarindury is along trend from Newcrest's Cadia Valley gold mine (50m oz Au) on the Molong segment of the Macquarie Arc, which is the host geology for all of Australia's major porphyry deposits. The targets were generated by Alice Queen's Technical Advisor (Porphyry) John Holliday (co-discoverer of Newcrest's Cadia Valley).

The Au-Cu porphyry targets are defined by a series of magnetic and gravity features with similarities to the magnetic and gravity signatures at the Cadia and North Parkes porphyry deposits.

In December, the Company reported that the first three holes had been completed, with cover thickness of ~60m, significantly less than the 200m that had been predicted. The shallow nature of the cover will improve the economic potential of the project if mineralisation is intersected.

Post quarter-end, the Company announced that it had completed eight out of the nine holes, with logging, sampling and assaying all underway. Results are expected in the March quarter.

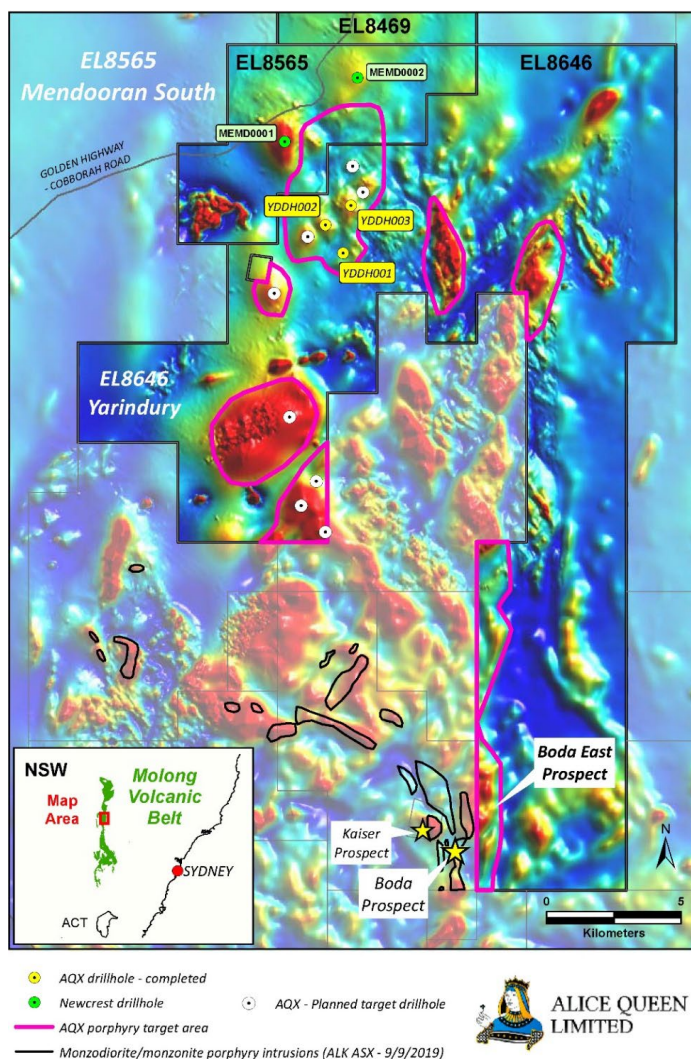


Figure 4: Yarindury drill program and target areas



**ALICE QUEEN
LIMITED**

MARCH QUARTER EVENTS

HORN ISLAND MINERAL RESOURCE AREA DIAMOND DRILLING

As mentioned previously in this report, Alice Queen has commenced a limited PQ diamond core drill program, consisting of 3 holes for 490m to provide a larger sample size from within the existing Mineral Resource to further advance planning for future Mineral Resource drilling, as well as providing sufficient material for bulk ore sorting testwork with Tomra.

Results from this program are expected to be announced in the March quarter.

YARINDURY DRILLING PROGRAM TO BE COMPLETED SHORTLY

The Company announced in mid-January that it had completed eight diamond core holes at Yarindury. This program is expected to be completed shortly with assay results to be reported during the March quarter.

Authorised for and on behalf of the board

Andrew Buxton

Managing Director, Alice Queen Limited

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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 2019

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	(322)	(548)
	(e) administration and corporate costs	(238)	(643)
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	-	-
1.8	Other - Proceeds from SBM JV for management fees	13	13
1.9	Net cash from / (used in) operating activities	(547)	(1,178)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	(8)	(8)
	(c) property, plant and equipment	(4)	(5)
	(d) exploration & evaluation (if capitalised)	(529)	(676)
	(e) investments	-	-
	(f) other non-current assets	-	-

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 SBM JV for exploration expenditure	128	128
2.6	Net cash from / (used in) investing activities	(413)	(561)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	50	2,416
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	414	643
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(68)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(50)	-
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	414	2,991

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,862	64
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(547)	(1,178)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(413)	(561)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	414	2,991

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	1,316	1,316

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	1,316	1,633
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	229
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,316	1,862

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**

169

-

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

7. Financing facilities

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility
amount at quarter
end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

-

-

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)	550
8.2	Capitalised exploration & evaluation (Item 2.1(d))	600
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	1,150
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,316
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,316
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.1

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?

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.

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:

Although the Company has not made any decision to pursue a capital raising, it has and 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. The Company notes that it has the full capacity remaining under ASX Listing Rule 7.1 and 7.1A. In addition, if necessary, the Company has the ability to reduce its proposed exploration expenditure for future quarters however it has no intention to do so and does not believe this will be necessary.

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, the Company's Board and Management continue to be focused on meeting its stated objectives 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.

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 2020

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.