

## QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2016

### Highlights

#### June Quarter

- ◆ First ten diamond holes completed totalling 1,534m in ongoing diamond drill program.
- ◆ Surface sampling programs for target generation on Arakaka Main Trend targets completed, with better results including up to 3.2g/t and 2.3g/t Au peak auger results being targeted in follow-up drilling.

#### Subsequent Events

- ◆ Alicanto enters into binding agreement to acquire the Ianna Gold Project, located 25km southeast of the Arakaka Gold Project.
- ◆ Shareholder approval received for a placement to raise gross proceeds of \$1.5 million with clients and affiliates of the Sprott Group of companies

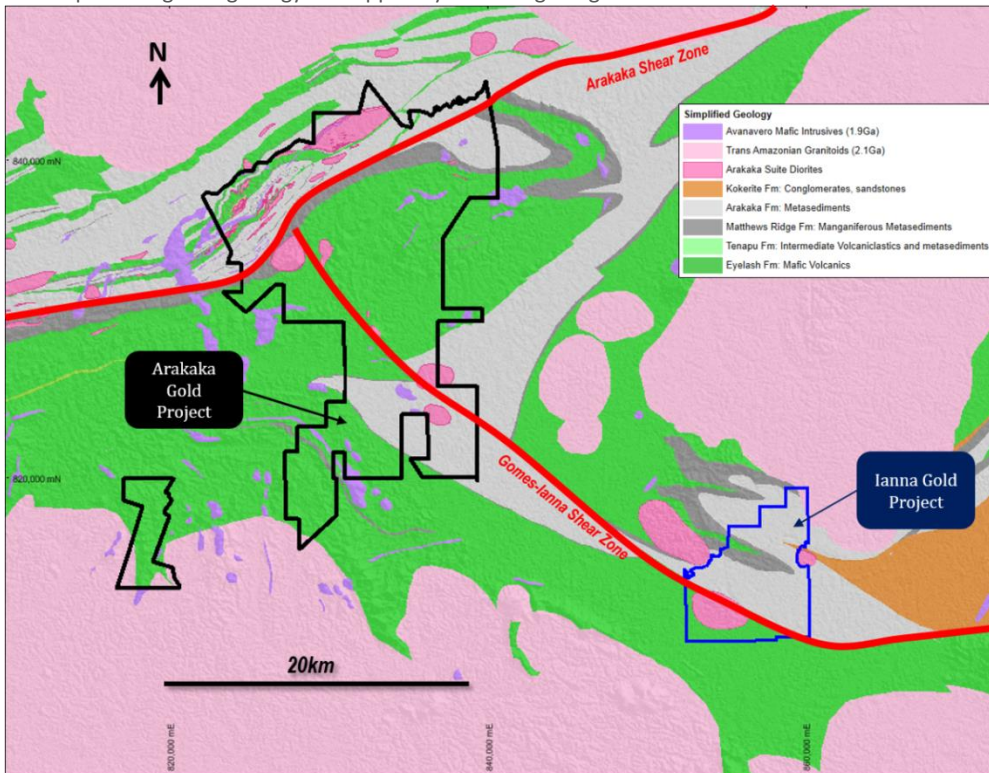
Alicanto Minerals Ltd (“Alicanto” or “the Company”) (ASX: AQI) is an emerging mineral exploration company focused on the exploration and development of the Arakaka Gold Project in Guyana, South America. The Arakaka Gold Project covers an area of over 300km<sup>2</sup> located in a relatively underexplored area within the Northern Guiana Shield Geological Terrane. The project covers volcano-sedimentary Paleoproterozoic greenstone rocks which are highly prospective for high tonnage, orogenic style gold deposits. The permits are 100% held either directly by Alicanto’s wholly owned Guyanese subsidiary, or subject to various underlying option agreements. Barrick Gold Corporation (Barrick) has the option to earn a 65 percent interest in the project after meeting US\$10 million in funding requirements pursuant to an Earn-in Agreement (for additional information, see “Arakaka Gold Project Earn-in Agreement” below).

Subsequent to the reporting period, the Company has also entered into a binding agreement to acquire the Ianna Gold Project in Northwest Guyana. The Ianna Gold Project is located in the highly prospective Barama-Mazaruni Greenstone Belt in Guyana’s Northwest District and is located less than 25km from Alicanto’s flagship Arakaka Project (refer to Figure 1).

#### Highlights of the Ianna Gold Project include:

- ◆ Two extensive mineralised corridors delivering “**Walk up**” **drill targets** extending over 7km of strike extent.
- ◆ Historical drilling has already delivered **multiple ore grade intersections** in the top 60m;
  - **50m @ 2.47g/t Au from 10m to end of hole**
  - **48m @ 1.19g/t Au from surface**
  - **14m @ 4.27g/t Au from 24m**
  - **12m @ 3.84g/t Au from 20m**
  - **12m @ 3.99g/t Au from surface**
- ◆ The Ianna Project contains both the structural and lithological setting considered ideal to host large scale gold deposits.
- ◆ The Project host excellent Infrastructure, including existing camp facilities, airstrip and river port.

Figure 1 | Location of Arakaka and Ianna Gold projects over simplified regional geology as mapped by Alicanto geologists



## Overview of the Arakaka Gold Project | Guyana

Geologically, Guyana is underlain by the Guiana Shield, a Proterozoic aged craton that was contiguous with the Leo Mann Shield of West Africa prior to the opening of the Atlantic Ocean. As such, the geology of the Guiana Shield is similar in age, lithology and style of mineralisation to the prolific Birimian gold belts of West Africa.

Alicanto's Arakaka Gold Project covering >300km<sup>2</sup> is located in Guyana's under-explored Northwest District, host to the Barama-Mazaruni supergroup, within one of the last and among the least explored greenstone belts across the Guiana and West African Shields that is not yet host to substantial gold resources.

The Arakaka Gold Project itself has been the source of more the 1Moz of alluvial and near surface gold production within Guyana, with a mining history that extends more than 100 years. The Project boasts good infrastructure, with an all-season road network, daily flights to within 10km of the property boundary, and deep water port facilities to within 15km of the property boundary.

Over US\$20m in exploration investment prior to Alicanto's investment has been made into the Arakaka Gold Project, providing Alicanto with a high quality regional scale geophysical and surface geochemical datasets identifying extensive gold anomalism which defines multiple top tier drill targets, but with sparse drilling completed previously to assess resource potential.

### CAPITAL STRUCTURE

Shares on Issue	72.0m
Options on Issue	18.5m
Market Cap	\$18.4m

ASX Code **AQI**

### BOARD & MANAGEMENT

Dieier Murcia  
Non-Exec Chairman

Travis Schwertfeger  
Managing Director

Hamish Halliday  
Non-Exec Director

Marcus Harden  
Chief Geologist

Brett Dunnachie  
CFO & Co. Secretary

### ARAKAKA GOLD PROJECT, GUYANA

- ♦ Regional scale project
- ♦ Highly prospective Northwest Guyana Greenstone Belt
- ♦ Over 12km strike along major mineralised structural corridor
- ♦ Less than 5% of the +12km of the Arakaka Trend drill tested
- ♦ Multiple untested, high priority targets
- ♦ Underexplored and multiple saprolite pits
- ♦ Arakaka Trend one of the oldest and most prolific gold districts in Guiana Shield
- ♦ Mining friendly jurisdiction

### REGISTERED OFFICE

Alicanto Minerals Limited  
ACN 149 126 858

288 Churchill Avenue  
Subiaco Western Australia 6008  
T: +61 8 6489 0700  
F: +61 8 6489 0710  
E: [admin@alicantominerals.com.au](mailto:admin@alicantominerals.com.au)

## Operation Report | Arakaka Gold Project

### Diamond Drilling

Diamond drilling activity completed in June comprised ten diamond holes totalling 1,534m drilled, focused on the Pepperpot and Purple Heart Target Area at the Arakaka Gold Project located in northwest Guyana. The diamond drilling completed to date is focussed on initial drill assessments of un-drilled targets in the area, including extensions of historic drill fences, to advance multiple targets refined by exploration activities completed by Alicanto and furthered by Barrick funded exploration activity commenced in March of this year.

The oriented diamond drill core has been logged for lithology, alteration and magnetic susceptibility measurements taken, and a detailed structural study and review of whole core material was completed prior to cutting and shipment of samples for assaying. The cut half core samples for drilling to date are still pending completion of analyses at time of reporting.

### Auger Sampling

The auger sampling program for Purple Heart and Pepperpot target delineation conducted in March/April totalled 186 auger sample sites (Refer to ASX release dated 1 June 2016).

Gold anomalism in auger samples consistently confirms gold anomalism beneath extensive +100ppb Au anomalous trends in soils. Multiple anomalous zones have been intersected that include peak auger results of **3.2g/t and 2.3g/t Au** potentially refining targeting of mineralised structures within a large footprint of alteration and gold anomalism.

### Ground Geophysics

In conjunction with the surface geochemical and mapping work, Alicanto is also working with Barrick to re-process historical IP ground geophysical data (refer to Figure 3). Previous explorers have completed a total of 69.4 line km of dipole-dipole IP and 119 line km of gradient array IP on the Arakaka Gold Project.

Alicanto geologists have defined a detailed structural model and geological interpretation of the Arakaka Main Trend. Re-modelling and re-interpretation of both the gradient array and dipole-dipole spectral induced polarisation / resistivity geophysical methods (IP) in context of the varying physical properties measured and modelled in the revised geologic interpretation has identified high priority targets covered by shallow artisanal alluvial mining disturbance in the area.

## Pepperpot Target Area

Pepperpot is host to favourable diorite intrusions that are strained and faulted by structures associated with mineralisation in drilling returning up to 13.5m @ 7.36g/t Au (Refer to ASX Release dated 26 August 2015) located at Purple Heart approximately 1.7km along strike to the southwest within the 12km long gold anomalous Arakaka main trend. The mapped structural and lithologic settings at Pepperpot prospects are analogous to Purple Heart and are associated with high tenor surface gold anomalism and extensive surface workings. These analogous settings at Pepperpot along favourable structural corridors within the Arakaka main trend are a high priority target for initial drill testing on the Arakaka Gold Project.

Host to one of the largest artisanal pits in the region with >2.5km strike extent of extensive artisanal alluvial and eluvial workings, (refer to Figures 2 & 3) the Pepperpot area is un-drilled, and has limited exploration information resulting from restricted exposure to saprolite or outcrop in an area of low relief. However, detailed mapping by Alicanto, followed by initial auger sampling has identified areas of very shallow (<4m) cover, that can be cost effectively assessed for alteration, favourable lithology, and gold anomalism. These low saprolite rises are currently being targeted in shallow auger sampling programs to refine drill targeting.



## Purple Heart Target Area

Purple Heart is located in the Arakaka Main Trend (refer to Figure 2) and is host to gold mineralisation focused in shear zones in and around diorite intrusions with mineralisation occurring as combinations of high-grade veins and broad dissemination. The concurrent styles of mineralisation illustrate the potential of the Purple Heart area to host bulk tonnage targets. The multiple anomalous gold trends cover >2.4km strike length across >1.5km width. Several targets for drill testing have been defined from previous exploration activity in drilling, trenching, mapping and surface geochemistry with the following exploration highlights (Refer to ASX Release dated 26 August 2015);

- Only three mineralised trends have received limited drill testing to date, returning better historical intercepts of **13.5m @ 7.36g/t Au**, **48m @ 1.84g/t Au**, and **10.8m @ 1.66g/t Au**
- Previous trenching intersects **22m @ 2.34g/t Au** on structures projected under cover at Purple Heart, and up to **27m @ 3.14g/t Au** and **34m @ 2.98g/t Au** in trench proximal to existing drilling.
- Peak soil value of **8.1g/t Au** with eight >1g/t Au soil results, including un-drilled mineralised trends hosting peak soil results of **6.45g/t**, **3.9g/t Au** and **3.55g/t Au**.

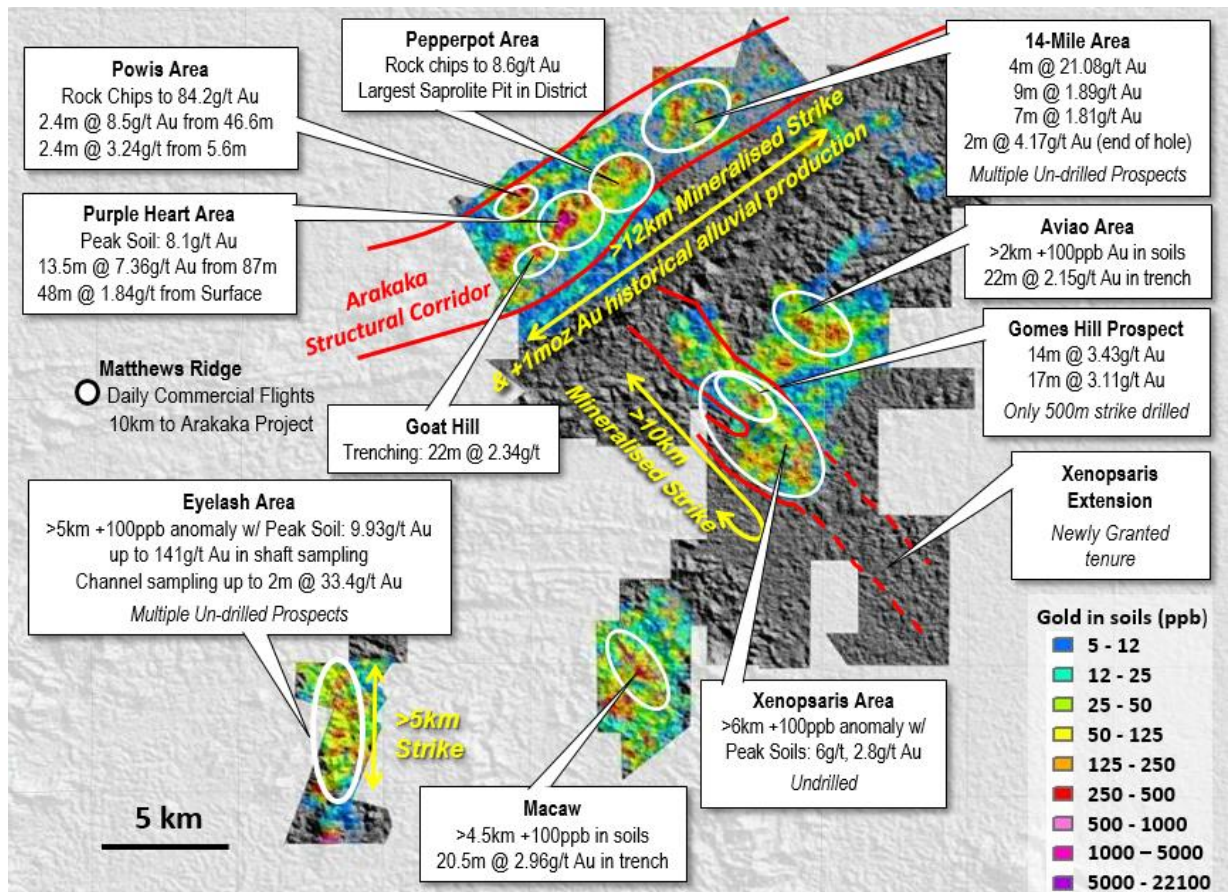


Figure 2 | Target Area and Prospect locations within the >300km<sup>2</sup> land position

## Proposed Work - September Quarter Exploration

The Company continues to progress the work program being funded by Barrick pursuant to the Earn-in Agreement for the Arakaka Gold Project. Following a break in drilling in July, diamond drilling continues and mobilisation of an RC drill is expected for the September quarter.

The ongoing exploration program is being refined in context of additional geological information being acquired from oriented core drilling. Diamond drilling has demonstrated to be beneficial in targeting generation work, and additional Diamond drilling is being planned in replacement of proposed air core drilling programs for an anticipated total of approximately 5,000m in 2016 under the current exploration budget. Geological mapping, soil, auger, trench, and rock chip sampling programs for target definition work continue in various campaigns across a number of targets during the September quarter.

The Ianna Gold Project will be the subject of due diligence review satisfying conditions precedent prior to completion of the acquisition. Technical due diligence will include some verification mapping and surface sampling programs, which will be compiled with historical datasets to propose an exploration strategy for the Ianna Gold Project subject to successful completion of the transaction.

## Corporate

### Cash and working capital

As at 30 June 2016 the Company had cash of approximately \$1,216,000.

### Ianna Project Acquisition

Alicanto has entered into the Ianna Project Option Deed and retains exclusivity for a wholly owned Guyanese subsidiary to acquire any and all rights or beneficial interest held by a privately owned Guyanese entity over the Ianna Project area for the duration of a due diligence period ending 15 August 2016.

Upon Alicanto's confirmation of satisfaction with respect to due diligence (Confirmation Date), Alicanto will then maintain an exclusive option to acquire and operational access to the project for a 36 month period, which will be maintained with the following option payments;

- US\$25,000 on the Confirmation Date; and
- US\$50,000 within 4 months after the Confirmation Date, and
- US\$200,000 within 15 months after the Confirmation Date

During the option period Alicanto must keep tenements in good standing and ensure a minimum aggregate expenditure of US\$600,000 on exploration and various land holding costs over a 24 month period.

Alicanto can elect to acquire the property (Completion) at any time subsequent to the US\$50,000 option payment without further expenditure or option payment liabilities by paying either i) a lump sum payment of US\$3,000,000; or ii) a lump sum payment of US\$1,350,000 and a 2% net smelter royalty (NSR).

If an NSR is issued as consideration at Completion, the Company will retain a Right of Re-purchase of the NSR for 24 months after Completion, and at Alicanto's election can acquire either: i) a 50% portion of the NSR by paying US\$2,000,000; or ii) a 100% portion of the NSR by paying US\$3,000,000. Following the expiry of the Right of Re-purchase period, the Company will retain a right of first offer for a further 36 month period to acquire all or a specified part of the NSR.

**Corporate (continued)**

Figure 3 | Aerial Overview of the >4km of Ianna project artisanal workings. Looking south west.

**Arakaka Gold Project Earn-in Agreement**

Alicanto and Barrick have entered into an Earn-in Agreement whereby the Company granted Barrick the exclusive right to acquire a 65% interest in the Arakaka Gold Project. Barrick may earn up to a 65% interest in the Arakaka Project by meeting US\$10 million in funding requirements, including US\$8 million in exploration expenditures over four years, and US\$2 million paid to Alicanto upon completion of the exploration earn-in expenditures. Barrick may only withdraw from the Earn-in Agreement after contributing a minimum of US\$1.8m by the end of the first contract year, being 31 December 2016. Significant terms of the Earn-in Agreement are provided in the ASX announcement dated 1 March 2016.

Recent Exploration activity includes geological mapping at a 1:500 scale within the Pepperpot area, complimented by extensive rock chip sampling, and augmented by auger sampling across portions of the target area with very poor exposure from historical shallow mining disturbance or shallow cover. The auger sampling technique has been used to confirm in-situ alteration along projections of surface anomalism integrated with historical geophysical datasets within the target Area to refine diamond drill locations.

**Share Placement**

As announced to the ASX on 14 June 2016, the Company is currently completing a share placement to raise gross proceeds of \$1.5m ("Placement") as approved by shareholders at the General Meeting held Wednesday, 27 July 2016. Participants in the Placement are clients of and affiliates of the Sprott Group of companies and the funds raised from the Placement will be used for new project generation and for working capital.

Under the Placement, Alicanto will issue a total of 11.6 million new shares at a price of \$0.13 per share with one free attaching, non-transferable option for every two shares subscribed for. The options will have a three year term and an exercise price of \$0.23. If, commencing on the 30th day after issuance, the closing price of the Company's shares on the Australian Securities Exchange is higher than \$0.40 for any 20 consecutive trading day period then, on the 20th consecutive trading day of any such period (the "Acceleration Trigger Date"), the expiry date of the options may be accelerated to the 20th trading day after the Acceleration Trigger Date by the issuance, within three trading days of the Acceleration Trigger Date, of a news release announcing such acceleration.



## Project Generation

The acquisition of the Arakaka Gold Project in 2013 delivered a core strategic asset in one of the most underexplored greenstone belts in the world. Alicanto has increased its footprint within the highly prospective Barama-Mazaruni Greenstone Belt in Guyana's Northwest District with the proposed acquisition of the Ianna Gold Project located less than 25km from Alicanto's flagship Arakaka Project (refer to Figure 1).

The Company intends to continuously evaluate additional projects within Guyana for potential joint venture or acquisition. In addition the Company shall also continue to evaluate projects in Australia and overseas, in gold, copper and other commodities to grow shareholder value.

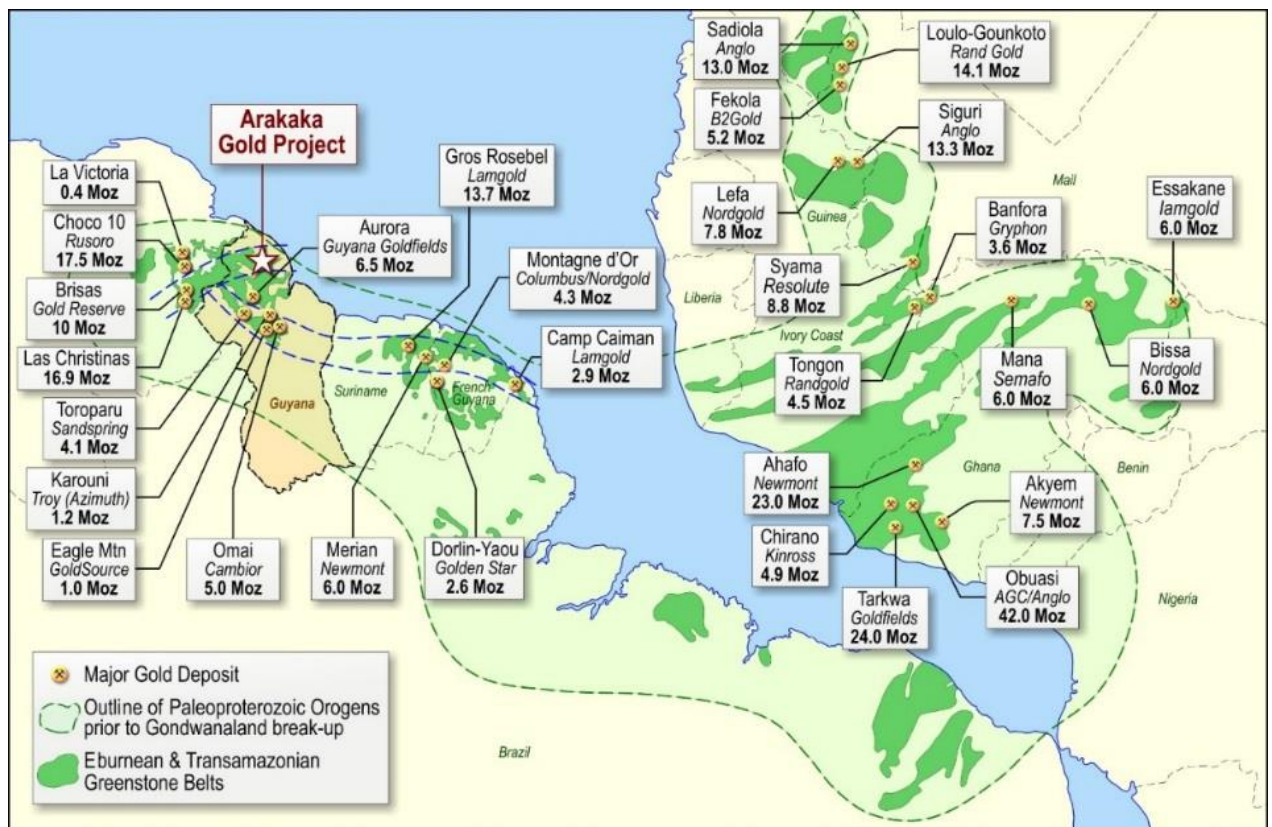


Figure 4 | Location Map - Arakaka Gold Project

For detailed information on all aspects of the company and its project please visit:

[www.alicantominerals.com.au](http://www.alicantominerals.com.au) or contact:

Travis Schwertfeger - Managing Director

+61 8 6489 0700

### Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Marcus Harden, who is a Member of The Australian Institute of Geoscientists. Mr Harden is Chief Geologist for the Company. Mr Harden has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harden consents to their inclusion in the report of the matters based on his information in the form and context in which it appears.

## Appendix 1 – Tenements

### Mining tenements held at the end of June 2016 quarter

Project	Location	Tenement	Interest at end of June 2016 quarter
Tassawini	Guyana	PL 01/2005, GS14: S-15	100%
	Guyana	PL 34/2005, GS14: S-16	100%
	Guyana	V-04/MP/000, MP 47/98	100%
	Guyana	V-5/MP/000, MP 23/01	100%
	Guyana	V-5/MP/001, MP 24/01	100%
	Guyana	V-5/MP/002, MP 25/01	100%
Arakaka	Guyana	Y-33/000/04, PPMS/680/04	100%
Arakaka	Guyana	Y-33/001/04, PPMS/681/04	100%
Arakaka	Guyana	Y-31/000/04, PPMS/463/04	100%
Arakaka	Guyana	Y-31/001/04, PPMS/464/04	100%
Arakaka	Guyana	J-81/000/02, PPMS/884/02	100%
Arakaka	Guyana	J-81/001/02, PPMS/885/02	100%
Arakaka	Guyana	J-81/002/02, PPMS/886/02	100%
Arakaka	Guyana	J-59/000/2000, PPMS/1057/2002	100%
Arakaka	Guyana	J-59/001/2000, PPMS/1058/2002	100%
Arakaka	Guyana	J-59/002/2000, PPMS 1059/2002	100%
Arakaka	Guyana	J-59/003/2000, PPMS/1060/2002	100%
Arakaka	Guyana	J-59/004/2000, PPMS/1061/2002	100%
Arakaka	Guyana	J-59/005/2000, PPMS/1062/2002	100%
Arakaka	Guyana	J-59/006/2000, PMS/1063/2002	100%
Arakaka	Guyana	J-59/007/2000, PPMS/1064/2002	100%
Arakaka	Guyana	J-59/008/2000, PPMS/1065/2002	100%
Arakaka	Guyana	J-59/009/2000, PPMS/1066/2002	100%
Arakaka	Guyana	J-59/010/2000, PPMS/1067/2002	100%
Arakaka	Guyana	J-59/011/2000, PPMS/1068/2002	100%
Arakaka	Guyana	J-59/012/2000, PPMS/1069/2002	100%
Arakaka	Guyana	J-59/013/2000, PPMS/1070/2002	100%
Arakaka	Guyana	J-59/014/2000, PPMS/1071/2002	100%
Arakaka	Guyana	51/002/94, Ituni #1	100%
Arakaka	Guyana	51/003/94, Ituni #2	100%
Arakaka	Guyana	51/324/74, May	100%
Arakaka	Guyana	Jars, Jars#1, Jars#2	100%
Arakaka	Guyana	P-109/000/2000, PPMS/809/2001	100%
Arakaka	Guyana	P-109/001/2000, PPMS/810/2001	100%
Arakaka	Guyana	P-109/002/2000, PPMS/811/2001	100%
Arakaka	Guyana	P-109/003/2000, PPMS/812/2001	100%
Arakaka	Guyana	P-109/004/2000, PPMS/813/2001	100%
Arakaka	Guyana	P-109/005/2000, PPMS/814/2001	100%
Arakaka	Guyana	P-128/000/02, PPMS/707/02	100%
Arakaka	Guyana	P-128/001/02, PPMS/708/02	100%
Arakaka	Guyana	P-128/002/02, PPMS/709/02	100%
Arakaka	Guyana	P-128/003/02, PPMS/710/02	100%
Arakaka	Guyana	P-128/004/02, PPMS/711/02	100%
Arakaka	Guyana	P-17/000, PPMS/0222/1994	100%
Arakaka	Guyana	P-17/001, PPMS/0223/1994	100%
Arakaka	Guyana	P-8/000/94, PPMS/0074/1994	100%
Arakaka	Guyana	P-8/001, PPMS/73/1994	100%



**Mining tenements held at the end of June 2016 quarter (continued)**

Project	Location	Tenement	Interest at end of June 2016 quarter
Arakaka	Guyana	P-8/002, PPMS/75/1994	100%
Arakaka	Guyana	51/2005/235, Dennis #1	100%
Arakaka	Guyana	51/2005/236, Dennis #2	100%
Arakaka	Guyana	51/2005/237, Dennis #3	100%
Arakaka	Guyana	51/2005/238, Dennis #4	100%
Arakaka	Guyana	51/1983/034, Wintime	100%
Arakaka	Guyana	51/1983/035, Intime	100%
Arakaka	Guyana	51/1984/028, Ester aka Esta	100%
Arakaka	Guyana	S-267/000/07, PPMS/629/07	100%
Arakaka	Guyana	S-269/000/07, PPMS/631/07	100%
Arakaka	Guyana	P-9/000, PPMS/76/94	100%
Arakaka	Guyana	P-9/001, PPMS/77/94	100%
Arakaka	Guyana	P-9/002, PPMS/78/94	100%
Arakaka	Guyana	Y-1/MP/000/06, MP 91/2007	100%
Arakaka	Guyana	K-132/000/09, PPMS/1310/09	100%
Arakaka	Guyana	K-132/001/09, PPMS/1311/09	100%
Arakaka	Guyana	PL 10/2014, GS14: S-62	100%
Arakaka	Guyana	PL 11/2014, GS14: S-63	100%
Arakaka	Guyana	P-175/MP/000/2015	80%
Arakaka	Guyana	P-175/MP/001/2015	80%
Arakaka	Guyana	P-175/MP/002/2015	80%
Arakaka	Guyana	P-184/MP/000/2015	80%
Arakaka	Guyana	PL-09/2011, GS14: B-22	80%
Arakaka	Guyana	PL-10/2011, GS14: B-23	80%
Arakaka	Guyana	P-633/000, PPMS/1190/2015	100%
Arakaka	Guyana	P-633/001, PPMS/1191/2015	100%
Arakaka	Guyana	P-633/002, PPMS/1192/2015	100%
Arakaka	Guyana	P-633/003, PPMS/1193/2015	100%
Arakaka	Guyana	P-633/004, PPMS/1194/2015	100%
Arakaka	Guyana	P-633/005, PPMS/1195/2015	100%
Arakaka	Guyana	P-642/000, PPMS/123/2016	100%

**Mining tenements acquired and disposed during the June 2016 quarter**

Project	Location	Tenement	Interest acquired during June Quarter 2016
<b>Mining tenements acquired</b>			
Arakaka	Guyana	P-642/000, PPMS/123/2016	100%
Arakaka	Guyana	Jars	100%
Arakaka	Guyana	Jars #1	100%
Arakaka	Guyana	Jars #2	100%
<b>Mining tenements relinquished</b>			
Nil			

**Beneficial percentage interests in farm-in or farm-out agreements at the end of the June 2016 quarter:**

Project	Location	Tenement	Interest at end of the quarter
Arakaka	Guyana	All tenements within the Arakaka Project as noted above	100% <sup>1</sup>

<sup>1</sup> Alicanto and Barrick Gold Corporation (“Barrick”) have entered into an Earn-in Agreement whereby the Company granted Barrick the exclusive right to acquire a 65% interest in the Arakaka Gold Project. Significant terms of the Earn-in Agreement are provided in the ASX announcement dated 1 March 2016.

**Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the June 2016 quarter:**

Project	Location	Tenement	Interest at beginning of the quarter	Interest at end of the quarter
<i>Farm-in or farm-out interests acquired</i>				
Nil				
<i>Farm-in or farm-out interests disposed</i>				
Nil				