ALICE QUEEN LIMITED

ASX RELEASE DATE | 24 JUNE 2016

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

Bruce Fulton
Non-Executive Chairman

Andrew Buxton
Managing Director

John Holliday
Non-Executive Director

Mark Kerr
Non-Executive Director

Jeff Williams
Non-Executive Director

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ALICE QUEEN ANNOUNCES PHASE 2 EXPLORATION PLANS

Alice Queen Limited (ASX:AQX) ("the Company" or "Alice Queen") is pleased to announce its phase 2 exploration plans. Importantly the Phase 2 program will include follow up drilling on the recently identified epithermal targets on at Horn Island, the commencement of reconnaissance mapping and geochemistry over parts of EPM 25520 Ngurupai as well as a maiden drilling program at EL8225 Looking Glass, the company's porphyry target in in the highly prospective Molong Volcanic belt of New South Wales. As part of phase 2 the Company is also investigating potential development options for a small scale open pit operation at the former Horn Island gold mine.

HIGHLIGHTS

- 2 new diamond core holes to be drilled into newly identified epithermal occurrence in East Pit of former Horn Island Mine
- 2 new diamond core holes to be drilled in to the Southern Silicified Ridge (SSR) epithermal target on Horn Island
- Commencement of a maiden drill program at Looking Glass porphyry target on the Molong Volcanic Belt of NSW, which hosts the giant Cadia Valley deposits
- Work on assessing the viability of a small scale open pit operation on Horn Island

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HORN ISLAND PHASE 1 DRILLING REVIEW

Phase 1 drilling, which comprised 13 diamond core holes for 3,866 metres, was designed to test the area under and adjacent to the former open pit at Horn Island. The results from this program identified that the gold mineralisation continued both to depth and laterally within a wedge of rock that has been cut off by a basal fault. The drilling confirmed that the gold mineralisation continues to a depth of 2-3 times the depth of the historic pit. Mineralisation is open along strike and to depth, as the wedge continues to thicken to the north west.

The Company is satisfied that it has identified a large body of gold mineralisation in this area, however, taken as a whole, the indicative grade of this mineralisation appears at this stage to be sub economic. Nevertheless, there appear to be certain zones of mineralisation within the mineralised wedge that carry potentially economic grade. **See Figure1 below**

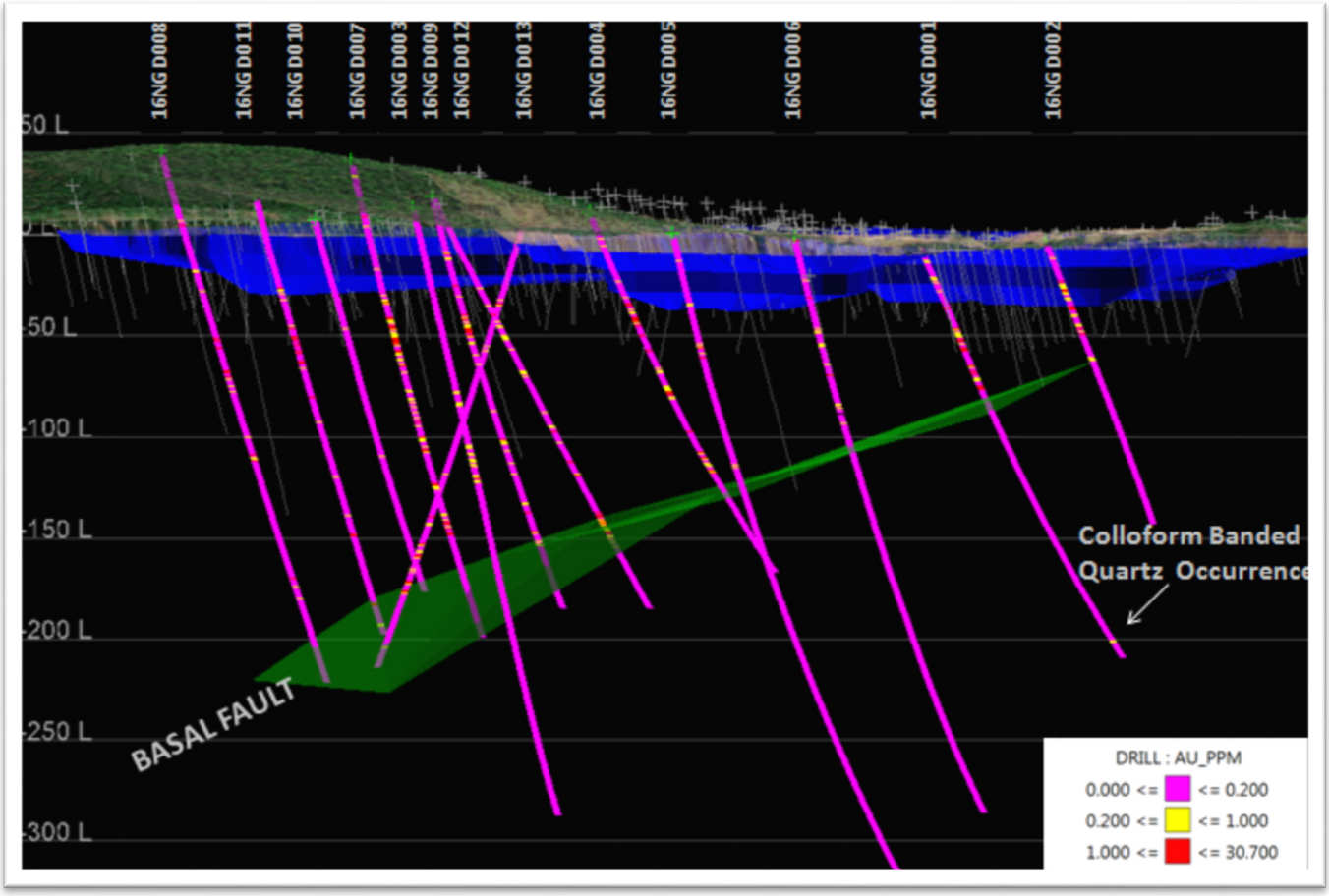

Figure 1. Wedge of mineralised rock under former Horn Island mine pit (image from previous AQX:ASX announcement).

A significant body of work is underway in terms of geological and structural modeling, economic benchmarking and development scenarios. This work will determine if certain zones within the drilled area have potential for development as a small scale open pit operation. The product of these studies will guide subsequent programs.

Should these studies deliver results that indicate the potential to focus on a smaller volume of material that may carry a potentially economic grade then the Company is well placed to consider its options in respect of deploying a small scale processing plant to generate cash flow that could fund further exploration across the Company's projects.

As has been mentioned previously by the Company, the Horn Island mine area is well endowed with existing infrastructure and is well serviced by all-weather roads, fresh water supply, existing tailings dam, regional airport, deep water port, access to heavy earth moving machinery and various accommodation options. This existing infrastructure makes the implementation of a small scale gold processing plant at Horn Island significantly more cost effective and thus much more attractive than in many other locations around Australia that have no existing infrastructure in their immediate vicinity. **See Figure 2 below.**

Figure 2. Horn Island infrastructure (photo from Alice Queen prospectus Sep 2015)

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HORN ISLAND EPITHERMAL TARGETS

With the phase 1 drilling program now complete and the results from that program all to hand, the Company is now in a position to announce its follow up phase 2 drilling program at the Horn Island mineral field.

While the material mined in the historic open pit has been interpreted as an 'Intrusion Related Gold System' [IRGS] the potential for epithermal deposits in the district has long been recognised, with references to sinters and siliceous breccias in the historic literature. Some of the most significant gold mines of Queensland, such as Pajingo and Cracow, exploit epithermal gold deposits.

Encouragingly, in hole 15NGD001 at the east end of the former Horn Island open pit, at 268m downhole, a 2m interval of chalcedonic breccia was identified to contain clasts of colloform banded quartz. See Figure 3. below.

This is consistent with material that would be formed by a low sulphidation epithermal event at some depth below the drill intersection, and is mineralogically distinct from the IRGS quartz sulphide veins in the former pit. This occurrence is also below the basal fault which truncated the IRGS mineralisation.

On this basis, the Company intends to follow up the newly identified epithermal potential of the Horn Island mineral field in the following way:

EAST PIT DOWN HOLE 1

Within a 2 metre interval from hole 15NGD001, specific clasts of colloform banded quartz breccia were identified and the interval returned anomalous, low grade gold values. The Company's exploration team, have selected certain colloform banded quartz clasts to be subjected to further analysis. **See Figure 3 below.**

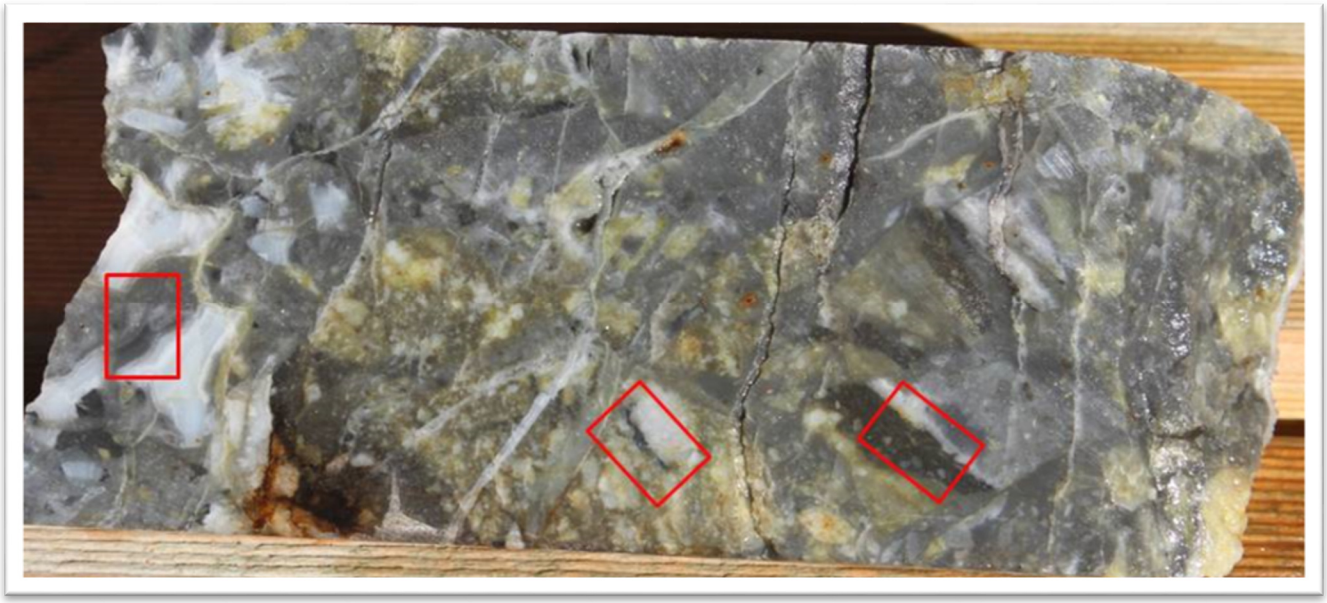

Figure 3. Drill core from 268m down hole15NGD001 where banded colloform quartz clasts were identified

This analysis will include a detailed petrological examination and Laser Ablation Inductively Coupled Plasma Mass Spectrometry (LA-ICPMS) of the bands within the colloform quartz clasts. LA-ICPMS is a process whereby a laser beam vaporizes a 100 micron pit in a section of a rock sample, then analyses the vapour for its chemical composition. This process provides a detailed indication of gold distribution in the colloform quartz clasts.

The subjection of the samples to LA-ICPMS is designed to determine if there is evidence of a 'bonanza' gold event present within those clasts. The process is being undertaken by the Centre for Ore Deposit and Exploration Studies (CODES) at the University of Tasmania and results are expected in approximately 8 weeks from now.

If it can be determined that there is evidence of a 'bonanza' gold event within those clasts then the Company will follow up with two deep (=>400m) diamond core holes aimed at testing the epithermal target that has been generated by this occurrence in hole 15NGD001. An indicative drill plan has been developed by the Company to test the target at depth. **See Figure 4. below.**

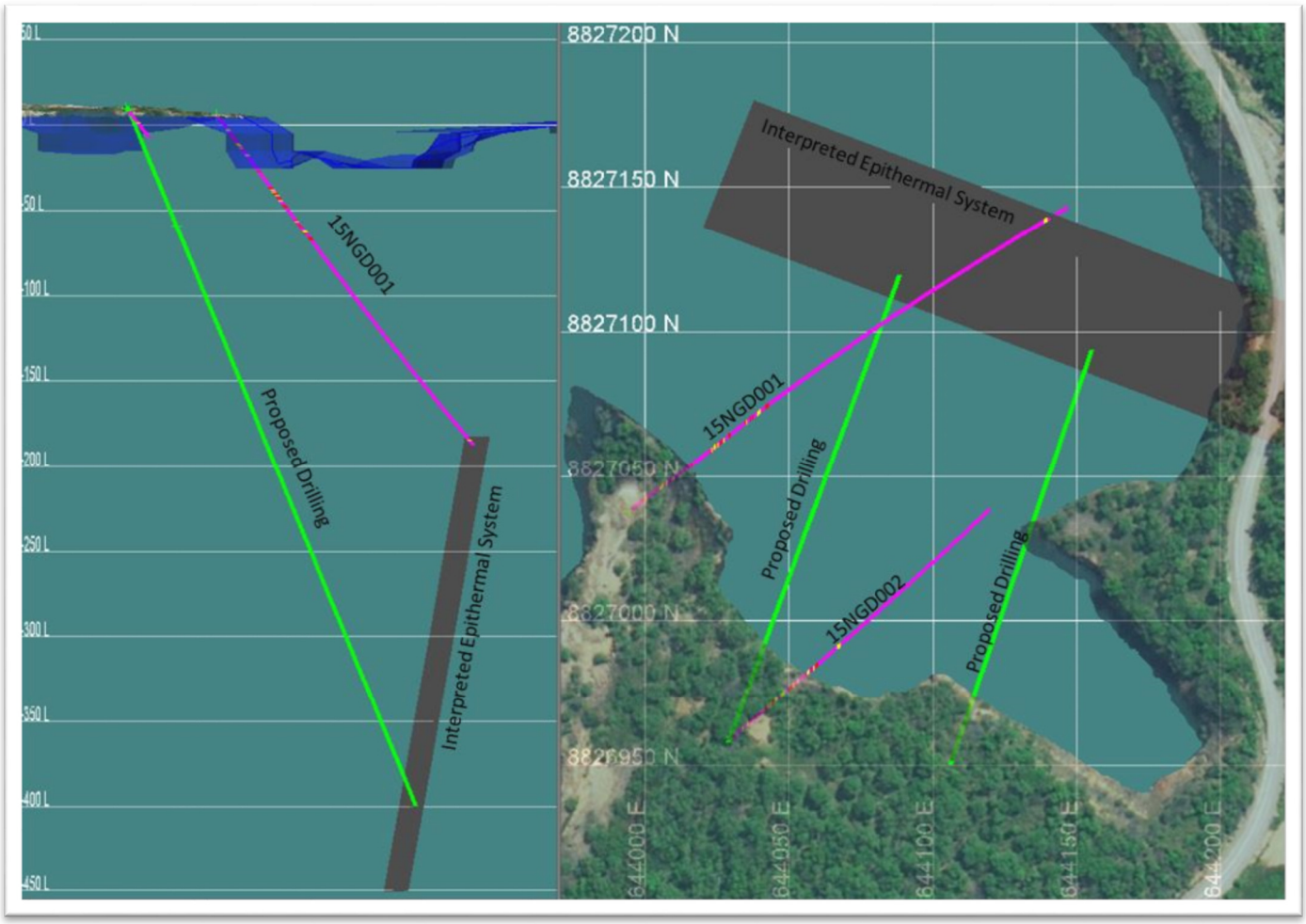

Figure 4. Proposed drilling under epithermal target in East pit of former Horn Island mine

SOUTHERN SILICIFED RIDGE ("SSR"):

The Southern Silicified Ridge lies 2.6km to the south west of the former Horn Island open pit and is a North West trending ridge of approximately two kilometres in length. by previous explorers. As the name suggests, the SSR has a significant outcropping or capping of silica at its crest and was suspected to be an epithermal occurrence. On this basis, previous explorers completed 5 documented drill holes at SSR returning a best intersection of 1 metre at 14g/t Au from 91 meters down hole (DDH480). A portion of any fieldwork will be to locate old drill sites and assess the level of confidence in the historic records.

The Company's exploration team has developed a geological mapping and geochemistry program that covers the area between the former open pit and the SSR. This program will commence immediately and is expected to be completed in around 2 months. The information generated from this initial field program is aimed at providing the best possible targets for two (=>250m) diamond core holes targeting epithermal gold at the SSR. **See Figure 5 below.**

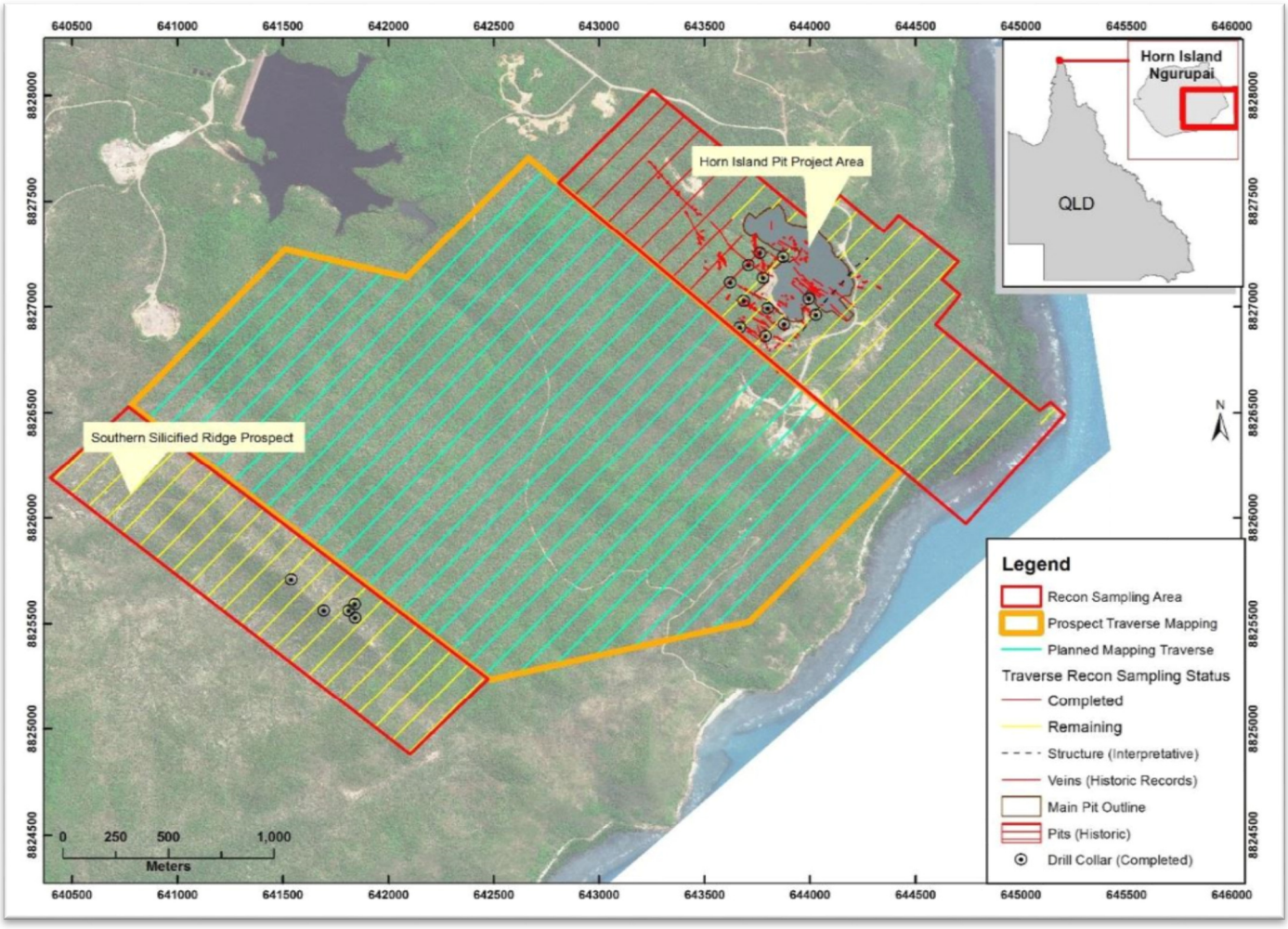

Figure 5 Location Map showing area of planned field work on Horn Island

ELA 8225 LOOKING GLASS

In addition to the phase 2 drilling at Horn Island described above, the Company will also commence its maiden drilling program at its porphyry target at the Looking Glass project in New South Wales.

The Looking Glass project is located 25km northwest of Coonabarabran in central NSW. See Figure 6 below. Geophysical data indicates that Jurassic sedimentary rocks cover the Ordovician Molong Volcanics, the same rock package that hosts the Cadia Valley deposits (50m Oz Au and 9m tonnes Cu) operated by Newcrest, and numerous other porphyry gold and copper occurrences. **See Figure 6 below.**

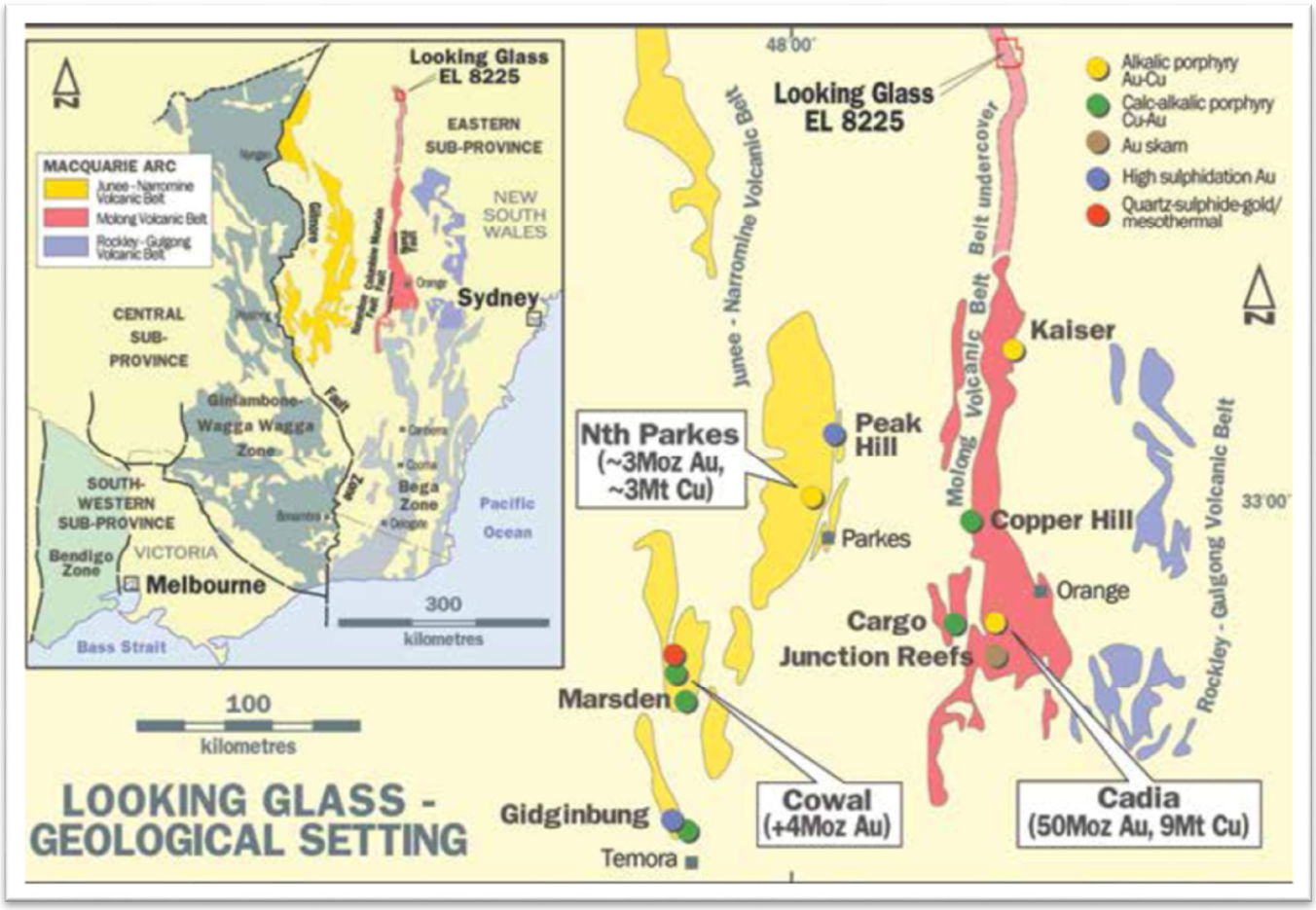

Figure 6. Location and Geological Setting of Looking Glass EL8225

The Company completed airborne geophysics over the Looking Glass Exploration Licence in 2015. Subsequent modelling of the magnetic data resolved a composite anomaly beneath the cover rocks which is consistent with porphyry deposit model. **See Figure 7 below.**

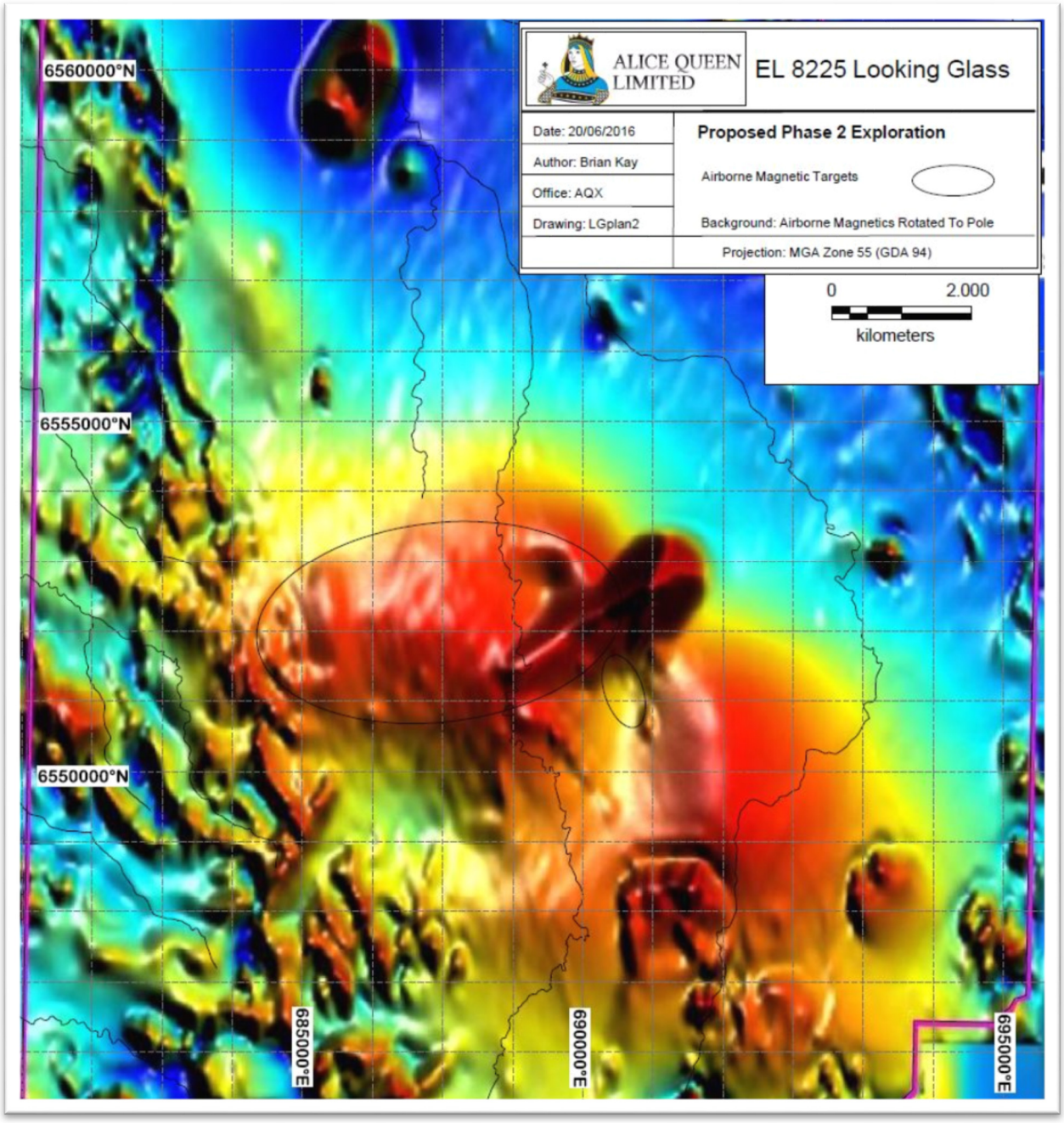

Figure 7. Airborne Magnetics (Rotated to Pole) over EL8225 Looking Glass

Two deep (=>700m) holes will penetrate the sedimentary cover to intersect the unconformity and the prospective volcanic rocks. A successful outcome from these holes would be to identify alteration mineralogy consistent with known porphyry deposits in the district.

The Company has applied under the NSW New Frontiers Cooperative Drilling Programme, for part funding of this drill program. Looking Glass fulfils the brief of the program, to explore for high value targets in covered, untested areas using cutting edge technology and detection techniques. Final determination of grant recipients is expected by 4 July 2016.The Company expects to begin drilling soon.

COMPETENT PERSON 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 a director of Alice Queen Ltd and Kauraru Gold Pty 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.