



**ALICE QUEEN
LIMITED**

ASX RELEASE DATE | 17 OCTOBER 2016

ASX CODE: AQX

CAPITAL STRUCTURE

| | |
|-------------------|----------------------------|
| * Ordinary Shares | 222M |
| * Options | 124M [3c Exp. 30 Sep 2017] |

PROJECTS

Queensland

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

New South Wales

| | |
|------------|---------------|
| * EL 8225 | Looking Glass |
| * ELA 5207 | Mendooran |

BOARD & MANAGEMENT

Phillip Harman

Non-Executive Chairman

Andrew Buxton

Managing Director

Mark Kerr

Non-Executive Director

Anne Adaley

Company Secretary & CFO

DRILLING COMMENCES AT LOOKING GLASS (EL8225)

Alice Queen Limited ["Alice Queen" or "the Company"] is pleased to announce the commencement of drilling at its Looking Glass Project, the Company's copper gold porphyry target on the Molong Volcanic Belt of NSW.

HIGHLIGHTS

- * Drilling has now commenced at Looking Glass, the Company's porphyry target on the Molong Volcanic Belt
- * The Looking Glass target was selected by the Company's Chief Technical Advisor, John Holliday, who is a principal discoverer of the giant Cadia Valley deposits
- * The program consists of two [2] 750 metre holes, respectively, targeting two [2] discrete magnetic anomalies
- * Drilling costs are supported by a New Frontiers Cooperative Drilling grant from the NSW Department

The project is supported by a co-funding grant under the New Frontiers Co-operative Drilling Program. The NSW Department of Industry Skills and Regional Development, will reimburse the Company of up to 50% of the drilling metre costs to an agreed maximum amount of \$190,000.

Alice Queen's Managing Director, Andrew Buxton, said "The commencement of drilling at Looking Glass is a key milestone for the Company. Our exploration team has worked hard over the past few years to finally be at the starting block of this exciting project. The opportunity to drill test a Cadia style geophysical target that is situated on the same structure as Cadia and furthermore a target that was hand-picked by the geologist that discovered Cadia, makes this a potentially game changing time for the Company."

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Figure 1 Rig at Looking Glass



The Looking Glass project is located 25km northwest of Coonabarabran in central NSW. See Figure 2 below.

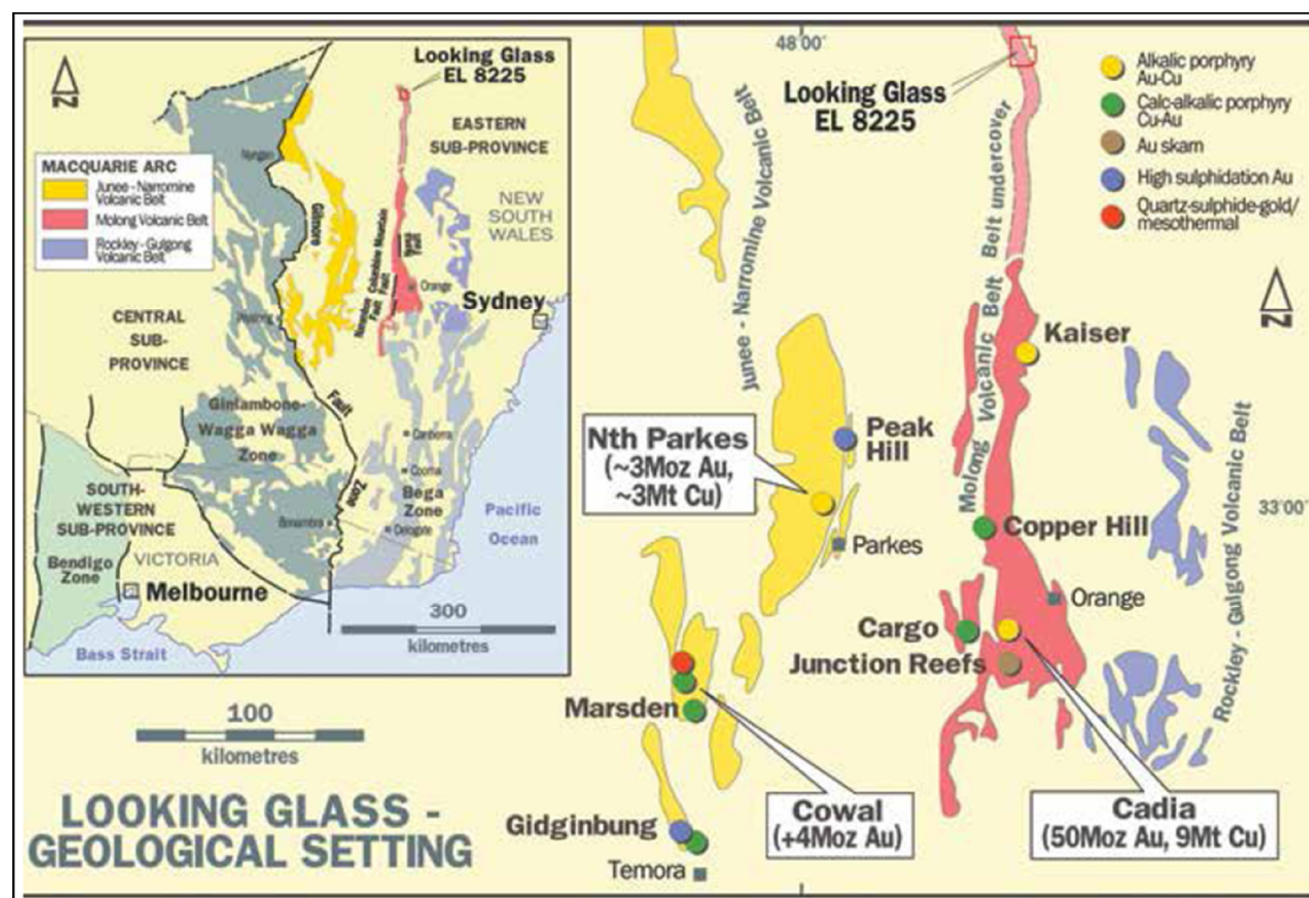


Figure 2 Location and Context of Looking Glass Project

GEOLOGY AND REGIONAL CONTEXT

The Looking Glass tenement lies within the geological and tectonic terrain known as the Lachlan Orogen (formerly Lachlan Fold Belt). Lithologically, the Lachlan Orogen is comprised of deformed sedimentary rocks, and mafic volcanics that accumulated along the eastern edge of Gondwanaland during the early Palaeozoic. The Looking Glass Project occurs in what has been interpreted to be a similar geological and structural environment to world class copper-gold and gold deposits in the Lachlan Orogen. These include:

- * Major porphyry Cu-Au deposits such as Cadia-Ridgeway, Goonumbla (Northparkes) and Copper Hill
- * Epithermal Au deposits such as Cowal, Peak Hill and Gidginbung / Temora
- * Skarn deposits such as Junction Reefs and Big Cadia

These Lachlan Orogen Cu-Au and Au deposits are hosted in Ordovician volcanoclastics and sediments that have been faulted then intruded by complex differentiated Ordovician to Early Silurian intrusive bodies.

The Looking Glass project is interpreted to occur within the undercover, northern extension of the Molong Volcanic Belt which hosts the Cadia deposits. The covered Molong Belt continuation has never been explored northwards beyond the Wellington area.

Interpretation of regional airborne magnetic data (Geological Survey of NSW) indicates the Molong Arc continues northwards under and beyond the Warrumbungle Mountains to where the Looking Glass Project covers a significant



magnetic feature under the Goorianawa Valley in EL8225. The thickness of the cover rocks is poorly understood, but is estimated to be 400m-500m based on water bore data and limited regional stratigraphic drilling.

The Company completed airborne geophysics over the Looking Glass Exploration Licence in February 2015. Subsequent modelling of the magnetic data resolved a composite anomaly beneath the cover rocks which is consistent with the porphyry deposit model. **See Figure3 below.**

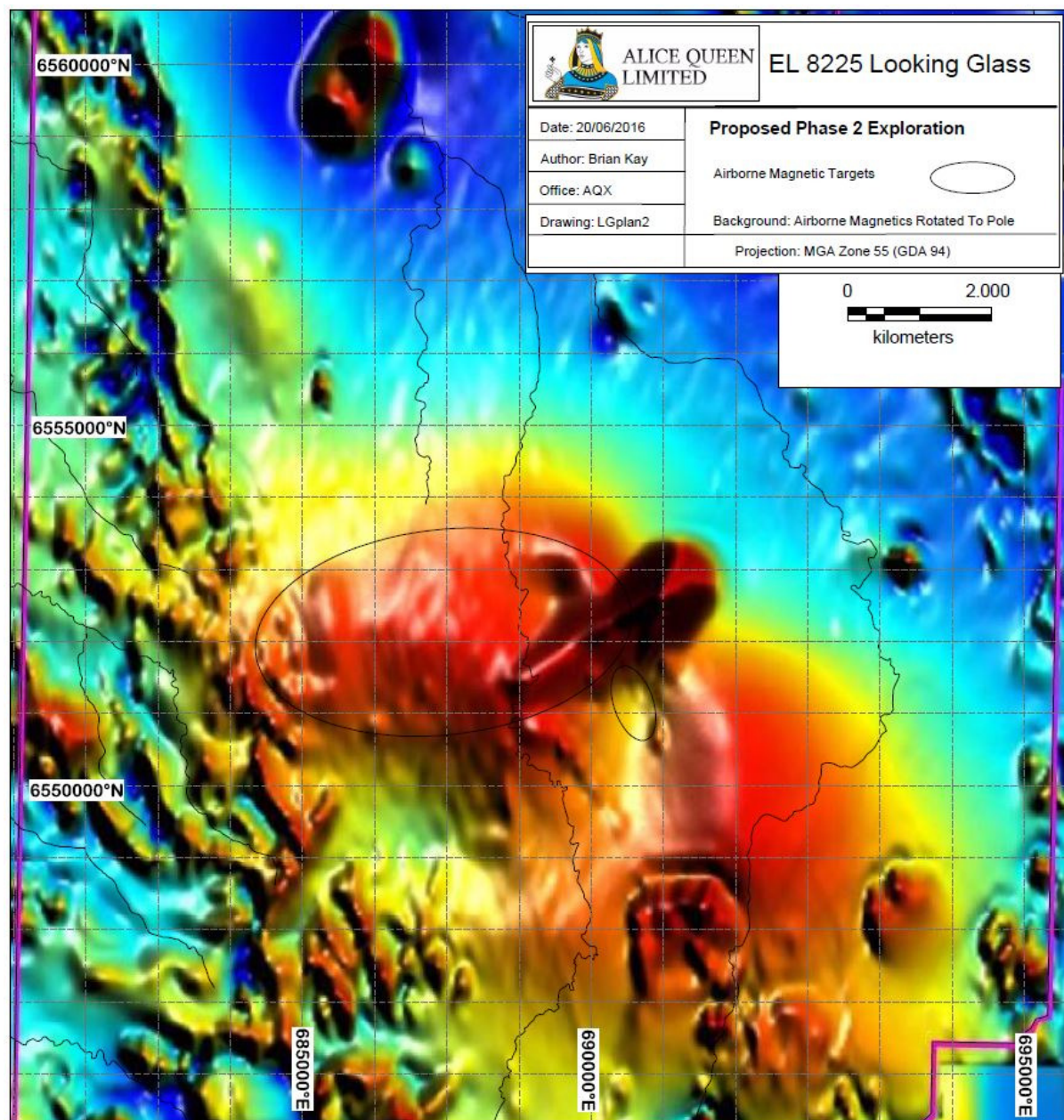


Figure 3 Looking Glass Magnetics with drill targets identified



DRILLING PLAN

The Company plans to drill two holes into the magnetic anomaly at Looking Glass. The first targets the central area of the large [5km diameter] volcanic feature. Pending the measures of success below, a second hole will be drilled on a smaller and possibly shallower magnetic target peripheral to the large feature. **See figure 4 below.**

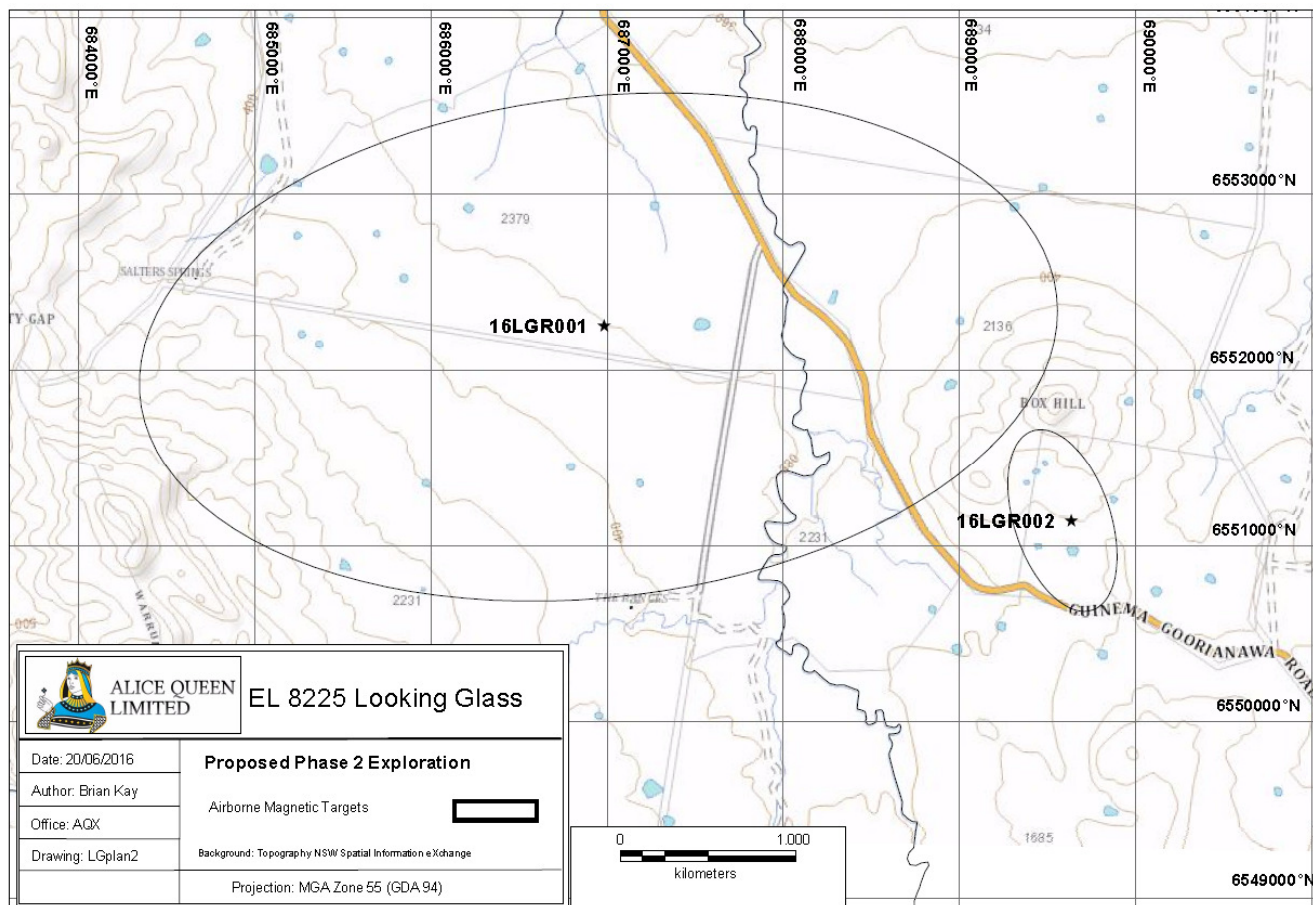


Figure 4 Drilling Location Plan



MEASURES OF SUCCESS

- * Penetrate the covering sedimentary rocks
- * Confirm presence of Molong Volcanic Belt at a reasonable depth
- * Confirm that the Ordovician Volcanics are analogous to those which host the Cadia Deposits
- * Any indication of porphyry style alteration or mineralisation.

NEW FRONTIERS COOPERATIVE DRILLING

The stated objective of the New Frontiers Cooperative Drilling Program is to provide grants for exploration drilling programs which demonstrate strong prospectivity, sound financial planning and a proven technical base. The stated anticipated outcomes of the program being:

- * to encourage mineral exploration and discovery in New South Wales that will ultimately ensure a sustainable economic resource pipeline for the State;
- * to encourage exploration drilling in greenfields areas that will test new geological ideas and models and/or drilling in regions covered by significant cover; and
- * to stimulate exploration in greenfields areas and build a stronger relationship between government and industry, in order to fully realise the economic resource potential of New South Wales.

The New Frontiers program is administered by the NSW Department of Industry Skills and Regional Development [Department]. The terms of the grant provide for reimbursement of 50% of drilling metre costs incurred at the Looking Glass Project prior to 30 June 2017, up to the maximum grant amount of \$190,000. Alice Queen will pay all non-metre drilling costs such as consumables, as well as non-drilling related costs such as supervision, assay costs and landowner compensation. Subject to Company complying with the terms of the grant, which include various reporting requirements and a requirement that the Department [in its reasonable opinion] is satisfied with the manner in which the Company has conducted the drilling program, grant funds will be paid to Alice Queen upon completion of the drilling program.

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr John Holliday, a Competent Person who is a member of the Australian Institute of Geoscientists. Mr Holliday is Chief Technical Advisor to Alice Queen Ltd. Mr Holliday has sufficient experience that is relevant to the style of mineralisation and type of deposit 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 Holliday consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

For and on behalf of the Board

Andrew Buxton

Managing Director

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