



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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 2020.

HIGHLIGHTS FOR THE QUARTER

- Exploration program at Horn Island JV continues to deliver highly encouraging results
- St Barbara Limited (ASX: SBM) Horn Island Joint Venture (Horn Island JV) maiden diamond core drill program (up to 14 holes for 4,500m) has commenced (see ASX release 6 October 2020) to test two high priority targets near the existing Horn Island Inferred gold Resource
- Alice Queen's expanded Horn Island Resource extension drill program (6 holes for 1,440m) was completed in September with assay results due week commencing 2 November 2020 (see ASX releases 27 August 2020 & 23 September 2020)
- The first phase of the Company's Horn Island Resource Reverse Circulation (RC) infill drill program of 33 holes for 4,100m is scheduled to commence mid-November. This program was delayed due to unscheduled maintenance of the vessel transporting the drill rig
- Boda East maiden drill program to test the ~13km north-south trend continues (see ASX releases 28 July and 5 August) with assay and petrological results to be released progressively
- Alice Queen is in a strong cash position with all planned and approved programs for FY21 fully funded following the strongly supported \$7M placement (see ASX release 24 August 2020)
- The Company is well positioned to exploit any new opportunity that the Board considers advantageous in adding shareholder value

PROJECTS

ONGOING ACTIVITIES AT HORN ISLAND AND NORTHERN MOLONG PROJECTS

During the reporting period, Alice Queen continued its 2020 exploration programs continuing at both its Horn Island Gold Project in far-north Queensland and at its Northern Molong (Yarindury and Boda East) Copper-Gold Project in New South Wales. Alice Queen has successfully ramped up its drilling programs around its Horn Island and Northern Molong projects.

At Horn Island The Company is pursuing a parallel process, with St Barbara Limited (ASX: SBM) continuing to earn into the project through a joint venture agreement entered into in 2019, while Alice Queen is also conducting a drilling campaign to seek to progress the Horn Island pit Resource (part of the Horn Island JV Excluded Zone) toward JORC Indicated Resource status.

St Barbara Limited, as part of seeking to earn into the Horn Island Project under the Horn Island Joint Venture (JV), has commenced its maiden diamond core drill program (up to 14 holes for 4,500m) (see ASX release 30 June 2020).

Alice Queen's Horn Island Resource extension drill program (5 holes for 1,200m) was expanded to 6 holes for 1,440m and was completed at the end of September 2020 (see ASX release 27 August 2020).



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Phase one of the Company's Horn Island Resource Reverse Circulation (RC) infill drill program of 33 holes for 4,100m is currently being mobilised [see ASX release 27 August 2020].

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Figure 1. Alice Queen Project Location Map



HORN ISLAND ST BARBARA JV DRILLING

JV partner St Barbara has confirmed plans to complete a FY21 work program for the Horn Island JV, located in the Torres Strait, North Queensland.

Following on from the success of the FY20 exploration program during which St Barbara met its expenditure requirement of \$500,000, a staged FY2021 St Barbara Horn Island JV work program with expenditure of up to \$2 million will focus on drill testing two high priority targets near the Horn Island Gold Resource [~0.5Moz Au Inferred] of up to 14 holes for 4,500m. This program is well underway with five holes already completed.

The two main targets, Tatoonie and Naboo [Figure 2] were identified during the FY20 Horn Island JV exploration program which included a soil and rock chip sampling program which was followed by a ground dipole-dipole induced polarization (DDIP) survey, which highlighted several coincident geophysical – geochemical targets with Intrusion Related Gold System (IRGS) and pathfinder [Cu-Pb-Zn-Ag-As-Sb] signature.

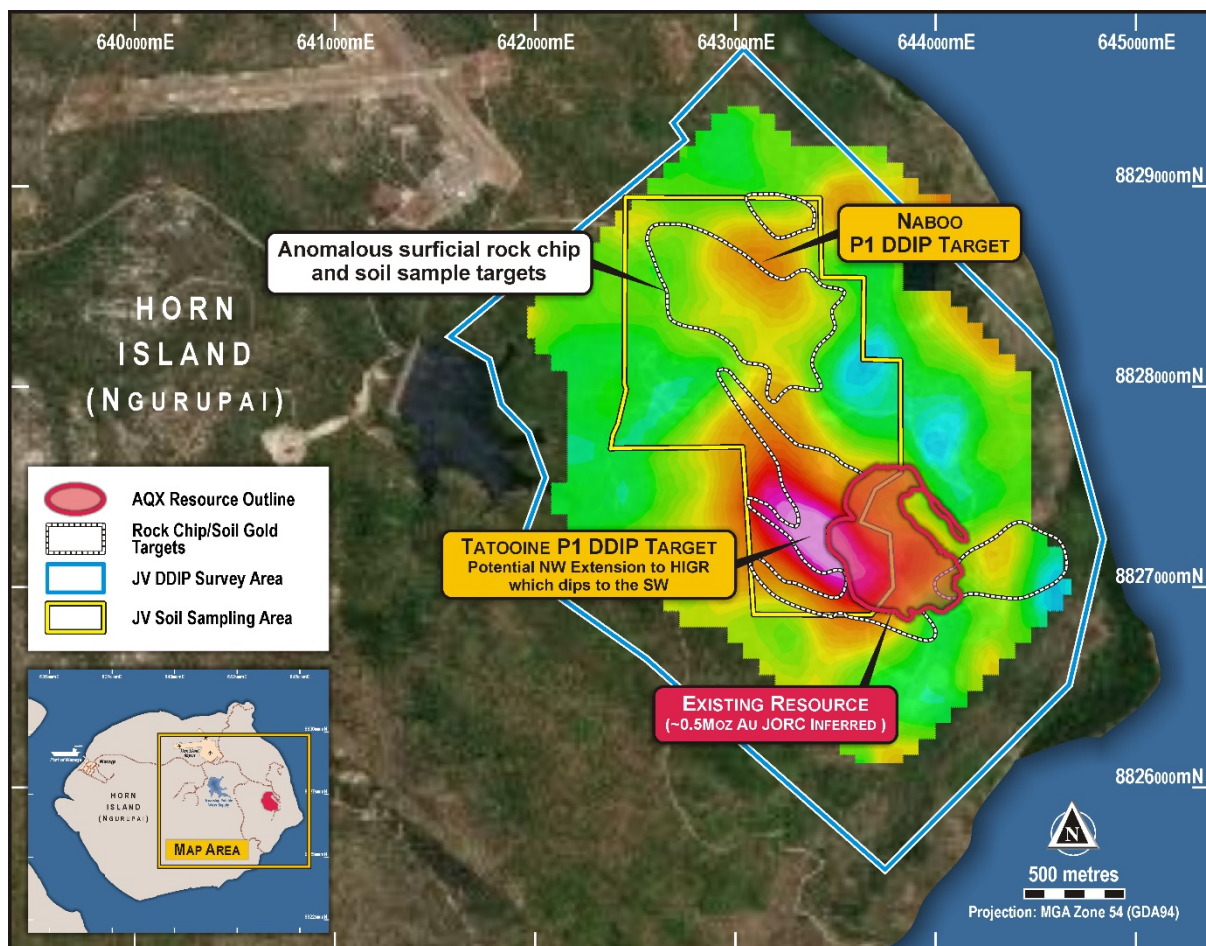


Figure 2. Horn Island DDIP target areas



HORN ISLAND RESOURCE DRILLING

The Horn Island Gold Resource forms part of the “Excluded Zones” pursuant to the St Barbara – Horn Island JV [Figure 3]. Accordingly, Alice Queen is continuing to progress the development of this asset through further drilling and test work. It is the Company’s strategy to seek to progress the current Inferred Resource to JORC Indicated Resource status and then potentially further through to feasibility studies with the aim of increasing the underlying value of this asset.

A recently expanded diamond core drill program of 6 holes for 1,440m to test potential extensions to the Horn Island gold Resource [~0.5Moz Au Inferred] was completed during the quarter and results are expected to announced week commencing 2 November 2020.

An RC infill drill program of 33 holes for 4,100m is currently being mobilised to site. This is the first program planned in a phased infill drill strategy to seek to progress the existing Inferred Resource towards JORC Indicated status.



Figure 3. St Barbara, Horn Island Joint Venture “Excluded Areas”



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HORN ISLAND TOMRA ORE SORTING TESTWORK

Earlier in the year a targeted PQ diamond core drill program, consisting of 3 holes for 540m (see ASX release 22 January 2020) was completed to provide a larger sample size from within the existing Mineral Resource to further advance planning for future Mineral Resource drilling.

The larger diameter diamond core program was utilised to provide sufficient material for bulk ore sorting test work with Tomra. The gold within the Horn Island Inferred Mineral Resource is predominantly contained within the 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. If successful, it may significantly reduce both the scale and cost of any potential future processing plant as well as providing potential operating cost savings.

ABOUT THE HORN ISLAND ST BARBARA JOINT VENTURE

On 5 June 2019 the Company announced that it had entered into the Horn Island JV with Australian listed mid-tier gold producer, St Barbara Limited (SBM).

An overview of certain key terms of the JV is set out below, further details are contained in the Company's ASX announcement dated 5 June 2019 titled "Alice Queen Executes Earn-In and Joint Venture Agreement with St Barbara".

- SBM to spend \$4.0m over three years to earn 70% of areas outside of the Excluded Zones.
- Excluded Zones are the existing Inferred Resource (approx. 0.5Moz Au [1]). The historic mine infrastructure which includes certain road areas and decant water dam, the historic waste dumps, low grade ore stockpiles, ROM pad and all alluvial gold across Horn Island to a depth of 5 metres below surface (Figure 3).
- SBM must spend \$500k in the first year of the JV.
- SBM has an option to purchase all or part of the Excluded Zones at "fair value" post it spending the \$4.0m and electing to move to 70%.
- AQX, via its subsidiary, Kauraru Gold Pty Ltd, has the right to continue with its 30% share of further expenditure to maintain its equity position through to production.
- SBM achieved the Year 1 minimum expenditure requirement of \$500,000 in February 2020.



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NORTHERN MOLONG (NSW)

Following the success by Alkane Resources Limited [ASX: ALK] with its discovery at Boda within the Northern Molong Belt, the Company is continuing to ramp up exploration activities across its Northern Molong Projects.

BODA EAST

Alice Queen commenced drilling at Boda East this quarter with an initial three-hole diamond drilling program for 2,100m [see ASX release 28 July 2020].

Early in the program [see ASX release 5 August 2020] the Company reported that observations from the first hole [BEDH001] included visible disseminated sulphides in a zone from 415m to 451m including visual chalcopyrite from 423m at Boda East Target Area A which is approximately 1.6km north-east of Alkane's Boda discovery. These observations confirm that the Boda host rocks [Ordovician] extend into Alice Queen's ground.

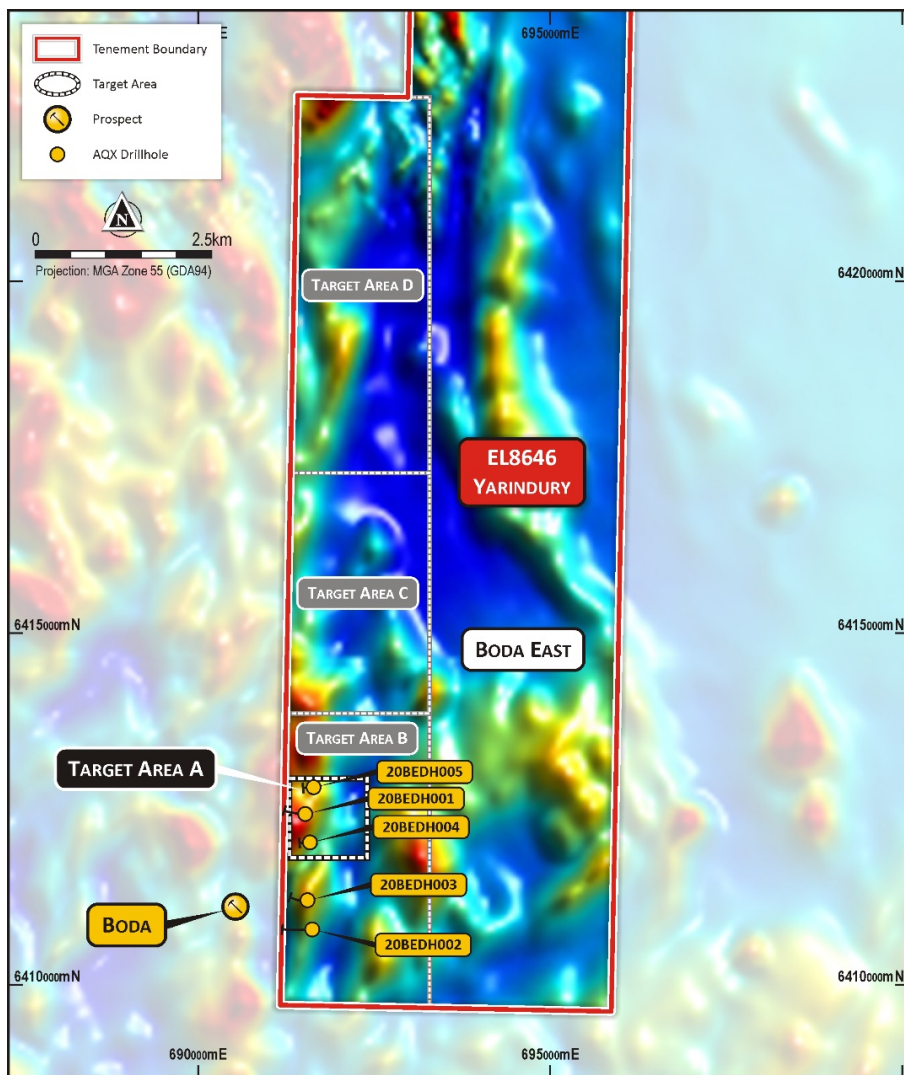


Figure 4. Boda East Target Areas



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As such, the Company immediately moved to apply for (and received) approvals to increase its program to 14 diamond drill holes which it is currently undertaking to test a ~13km north-south trend across four target areas at Boda East (see Figure 4). Each target area contains multiple drill targets.

The first three holes have been completed with the fourth hole currently underway. Assays and petrological results from BEDH001 were released in early October 2020 (see ASX release 9 October 2020) indicating a likely extension of the Kaiser-Boda porphyry-epithermal system, results from subsequent holes to follow.

YARINDURY –RESULTS FROM WOODLANDS PROSPECT

Following the encouraging reconnaissance mud rotary-diamond drilling on the highly prospective Yarindury Project (EL8646) in New South Wales, the Company has continued to drill prospects including the Bullaburra, Woodlands and Forest View prospects.

Initial results from the first drill program at Woodlands were encouraging, returning mineralisation and mineralogical indicators of Cu-Au porphyry potential.

This potential is not surprising considering Cu-Au porphyry mineralisation hosted by monzonite occurs 5km south of the tenement in the Comobella intrusive complex at Glen Hollow. Regional magnetic imagery suggests that Woodland is a covered and largely unexplored extension of the host rocks that are exposed in that southern region.

MENDOORAN

A maiden diamond core program is planned for Mendooran now that all regulatory approvals have been received. There are eight large scale, high priority Cu-Au targets of the Molong Volcanic Belt in the Goonoo Goonoo State Conservation Area that have never previously been drill tested.

The Company will use funds from the NSW, New Frontiers, Cooperative Drilling grant towards this program. The Company intended to commence this program in November 2020, however due to heavy rains in central New South Wales conditions are such that access to the drill sites is not currently possible. The Company will provide further updates as this plan materialises.

CORPORATE

During the September quarter a total of \$162,362 was paid to related parties and their associates which is comprised of non-executive director fees, executive director salaries and superannuation contributions.

In August the Company announced it had successfully raised \$7 million (before costs) at \$0.044 per share through a capital raising strongly supported by existing major shareholders Datt Capital and Chris Morris with widespread interest received from existing shareholders and new institutional and sophisticated investors.

The Company remains in a strong financial position with circa \$8M in cash and is well positioned to exploit any new opportunity that the Board considers advantageous in adding shareholder value.



TENEMENT SUMMARY

Tenement	Location	Current Holder*	Interest	Area (Sub Blocks)	Grant Date	Expiry Date
EPM 25520	Queensland	Kauraru Gold Pty Ltd	100%	19	08/10/14	07/10/24
EPM 25418	Queensland	Kauraru Gold Pty Ltd	100%	73	25/01/16	24/01/21
EL8469	New South Wales	Monzonite Metals Pty Ltd	100%	100	30/09/16	30/09/20
EL8563	New South Wales	Monzonite Metals Pty Ltd	100%	28	12/05/17	12/05/21
EL8565	New South Wales	Monzonite Metals Pty Ltd	100%	14	17/05/17	17/05/21
EL8646	New South Wales	Monzonite Metals Pty Ltd	100%	86	12/09/17	12/09/25
EL8985	New South Wales	Monzodiorite Pty Ltd	100%	27	16/06/20	28/05/26

* Note: Alice Queen Limited holds an 84.5% equity interest in Kauraru Gold Pty Ltd. Alice Queen Limited holds a 90% equity interest in Monzonite Metals Pty Ltd.

END NOTES

- 1 The information related to the Company's inferred mineral resource is extracted from the Company's ASX announcement titled "Horn Island Gold Project Inferred Resource Upgrade" dated 2 August 2018 and included a Competent Person's Statement from Mr Richard Buerger, BSc. The Company confirms that it is not aware of any new information or data which materially affects the information included in the original market announcement and all material assumptions and technical parameters underpinning the inferred resource estimate in the original market announcement continue to apply and have not materially changed.
- 2 The information contained in this announcement related to the Company's past exploration results is extracted from, or was set out in, the following ASX announcements which are referred to in this Quarterly Activities Report:
 - "Horn Island St Barbara JV IP Survey Results" released by the Company on 20 April 2020, which included a Competent Person's Statement from Mr Adrien Hell BSc (Hon);
 - "Horn Island JV Surface Sampling Results" released by the Company on 28 November 2019, which included a Competent Person's Statement from Mr Adrien Hell BSc (Hon);
 - "Porphyry Copper-Gold Encouragement for Yarindury" released 27 April 2020, which included a Competent Person's Statement from Dr Jeff Vassallo;
 - "Boda East Update" released 10 August 2020, which included a Competent Person's Statement from Mr John Holiday; and
 - "Results from First Diamond Hole at Boda East" released 9 October 2020, which included a Competent Person's Statement from Mr John Holiday and Dr Jeff Vassallo.

The Company confirms that it is not aware of any new information or data which materially affects the information included in the original market announcements.

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")

30 September 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(214)	(214)
(e) administration and corporate costs	(368)	(368)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Management fees for services provided to joint venture partner	-	-
1.9 Net cash from / (used in) operating activities	(581)	(581)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	(82)	(82)
(c) property, plant and equipment	(74)	(74)
(d) exploration & evaluation (if capitalised)	(765)	(765)
(e) investments	-	-
(f) other non-current assets	-	-

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 (3 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 joint venture partner	6	6
2.6	Net cash from / (used in) investing activities	(915)	(915)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,000	7,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	13	13
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(476)	(476)
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)	-	-
3.10	Net cash from / (used in) financing activities	6,537	6,537
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,945	2,945
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(581)	(581)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(915)	(915)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,537	6,537

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	7,986	7,986

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	7,973	7,973
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (proceeds from exercise of options held in trust account until shares were issued on 23 October 2020)	13	13
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,986	7,986

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**

162

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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

Includes Fees paid to Executive and Non-Executive Directors and superannuation where applicable.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

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)	(581)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(765)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,346)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	7,986
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	7,986
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	5.93

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?
Not Applicable
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?
Not Applicable
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Not Applicable

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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: 30 October 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.