



**ALICE QUEEN
LIMITED**

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ASX CODE: AQX

CAPITAL STRUCTURE

* Ordinary Shares on issue 193M

PROJECTS

Queensland

- * EPM 25520 Ngurupai (Horn Island)
- * EPM 25418 Kaiwalagal

New South Wales

- * EL 8225 Looking Glass
- * ELA 5207 Mendooran

BOARD & MANAGEMENT

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Managing Director

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Non-Executive Director

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Company Secretary & CFO

HORN ISLAND OPEN PIT MINING POTENTIAL GAINS TRACTION WITH PIONEER LODE

Alice Queen Limited ["Alice Queen" or "the Company"] is pleased to provide an update on recent investigations made into the viability of a small scale open pit mining operation at its flagship Horn Island Gold Project ["Horn Island"] located in the Torres Strait, Queensland.

These investigations had been undertaken as part of the follow up work from the Phase 1 drilling program completed in and around the historic pit at Horn Island.

This work forms part of a broader continuing exploration program of Horn Island which has included an extensive regional sampling and mapping program (results due in the coming weeks), laser ablation assessment complete at the bottom of hole 1 (results due in the coming weeks) and the identification of a number of drill targets at the Southern Silicified Ridge [SSR] which lies south west of the historic pit.

The initial assessment of the possibility of a small scale operation was completed by Mining Plus and the report generated from this work is appended to this release. The report has identified a number of key and encouraging points which include:

HIGHLIGHTS

- * Mining Plus report outlines a JORC 2012 Exploration Target specific to the Pioneer Lode only.
- * An infill drill program for the Pioneer Lode has been designed.
- * A maiden JORC 2012 Inferred Resource for the Pioneer Lode is targeted by the proposed infill program.
- * Additional 2 diamond core holes to be drilled to test shallow high grade at the Welcome Pit.
- * Metallurgical test work is underway with Gekko Systems.

Alice Queen Managing Director, Andrew Buxton, commented, "The Company has been in full swing following up the planned actions outlined in its most recent Quarterly Activities Report. The commencement of drilling at Looking Glass, the Company's porphyry target on the Molong Volcanic Belt of NSW is now imminent. The mapping and sampling program of the entire Horn Island mineral field is almost complete and has already resulted in the identification of a

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number of drill targets at the Southern Silicified Ridge (SSR) and the results from the laser ablation assessment of the colloform quartz material from the Horn Island phase 1 drilling program are currently being reviewed and further updates on these activities will be released to ASX in the near term.

In the interim, it is very pleasing to confirm that the concept of a small scale open pit mining operation at Horn Island is starting to gain some real traction. The most exciting thing, however, is that that the specific Pioneer Lode JORC Exploration Target outlined in the attached Mining Plus report is a very small part of the Horn Island mineral field and even smaller part of the Company's Torres Strait ground holding".

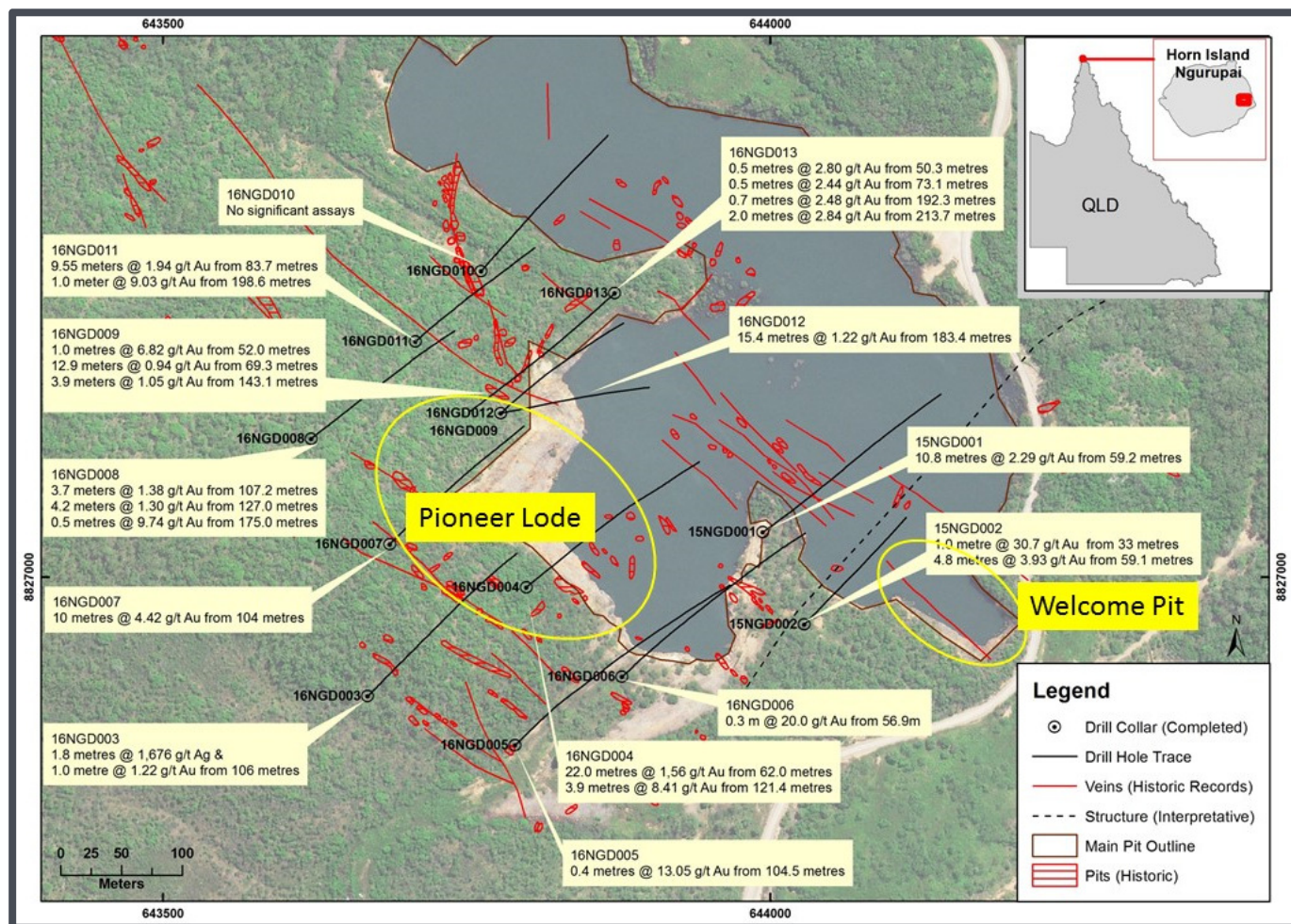


Figure 1 Pioneer Lode and Welcome Pit at the abandoned Horn Island gold mine



ABOUT ALICE QUEEN LIMITED [AQX]

The Company has four projects. Two of these projects are in the Torres Strait region of North Queensland being the Horn Island Gold Project [EPM 25520] and the Kaiwalagal Project [EPM 25418]. Kaiwalagal has recently been granted and covers the other major islands within the Kaurareg Archipelago [also known as the Prince of Wales group of islands]. There are historic shafts and pits from previous small scale gold mining on most of these islands.



Figure 2 Company Projects

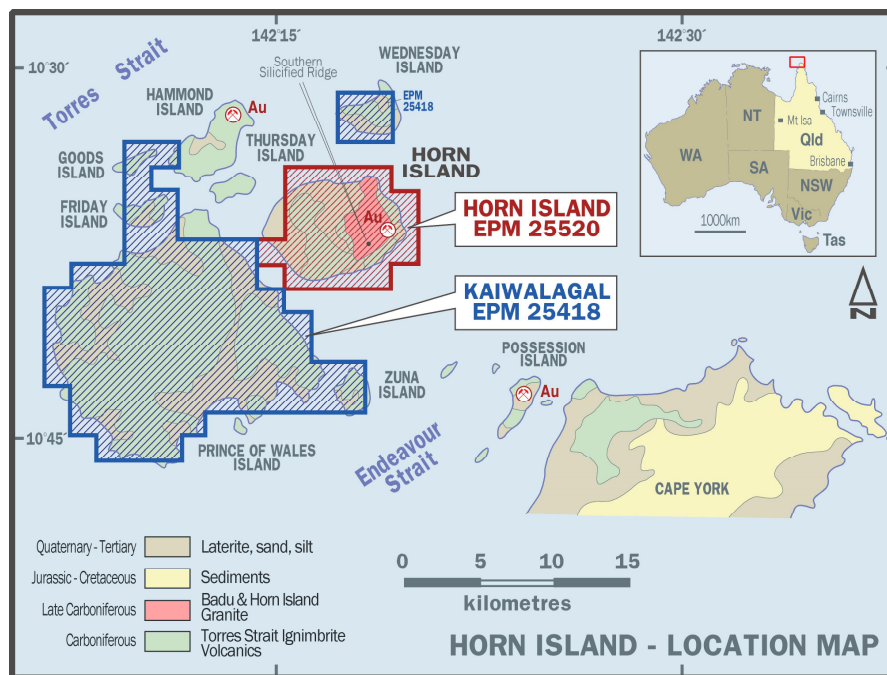


Figure 3 Torres Strait Projects

New South Wales

In NSW, the Company has two projects situated on the Molong Volcanic Arc, being Looking Glass [EL 8225] and Mendooran [ELA 5207], which is awaiting imminent grant. Together these projects have been chosen for their prospectivity for significant scale porphyry Cu/Au deposits. These projects were selected by AQX's Chief Technical Advisor, John Holliday, and are situated north of the giant Cadia-Ridgeway mine [50m oz Au + 9m tonnes Cu] operated by Newcrest Mining Limited. John was a principal discoverer of Cadia-Ridgeway and was formerly the Chief Geoscientist at Newcrest.

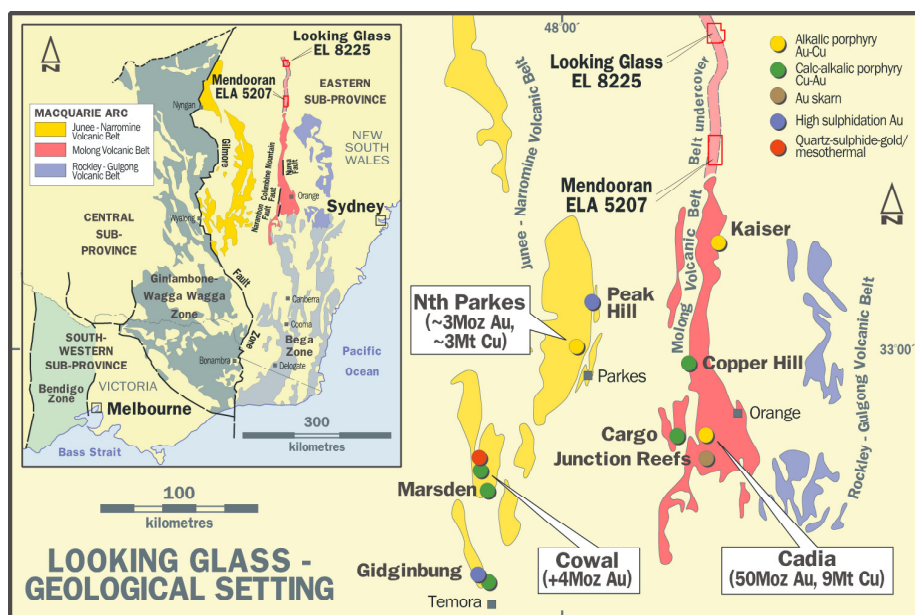


Figure 4 NSW Tenements



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For and on behalf of the Board

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COMPETENT PERSON STATEMENT

The information appended to this announcement that relates to exploration results is based on information compiled by Mr Brian Kay, a Competent Person who is a member of the Association of Professional Engineers and Geoscientists of British Columbia. Mr Kay has sufficient experience that is relevant to the style of mineralisation and type of deposits 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 Kay consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mineralisation Modelling

As stated in the ASX release of 24th June 2016, Alice Queen engaged Mining Plus to complete a geological and structural modelling exercise to quantify the potential exploration target that may be developed at the Pioneer Lode which is situated in the immediate area of the abandoned Horn Island open pit gold mine.

Mining plus reviewed all available data from the project to focus on the most prospective areas to drive further exploration.

The Phase I drillholes completed in late 2015/2016 provided data of the highest confidence and enabled delineation of the Pioneer Lode as well as affirming high grade at shallow depths beneath the Welcome Pit.

The Pioneer Lode modelling exercise utilised information from the 13 diamond drillholes completed by Alice Queen during the Phase I drilling programme. Alice Queen provided several wireframe solids and surfaces that defined the upper and lower boundary limits for the mineralisation.

A detailed topographic surface (*demPIT.00t*) and existing pit shell (*pit / 1.00t*) create the surface boundary and a basal fault (*fault_extended.00t*) has been modelled from the drill hole logging and projected across the deposit area to create a base of mineralisation (Figure 1).

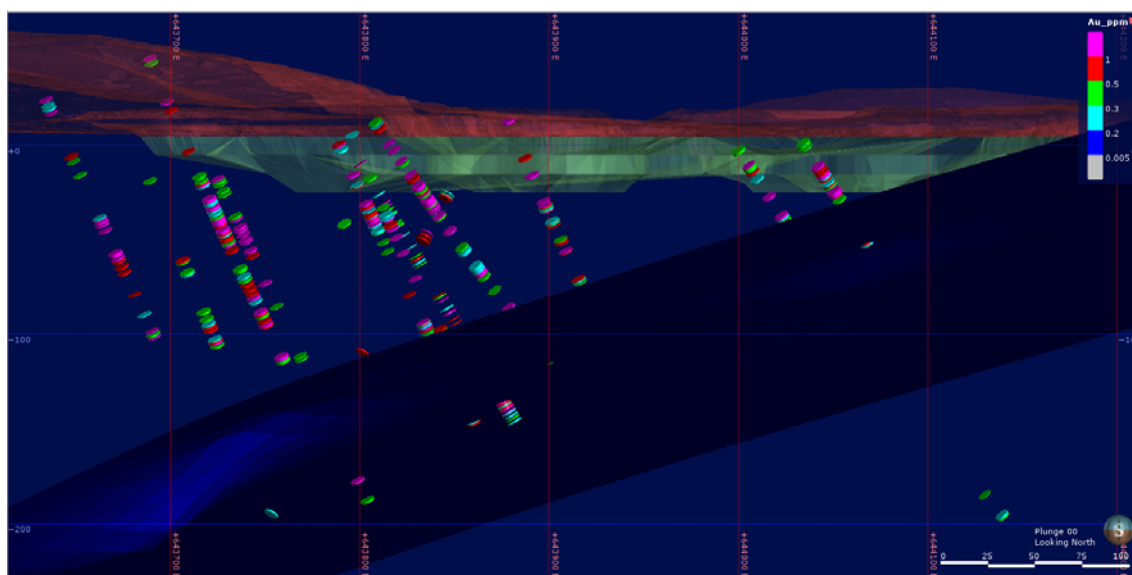


Figure 1 Surface topography (brown), pit shell (green) and basal fault (blue) modelled at Horn Island with 2015/2016 Phase I drilling intercepts shown

The gold mineralisation at Horn Island is interpreted to be associated with thin quartz vein arrays of varying orientations. Therefore, in order to generate the mineralisation model Mining Plus needed to understand the dominant orientation of the gold bearing quartz vein arrays at Horn Island.

Detailed vein and orientated structural logging have been used to determine the dominant vein orientations. The most prevalent orientations identified from this small dataset included a steep vein array trend that has been modelled using a dip/dip direction of 75°/225° plunging in the plane of the basal fault and a shallow dipping vein array modelled at 50°/239° (Figure 2).

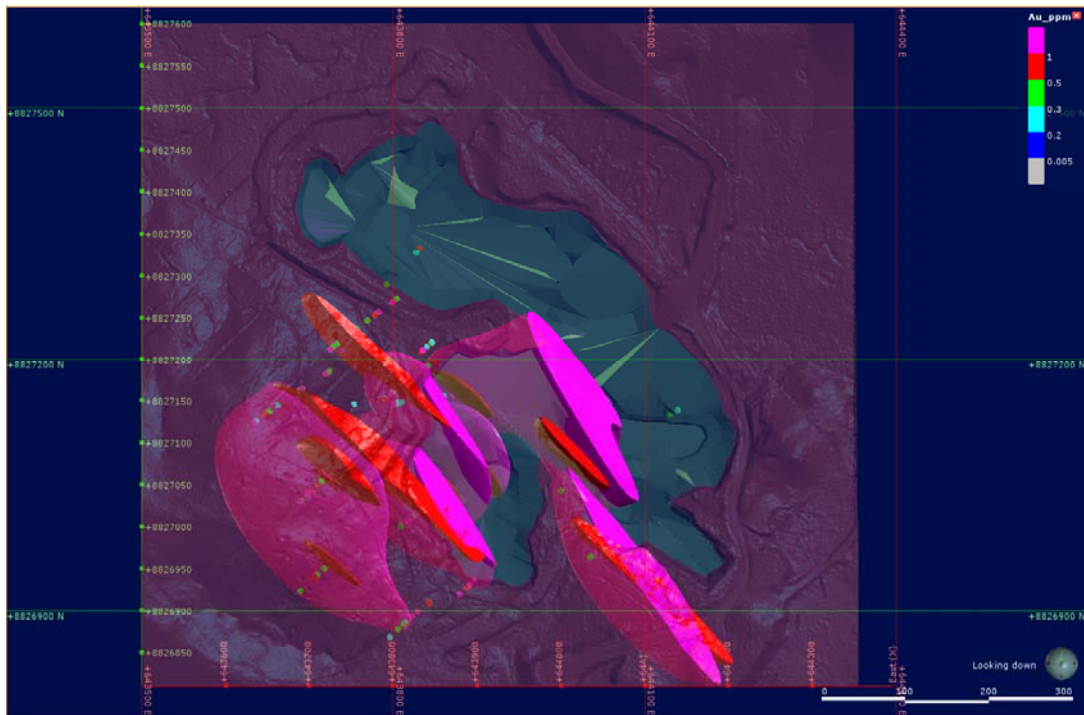


Figure 2 Steep dipping vein arrays (red) and shallow dipping veins (magenta) modelled at Horn Island

Modelled mineralisation shapes in both orientations have been reviewed by Alice Queen geologists with the approved final shapes used in the estimation of the exploration potential. Final shapes have been clipped at surface and also by the basal fault (Figure 3).

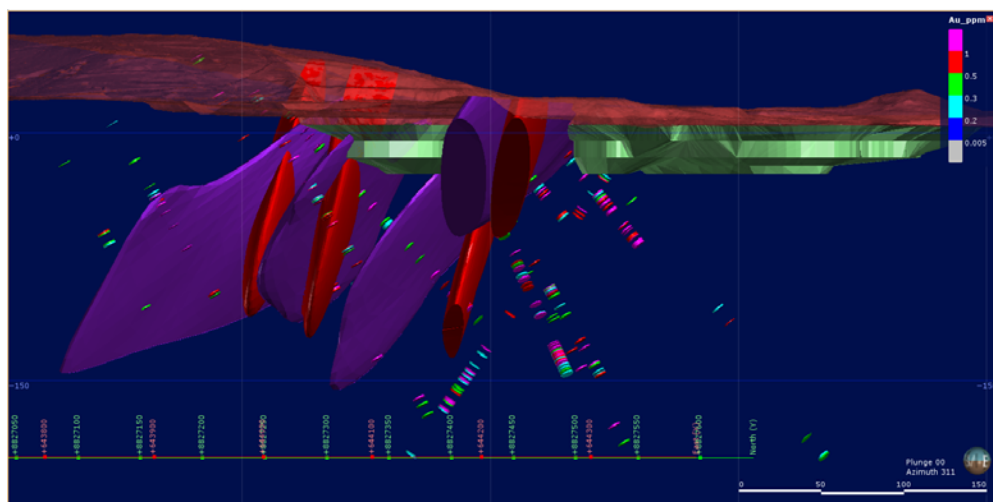


Figure 3 Final mineralisation wireframes generated by Leapfrog 3D and clipped to boundary surfaces

Exploration Potential

This study focused efforts on the most prospective areas at Horn Island in closest proximity to historic mining. This focus enabled the modelling of the Pioneer Lode. The Pioneer Lode has been modelled to a maximum depth of 170 m below surface and truncated all mineralisation at the basal fault modelled from the drilling intercepts logged during the Phase I programme.

The Exploration potential is detailed in Table 1.

Table 1 Exploration Target tonnage and grade range reported at Horn Island

Tonnes (Mt)		Grade (g/t Au)		Ounces (Oz)	
Lower limit	Upper Limit	Lower limit	Upper Limit	Lower limit	Upper Limit
1.0	3.7	1.6	2.4	100,000	190,000

Notes:

- 1) **Cautionary Statement: The potential quantity (tonnage) and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of Mineral Resources.**
- 2) Mining Plus created an indicative mineralisation model to identify the potential location and size of the immediate strike and dip extensions to the current mineralised system utilising Leapfrog Geo implicit modelling software to create solids at a 0.2g/t cut-off grade.
- 3) The Exploration Target has been based on drilling data from 13 diamond drill holes completed in the Phase 1 drilling campaign at Horn Island.
- 4) A base for the Exploration Target has been set at the bounding fault surface. The offset portion of this fault has yet to be identified and as such, has not been included in this Exploration Target.
- 5) The Exploration Target has been estimated using a SG of 2.7 g/cm³

Planned Exploration Programme

Alice Queen believes that the Horn Island Project has continued development potential and thus warrants ongoing exploration. The shortest path to a maiden resource involves further interrogation of the Pioneer Lode and shallow high grade beneath the Welcome pit.

Alice Queen has proposed a follow up diamond drilling program of eight holes for approximately 1,500m into the newly modelled Pioneer lode (six holes) and beneath the Welcome Pit (two holes). This drilling program will increase the drilling density to 50 m x50 m and assist in the development of a maiden mineral resource at Horn Island. Table 2 and Figure 4 outline the Details for the planned drilling programme.

Table 2 Drillhole Plan for Pioneer Lode and Welcome Pit programme

Hole ID	Priority	Target	East	North	Depth	Azimuth	Dip	Comment
A	1	East Pit	644,122	8,826,945	60	45	-45	under box cut
B	2	East Pit	644,080	8,826,910	70	45	-50	strike of hole 2
C	3	Pioneer	643,837	8,826,975	190	45	-45	40m SE of I6NGD004
D	4	Pioneer	643,768	8,826,940	210	45	-50	Under hole I6NGD004
E	5	Pioneer	643,705	8,827,040	220	60	-45	over hole I6NGD007
F	6	Pioneer	643,681	8,827,020	260	45	-70	under hole I6NGD007
G	7	Pioneer	643,745	8,827,007	245	45	-50	section between I6NGD004 and I6NGD007
H	8	Pioneer	643,745	8,827,007	230	45	-65	section between I6NGD004 and I6NGD007
					1485			

**Figure 4 Planned Drilling for the Pioneer Lode and Welcome Pit**

Core drilling has been selected as the preferred drilling technique as it will provide detailed geological and vein orientation information which can be used to guide future geologically constrained resource estimation.

The information in this memo that relates to the estimation of the Exploration Target has been compiled by Mr. Richard Buerger BSc (Hons). Mr. Buerger is a full-time employee of Mining Plus Pty Ltd and has acted as an independent consultant during the estimation of the Exploration Target for the Horn Island Deposit. Mr. Buerger is a Member of the Australian Institute of Geoscientists and has sufficient experience with the style of mineralisation, deposit type under consideration and to the activities 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 (The JORC Code). Mr. Buerger consents to the inclusion in this report of the contained technical information relating to the estimation of the Exploration Target in the form and context in which it appears.