

ALICE QUEEN LIMITED

[ABN 71 099 247 408]

("the Company")

PROSPECTUS

For an issue of up to 28,950,000 new shares (**New Shares**) at an issue price of 3 cents (\$0.03) per New Share each together with 1 free-attaching option (**New Option**) for every New Share issued to raise approximately \$868,500 before costs of the issue (**Offer**).

Each New Option will have an exercise price of 3 cents (\$0.03), expire on 30 September 2017 and will, upon exercise, entitle the holder to one ordinary fully paid share.

The Offer is only made to and able to be accepted by invitees determined by the Company who receive a Personalised Application Form.

The Offer is not underwritten.

The Offer closes at 5 pm (Melbourne time) on 7 October 2016 (which date may change without notice).

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

It is important that you read this Prospectus carefully before deciding to apply for New Shares under the Offer. If you do not understand its contents you should consult your stockbroker, accountant or other professional adviser.

The securities offered under this Prospectus are considered speculative

CORPORATE DIRECTORY

ALICE QUEEN LIMITED (ABN 71 099 247 408)

Directors

Mr Andrew Thomas Buxton (Managing Director)

Mr Mark Gregory Kerr (Non-Executive Director)

Mr Phillip Harman (Non-Executive Director)

Company Secretary

Mrs Anne Adaley

Registered Office

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Share Registry

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ASX Code

AQX

Website

www.alicequeen.com.au

IMPORTANT NOTICES

This prospectus ("**Prospectus**") is dated 5 October 2016. A copy of this Prospectus was lodged with the Australian Securities & Investments Commission ("**ASIC**") on the same date. Neither ASIC nor ASX Limited ("**ASX**") nor their respective officers take any responsibility as to the contents of this Prospectus.

Subject to the Corporations Act, the ASX Listing Rules and other applicable laws, the Company reserves the right to close the Offer early, to extend the closing date and/or any other dates, or not to proceed with the Offer described in this Prospectus.

The offer under this Prospectus closes at 5:00 pm Melbourne time on 7 October 2016, which date may change without notice.

This Prospectus is for an offer of continuously quoted securities and options over continuously quoted securities, accordingly is not required by the Corporations Act to contain all the information normally required to be set out in a document of this type.

The Prospectus incorporates by reference certain information contained in documents lodged with ASIC. A document incorporated in the Prospectus in this manner may be obtained free of charge from the Company during the application period.

No person is authorised to give any information or make any representation in connection with this Prospectus that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Persons resident in countries outside Australia should consult their professional advisers as to whether any governmental or other consents are required or whether formalities need to be observed to enable them to acquire New Shares and New Options, and observe such restrictions and requirements. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Return of a duly completed personalised Application Form or payment will be taken by the Company to constitute a representation that there has been no breach of such requirements.

No action has been taken to register or qualify the Offer or the New Shares or New Options, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia. The New Shares have not been, and will not be, registered under the United States Securities Act of 1933 and should not be offered or sold within the USA.

No account has been taken of particular objectives, financial situation or needs of recipients of this Prospectus. Recipients of this Prospectus should have regard to their own objectives, financial situation and needs. Recipients of this Prospectus should make their own independent investigation and assessment of the Company, its business, assets and liabilities, prospects and profits and losses, and risks associated with investing. Independent expert advice should be sought before any decision is made to apply for New Shares.

All monetary amounts in this Prospectus are in Australian dollars unless otherwise stated.

TIMETABLE

Lodgement of Prospectus	5 October 2016
Offer Period opens	5 October 2016
Closing Date	7 October 2016 at 5:00pm Melbourne time
Issue Date of New Shares and New Options	7 October 2016
Dispatch of Holding Statements	10 October 2016

*The above dates should be regarded as **indicative only and may change without notice**. All dates and times are Melbourne, Victoria, Australia time. Subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws, the Company reserves the right to change the above dates, close the Offer before the date stated above, extend the Closing Date and subsequent dates or not proceed with the Offer.*

No securities will be issued on the basis of this Prospectus after 4 November 2017, being the expiry date of this Prospectus.

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KEY INVESTMENT RISKS – SUMMARY

Please read and consider this Prospectus in full in conjunction with any specific matters which have or may be referred to in the Company's ASX announcements before making any decision regarding the New Shares and New Options or making an investment in the Company. In particular, please consider the risks described in Section 5 which include:

- Risks associated with the Offer including:
 - The purchase of New Shares or the exercise or sale of New Options may have taxation consequences.
 - The New Options may not meet ASX's quotation conditions and are not admitted to quotation on the ASX.
 - There is no guarantee the share price will be greater than the exercise price of the New Options during the period up to expiry of the New Options.
- Risks associated with the Company's business including:
 - Risks associated with the grant, renewal and maintenance of the Company's tenements.
 - Risks associated with gaining access to the area the subject of the Company's tenements.
 - Risks inherent in mining and exploration generally including environmental regulation, environmental risks, compliance with standards, native title and Aboriginal Cultural Heritage requirements and the inherent uncertainties of minerals exploration and mineral resource estimates and exploration targets.
 - Risk of access to future funding and the potential for that funding to be dilutive to existing shareholders.
 - The risk that various parties with whom the Company and its subsidiaries have contracted with, or will contract with in the future, fail to perform their obligations under existing or future agreements including a failure by a party to the joint venture corporate entities that hold the mining tenements to discharge their obligations to the joint venture.

A more detailed overview of some of the key risks associated with the Company and its operations are set out in Section 5 of this Prospectus.

ABOUT THE OFFER - SUMMARY

The following summary provides only a limited overview of the Offer being made by the Company. Further detail is set out in this Prospectus. Please read and consider this Prospectus in full before making any decision regarding applying for New Shares, exercising existing options or investing in the Company.

Topic	Summary	For more information see:
What is the Offer?	An offer to acquire up to 28,950,000 New Shares and 28,950,000 free-attaching New Options issued on the basis of 1 New Option for every 1 New Share subscribed.	Section 1.1
What is the offer price?	3 cents (\$0.03) per New Share.	Section 1.1
What is the purpose of the Offer?	<p>The Company is undertaking the Offer for the purposes set out below:</p> <ul style="list-style-type: none"> • to repay outstanding liabilities (including loan facilities); • to supplement funding being applied to the Company's Phase 2 drilling program at Horn Island and its initial drilling program at the Looking Glass Project; and • to meet general working capital requirements. 	Section 2
How much will be raised by the Offer?	The Company anticipates the Offer will raise up to approximately \$868,500 (before costs of the Offer).	Sections 1.1 & 2.2
Is the Offer underwritten?	No, the Offer is not underwritten.	Section 1.2
Is there a minimum subscription?	There is no minimum subscription amount.	Section 1.4
Am I eligible to apply for New Shares?	You will only be eligible to apply for and receive New Shares under the Offer if you receive a written invitation to apply and personalised Application Form from the Company.	Section 1.1
What if I am not invited to participate in the Offer?	If you do not receive a written invitation from the Company to participate in the Offer then you will be unable to apply for and receive New Shares.	Section 1.1
Are there risks associated with investment in the Company?	<p>There are risks associated with investment in the Company. These include risks relating to the Company, risks relating to the Offer and risks associated with financial investment generally.</p> <p>Please carefully consider the risks and the information contained in this Prospectus in conjunction with any specific matters which have or may be referred to in the Company's ASX announcements before making any decision regarding applying for or acquiring shares or otherwise making an investment in the Company.</p>	Section 5

Topic	Summary	For more information see:
How do I accept the Offer?	<p>Only recipients of a written invitation and personalised Application Form from the Company may apply for New Shares.</p> <p>If you have received a written invitation from the Company to participate you can accept the Offer by completing and returning the personalised Application Form, and paying in accordance with details included in the personalised Application Form, so the application form and payment is received by no later than 5 pm (Melbourne time) on the Closing Date.</p>	Section 6
What are the taxation implications of participating in the Offer?	Taxation implications will vary depending upon the specific circumstances of the investor. You should obtain professional advice as to the taxation treatment applicable to you.	Sections 5.1(d) & 12
How and when will I know if my application was successful?	<p>Holding statements confirming the issue of New Shares and New Options are anticipated to be dispatched on or about 10 October 2016.</p> <p>Anyone who trades New Shares before receiving holding statements does so at their own risk.</p>	
Where can I find more information about the Company?	For more information on the Company please see the Company's website (www.alicequeen.com.au) or refer to the Company's ASX announcements (available on the ASX's website www.asx.com.au).	
What if I have questions about the Offer or how to apply?	<p>You should consult your stockbroker, accountant, solicitor or other professional adviser before making any decision regarding applying for New Shares.</p> <p>Questions concerning the Offer can also be directed to Mrs Anne Adaley, Company Secretary, by email to anne.adaley@alicequeen.com.au.</p>	Section 19

1. Details of the offer

1.1 The Offer

Alice Queen Limited [ABN 71 099 247 408] (**Alice Queen** or the **Company**) provides the opportunity for invited investors to apply for and receive up to 28,950,000 new shares (**New Shares**) at an issue price of 3 cents (\$0.03) per New Share each together with 1 free-attaching AQX option (**New Option**) for every New Share issued (**Offer**). Each New Option will have an exercise price of \$0.03, expire on 30 September 2017 and will, upon exercise, entitle the holder to one ordinary fully paid share.

If fully subscribed, the Offer will raise approximately \$868,500 before costs of the Offer.

The New Shares are offered only to investors determined by the Company who receive an invitation to participate in the Offer with an accompanying Personalised Application Form from the Company (**Invitees**).

The Offer closes on 7 October 2016 at 5 pm Melbourne time (unless closed early or extended).

1.2 No Underwriting

The Offer is not underwritten.

1.3 ASX Listing

The Company will apply to ASX for admission of the New Shares and New Options to official quotation. The fact that ASX may grant official quotation to the New Shares and New Options is not to be taken in any way as an indication of the merits of the Company or those securities.

If ASX does not grant permission for the Official Quotation of the New Shares within 3 months after the date of issue of this Prospectus (or such period as is permitted by the Corporations Act), the Company, in its absolute discretion, will either repay the application monies to applicants without interest or (subject to any necessary ASIC or ASX waivers or consents being obtained) issue a supplementary or replacement Prospectus and allow applicants one month to withdraw their application and be repaid their application monies without interest.

The New Options will remain unquoted until such time as the Company satisfies the quotation requirements. If quotation is not granted, the Company will still issue the New Options but you will not be able to trade them on ASX.

1.4 Minimum subscription

There is no minimum subscription under the Offer.

1.5 Issue of New Shares and New Options after Closing Date

The Board reserves the right to issue New Shares and/or New Options in response to applications received after the Closing Date.

1.6 Issue of Bonus Options

The Company is currently in the process of undertaking a bonus issue of options to shareholders of the Company registered as holders of ordinary shares as at 7.00pm (Melbourne time) on 5 October 2016 (**Bonus Issue Record Date**) on the basis of one (1) free-attaching option (**Bonus Option**) for every two (2) ordinary AQX shares held. The Bonus Options will have the same terms as the New Options offered under this Prospectus. The issue of Bonus Options is being made pursuant to a Prospectus dated 20 September 2016 that was lodged with ASIC and announced to ASX on the same date.

Subscriptions for New Shares under the Offer do not entitle you to participate in the issue of Bonus Options under the Bonus Issue Prospectus. The Company will issue the New Shares and New Options under this Prospectus after the Bonus Issue Record Date.

2. Purpose and effect of the Offer

2.1 Purpose of the Offer

The Company is undertaking the Offer to raise capital for the purposes set out below:

- To repay the liabilities of the Company, including a \$430,000 loan facility (including any interest accrued thereunder) provided to the Company by the Company's Managing Director, Mr Andrew Buxton, as announced to ASX on 5 July 2016. (Shareholder approval was obtained at the Company's general meeting held on 7 September 2016 to permit Mr Buxton (or his associates) to subscribe for up to 16,666,667 New Shares and 16,666,667 New Options). It is intended that Mr Buxton's loan will be repaid (in whole or in part) via an issue of New Shares and New Options issued on the terms set out in this Prospectus;
- to supplement funding being applied to the Phase 2 drilling program being implemented at Horn Island as well as the initial drilling program at the Looking Glass Project; and
- to meet administration and general working capital requirements.

If the Offer is only 50% subscribed funds raised will be used to repay a portion of Mr Buxton's loan facility and to fund the costs of the Offer, noting that the loan funds were provided for (and have or will be used for) the purposes of expediting the Phase 2 drilling program at Horn Island and to fund the commencement of drilling at the Looking Glass Project.

2.2 Capital allocation

The Company anticipates the Offer will raise approximately \$868,500 (before costs of the Offer).

The table below provides an approximation of the anticipated use of funds raised under the Offer:

Use of funds	If Offer is 50% subscribed	If Offer is fully subscribed
Repayment of loan facility *	\$383,210	\$430,000
Looking Glass Project	Nil	\$175,000
Horn Island Project	Nil	\$115,000
Administration and working capital	Nil	\$93,060
Capital raising costs (inclusive of GST)	\$51,040	\$55,440
TOTAL	\$434,250	\$868,500

Note to table:

* *Loan repayment relates to loan provided by Mr Andrew Buxton announced to ASX on 5 July 2016. Loan funds have, or will, be applied to expedite the Phase 2 drilling program at Horn Island and to fund the commencement of drilling at the Looking Glass Project. In the event the Offer is not fully subscribed, it is likely a further portion of Mr Buxton's outstanding loan will be repaid from existing cash reserves.*

2.3 Costs

The estimated anticipated costs of the Offer (inclusive of GST) are as follows:

Particulars	If Offer is 50% subscribed	If Offer is fully subscribed
ASIC and ASX Fees	\$12,100	\$16,500
Capital Raising and Advisory Fees	\$24,640	\$24,640
Legal fees	\$8,800	\$8,800
Printing and administrative fees	\$5,500	\$5,500
TOTAL	\$51,040	\$55,440

Any funds received from exercise of New Options will be applied to the Company's working capital requirements at the time of exercise. There is no guarantee New Options will be exercised at any particular time or at all.

3. **Effect of the Offer on Alice Queen**

The effect of the Offer on the Company will be to:

- provide the funds to undertake the activities described in Section 2; and
- alter the capital structure of the Company as described in Section 4.

4. **Effect on the Capital Structure of Alice Queen**

4.1 Shares and Options

Capital Structure

The tables below sets out the existing capital structure of the Company and the effect on the Company's capital structure of issuing New Shares and New Options under this Prospectus.

SHARES

Existing issued ordinary shares	192,786,948
Maximum number of New Shares under the Offer	28,950,000
Total	221,736,948

OPTIONS

	Number of options	Expiry Date	Exercise price
Unlisted Options	1,328,235	30 June 2017	\$0.30
Unlisted Options	2,030,772	31 December 2017	\$0.30
Bonus Options to be issued*	96,393,474	30 September 2017	\$0.03
Maximum number of New Options under the Offer	28,950,000	30 September 2017	\$0.03
Total	128,702,481	-	-

Notes to table

- * To be issued pursuant to the Bonus Option Prospectus lodged by the Company with ASIC and announced to ASX on 20 September 2016. The total number of Bonus Options is indicative only and is subject to rounding up of fractional entitlements. Bonus Options are anticipated to be issued on or about 7 October 2016 and have terms which are identical to the New Options offered under this Prospectus.
- The Bonus Options and New Options will remain unquoted unless and until such time as the Company satisfies the quotation requirements of ASX.

Dilution

The percentage shareholding in the Company of shareholders will be diluted through conduct of the Offer.

The illustrative dilutive effect of the Offer outlined below does not take into account New Shares applied for and received by an existing shareholder (if any). Illustrative examples of the impact of dilution on existing holders are set out below:

Shareholder (example)	Holding prior to Issue Date	Existing %	% of total Shares if Offer is fully subscribed	% of total Shares if Offer is fully subscribed and all New Options are exercised
A	1,000,000	0.52%	0.45%	0.40%
B	2,000,000	1.04%	0.90%	0.80%
C	5,000,000	2.59%	2.25%	1.99%
D	10,000,000	5.19%	4.51%	3.99%
E	20,000,000	10.37%	9.02%	7.98%

Note to Table:

The above table does not take into account the exercise of options (other than the New Options). In particular the table above does not take into account the effect of the exercise of Bonus Options.

Control

As at the date of this Prospectus, the relevant interests and voting power of the substantial holders (holding at least 5% of the *Company's* issued capital) of the Company (based on the last substantial shareholding notice or change of directors' interest notice lodged) are as follows:

Name	Number of Shares	% Voting Power
Andrew Buxton	25,818,670	13.39
Mark Kerr, Berkley Consultants Pty Ltd and M & L Kerr <Lindmark Investments Staff Super Fund>	20,297,281	10.53
Monzonite Investments Pty Ltd <Monzonite Super Fund>	18,694,863	9.70
Maplefern Pty Ltd	17,359,516	9.00
Finico Pty Ltd <The Morris Family A/C>	10,000,000	5.19

As noted earlier in this Prospectus, the Company has obtained approval for Mr Andrew Buxton (or his associates) to participate in the Offer by subscribing for up to 16,666,667 New Shares and 16,666,667 New Options. If Mr Buxton successful subscribes for the full amount approved by shareholders, and assuming the Offer is fully subscribed, his percentage voting power (together with associates) would increase to 19.16%. Mr Buxton will not subscribe for New Shares, and will not exercise New Options, if to do so would result in his relevant interest in the voting shares of the Company increasing to greater than 20% in breach of section 606 of the Corporations Act.

4.2 Pro-Forma Balance Sheet

The pro-forma Consolidated Statement of Financial Position (set out below) has been prepared to illustrate the effects of the Offer and assumes the pro forma transactions set out in Note 1 which are to take place on or before completion of the Offer as if they had occurred at 30 June 2016.

This pro-forma Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements of the Alice Queen Group for the year ended 30 June 2016 contained in the Annual Report and released to the Australian Securities Exchange on 29 September 2016.

The pro-forma Consolidated Statement of Financial Position assumes two outcomes:

- The Offer is fully subscribed (refer further below for pro-forma adjustments) and raises \$834,250; and
- The Offer is 50% subscribed (refer further below for pro-forma adjustments) and raises \$434,250 before costs of the Offer

	Note	AUDITED 30 JUNE 2016 \$	PRO FORMA IF OFFER IS 50% SUBSCRIBED \$	PRO FORMA IF OFFER IS FULLY SUBSCRIBED \$
ASSETS				
CURRENTS ASSETS				
Cash and cash equivalents	2	992,246	965,206	1,375,306
Trade and other receivables		86,546	91,186	91,586
Prepayments		16,103	16,103	16,103
TOTAL CURRENT ASSETS		1,094,895	1,072,495	1,482,995
NON-CURRENT ASSETS				
Property, plant and equipment		7,127	7,127	7,127
Investments		15,999	15,999	15,999
Security deposits		33,303	33,303	33,303
Exploration and evaluation expenditure		1,856,500	1,856,500	1,856,500
TOTAL NON-CURRENT ASSETS		1,912,930	1,912,930	1,912,930
TOTAL ASSETS		3,007,825	2,985,425	3,395,925
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		166,371	166,371	166,371
Borrowings	3	433,771	23,521	3,771
Provision for annual leave		1,356	1,356	1,356
TOTAL CURRENT LIABILITIES		601,498	191,248	171,498
TOTAL LIABILITIES		601,498	191,248	171,498
NET ASSETS		2,406,327	2,794,177	3,224,427
EQUITY				
Contributed equity	4	5,078,811	5,490,661	5,924,911
Minority interest		(15,843)	(15,843)	(15,843)
Accumulated losses	5	(2,656,641)	(2,680,641)	(2,684,641)
TOTAL EQUITY		2,406,327	2,794,177	3,224,427

Note 1: Pro forma Adjustments

The following transaction and events contemplated in this Prospectus, referred to as the pro forma adjustments, which are to take place on or before completion of the Offer are reflected in the pro-forma Consolidated Financial Statements as if they had occurred on or before 30 June 2016.

(a) Pro-forma adjustments if Offer is 50% subscribed

- (i) The issue of 14,475,000 fully paid ordinary shares at \$0.03 each and a corresponding number of free-attaching options, raising \$434,250.
- (ii) Expenses associated with the Offer (including advisory, legal, ASIC and ASX fees as well as printing and administrative fees) estimated to be \$51,040 (inclusive of GST). An amount of \$24,640 has been charged against share capital and \$26,400 against retained earnings.

- (iii) Repayment of loan to Andrew Buxton totaling \$410,250, funded by a combination of proceeds of the Offer and cash reserves of the Company.

(b) Pro-forma if Offer is fully subscribed

- (i) The issue of 28,950,000 fully paid ordinary shares at \$0.03 each and a corresponding number of free-attaching options, raising \$868,500;
- (ii) Expenses associated with the Offer (including advisory, legal, ASIC and ASX fees as well as printing and administrative fees) estimated to be \$55,440 (inclusive of GST). An amount of \$24,640 has been charged against share capital and \$30,800 against retained earnings.
- (iii) Repayment of loan to Andrew Buxton totaling \$430,000 funded from the proceeds of the Offer.

Options attaching to the Offer

One free attaching option will be issued for every New Share issued under the Offer. These options have an exercise price of \$0.03 and an expiry date of 30 September 2017.

Note 2: Cash and cash equivalents

	PRO FORMA If OFFER IS 50% SUBSCRIBED	PRO FORMA If OFFER IS FULLY SUBSCRIBED
	\$	\$
Cash and cash equivalents at 30 June 2016	992,246	992,246
Pro forma transactions:		
Proceeds from share issue pursuant to the Offer	434,250	868,500
Payment of the Offer costs	(51,040)	(55,440)
Repayment of Borrowings	(410,250)	(430,000)
Pro forma cash and cash equivalents	965,206	1,375,306

Note 3: Borrowings

	PRO FORMA If OFFER IS 50% SUBSCRIBED	PRO FORMA If OFFER IS FULLY SUBSCRIBED
	\$	\$
Borrowings at 30 June 2016	433,771	433,771
Pro forma transactions:		
Repayment of Borrowings	(410,250)	(430,000)
Pro forma borrowings	23,521	3,771

Note 4: Issued Capital

	PRO FORMA If OFFER IS 50% SUBSCRIBED	PRO FORMA If OFFER IS FULLY SUBSCRIBED
	\$	\$
Issued capital at 30 June 2016	5,078,811	5,078,811
Pro forma transactions:		
Proceeds from shares pursuant to the Offer	434,250	868,500
Capital raising costs pursuant to the Offer	(22,400)	(22,400)
Pro forma issued capital	5,490,661	5,924,911

Number of shares issued at 30 June 2016	192,786,948	192,786,948
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Shares issued pursuant to the Offer	14,475,000	28,950,000
Pro forma number of shares issued	207,261,948	221,736,948

Note 5: Accumulated Losses

	PRO FORMA If OFFER IS 50% SUBSCRIBED	PRO FORMA If OFFER IS FULLY SUBSCRIBED
	\$	\$
Accumulated losses at 30 June 2016	(2,656,641)	(2,656,641)

Pro forma transaction:

Costs expensed to the consolidated statement of profit or loss and other comprehensive income which are a consequence of the Offer

	(24,000)	(28,000)
Pro forma accumulated losses	(2,680,641)	(2,684,641)

Note 6: Basis of Preparation

The above pro-forma statement has been prepared in accordance with ASIC Regulatory Guide 230 *Disclosing non-IFRS Financial Information* issued in December 2011.

The Annual Financial Statements for the year ended 30 June 2016 have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The auditor's report in the Annual Financial Statements for the years ended 30 June 2016 contains a going concern emphasis of matter. The 30 June 2016 Annual Financial Statements is taken to be included in this Prospectus by operation of section 712 of the Corporations Act. Investors may request a copy of the 30 June 2016 Annual Financial Report during the application period. In addition, a copy may be downloaded from the Company's announcement page on the ASX web-site.

The pro-forma statement of financial position is based on audited accounts at 30 June 2016 and has been prepared to provide shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company following completion of the Offer. The pro-forma financial information is presented in abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards application to annual financial statements.

5. Risk Factors

The New Shares and New Options offered under this Prospectus are considered highly speculative. An investment in the Company carries risk. The Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in the Prospectus.

This section identifies circumstances the Directors regard as the major risks associated with the Offer and an investment in the Company and which may have a material adverse impact on the financial performance of the Company, if they were to arise.

Specifically:

- there are risks associated with the Offer (refer section 5.1);
- the business, assets and operations of Alice Queen are subject to specific risk factors that could potentially influence the operating and financial performance of the Company in the future (refer Section 5.2);
- there are other general risks associated with an investment in the mining exploration industry (refer Section 5.3); and
- there are general investment risks (refer Section 5.4) many of which are largely beyond the control of the Company and difficult to predict or anticipate.

Where possible, the Board aims to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, as noted above, some of the risks identified below are highly unpredictable and the Company is limited to the extent to which it can effectively manage them.

The following risk factors are not intended to be an exhaustive list of the risk factors to which the Company is, or will be, exposed.

5.1 Risks Associated with the Offer

(a) Quotation conditions

If the New Options do not meet ASX's quotation conditions, they will not be admitted to official quotation on the ASX. If this occurs, the New Options will still be issued but they will be unlisted and not able to be traded on ASX.

(b) Exercise price of New Options

No guarantee can be given that the share price will be greater than the exercise price of the New Options during the period up to expiry of the New Options on 30 September 2017. Accordingly, there is a risk that the New Options will be out of the money during the exercise period, which would affect the value of the New Options.

(c) Dilution

If you do not exercise the New Options, because either you sell those New Options on market (if admitted to quotation) or you allow those New Options to expire without being exercised, and other investors exercise the New Options, your shareholding will be diluted.

(d) Taxation consequences

The purchase and sale of New Shares and/or New Options or the exercise of a New Option may have taxation consequences, depending on your particular circumstances. You should seek your own taxation advice before acquiring New Shares and New Options.

5.2 Company Specific Risks

(a) Risks Associated with the Company's Tenements

The Company has granted exploration tenements in New South Wales and Queensland and an exploration licence application in Queensland ("**the Tenements**").

Dependence upon obtaining, maintaining or renewal of Tenements

The implementation of the Company's planned minerals exploration projects requires government licences, permits and other approvals, principally in the form of government instruments creating the Tenements. Obtaining approval for the grant of tenements and ensuring compliance with the conditions of the grant can be complex, costly and time consuming and are therefore not assured. Failure to obtain or renew a Tenement could mean the Company would be unable to proceed with the continued exploration and development of a particular project. This in turn would likely adversely affect the Company's financial condition and prospects. The permits the Company needs may not be issued, maintained or renewed either in a timely fashion or at all which could also adversely affect its financial position and prospects.

EL 8225 in NSW, the Looking Glass Project tenement, is due for expiry in 6 January 2018, EPM 25418 the Kaiwaligal Project tenement is due for expiry on 24 January 2021 and EPM 25520, the Horn Island tenement, is due for expiry on 7 October 2019. The decision to renew these tenements will rest with the relevant government authorities in those States. In granting a renewal of these tenements, those authorities may impose conditions including increased expenditure or work commitments. The imposition of such conditions and the potential inability of the Company to meet those conditions may adversely affect the operations, financial position and prospects of the Company.

Access Restrictions Risk

There are various restrictions operating to exclude, limit or impose conditions upon the Company's ability to conduct exploration activities on parts or all of the Tenements. These restrictions include:

- exclusions from pursuing exploration on certain areas of Commonwealth land;
- requirements arising from Native Title legislation and claims;
- requirements arising from state legislation relating to Aboriginal heritage, culture and objects;
- environmental based conditions and restrictions;
- access procedures and compensation requirements in relation to privately held land;
- access procedures and conditions in relation to land falling within deeds of grant in trust.

The Company has formulated its exploration plans to accommodate and work within the access restrictions outlined, however the requirements can be complex and sometimes require approvals, consents or negotiations involving government or third parties. As such, there is a risk one or more of

these access issues may prevent the Company from implementing its intended exploration plans which may thereby adversely affect the Company's financial position and prospects.

(b) Future requirements for capital

It is likely the Company may require additional funding to carry out further exploration, undertake feasibility studies and/or acquire new projects. The Company may also incur unexpected costs in implementing its existing exploration plans. Any additional financing through share issues would be dependent upon the ability to raise funds in the share market. Such share issues, if successfully conducted, would also be dilutive to current holdings. Furthermore, debt financing may not be available to support the scope and extent of proposed developments especially given the Company is engaged in early stage exploration.

The Company's arrangements with its co-venture partners in the Horn Island Gold Project and Looking Glass Project require it to fund such projects through to commercial production. The Company does not currently have sufficient funds to fund its projects through to commercial production (assuming exploration success), and as such may have to undertake future capital raisings to proceed with the further development of projects to commercial production.

(c) Resource Estimation

Mineral resource estimates and exploration targets are expressions of judgement based on knowledge, experience and industry practice. There are inherent risks associated with such estimates, including that ore eventually recovered may be of a different grade, tonnage or strip ratio from those adopted in the model used. These estimates also depend to some extent on interpretations and geological assumptions which may ultimately prove to be unreliable. Fluctuations in commodity prices, costs and other market factors may subsequently alter a resource estimation. Accordingly, adverse changes to the assumptions underpinning mineral resource estimates or exploration targets would likely negatively impact the value of the Tenements and thereby the Company's prospects.

(d) Exploration Success

The Tenements are at varying but generally early stages of the exploration process and potential investors should note mineral exploration and development, such as that being proposed by the Company, are high risk undertakings. There can be no assurance that exploration of the Tenements, or any other licences held or acquired in the future, will result in the discovery of a mineral deposit. Furthermore, the discovery of a mineral deposit does not guarantee that the mining of that deposit would be economically viable. The size of the deposit, location, grade, access to infrastructure, development and operating costs, commodity prices and recovery rates are all key factors in determining commercial viability. Accordingly, there is a high risk the Company's expenditure of funds on its proposed exploration programs will not lead to the discovery and development of an economically viable resource. Such an outcome would be adverse to the Company's financial position and prospects.

(e) Environmental Risks

The Company's intended operations, by their nature, have the potential to impact biodiversity, land, water resources, coastal environments and related ecosystems. Changes in scientific understanding of these impacts, regulatory requirements or stakeholder expectations may prevent or delay approvals and result in increased costs for mitigation or compensatory actions.

A portion of the Horn Island Gold Project tenement has been subject to previous mining works which may not have been adequately rehabilitated. Whilst the Company is not responsible for these historic

works it intends to undertake exploration activities in this area and the historical disturbances caused by previous mining may increase future rehabilitation costs over what otherwise would be expected.

(f) Community Risks

The Company's intended operations are located in close proximity to various communities. These local communities may become dissatisfied with the impact of the Company's activities or may oppose development of projects. Such communities may solicit political support to thwart or restrict the provision of approvals the Company requires to implement its plans. Such opposition could also lead to litigation which may detrimentally impact the costs or viability of operations. Community related risks may include public protest demonstrations, civil unrest, damage to Company property and altercations involving local residents and the Company's employees or contractors. These matters all have potential to adversely affect the Company's reputation, standing, financial position and prospects. Alice Queen has engaged extensively with the local Horn Island community, including private land owners, indigenous representatives, government officials and the community generally. Whilst the Company believes these efforts have fostered a strong relationship with stakeholders there is a risk this situation could change to detrimentally affect the Company's prospects.

(g) Counterparty Risks

The Company and its operating subsidiaries have contracted with, or will in the future need to contract with, various parties to enable the implementation of its exploration plans. Such counterparties include service contractors, consultants, suppliers, landowners and native title holders. There is a risk that counterparties may fail to perform their obligations under existing or future agreements. This could lead to delays, increase in costs, disputes and even litigation. All these factors could negatively affect the Company's operations and there can be no assurance the Company would be successful in seeking remedies or enforcement of its rights through legal actions.

(h) Joint Venture Risks

The Tenements are held through joint venture corporate entities where minority shareholdings are held by third parties. While Alice Queen is the majority holder in the Tenement holding corporate entities, there is a risk that one or more minority shareholders of the Tenement holding corporate entities may encounter insolvency, management failure or otherwise change causing it to default in the discharge of obligations. Such defaults could cause delay or disruption to the operations of the Company in relation to the relevant Tenement and could thereby detrimentally affect the Company's prospects.

5.3 Industry Risks

(a) Environmental/ Regulation Generally

The operations of the Company in both the near and long term are subject to extensive State and Federal environmental laws and regulations. The planned activities are expected to impact the environment especially if advanced exploration or mine development proceeds. The Company will use all reasonable endeavours to comply with all requirements however the laws are complex and there is a risk of inadvertent non-compliance.

Proceeding with a mining operation would be expected to create significantly enhanced environmental risks particularly with respect to environmental damage through construction activities, disposal of waste products or water contamination. Such occurrences could delay production or increase costs.

Natural events such as excessive rainfall, floods, storms or bushfire could adversely affect the Company's ongoing compliance with environmental laws and regulations. Breaches of

environmental requirements may result in fines, damages, clean-up costs and other penalties being levied against the Company.

(b) Expenditure, Reporting and Renewal of Tenements

The interests in the Tenements are governed by mining legislation, regulations and conditions imposed by the relevant State. Each Tenement is subject to annual expenditure and reporting obligations. Tenements are granted for fixed terms and renewal or extension is subject to government approval which depends in part upon historical and ongoing compliance with tenement conditions and relevant law. Failure to meet these requirements may result in loss of the Tenement.

Renewal or extension of a Tenement will necessitate surrender of a portion of the area covered. There is a risk that in selecting an area for surrender the Company may forgo a yet to be discovered mineral deposit.

(c) Mine Development

In the event the Company identifies an economically viable mineral deposit its capacity to proceed to develop a mine will be dependent upon a number of factors. These factors include obtaining relevant approvals from all relevant authorities and parties, seasonal weather issues, construction issues, cost overruns, plant and equipment availability, skilled consultants and labour availability, funding needs and other matters. These factors create risks in respect of the successful development of any project.

(d) Operations

Operations will, for the foreseeable future, predominantly comprise exploration activities. These activities may be adversely affected by a range of factors including lack of access to suitable personnel, lack of access to drill rigs or other equipment, mechanical failure or breakdowns, adverse weather, industrial accidents or disputes, shortages or increased costs of consumables, and other factors outside the Company's control. Such factors would detrimentally affect the Company's prospects.

5.4 General Risks

(a) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may adversely effect on the Company's activities, as well as on its ability to fund those activities. Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

(b) Regulatory Risks

The Company's activities could be adversely affected by changes to government laws such as the impact of taxes and charges, increasing requirements relating to regulatory and environmental matters and changes to mining or exploration rights granted under legislation. The Company could also be adversely affected by changes to laws regarding native title and heritage matters, employee relations, health and worker safety, protection of endangered and protected species and other matters. A failure to comply with applicable laws or permit conditions could result in fines, penalties or other sanctions including suspension or forfeiture of Tenement rights.

(c) Litigation Risks

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.

(d) Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

(e) Value of securities and share market conditions

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular. Market conditions may affect the value of the Company's securities regardless of the Company's performance. Lack of liquidity may also affect the value of the Company's securities.

The trading price of both the New Shares and/or New Options (if admitted to official quotation on ASX) may fall as well as rise.

(e) Commodity price volatility and exchange rate risks

If the Company achieves successes leading to mineral production, the revenue it may derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

5.5 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above risk factors, and other not specifically referred to above, may materially affect the future financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the New Shares, New Options and any shares received upon exercise of the New Options issued pursuant to the Offer carry no guarantee with respect to the payment of dividends, returns of capital or market value. The Company does not expect to declare any dividends for the foreseeable future.

Potential investors should consider that the investment in the Company is highly speculative.

6. Acceptance Instructions

6.1 Completing an application form

Any applications for New Shares under the Offer contained within this Prospectus must be made on the personalised Application Form accompanying this Prospectus in accordance with the instructions set out in the form. Payment must be made in accordance with the instructions set out in the form.

Prior to lodging a completed personalised Application Form and making payment, ensure you have read this Prospectus and the personalised Application Form in their entirety and seek professional advice if necessary.

An application for New Shares or payment may not be effective if received after the time specified in the personalised Application Form on the Closing Date (or by such later time or date the Company may specify), in which case no New Shares would be issued to you in respect of your application or payment, and any payment received will be refunded to you after the date of allotment in accordance with the Corporations Act, without interest.

The amount payable will be deemed not to have been received until receipt of cleared funds. Payments in cash will not be accepted.

If payment received is insufficient to pay in full for the number of New Shares you have applied for you may be taken to have applied for such whole number of New Shares which is covered in full by your payment, or your application may be rejected (without prejudice to any rights of the Company to recover unpaid sums).

If the payment received exceeds the number of New Shares applied for you may (at the discretion of the Company) be taken to have applied for the number of New Shares outlined on the completed personalised Application Form you lodge. In the case of overpayment, the difference between the amount paid and cost of New Shares issued will be refunded to you without interest after the date of allotment in accordance with the Corporations Act.

You should be aware that your financial institution may implement earlier cut off times with regards to electronic payments, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid by electronic transfers. It is your responsibility to check that the amount you wish to pay does not exceed your limit. The Company and the Share Registrar accept no responsibility for unsuccessful, delayed, or incomplete transfers or payments.

To apply for New Shares you should:

- read this Prospectus and the personalised Application Form in their entirety and seek appropriate professional advice if necessary; and
- complete the personalised Application Form which accompanies this Prospectus (instructions for completing and returning the Personalised Application Form are set out on the form); and
- return the completed personalised Application Form and pay the applicable amount (being the offer price of 3 cents (\$0.03) per New Share multiplied by the number of New Shares for which you are applying for) in accordance with the instructions in the personalised Application Form so that it is received by no later than the time specified in the Personalised Application Form on the Closing Date, or such later date as the Company may specify. The Company accepts no responsibility for delayed or misdelivered application forms or payments.

Cheques should be made payable to "Alice Queen Limited" and crossed "Not Negotiable". Cheques must be payable in Australian dollars, drawn on an Australian branch of an Australian bank.

6.2 Further Information

If you have any questions about the Offer please contact Mrs Anne Adaley, Company Secretary, at anne.adaley@alicequeen.com.au. Alternatively, contact your stockbroker or other professional adviser.

The issue of any New Shares and New Options is expected to occur after the Offer has closed on or before the dates set out in the timetable on page 4 of this Prospectus (which dates may change without notice). Thereafter holding statements relating to any issued New Shares and New Options will be despatched. It is the responsibility of recipients to determine their allocation prior to trading in New Shares. Recipients trading New Shares before receiving holding statements do so at their own risk.

The Company may reject an application where payment of the application amount is not received or a cheque is not honoured, or without prejudice to its rights, issue New Shares and New Options in response to the application and recover the outstanding application amount from the recipient. If your personalised Application Form is not completed correctly it may still be treated as a valid application for New Shares and New Options. The Directors' decision whether to treat a form as valid and how to construe, amend or complete the form is final. The Company accepts no responsibility for failure by your stockbroker or other third parties to carry out your instructions.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Persons resident in countries outside Australia should consult their professional advisers as to whether governmental or other consent are required or whether formalities need to be observed for them to acquire New Shares. Return of a personalised Application Form or payment will be taken by the Company to constitute a representation that there has been no breach of such requirements.

No account has been taken of the particular objectives, financial situation or needs of recipients of this Prospectus. Because of this, recipients of this Prospectus should have regard to their own objectives, financial situation and needs.

Recipients of this Prospectus should make their own independent investigations and assessment of the Company, its business, assets and liabilities, prospects and profits and losses, and the risks associated with investing in the Company. Independent expert advice should be sought before any decision is made to accept the Offer, or to acquire New Shares or other securities of the Company.

7. Continuous Disclosure Obligations

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act applicable to a prospectus for continuously quoted securities or options over continuously quoted securities.

Section 713 of the Corporations Act enables a company to issue a special prospectus where the securities under that prospectus are continuously quoted securities, or options over continuously quoted securities, within the meaning of the Corporations Act. This generally means that the relevant securities are in a class of securities that were quoted enhanced disclosure securities at all times during the 3 months before the date of this Prospectus and that other requirements relating to the Company not being subject to various exemptions and orders under the Corporations Act within the last 12 months are met.

In summary, special prospectuses are required to contain information in relation to the effect of the offer of securities on the company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company. Accordingly, this Prospectus does not contain the same level of disclosure as a prospectus of an unlisted company or an initial public offering prospectus.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the date of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

For the purpose of satisfying section 713(5) of the Corporations Act a prospectus must incorporate information if such information:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profit and losses and prospects of the Company; and
 - the rights and liabilities attaching to the securities being offered.

The Prospectus must contain this information only to the extent to which it is reasonable for investors and their professional advisors to expect to find such information in the Prospectus. The Company is not aware of any matters that need to be disclosed under this section of the Corporations Act that have not been previously disclosed or which have not been set out in this Prospectus.

As a disclosing entity under the Corporations Act, the Company is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASX and ASIC in relation to the Company may be obtained from or inspected by accessing the respective web sites.

Any person may request, and the Company will provide free of charge, a copy of each of the following documents during the application period of this Prospectus. Such documents are also available on-line from the ASX web site.

- (a) The Annual Report of the Company for the financial year ended 30 June 2016 (lodged with ASX on 29 September 2016), being the most recent annual report of the Company before the lodgement of this Prospectus with ASIC.
- (b) The Interim Financial Report of the Company for the half year ended 31 December 2015 (lodged with ASX on 9 March 2016).
- (c) Any continuous disclosure notices given by the Company since the lodgement of the Annual Report referred to in (b) above before lodgement of this Prospectus. Continuous disclosure notices given by the Company since the lodgement of the Annual Report to the date of this Prospectus are listed in Section 8 of this Prospectus.

8. ASX Announcements

The following announcements (continuous disclosure notices) have been made by the Company to ASX since lodging its annual financial report for the year ended 30 June 2016 with ASIC:

Date	Headline
29/09/2016	Appendix 4G and Corporate Governance Statement

Any person may request, and the Company will provide free of charge, a copy of any of the above announcements whilst the Offer under the Prospectus is open.

The Company may make further announcements to ASX from time to time. Announcements are released by ASX on its website, www.asx.com.au under the Company's ASX code "AQX" and copies of announcements can be obtained from the Company upon request and are available on the Company's website

www.alicequeen.com.au. Prospective investors are advised to refer to ASX's website for updated releases about events or matters affecting the Company.

In making statements in this Prospectus it is noted that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

9. Terms of securities offered

9.1 New Shares

The Shares will be fully paid ordinary shares in the capital of the Company, which will rank equally with, and will have the same voting and other rights as the existing issued shares of the Company. The rights attaching to the Company's shares are set out in the Company's constitution, the Listing Rules of ASX and the Corporations Act. The Company's constitution has been lodged with ASIC. The constitution contains provisions of the kind common for public companies in Australia and are taken to be included in this Prospectus by operation of Section 712 of the Corporations Act. Any person may request a copy of the constitution during the application period of the Prospectus, which the Company will provide free of charge.

The Offer of New Shares and any application concerning the issue of New Shares under this Prospectus shall be governed and construed in accordance with the laws in the State of Victoria, Australia.

9.2 New Options

Rights attaching to the New Options offered under this Prospectus are as follows:

The New Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each New Option gives the Optionholder the right to subscribe for 1 share. To obtain the right given by each New Option, the Optionholder must exercise the New Options in accordance with these terms and conditions.
- (b) The New Options will expire at 5:00pm (AEDT) on 30 September 2017. Any New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each New Option will be \$0.03 (3 cents) (**Exercise Price**).
- (d) The New Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
- (e) Optionholders may exercise their New Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of New Options specifying the number of New Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of New Options being exercised;(**Exercise Notice**).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of shares required under these terms and conditions in respect of the number of New Options specified in the Exercise Notice.
- (h) All shares allotted upon the exercise of New Options will upon allotment rank pari passu in all respects with other Shares.
- (i) Subject to the Corporations Act, the Listing Rules, and the Constitution of the Company the New Options are freely transferable. The Company intends to make an application to the ASX for Official Quotation of the New Options however the success of that application is dependent on the Company meeting the ASX conditions for quotation, and the Company provides no guarantee that those conditions will be satisfied at any given time or at all.
- (j) The New Options cannot be exercised if, as a result of the exercise, the Optionholder or any of its associates would breach the provisions of Chapter 6 (and specifically section 606) of the Corporations Act.
- (k) The Company will apply for quotation of the New Options on ASX. The Company will apply for quotation of all Shares allotted pursuant to the exercise of the New Options on ASX within 10 Business Days after the allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the New Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the New Options prior to the date for determining entitlements to participate in any such issue.
- (n) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the New Options, the exercise price of the New Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (o) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the New Options, the number of securities over which a New Option is exercisable may be increased by the number of securities which the Optionholder would have received if the New Option had been exercised before the record date for the bonus issue in accordance with the ASX Listing Rules.

Shares issued upon the exercise of New Options will be fully paid ordinary shares and will have the same voting and other rights as the existing Shares of the Company.

10. Director's interests

10.1 Securities

The Directors' direct and indirect interests in securities of the Company as at the date of this Prospectus and the effect of the Offer on the direct and indirect share holdings of Directors are set out in the following table that assumes full subscription of the Offer:

SHARES & OPTIONS

Director/Shareholder (and/or associate(s))	Existing Shares		Upon issue of New Shares		Existing Options ⁺
	Number	%	Number	%	
Andrew Buxton *	25,818,670	13.39%	25,818,670	11.64%	Nil
Phillip Harman	1,442,018	0.75%	1,442,018	0.65%	115,385
Mark Kerr	20,297,281	10.53%	20,297,281	9.15%	Nil
TOTAL:	47,557,969	24.67%	47,557,969	21.45%	3,559,007

Notes to Table:

⁺ The table above does not take into account Bonus Option to be issued under the Bonus Option Prospectus dated 20 September 2016. The Bonus Options are expected to be issued on, or about, 7 October 2016. Following the issue of the Bonus Options the Directors will have the following interests in options:

Andrew Buxton	12,909,335
Phillip Harman	836,394 (comprising 721,000 Bonus Options and 115,385 Unlisted Options exercisable at \$0.30 (30 cents).
Mark Kerr	10,148,641

^{*} On 9 September 2016 the Company's shareholders resolved to give the Managing Director of the Company, Andrew Buxton, the right, but not the obligation, to participate in the Offer by subscribing for up to 16,666,667 New Shares and 16,666,667 New Options. If Mr Buxton participates in the Offer to the full extent permitted by this approval he would hold a relevant interest in 42,485,337 shares and 25,576,002 options (comprised of 16,666,667 New Options and 12,909,335 issued under the Bonus Offer Prospectus dated 20 September 2016). Mr Buxton will be prevented from exercising any options in circumstances where the issue of shares would result in him (or any of his associates) obtaining a relevant interest in more than 20% of the Company in breach of section 606 of the Corporations Act.

Except as disclosed in this Prospectus, no Director or proposed Director has, or has had within two years of lodgement of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

10.2 Remuneration and Payments to Directors

Directors are entitled to receive directors' fees and other remuneration (which may include consulting fees) from the Company in relation to services provided to the Company. Details of the remuneration paid to

Directors to 30 June 2016 are set out in the financial statements of the Company for the financial year ended 30 June 2016 which were released to the ASX on 29 September 2016.

The total amounts paid and/or payable (exclusive of GST) to current Directors as fees and executive service remuneration in the 2-year period prior to lodgment of this Prospectus are:

Director	July 2014 – June 2015	July 2015 – June 2016	July 2016 - date
Andrew Buxton	Nil	\$166,667 ⁽ⁱ⁾	\$62,500
Phillip Harman	\$13,000 ⁽ⁱⁱⁱ⁾	\$18,250 ⁽ⁱⁱⁱ⁾	\$6,844
Mark Kerr	Nil	\$18,250 ⁽ⁱⁱ⁾	\$6,844

Notes to table:

- (i) A. Buxton: Total remuneration of \$166,667 reflects consulting fees paid (exclusive of GST) to Claremont Equities Pty Ltd during the period 13 November 2015 to 30 June 2016, a company in which Mr. Buxton has an interest, for providing management services to the Alice Queen group.*
- (ii) M. Kerr: Total remuneration of \$18,250 reflects director's fees totaling \$16,667 plus superannuation totaling \$1,583 paid and/or accrued during the period 13 November 2015 to 30 June 2016. Mr Kerr's Director's fees of \$16,667 were paid to Berkeley Consultants Pty Ltd, a company in which Mr. Kerr has an interest.*
- (iii) P. Harman: Fees paid during the period July 2014 to 30 June 2015 totaling \$13,000 were paid in equity. Fees paid during the period July 2015 to June 2016 totaling \$18,250 reflects director's fees totaling \$16,667 plus superannuation totaling \$1,583 paid and/or accrued during the period year ended 30 June 2016.*

The current Directors also have the following interests:

- As previously disclosed, Andrew Buxton and Mark Kerr (either directly or indirectly) each have a free-carried equity interest in the entity which holds the Horn Island Project (Kauraru Gold Pty Ltd) of 2% each. The Company has agreed that it will solely fund the Horn Island Gold Project through to commercial production.
- As previously disclosed, Andrew Buxton and Mark Kerr (directly or indirectly) each have a free-carried equity interest in the entity which holds the Looking Glass Project (Monzonite Metals Pty Ltd) of 2% each.
- As announced on 5 July 2016, Mr Buxton has advanced an unsecured loan of approximately \$430,000 to the Company which accrues interest at a rate of 6% per annum. As set out in section 2.2, part of the funds raised through the Offer are intended to be used to repay Mr Buxton's outstanding loan.

Except as disclosed in this Prospectus, no person has paid or agreed to pay any amount to any Director or has given or agreed to give any benefit to any Director, to induce the Director to become, or to qualify as, a Director of the Company or otherwise for services rendered by the Director in connection with the formation or promotion of the Company or the Offer.

The Company also pays premiums to insure all Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting the capacity as a Director of the Company. The Company has entered into indemnity, insurance and access deeds with each of the Directors. Under those deeds, to the extent permitted by law, the Company agrees to indemnify each of the Directors against certain liabilities incurred by them whilst acting as an officer of the Company, and to insure each Director against certain risks to which they may be exposed as an officer of the Company.

10.3 Fees to Advisors

Henslow Pty Ltd [AFSL 483168] will receive corporate advisory fees in connection with services provided in respect of the Offer equal to \$22,640 (exclusive of GST).

11. Interests of experts and advisers

Other than as detailed in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promotor of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held, with the 2 years preceding lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

12. Taxation

Recipients of the Offer should seek and obtain their own taxation advice before applying for New Shares so that they may first satisfy themselves of any taxation implications associated with acquiring New Shares.

13. Overseas Shareholders

This Prospectus does not constitute an offer for securities in any place where, or to any person whom, it would be unlawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons outside Australia who comes into possession of this Prospectus should seek advice on, and observe any, such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or the Offer or otherwise to permit a public offering of the securities in any jurisdiction outside Australia.

The Offer has not been, and will not be, registered under the US Securities Act and has not been made in the United States of America or to persons resident in the United States of America.

14. Privacy

Personal information is collected on application forms by the Company and the Share Registrar for processing applications, maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Acceptances might not be processed efficiently, or at all, if the information requested is not provided. Personal information about recipients may be disclosed to external service providers such as print or mail service providers as required or permitted by law. A recipient who would like details of their personal information held by the Company or its Share Registrar, or who would like to correct information that is incorrect or out of date, should contact the Company by email, by telephone or at the address shown in the Corporate Directory. In accordance with the Corporations Act, recipients may be sent material (including marketing material) in addition to general corporate communications. Recipients may elect not to receive marketing material by contacting the Share Registrar's Privacy Officer. Recipients can also request access to, or corrections of, personal information held by the Company by writing to the Company.

15. Electronic Prospectus

This Prospectus is available in electronic format via the ASX website, www.asx.com.au and via the Company's website at www.alicequeen.com.au.

Persons having received this Prospectus in electronic form may, during the offer period, obtain a paper copy of this Prospectus (free of charge) by contacting Mrs Anne Adaley on +61 (03) 8669 1408.

Applications for New Shares may only be made on the Personalised Application Form which accompanied or was attached to a copy of this Prospectus in its paper copy form or a print out of the form which formed part of or was accompanied by the complete and unaltered electronic version of this Prospectus. The Corporations Act prohibits any person from passing on to another person a Personalised Application Form unless it is attached to or accompanied by a hard copy of this Prospectus or by the complete and unaltered electronic version of this Prospectus.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the complete and unaltered electronic version of this Prospectus.

16. Investment Decisions

The information in this Prospectus does not constitute financial product advice. This Prospectus does not take into account the investment objectives, financial situation, tax position and particular needs of individual investors. Investors should obtain their own independent advice and consider the appropriateness of the Offer of shares pursuant to this Prospectus having regard to their own objectives, financial situation, tax position and needs.

17. Future Performance

Except as required by law, and only then to the extent so required, neither the Company nor any other person warrants the future performance of the Company, or any return on any investment made pursuant to this Prospectus. An investment through applying for and receiving New Shares under the offer made by this Prospectus should be considered speculative.

18. Consents

Each of the parties referred to in this section 18:

- (a) has not authorised or caused the issue of this Prospectus and has had no involvement in the preparation of this Prospectus;
- (b) has not made, or purported to make, any statement in this Prospectus, or on which any statement made in this Prospectus is based, other than the statements referred to in this section 18;

- (c) does not assume responsibility for any part of this Prospectus except for the statements referred to in this section 18;
- (d) to the maximum extent permitted by law, disclaim any responsibility or liability for any part of this Prospectus, other than a reference to it or a statement to be included in this Prospectus with their consent as specified in this section 18.

Computershare Investor Services Pty Limited has consented in writing to being named in this Prospectus in the capacity as Share Registrar of the Company in the form and context in which they have been named, and has not withdrawn such consent prior to lodgement of the Prospectus with ASIC.

Henslow Pty Ltd [AFSL 483168] has consented in writing to being named in this Prospectus in the capacity as corporate advisor to the Company in the form and context in which they have been named, and has not withdrawn such consent prior to lodgement of the Prospectus with ASIC.

19. Enquiries

If you have any questions regarding the content of this Prospectus, please contact the Company on +61 (03) 8669 1408. Alternatively, you should contact your stockbroker, accountant or independent professional financial adviser to advise on the Offer.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any such information not so contained may not be relied on as having been authorised by Alice Queen in connection with this Prospectus.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company have authorised the lodgement of this Prospectus with ASIC.



Andrew Buxton
Managing Director