



## **QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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 30 September 2018.

### **HIGHLIGHTS FOR THE QUARTER:**

- A profound change in the geological understanding and exploration potential of the Company's flagship Horn Island Gold Project in the Torres Strait, Queensland.
- Upgraded the Mineral Resource estimate for Horn Island to 7.96 million tonnes at 1.9g/t gold for 492,000 ounces of gold using a 0.5g/t gold cut-off grade.
- Completed an approximate \$1 million capital raising, through the Placement of 68 million new shares at 1.5 cents per share.

### **MAJOR EXPANSION OF EXPLORATION UPSIDE AT HORN ISLAND**

During the reporting period, Alice Queen announced that recent work by leading industry consultants, together with the body of work the Company has compiled since listing in 2015, had revealed a profound change in the geological understanding and exploration potential of Horn Island.

This has extended the exploration potential of the asset well beyond the current Inferred Mineral Resource area.

Almost 15,000 drill core samples and 1,700 surface rock chip samples were (re)assayed using a 4-acid digest, ICP-MS/AES analytical method.

The current Horn Island gold deposit is part of an extensive alteration system that has all the characteristics of an Intrusion-Related Gold System. This puts Horn Island in the same mineral system category as the major past and present multi-million-ounce gold producers of north-east Queensland, such as Kidston, Mt Leyshon, Ravenswood and Mt Wright.

Age dating has confirmed that Horn Island is of the same broad age as these deposits.

The alteration system at Horn Island covers an area of roughly 20 square kilometres of which the drilled part is only 0.35km<sup>2</sup>.

The granite hosting the mineralisation can be subdivided by detailed litho-geochemistry into 10 fractionation phases (Figure 2), and significantly the cupola (most fractionated) phase of the system, which can be expected to host the strongest gold mineralisation, has not yet been located. Discovering this gold-mineralised cupola phase will be a key focus for exploration going forward.

Structural studies of the Horn Island pit Mineral Resource area have shown that the gold is contained in a large tension vein array setting with significant probable extensions away from the resource area which have had only very limited drill testing (Figure 3).

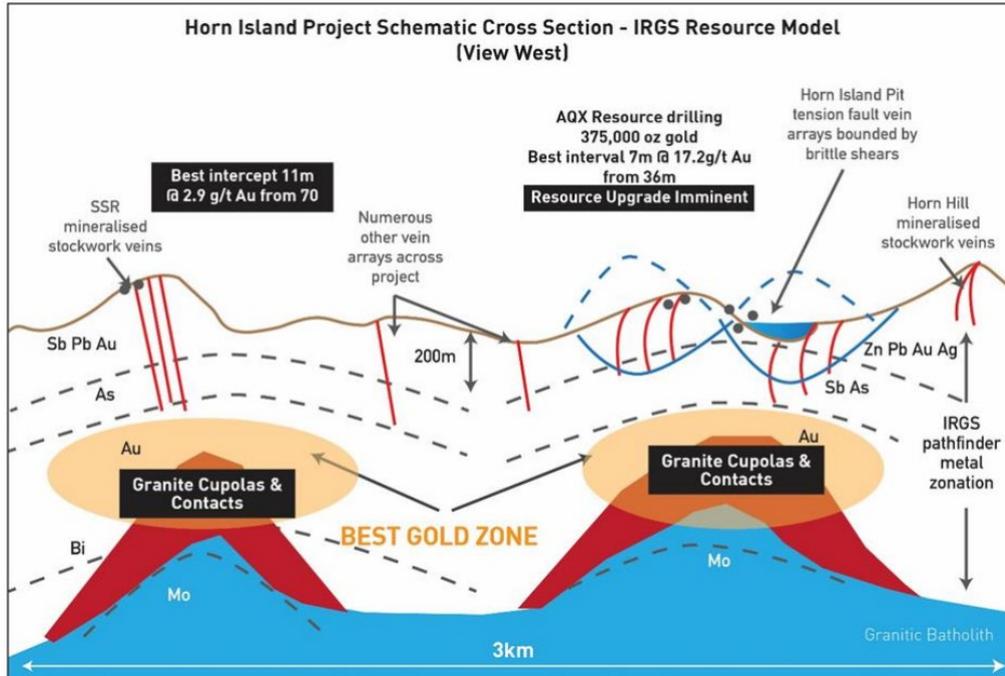


Figure 1. Horn Island Project schematic cross-section – Exploration & IRGS metal zonation model highlighting drilling of near-surface vein systems and targeting for best gold zone at the granite cupolas interface.

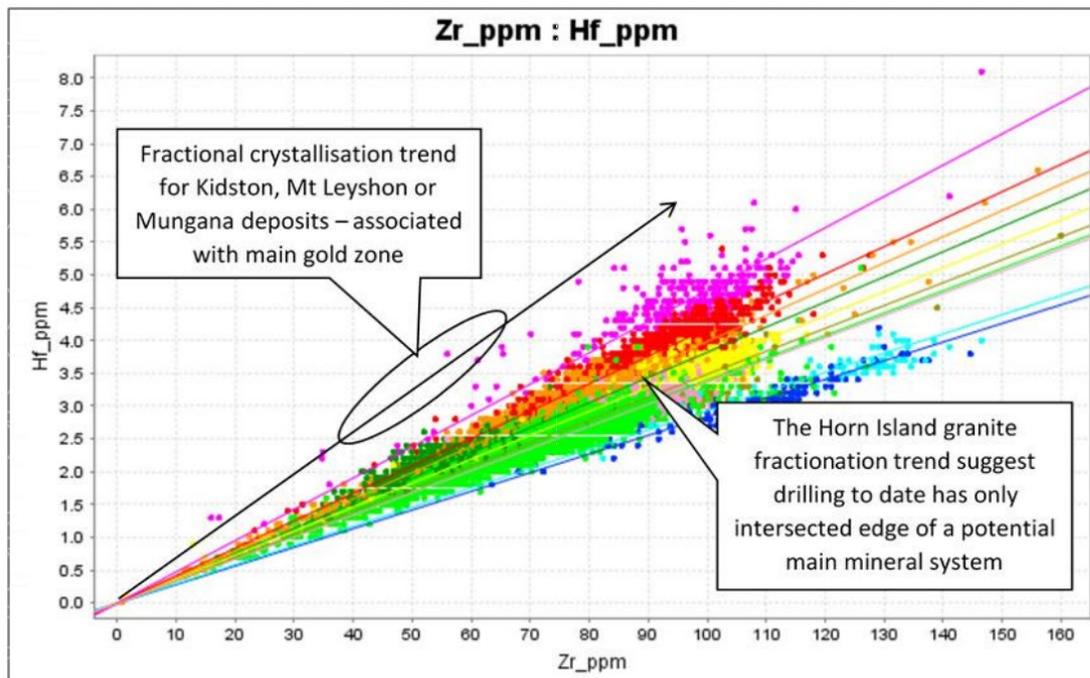


Figure 2. Indicator of fractional crystallization of zircons from the Horn Island gold deposit. Various colours represent different fraction of the granites with most fractionated population represented by magenta and least fractionated represented by blue values. The black ellipse shows points to plot in a strongly fractionated system like Kidston, Mt Leyshon or Mungana. The drilling to date at Horn island has not intersected the most fractionated granite.

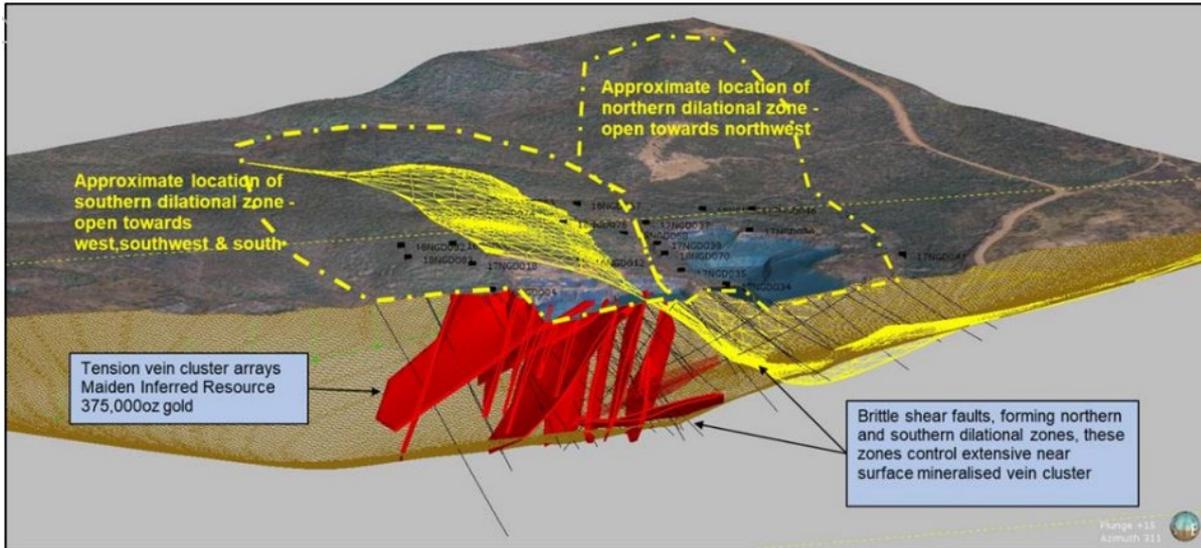


Figure 3. Cross section (view northwest) of Horn Island gold deposit with components of the structural frame work – the gold mineralisation forms within tension vein cluster arrays (within southern and northern dilation zones), mineralisation is bounded by brittle shears.

**INFERRED RESOURCE UPGRADE AT HORN ISLAND**

In August, Alice Queen revealed the first upgrade to its maiden Inferred Mineral Resource estimate for the Horn Island deposit, with 7.96mt at 1.9g/t gold for 492,000oz of gold using a 0.5g/t cut-off grade.

The upgrade represents a 29% increase in total gold ounces at Horn Island, as well as a 30% increase in tonnes, while maintaining a similar average grade range of 1.9-2.03g/t gold (using a cut-off of 0.5g/t to 0.7g/t gold).

The Mineral Resource estimation upgrade was completed using drill data from the initial Maiden Resource Estimate (ASX announcement 5 Sept 2017) and more recently completed Phase 2 drilling, in total comprising 74 drill holes for 17,079.5 metres.

Deposit	Cut-Off	Inferred		
		Tonnes	Grade	Metal
Horn Island	0.5	7,960,000	1.9	492,000

Table 1. Inferred Mineral Resource Upgrade estimate for Horn Island gold deposit.

The Horn Island project continues to display very encouraging attributes with significant further upside in the context of future open pit mining development.

Alice Queen is now focused on implementing multi-disciplinary exploration programs to continue developing its primary gold deposit, whilst exploring and evaluating other new surface gold occurrences, and importantly, seek to discover where the strongest mineralisation zones may occur.

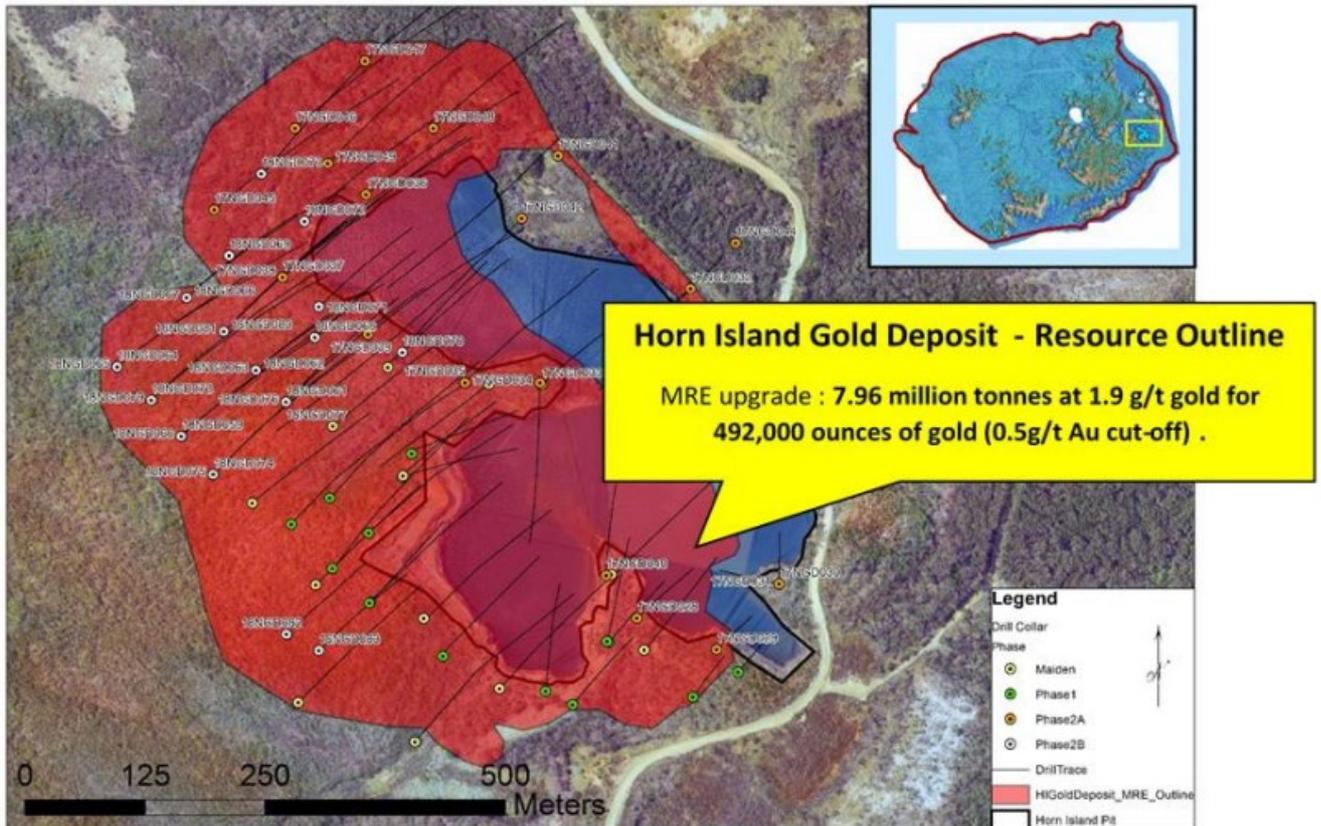


Figure 4. Drill trace map and Resource outline (red polygon) for Horn Island MRE upgrade, phase 2 drill holes labelled.

The Horn Island project is located on the east side of Horn Island, in the Torres Strait region of north Queensland. The resource is sited on exploration licence EPM25520 and known as the Horn Island (Ngurupai) project, covering a total area of 80.7km<sup>2</sup>. The Company also holds an additional licence area, EPM25418, which is known as the Kaiwalagal Project, covering an additional total area of 278.9km<sup>2</sup>.

Both projects are operated by Kauraru Gold Pty Ltd, which is a joint venture between Alice Queen Limited and the Traditional Owners of the land, the Kaurareg People of Kaiwalagal.

The Company has a comprehensive licence portfolio across this part of the Torres Strait region, which it considers as very strategic for future growth and development.

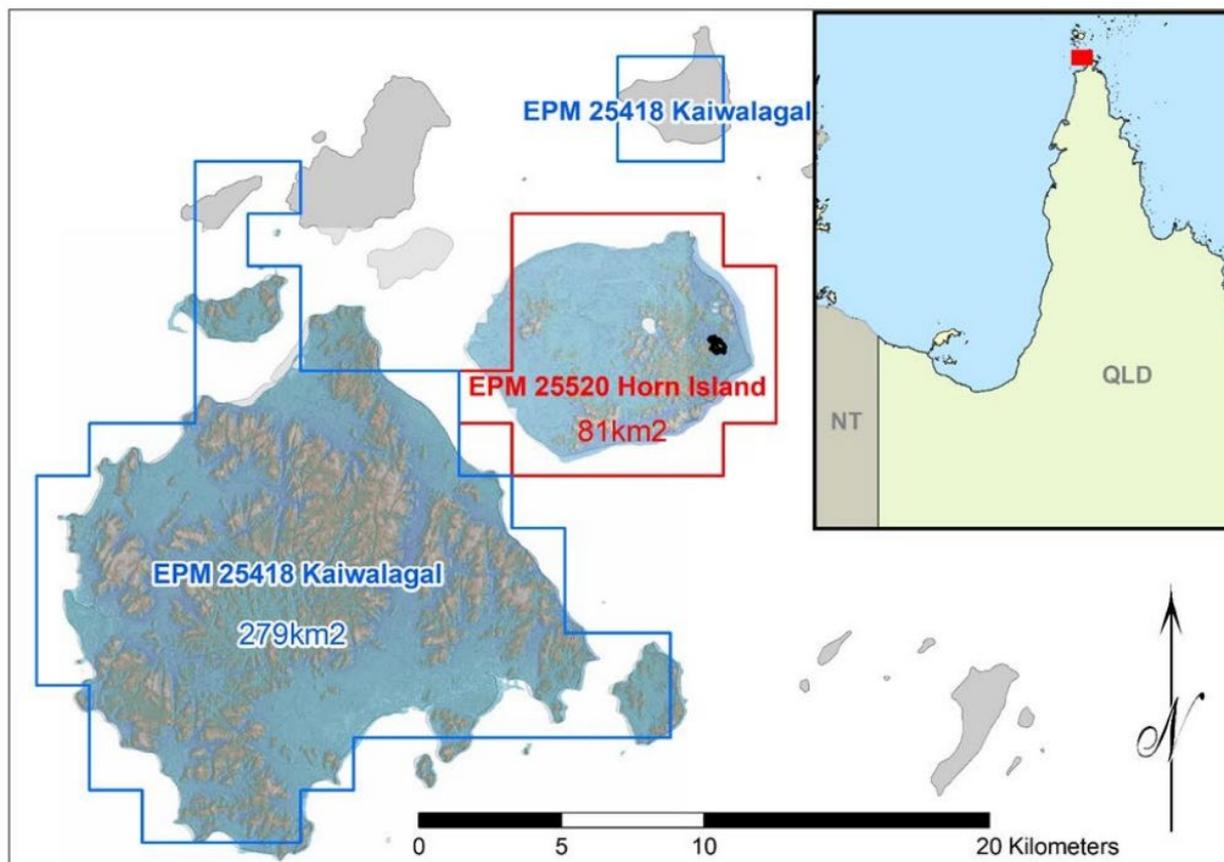


Figure 5. Project location and licence areas for Kauraru Gold Pty Ltd.

#### TENEMENT SUMMARY

Tenement	Location	Current Holder <sup>(i)</sup>	Interest	Area (Blocks)	Grant Date	Expiry Date
EPM 25520	Queensland	Kauraru Gold Pty Ltd	100%	24	08 Oct 2014	07 Oct 2019
EPM 25418	Queensland	Kauraru Gold Pty Ltd	100%	83	25 Jan 2016	24 Jan 2021
EL 8469	NSW	Monzonite Metals Pty Ltd	100%	100	30 Sep 2016	30 Sep 2020 <sup>(ii)</sup>
EL 8563	NSW	Monzonite Metals Pty Ltd	100%	28	12 May 2017	12 May 2019
EL 8565	NSW	Monzonite Metals Pty Ltd	100%	14	17 May 2017	17 May 2019
EL8646	NSW	Monzonite Metals Pty Ltd	100%	86	12 Sep 2017	12 Sep 2019

- (i) Alice Queen Limited holds a majority interest in Kauraru Gold Pty Ltd (84.5% equity interest) and Monzonite Metals Pty Ltd (90% equity interest).
- (ii) EL 8469 was initially granted on 30 September 2016 for 2 years and has since been renewed for a further term of 2 years to 30 September 2020.



# ALICE QUEEN LIMITED

## DECEMBER QUARTER ACTIVITIES

Subsequent to the end of the September 2018 quarter, Alice Queen announced results from recently completed airborne geophysical survey and surface soils sample programs across Horn Island.

The results from these programs confirmed Horn Island is dominated by a large number of magnetic to non-magnetic granitic intrusive phases, with the less magnetic phases considered to be more fractionated. The geochemical program has highlighted metals zonation consistent with other classic intrusion-related gold deposits.

Both programs have identified high priority targets for follow-up, some of which have the scale to potentially host a large gold mineralised system.

## CORPORATE UPDATE

During the reporting period, Alice Queen completed an approximate \$1 million capital raising, done so via the Placement of 68 million new shares at \$0.015 (1.5c) per share to Sophisticated Investors.

On 29 October 2018, the Company announced that the non-renounceable pro-rata rights issue of 1 new fully paid ordinary share for every 4 shares held on the Record Date at an offer price of \$0.015 (1.5 cents) per share (Rights Issue), closed on 24 October 2018. As reported in the Appendix 3B released today, 15,008,706 new AQX shares offered were issued under the Rights Issue meaning the remaining shortfall under the Rights Issue is 114,119,706 new shares (Shortfall).

The Company reserves the right to place the Shortfall prior to 24 January 2019.

## COMPETENT PERSON 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.

For and on behalf of the board

Andrew T Buxton

Managing Director

Alice Queen Limited

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## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Alice Queen Limited

### ABN

71 099 247 408

### Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(175)	(175)
(b) development	-	-
(c) production	-	-
(d) staff costs	(302)	(302)
(e) administration and corporate costs	(20)	(20)
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 Research and development refunds	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(497)</b>	<b>(497)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) 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) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Refundable deposit	10	10
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>10</b>	<b>10</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	742	742
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(60)	(60)
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>682</b>	<b>682</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	514	514
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(497)	(497)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	10	10
4.4	Net cash from / (used in) financing activities (item 3.10 above)	682	682
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>709</b>	<b>709</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	28	514
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (Cash held in share trust account)	681	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>709</b>	<b>514</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	140
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Fees to executive and non-executive directors of the Alice Queen Group.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	450
9.2 Development	-
9.3 Production	-
9.4 Staff costs	150
9.5 Administration and corporate costs	250
9.6 Other	-
<b>9.7 Total estimated cash outflows</b>	<b>850*</b>

\*Subject to additional funds being available through capital raised by placing the shortfall of the recent rights issue prior to 24 January 2019.

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

**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.



Sign here: .....  
Company secretary

Date: 31 October 2018

Print name: Anne Adaley

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.