



ALICE QUEEN EXECUTES EARN-IN AND JOINT VENTURE AGREEMENT WITH ST BARBARA

HIGHLIGHTS

- St Barbara has the right to earn a 70% interest in the Horn Island Project (other than identified Excluded Zones) by sole funding expenditure of \$4 million within 3 years;
- Alice Queen retains the right to continue pursuing exploration activities on Horn Island through to BFS in the Excluded Zones;
- The area subject of the earn-in rights does not include the historic Horn Island Pit area, nor the area which is the subject of the Company's existing Inferred Mineral Resource (Excluded Zones);
- The agreement aligns Alice Queen with a well-established gold miner that has experience in developing a gold project on an island that bears geographical synergies to Horn Island; and
- Alice Queen to assist (where requested by St Barbara) in respect of all St Barbara exploration activities, given its strong relationships and experience on the ground at Horn Island.

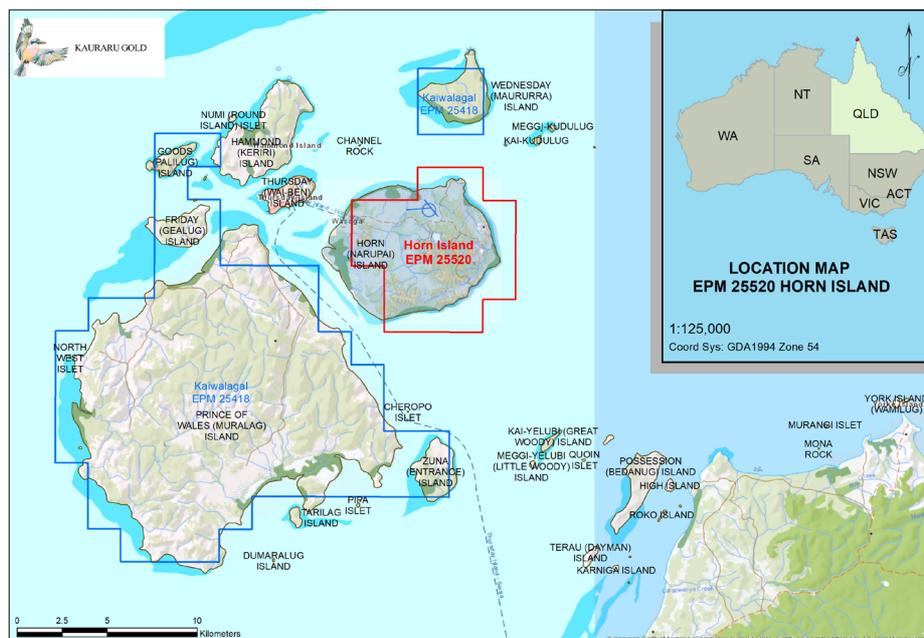


Figure 1: Regional and location map

Advanced gold explorer, Alice Queen Limited (ASX: AQX) (**Alice Queen, AQX or the Company**) is pleased to announce that its 84.5% owned subsidiary, Kauraru Gold Pty Ltd (**Kauraru Gold**), has entered into an Earn-In and Joint Venture Agreement (also referred to as the **EIJVA**) with St Barbara Limited (ASX: SBM) (**St Barbara**) in respect of its Horn Island Project, located in the Torres Strait in far-north Queensland.

Alice Queen Managing Director Andrew Buxton said the EIJVA was the culmination of a detailed search for the right joint venture partner at Horn Island.

"The agreement with St Barbara was formed on the back of extensive talks with a number of interested parties, but ultimately the Company was of the view that St Barbara was the perfect fit for both Alice Queen and Horn Island. We are pleased to have secured St Barbara as our partner for Horn Island and we look forward to working closely together with a mutual view of exploring and developing this asset into a profitable gold mine."



BACKGROUND TO ARRANGEMENTS

St Barbara is one of Australia's mid-tier gold producers with extensive experience in operating in a tropical region like Horn Island.

It owns and operates the Gwalia mine in the gold-rich province of Leonora in Western Australia and the Simberi mine on Simberi Island in Papua New Guinea's New Ireland Province, which together delivered over 400,000 ounces of gold for the miner in the 2018 financial year.

St Barbara's gold Mineral Resources, Ore Reserves and mining operations are spread across the eastern half of Simberi Island, which bears geographical similarities to that of Horn Island.

This was a key synergistic factor in Alice Queen choosing St Barbara as its joint venture partner for Horn Island.

It is also worth noting that St Barbara has established key traditional owner relationships on Simberi Island; a factor in which Alice Queen takes considerable pride at its Horn Island project.

Alice Queen believes St Barbara has the technical capability, financial security and operational flexibility to work with the Company to realise and fully maximise the potential that Horn Island hosts.

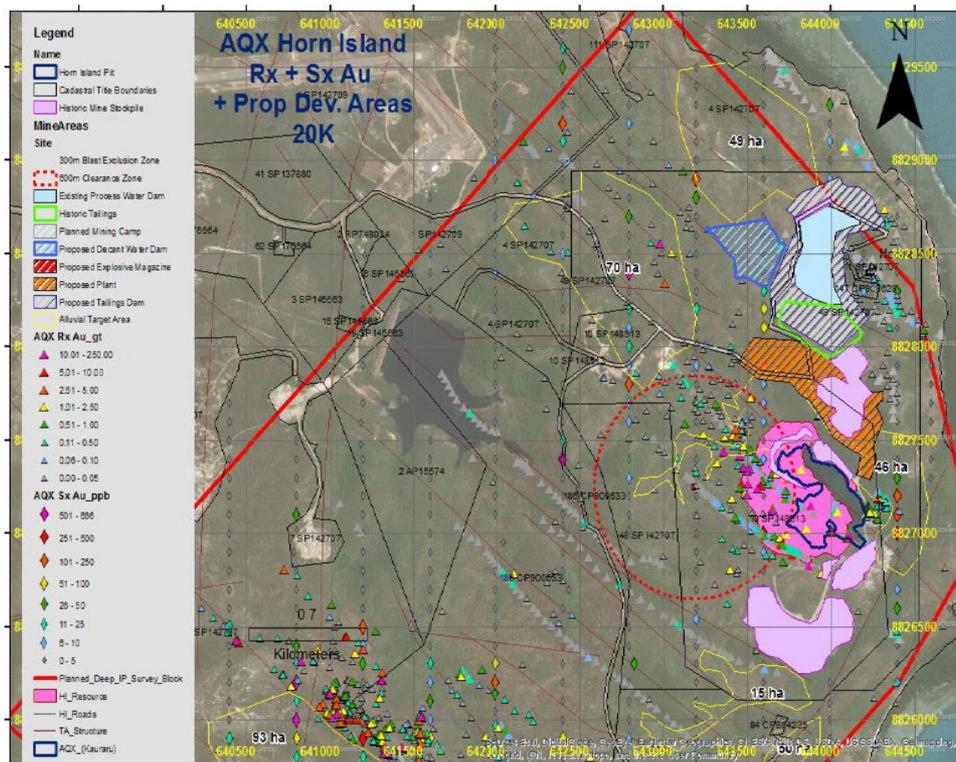


Figure 2: EIJVA area and Excluded Zone

EARN-IN AND JOINT VENTURE AGREEMENT

The principal commercial terms set out in the EIJVA are as follows:

- St Barbara has the right, but not the obligation, to earn a 70% interest in the Horn Island Project (EPM25520 and EPM 25418) (other than the Excluded Zones – refer below) (**Earn-In Interest**) by sole funding expenditure of \$4 million (**Expenditure Requirement**) within 36 months (**Earn-In Deadline**).
- The area that is the subject of the earn-in rights does not include the historic Horn Island Pit area nor the area that is the subject of the Company's existing Inferred Mineral Resource of 7.96 million tonnes @ 1.9g/t gold for 492,000



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ounces¹ (and the land beneath the surface level of those areas to a depth of 200m). It also excludes various other areas of EPM25520 including the existing process water dam, historic tailings area and areas that would provide infrastructure for a future mining operation including proposed areas for mining camp and proposed decant water dam. A map identifying the areas excluded from St Barbara's earn-in rights is set out above (**Excluded Zone**).

Kauraru has, however, granted St Barbara an option to acquire a 70% interest in the Excluded Zone (in whole or in parts) with effect on, or after, it earns its Earn-In Interest for fair value determined at the time of the acquisition (**Excluded Zone Option**).

St Barbara may withdraw from the Earn-In and Joint Venture Agreement at any time prior to satisfying the earn-in expenditure requirement provided that it has funded expenditure of at least \$500,000 within the first 12 months of the execution of the Earn-In and Joint Venture Agreement, otherwise the EIJVA will terminate if the Expenditure Requirement is not met by the Earn-In Deadline. St Barbara does however have the right to withdraw from the Earn-In and Joint Venture Agreement in the event of non-renewal of the tenements or in the event that a renewal is granted on varied conditions which are not reasonably acceptable to it.

Alice Queen guarantees the obligations of Kauraru Gold under the arrangements.

The EIJVA otherwise contains terms which are typical of similar agreements including provisions relating to dilution of participating interests (and a requirement for the participants to convert to a royalty in the event their interest falls below agreed thresholds), pre-emptive rights on sale/transfer and provisions which trigger options over the parties' interests in the event of default or, in the case of Kauraru, a change of control event.

In connection with the execution of the EIJVA, Kauraru Gold and St Barbara have also entered into:

A Cross-Operation Agreement which regulates the priority of, and procedures for, exploration operations of Kauraru in the Excluded Zone and operations of St Barbara in the project area during the earn-in period. Under the Cross-Operation Agreement, Kauraru is permitted to pursue exploration activities in the Excluded Zone up to and including a bankable feasibility study for a small-scale mining operation, however has agreed it will not commence mining activities during the earn-in or joint venture period. The Cross-Operation Agreement also ensures that activities in the project area always take priority.

A Services Agreement which sets out the terms and conditions upon which Kauraru will provide services to St Barbara (including services of personnel, operational support and the provision of equipment and facilities and stakeholder engagement) during the earn-in and joint venture periods, to the extent requested by St Barbara.

For and on behalf of the board

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¹ **ASX Release on 2 August 2018 Horn Island Gold Project Inferred Resource Upgrade.** The Company is not aware of any new information or date which materially affects the information included in the prior release. The Company confirms that all material assumptions and technical parameters underpinning the estimate in the prior release continue to apply and have not materially changed. The form and context in which the competent person's findings are presented have not been materially modified.