ALICANTO

MINERALS LIMITED

ABN 81 149 126 858

# Annual Report 2016

# 2016 Annual Report

## Contents

# Corporate Directory

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Didier Murcia AM

Managing Director
Travis Schwertfeger

Non-Executive Directors
Hamish Halliday

Company Secretary
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Stock Exchange Listing
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: AQI

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# Chairman's Letter to Shareholders

Dear fellow shareholders,

On behalf of the Directors of Alicanto Minerals Ltd ('Alicanto') I am pleased to present to shareholders the Company's Annual Report for the year ending 30 June 2016.

The past year has been a period of significant achievement for Alicanto. In March 2016 Alicanto announced that it had entered into a US$10 million Earn-In Agreement with Barrick Gold Corporation ('Barrick'). As a Board, we are extremely pleased to work with Barrick as a funding partner on the Arakaka Project. We believe that it is a testament to both the technical capability of our team and the gold endowment potential of the Arakaka Gold Project that Alicanto has been selected as Barrick's vehicle for entry into exploration of the Guiana Shield.

Having entered into the Earn-In Agreement, the Company has commenced an initial diamond drilling campaign targeting several major structures within the Arakaka mineralized trend. The initial diamond drilling campaign will be followed up by broad spaced RC drilling over the coming months.

The Board and management team remain focused on advancing the Arakaka Gold Project through the Barrick Farm-In Agreement. Alicanto will also continue to evaluate additional projects and opportunities within Guyana for potential joint venture or acquisition, with the focus on delivering further value for shareholders.

I would like to thank our shareholders for their continued support throughout the year, and welcome our more recent shareholders to the register, including Barrick Gold Corporation and clients and affiliates of the Sprott Group of Companies.

The team at Alicanto Minerals Ltd has worked hard and diligently these past twelve months and I look forward to the coming year with enthusiasm. It promises to be an exciting and busy year for the Company as the Guyana Gold Projects are advanced through focussed exploration.

I look forward to meeting with you at the forthcoming Annual General Meeting.

Didier Murcia AM
Non-Executive Chairman

# Directors' Report

The Directors of Alicanto Minerals Ltd submit herewith the financial statements of the Company for the year ended 30 June 2016 in order to comply with the provisions of the *Corporations Act 2001*.

## 1. Directors

The following persons were Directors of Alicanto Minerals Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

| | |
|---|---|
| Mr Didier Murcia | Non-Executive Chairman |
| Mr Travis Schwertfeger | Managing Director |

Mr Hamish Halliday was appointed Non-Executive Director on 17 March 2016 and continues in office at the date of this report.

Mr Matthew Bowles was a Non-Executive Director from the beginning of the year until his resignation on 11 April 2016.

## 2. Principal Activities

The principal activity of the entity during the financial year was mineral exploration. There were no significant changes in the nature of the entity's principal activities during the financial year.

## 3. Operating Results

The loss attributable to owners of the entity after providing for income tax amounted to $1,479,742 (2015: $2,357,202).

## 4. Dividends Paid or Recommended

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## 5. Financial Position

The entity has $1,216,247 in cash and cash equivalents as at 30 June 2016 (2015: $810,126). The Directors believe the cash at year end and cash subsequently raised puts the entity in a sound financial position with sufficient capital to effectively explore its current landholdings.

## 6. Business Strategies & Prospects for the Forthcoming Year

Alicanto Minerals Ltd is currently focused upon an aggressive exploration program for gold mineralisation on its current portfolio of projects in Guyana with the object of identifying commercial resources.

Alicanto Minerals Ltd will also continue to consider and evaluate new mineral exploration opportunities within Guyana and throughout the rest of the world for further potential acquisitions which may offer value enhancing opportunities for shareholders.

Material business risks that may impact the results of future operations include further exploration results, future commodity prices and funding.

## 7. Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the entity occurred during the financial period:

- On 1 March 2016 Alicanto announced that it had signed an Earn-In Agreement with Barrick Gold Corporation ("Barrick") at the Arakaka Gold Project in Guyana. Key terms of the Earn-In are as follows;
  - Barrick has the option to earn up to a 65% interest in the Arakaka Gold Project based on meeting total funding requirements of US$10.0m as follows:
    - i) US$8.0m exploration expenditure over a four year period; and
    - ii) US$2.0m cash paid to Alicanto at completion of earn-in expenditure.
  - A minimum spend of US$1.8m in 2016 prior to Barrick having the option to withdraw from the Earn-In.
  - Alicanto will initially remain the operator and as operator, will receive a management fee of the lesser of US$100,000 or 5% of the approved annual exploration expenditure.
  - Alicanto granted Barrick an exclusivity period and received exclusivity payments totalling US$292,000 during the period. US$217,000 will be applied to Barrick's earn-in expenditure with the balance of US$75,000 utilised for Alicanto's corporate costs.
- On 14 March 2016 the Company issued 13.99 million shares at $0.075 raising $1,049,295.

# Directors' Report

## 8. Review of Operations

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 300km² 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 an Alicanto 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, subject to the completion of due diligence, 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.

## Corporate

### Financial Performance and Position

The net operating loss after tax for the year ended 30 June 2016 was $1,479,742 (2015: $2,357,202). The loss for the period includes $764,559 (2015: $1,452,274) in exploration and evaluation expenditure and share based payment expenses of $390,696 (2015: $540,562) were also recognised during the financial year. As at 30 June 2016 the Company had cash of $1,216,247.

### Earn–in Agreement with Barrick Gold Corporation

On 1 March 2016, Alicanto announced that it had entered into an Earn-in Agreement whereby Alicanto granted Barrick Gold Corporation ('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 (i) sole funding US$8,000,000 in exploration expenditure within a four year earn-in period, and (ii) at completion of the earn-in period, paying an additional US$2,000,000 to Alicanto ("Earn-in Right").

Barrick may only withdraw from the Earn-in after contributing a minimum of US$1.8 million by the end of the first contract year, being 31 December 2016. For each subsequent year during the Earn-in period, Barrick has the option to continue funding exploration activities to retain its Earn-in Right, subject to minimum cumulative expenditure thresholds for each year and a total cumulative expenditure of US$8.0 million by 31 December 2019. If Barrick terminates the agreement and ceases to make contributions at any time during the earn-in period, Barrick will forfeit all rights and interest to the Arakaka Gold Project.

While Alicanto is the operator, it will receive in any contract year the lesser of US$100,000 and 5% of the approved annual exploration expenditure towards overheads while utilising the Company's highly experienced technical team to manage exploration. Barrick will have the right to become or appoint the operator at any time after one of the following occurs;

- 31 December 2017, provided Barrick has made minimum cumulative expenditure contributions of US$3.2 million as of such date;
- the date on which Barrick's exploration contributions first exceed US$4.0 million; or
- a change in control of Alicanto.

If Barrick funds US$8.0 million in aggregate expenditures prior to 31 December 2019, Barrick can elect to make a payment to Alicanto of US$2.0 million to exercise its Earn-in Right and acquire a 65% interest in the Arakaka Gold Project. With the payment of the US$2.0 million to Alicanto, completing a total US$10.0 million contribution, Alicanto and Barrick will form an incorporated Joint Venture (Arakaka JV). Barrick is permitted to accelerate the balance of the US$8.0 million of expenditure funding at any time during the Earn-in period.

Once the Arakaka JV is formed, the parties will each be required to contribute to further exploration and feasibility costs on a proportional basis for Alicanto to retain its 35% interest in the project. Should Alicanto not contribute its attributable costs of the JV prior to a decision to mine, the Company would dilute to no less than a 15% interest in the Arakaka JV. Alicanto would then be free carried and retain its 15% interest in the Arakaka JV to a decision to mine. Upon a notice of decision to mine by the Arakaka JV, Alicanto can elect to either contribute, or convert its interest in the project to a 2% net smelter royalty.

As part of the Earn-in Agreement, Barrick agreed to subscribe to a private placement of fully paid Alicanto shares with 3.5 million shares at $0.075 per share being issued to Barrick within a broader private placement on 14 March 2016.

Prior to entering into the Earn-In Agreement, Alicanto entered into an Exclusivity Agreement with Barrick which granted an exclusivity period to undertake due diligence procedures. As part consideration for granting the exclusivity period, Alicanto received US$75,000 to be used for corporate overheads which has been recognised as other income in the June 2016 Statement of Financial Performance.

# Directors' Report

## 8. Review of Operations (continued)

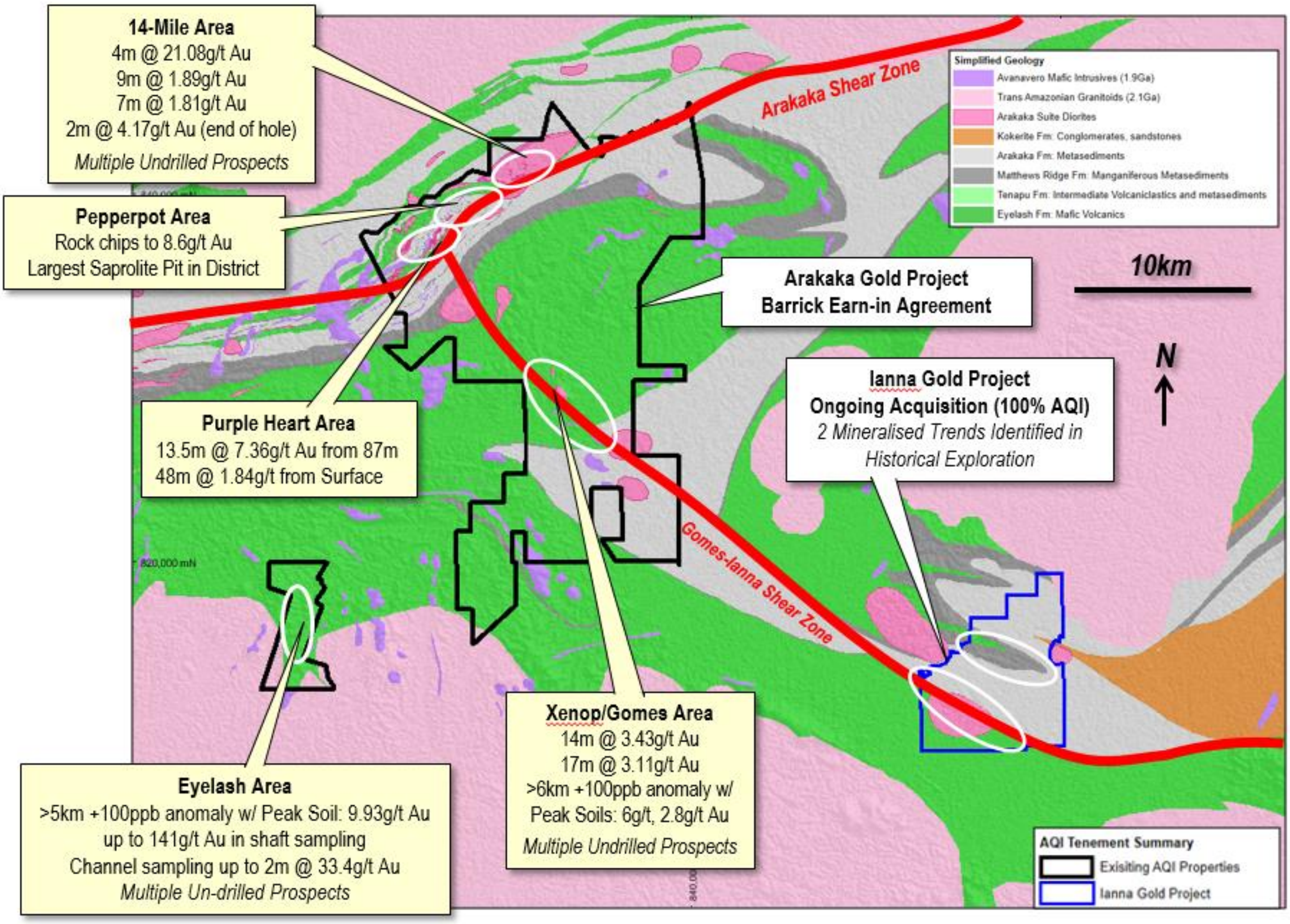
### Ianna Gold Project Acquisition – Binding Term Sheet

Subsequent to the reporting period, the Company has entered into a binding agreement to acquire the Ianna Gold Project in Northwest Guyana (refer to ASX announcement dated 26 July 2016 and update provided 8 September 2016). 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). Alicanto is currently continuing with its due diligence procedures and has signed an amendment to extend the due diligence period to a total of 105 days from entering the binding agreement.

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 the Arakaka Gold Project and Ianna Gold Project over Simplified Alicanto Geology of Northwest District in Guyana**



# Directors' Report

## 8. Review of Operations (continued)

### Share Placements

On 14 March 2016, Alicanto announced the completion of a share placement of 13.99 million shares at $0.075 per share raising $1.05 million. The funds raised from the Placement will be used to advance additional opportunities within Guyana and for working capital purposes.

On the 28 July 2016 the company announced the completion of a share placement raising gross proceeds of $1.5 million. The shares were issued to clients and affiliates of the Sprott Group of companies. Under the placement Alicanto issued 11.6 million shares at $0.13 raising with one free attaching option for every two shares subscribed for. The options are to have a $0.23 strike price and a three year term.

### Greenstone Joint Venture Agreement

Alicanto entered into a joint venture agreement with Greenstone Gold Inc. (Greenstone) to form an incorporated joint venture (JV), whereby an Alicanto Guyanese subsidiary will hold 80% of the issued capital, Greenstone to hold the remaining 20%. The JV will hold two prospecting licences (B22 & B23) and holds an option to acquire a 100% interest in four mining permits.

## Operations Report | Arakaka Gold Project

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 >300km² 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.

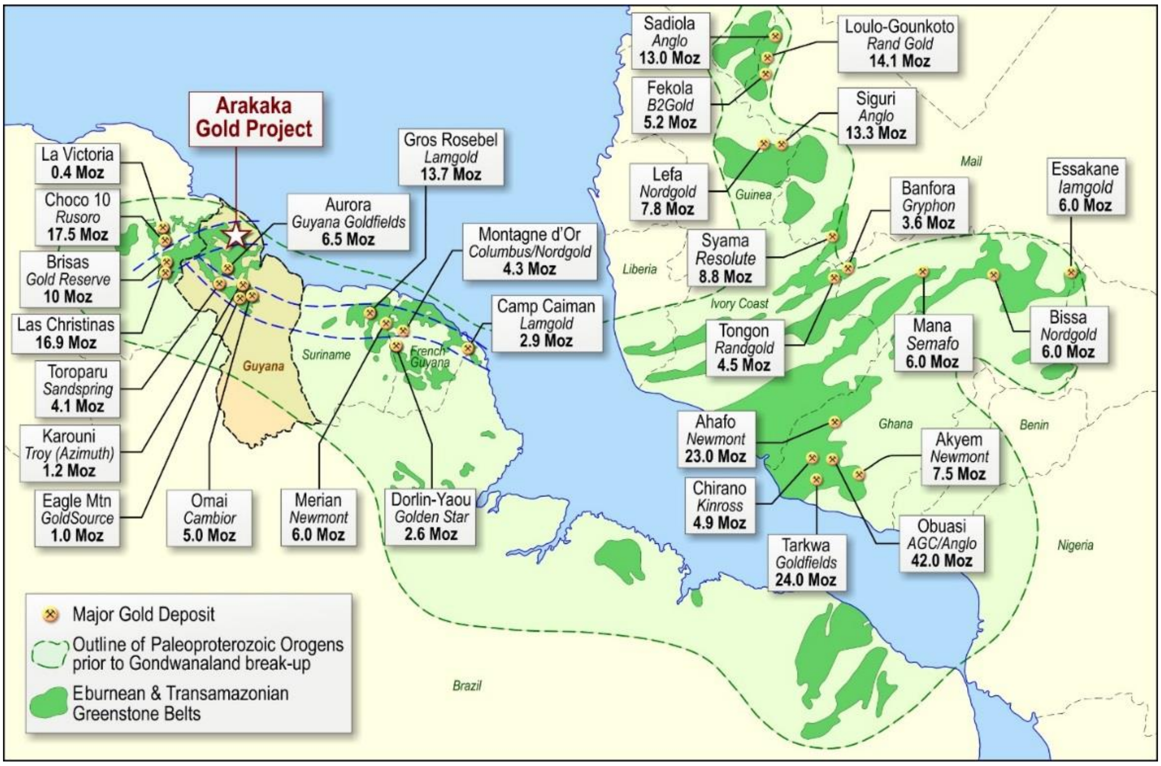
The Arakaka Gold Project itself has been the source of more the 1Moz of alluvial and near surface gold production within Guyana, with a mining history that extends more than 100 years. The Project boasts good infrastructure, with an all-season road network, daily flights to within 10km of the property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

# Directors' Report

## 8. Review of Operations (continued)

**Figure 2 | Location Map – Arakaka Gold Projects**




### Exploration Activities during the Year ending 30 June 2016

During the 2016 financial year, Alicanto exploration activity included initiating Diamond drilling in June 2016 funded by Barrick under the Earn-in Agreement. To date, the Company has completed 2,597m of diamond drilling in 17 holes targeting several major structures within the Arakaka mineralized trend. The company also progressed detailed mapping and compilation of geological datasets within the Arakaka Main Trend prior to commencement of drilling. Concurrent with the drilling program Alicanto personnel advanced surface geochemistry sampling programs for additional target identification and refining future drill targeting. In collaboration with Barrick, the Company has further refined geologic mapping and drill targeting with re-processing of historical geophysical datasets.

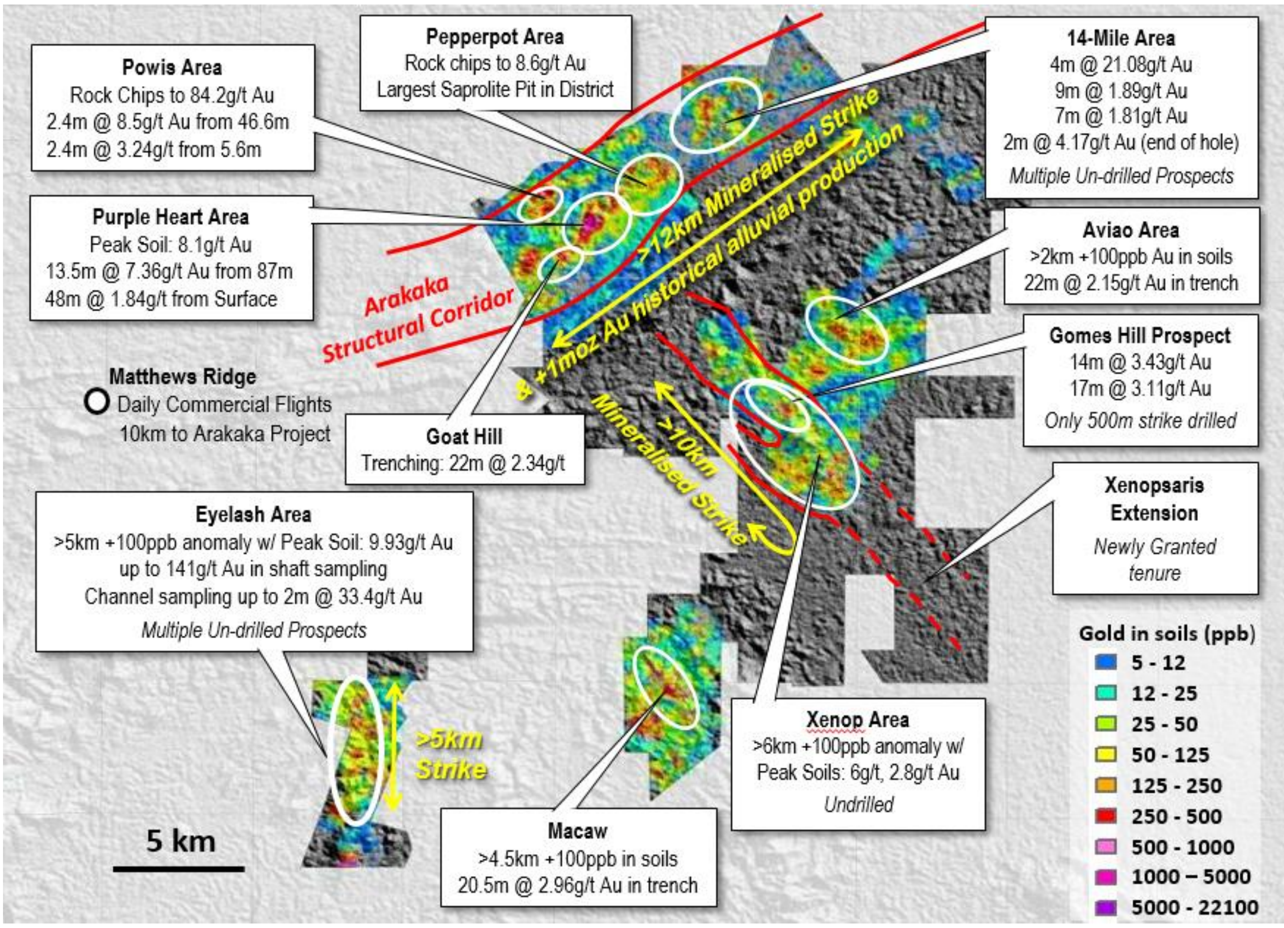
Target areas within the Arakaka Gold Project being advanced by a range of exploration activities and methodologies include;

- ***Arakaka Main Trend***, a 12km long trend of gold anomalism where over 40 active and historical saprolite open pit gold workings of significance have been mapped. Within this corridor of extensive historical mining activity, six target areas have been identified and significant work completed on the 14-Mile, **Purple Heart, Pepperpot**, Powis, and Goat Hill target areas (Refer to Figures 3 & 4).
- ***Gomes-Ianna Trend***, a major, transfer structure/fault that potentially acts as a control on mineralisation within the Main Arakaka Trend, is a conjugate mineralised corridor itself hosting an open-ended >11km of surface gold anomalism at the Xenopsaris Target Area, with mineralisation confirmed in drilling at the Gomes Hill Prospect at the northwestern extent of the Xenopsaris area (Refer to Figures 3 & 5). Extensive and coherent gold anomalism identified in 2015 soil and 2015-16 auger drilling programs persist into the undrilled Xenopsaris target area to the southeast of the Gomes Hill Prospect.
- ***Eyelash Area*** is a 5km long, +100ppb Au soil anomaly situated at the upstream extent of more than 20 kilometres of alluvial workings. The target area is host to significant historical gold production within the >5km of +100ppb gold anomalism from historical soil sampling programs, with multiple peak soil values exceeding 1g/t Au including 9.93g/t and 6.9g/t Au results (Refer to Figures 3 & 6).

# Directors' Report

## 8. Review of Operations (continued)

**Figure 3 | Target Area and Prospect locations within the Arakaka Gold Project >300km² land position subject to Barrick Earn-in Agreement**




The Purple Heart and Pepperpot Target Areas have been incorporated into an extensive, detailed mapping campaign of the entire Arakaka Main Trend at 1:2,000 scale geology which, integrated with an assessment of historical gradient array IP datasets, has resulted in a revised geological and structural interpretation for the prospects. The historical drilling re-logged by Alicanto personnel is in context of a revised definition of the stratigraphic column generated from detailed and regional mapping campaigns. This updated geological work resulted in the identification of numerous untested targets across more than 1.5km of width and >2.4km of strike within the Purple Heart and Pepperpot areas.

Diamond drilling completed in 2016 has identified mineralised structures previously un-tested in both the Purple Heart and Pepperpot Target Areas confirming more than 1.5km of width to the mineralised system within the >12km Arakaka Main Trend and identifying a number of prospects within each of the Target Areas for follow-up drilling. Additional structural and stratigraphic information, including discovery of nearly three times the amount of diorite at the Pepperpot area than inferred from surface exposure, has been compiled with regional scale geological mapping efforts subsequent to the reporting period to further re-define the wider geologic understanding and structural architecture of the greenstone belt.

Targeted zones of gold anomalism are focused on shear zones located in and around diorite intrusions of various composition. Mineralisation ranges from bonanza style gold intercepts of visible gold in quartz veins to broad zones of disseminated mineralisation associated with arsenian-pyrite and pyrite-pyrrhotite sulphide mineralisation. Encouragingly both types of mineralisation are found within the same geological setting and so exhibit significant potential for bulk tonnage targets. The discovery of additional diorite intrusions at Pepperpot, along with the identification of both additional structures and structural complexities has generated a number of additional targets for drill testing going into 2017.

# Directors' Report

## 8. Review of Operations (continued)

The Purple Heart area is host to multiple saprolite pits on hill slopes adjacent to extensive alluvial workings in the Arakaka valley where historical drilling returning up to 13.5m @ 7.36g/t Au (Refer to ASX Release dated 26 August 2015) is located approximately 1.7km along strike to the southwest of the Pepperpot Target Area within the 12km long gold anomalous Arakaka main trend. Mineralisation potential extends beyond the existing workings along multiple parallel zones of anomalous Au geochemistry where un-drilled anomalies inclusive of peak soil results of up to 8.1g/t, 6.45g/t, and 3.55g/t Au are associated with favourable geological settings defined in limited historical drilling with encouraging results located proximal to exiting shallow pits and surface mapping. Drilling by both Alicanto and previous explorers confirms the potential of the Purple Heart area to host a bulk tonnage gold deposit, but further drilling is required to assess continuity and extent of mineralisation for the purpose of mineral resource definition.

The Pepperpot Target area is host to favourable diorite intrusions that are strained and faulted by structures associated with mineralisation with >2.5km strike extent of extensive artisanal alluvial and eluvial workings, (refer to Figures 2 & 3). The mapped structural and lithologic settings at Pepperpot prospects are analogous to the drilled mineralisation at Purple Heart and are associated with high tenor surface gold anomalism. These analogous settings at Pepperpot located along favourable structural corridors within the Arakaka main trend are a high priority target for follow-up drill testing at the Arakaka Gold Project.

- ***Diamond Drilling***
  Diamond drilling activity completed during the reporting period totalled ten diamond core holes with 1,534m drilled, focused on the Pepperpot and Purple Heart Target Area at the Arakaka Gold Project. The diamond drilling completed to date is focussed on initial drill assessments of previously un-tested prospects in each of the target areas, including extensions of historic drill fences. The drilling completed advances multiple targets refined by exploration activities previously completed by Alicanto and furthered by Barrick funded exploration activity commenced in March of this year.

- ***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 +100pbb 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.

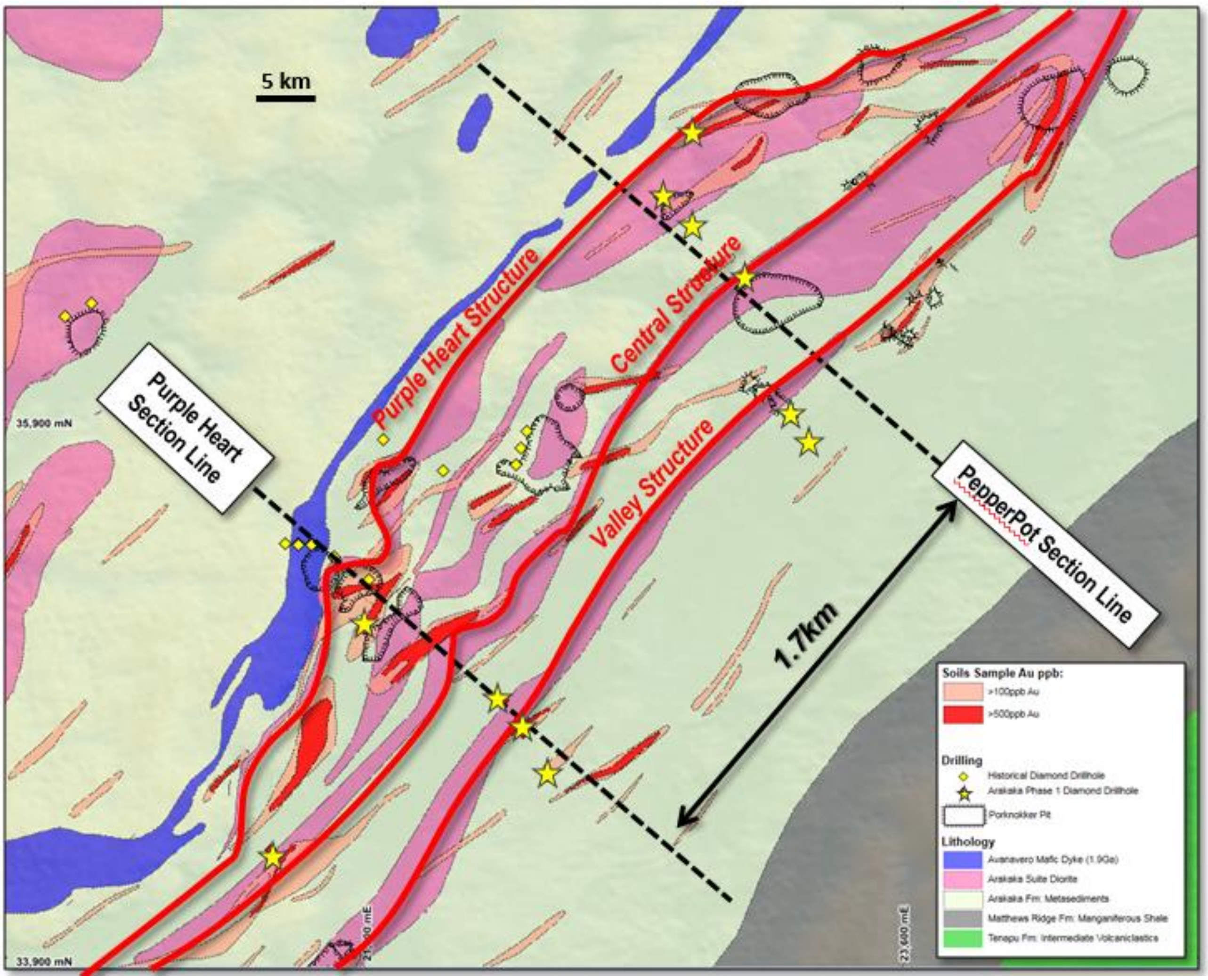
- ***Ground Geophysics***
  In conjunction with the surface geochemical and mapping work, Alicanto is also working with Barrick to re-process historical IP ground geophysical data (refer to Figure 3). Previous explorers have completed a total of 69.4 line km of dipole-dipole IP and 119 line km of gradient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

# Directors' Report

## 8. Review of Operations (continued)

**Figure 4 | Plan map of the Purple Heart and Pepperpot Areas showing outlines of anomalous soil geochemistry, existing drill collars and interpreted geology.**




Historical drilling targeted only three of the multiple parallel lodes within the 1.5km wide corridor of anomalism, with limited drilling amounting to two single drill sections located 750m apart over the three lodes with visible gold and significant gold assay results encountered in many of the holes.

Better drill intercepts from the limited historical drilling include;

- **13.5m @ 7.36g/t gold** from 87m – PHD0801
- **1.9m @ 30.66g/t gold** from 86m – PHD0802
- **10.8m @ 1.66g/t gold** from 17m – PHD0805
- **10m @ 3.10 g/t gold** from surface – ARD04
- **48m @ 1.84g/t gold** from surface – ARD05
- **20.5m @ 1.43g/t gold** from 65m – ROD0803

# Directors' Report

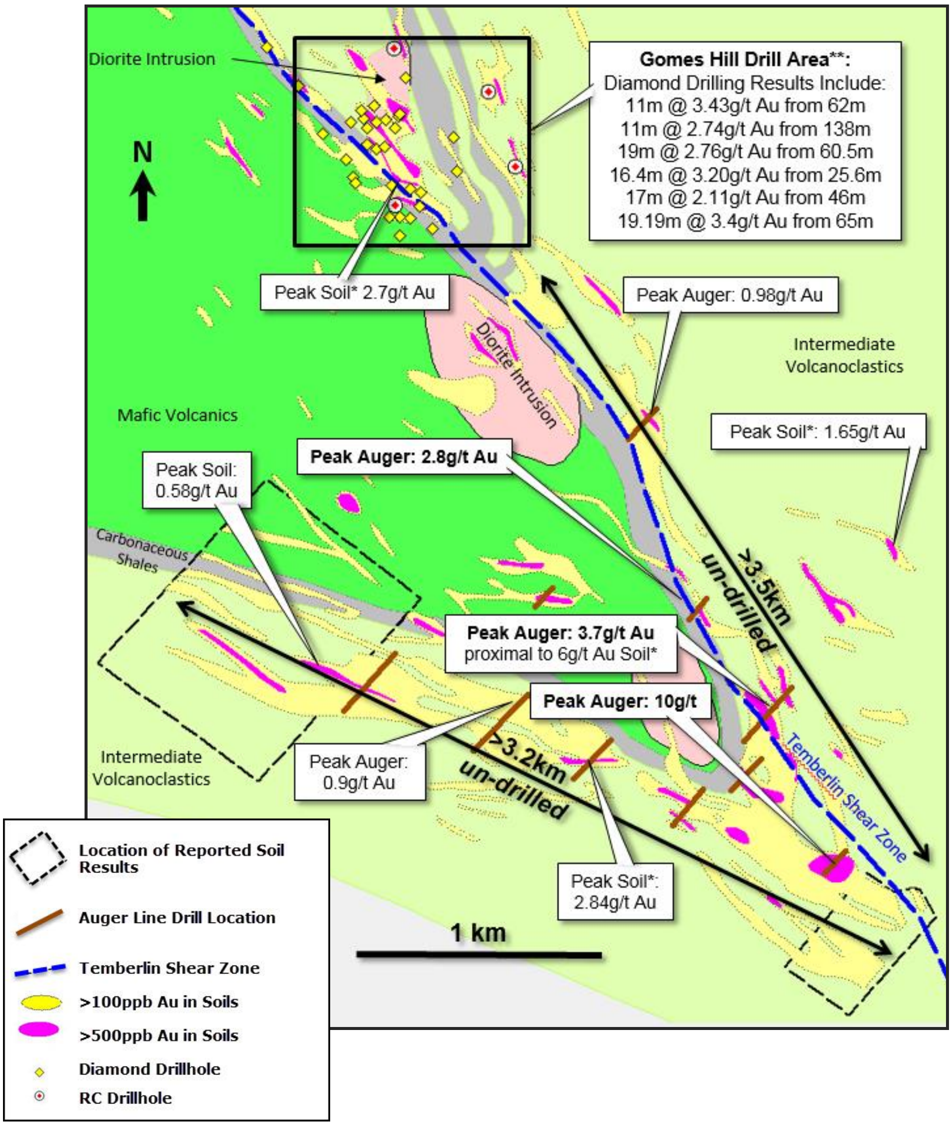
## 8. Review of Operations (continued)

### Xenopsaris Area

The Xenopsaris target area is the southern extension of the 11km long Gomes Trend gold anomalism (Refer to Figures 3 & 5), which is host to the Gomes Hill Prospect where significant drilled mineralisation requiring additional extension drilling includes better intercepts of 19.19m @ 3.4g/t Au from 65m, incl. 6m @ 6.25g/t Au in hole MD008, 17m @ 2.11g/t Au from 46m, incl. 4.25m @ 6.12g/t Au in hole MD002 and 11.0m @ 3.43g/t Au from 62m in TAK9717 (Refer to ASX release dated 9 February 2015).

Mineralisation has been identified in soil and confirmed in auger drill sampling along the interpreted Temberlin Shear Zone, where numerous zones of +500ppb Au soils highlighted in previously reported results include multiple +1g/t Au results with peak values of 6.0g/t Au, 2.84g/t Au, and 1.65g/t Au (refer to ASX release dated 11 March 2015), Alicanto has intersected peak auger results including 10g/t and 3.7g/t Au (refer to ASX release dated 27 May 2015), with better auger results closely associated with higher grade soil assays on each line with anomalism continuing along the projection of the Temberlin Shear.

**Figure 5 | Plan map of the Gomes Hill Prospect and Xenopsaris Area targets showing existing drill collars, significant reported drill results, auger drilling locations, updated soil anomaly outlines, and interpreted geology. (*Refer to ASX release dated 11 March 2015, **Refer to ASX release dated 9 February 2015).**



# Directors' Report

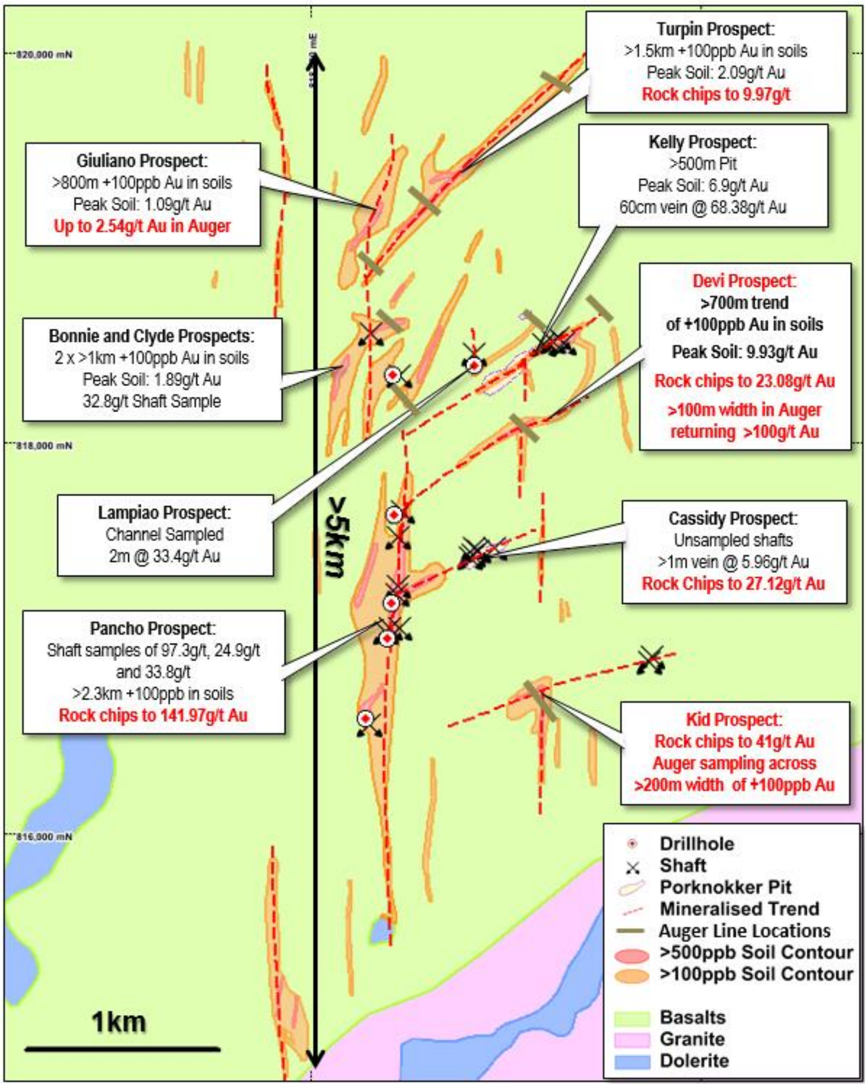
## 8. Review of Operations (continued)

### Eyelash Area

The Eyelash mineralised corridor is located in the southwest portion of Arakaka Gold Project area subject to the Barrick Earn-in Agreement (Refer to Figures 3). The target area is host to significant historical gold production including substantial artisanal underground workings situated at the upstream extent of more than 20 kilometres of alluvial workings. The target area is defined by a >5km long anomalous gold corridor displaying consistent soil anomalism exceeding 100ppb Au hosting multiple peak soil values exceeding 1g/t Au including 9.93g/t Au soil at the Devi Prospect and 6.9g/t Au Soil at the Kelly Prospect (refer to Figure 6).

Exploration results reported during the year at the Eyelash Area significantly expanded the footprint of high grade gold mineralisation within the extensive corridor of anomalism, and nine discrete targets within the Eyelash area have been defined by auger, soil and surface rock chip sampling that returned peak values of 142g/t, 41.8g/t, and 27.1g/t Au (refer to ASX release dated 14 July 2015). Compilation work in the December quarter has resulted in the definition of several drill ready targets at Eyelash.

**Figure 6 | Plan map of the Eyelash Area showing existing drill collars, interpreted geology and defined Prospect Area's including the newly identified Devi and Kid prospect areas (2015-16 Reporting period results in red).**




The reported exploration results support Alicanto's geological and structural model for the Eyelash area where new targets for drill testing are being generated and emphasize the significance of previously unidentified northeast striking mineralised structures coincident with ankerite-sericite-pyrite alteration at Eyelash, which spur off of the previously mapped dominant north-south structural control to mineralisation as defined in the Alicanto release dated 25 February 2015.

Limited historical drilling totalling 837m in six holes (refer to ASX release dated 25 February 2015) completed in 2009 was focused on the north-south trending soil anomalies, and ineffectively tested the high grade northeast trending vein sets oriented sub-parallel to the drill direction. The newly identified northeast trending zones integrated with mapping, rock chip sampling and auger results have identified nine discrete targets at Eyelash that are un-drilled, or have not been effectively drill tested located on the highly prospective zones where the two controls on mineralisation are projected to intersect.

# Directors' Report

## 8. Review of Operations (continued)

### Ianna Gold Project Acquisition

The Ianna Gold Project is located in the northwest of Guyana, less than 25km southeast from existing exploration operations at the Arakaka Gold Project. The property is comprised of thirteen medium scale mining permits and a number of pre-existing small claims that lie within the medium scale mining permits and straddle key areas of interest and totals approximately 54km².

The Ianna Gold Project area is host to existing drilling associated with extensive surface geochemical survey work completed. Over 12,400m's Reverse Circulation and 926m's Diamond drilling historically covering limited strike extent drilling to shallow depth, with ~95% of drilling testing less than 50m below surface.

Two corridors of mineralisation on the Ianna trend and the King's Ransom trend have been identified within the Ianna Gold Project area from review of historical datasets and prioritised by Alicanto geologists for follow-up exploration activity on the Ianna trend and King's Ransom trend. The broad zones of mineralisation identified provide considerable support to aggressively expand exploration activities into other prospects within the project area.

The Ianna Gold project has excellent infrastructure, including existing camp facilities, an existing airstrip and river port landing on the property, and can be accessed by road from the Arakaka Project area.

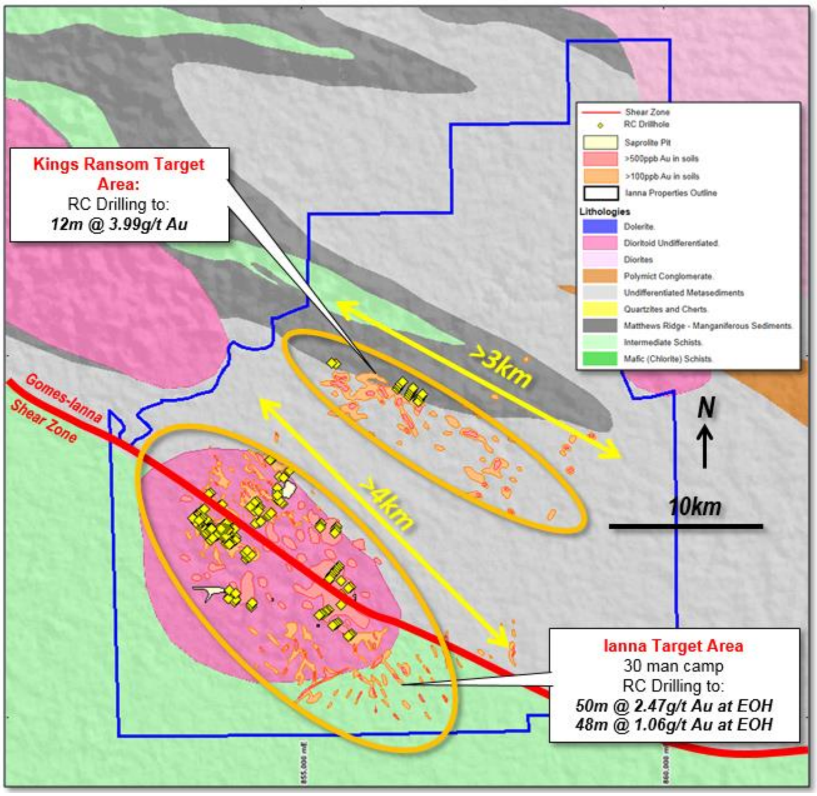
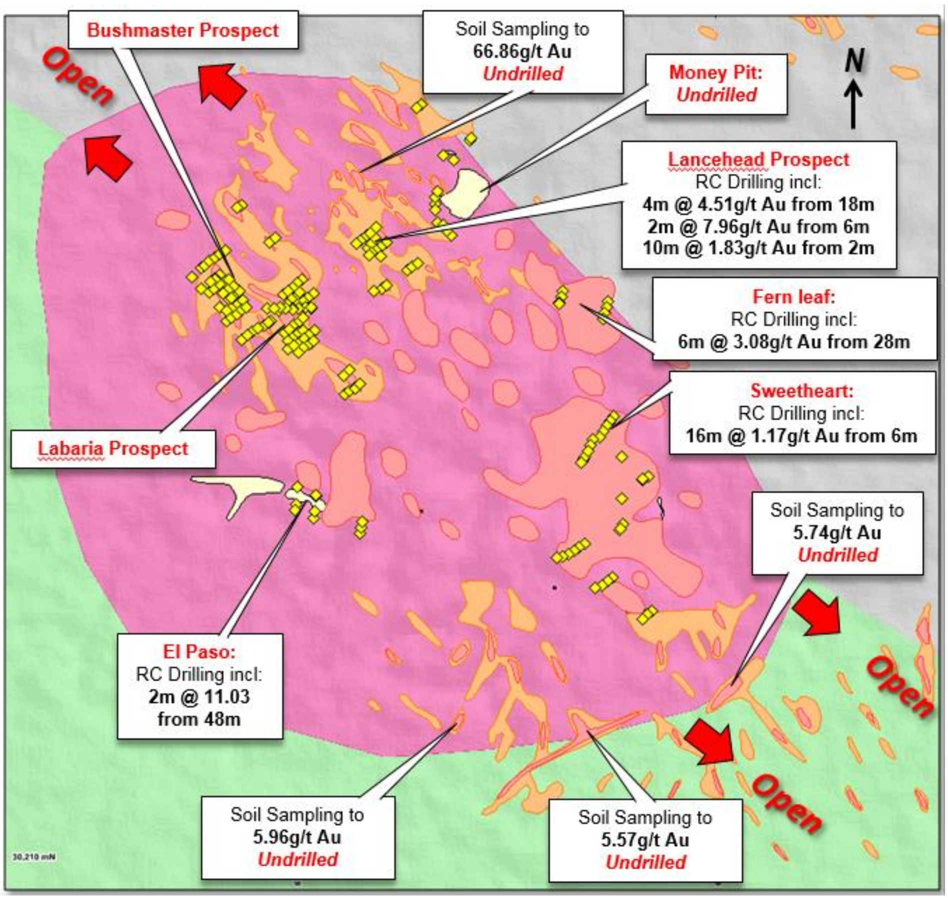



**Figure 7 | Overview of Ianna project geology over simplified regional geology as mapped by AQI geologists**

**Figure 8 | Ianna Target Area Prospect locations and summary of better historical intercepts (Refer to ASX release dated 26 July 2016)**



# Directors' Report

## 8. Review of Operations (continued)

## About Guyana

Guyana is located on the north east coast of South America, the official language is English and it is a member of the Commonwealth of Nations. The legal system of Guyana is based on English common law and it has a modern and transparent mining code and a Government that is supportive of mining.

Geologically Guyana is underlain by the Guiana shield a Proterozoic aged craton that before the opening of the Atlantic Ocean was contiguous with the Leo Mann Shield of West Africa. As such there is significant geological continuity between the Guiana Shield and Birimian Shield of West Africa however, while Guyana hosts extensive greenstone coverage it remains significantly underexplored relative to West Africa.

The Guiana Shield hosts numerous "World Class" (+3 million ounce) gold deposits with the majority of the known gold deposits located within a portion of the Shield that lies in greenstone belts within 200km of the coast.

## 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. 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.

### Mineral Resource Estimation

As at 30 June 2016, Alicanto has not completed sufficient work to warrant mineral resource estimation and has no Mineral Resource holdings for its project areas located in Guyana, resulting in a 0% increase over the previous years reported resource holdings.

Alicanto has adopted the following governance arrangements and internal controls for the preparation of mineral resource estimations for the Company to ensure any Mineral Resource or Ore Reserve estimations prepared by Alicanto are reported in accordance with the principles of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (JORC Code) and ASX Listing Rules.

Exploration activity and material results acquired in support of Mineral Resource estimation is subject to regular internal review to confirm and compile exploration results on a continuous basis for disclosure to shareholders in accordance with ASX listing rule 5.7 and in accordance with requirements of the JORC Code. Compilation of exploration results is completed or overseen by Alicanto personnel that meet the requirements of a Competent Person in accordance with the principles of the JORC Code.

Any documentation for the estimation of Mineral Resources or Ore Reserve must be prepared or overseen by a Competent Person in accordance with the principles of the JORC Code involving either Company personnel or an Independent Competent Person as deemed appropriate by Company management, with reporting of final documentation prepared in accordance with ASX listing rule(s) 5.8 and/or 5.9 as relevant to the consideration of modifying factors used in the estimation process.

## 9. Matters Subsequent to the End of the Financial Year

On 14 June 2016 the company announced a proposed placement to raise gross proceeds of $1.5 million through a share placement to clients and affiliates of the Sprott Group of companies. The placement was subject to shareholder approval. Under the placement Alicanto issued 11.6 million shares at $0.13 raising with one free attaching option for every two shares subscribed for. The options are to have a $0.23 strike price and a three year term. On 27 July 2016 Alicanto announced shareholder approval for the Placement and completion of the Placement with the issue of shares and options on 28 July 2016.

On 27 July 2016 the company announced that it has entered into a binding agreement to acquire the Ianna Gold Project in Northwest Guyana. The agreement is subject to a 105 day due diligence period. Upon completion of satisfactory due diligence, 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;

i) US$25,000 on the completion of due diligence;
ii) US$50,000 within 4 months after completion of due diligence, and
iii) US$200,000 within 15 months after completion of due diligence.

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 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, 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.

There are no further material events subsequent to balance date.

# Directors' Report

## 10. Likely Developments and Expected Results of Operations

The Consolidated Entity will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources. Material business risks that may impact the results of future operations include further exploration results, future commodity prices and funding.

Further information on likely developments in the operations of the Company and the expected results of operations have not been included in the Annual Report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

## 11. Environmental Regulation

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all appropriate regulations when carrying out any exploration work.

## 12. Information on Directors and Company Secretary

**Didier Murcia AM** — **Non-Executive Chairman** - ***appointed 30 May 2012***

Qualifications: LLB, BJuris

Experience: Mr Murcia holds a Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia, and has over twenty five years' experience in corporate, commercial and resource law. Mr Murcia is a Non-Executive Director of Gryphon Minerals Limited and Strandline Resources Limited and Chairman of Centaurus Metals Limited, all of which are listed on the Australian Securities Exchange. He is also Chairman of Perth law firm Murcia Pestell Hillard and the Honorary Consul for the United Republic of Tanzania.

In January 2014, Mr Murcia was made a Member of the Order of Australia in recognition of his significant service to the international community.

| | | |
|---|---|---|
| Interest in Securities | Fully Paid Ordinary Shares | 520,000 |
| | 23 cent Options expiring 7 September 2018 | 750,000 |
| | 0.1 cent Options expiring 30 April 2021 | 750,000 |

Other Directorships:
Gryphon Minerals Limited (since 28 July 2006)
Centaurus Metals Limited (since 16 April 2009)
Cradle Resources Limited (since 13 August 2013 to 8 May 2016)
Strandline Resources Limited (since 23 October 2014)

**Travis Schwertfeger** — **Managing Director** - ***appointed 15 September 2014***

Qualifications: BSc Geological Engineering, MSc Ore Deposit Geology and Evaluation, MAIG

Experience: Mr Schwertfeger has over 18 years global industry experience as a geologist with positions in exploration, production, geology, business development and project valuation. He previously held senior technical roles with Newmont Mining Corporation and has worked on projects located in South America, West Africa and Australia with similar deposit style as the highly prospective Arakaka Gold Project. Mr Schwertfeger also has extensive corporate and management experience in both ASX and TSX-V listed mineral resource companies through previous Managing Director/CEO and corporate VP roles.

| | | |
|---|---|---|
| Interest in Securities | Fully Paid Ordinary Shares | 200,000 |
| | 23 cent Options expiring 7 September 2018 | 1,500,000 |
| | 0.1 cent Options expiring 30 April 2021 | 2,000,000 |

Other Directorships:
International Goldfields Limited (since 3 May 2013 to 22 April 2016)
Magnolia Resources Limited (since 7 June 2012 to 25 August 2015)

**Hamish Halliday** — **Non-Executive Director** - ***appointed 17 March 2016***

Qualifications: BSc (Geology), MAusIMM

Experience: Mr Halliday is a Geologist with a Bachelor of Science from the University of Canterbury and has over 20 years of corporate and technical experience in the mining industry. Mr Halliday has been involved in the discovery and acquisition of numerous projects over a range of commodities throughout four continents. Mr Halliday has founded and held executive and non-executive directorships with a number of successful listed exploration companies including Venture Minerals Ltd and Adamus Resources Ltd ('Adamus'). He was CEO of Adamus from its inception through to successful completion of a feasibility study on its gold project in Ghana which is now in production.

| | | |
|---|---|---|
| Interest in Securities | Fully Paid Ordinary Shares | 5,665,000 |
| | 23 cent Options expiring 7 September 2018 | 1,500,000 |
| | 6.5 cent Options expiring 25 March 2019 | 1,000,000 |
| | 0.1 cent Options expiring 30 April 2021 | 1,000,000 |

Other Directorships:
Venture Minerals Limited (since 30 January 2008)
Comet Resources Limited (since 16 December 2014)
Renaissance Minerals Limited (since 25 February 2016 to 27 September 2016)

# Directors' Report

## 12. Information on Directors and Company Secretary (continued)

### Company Secretary

Brett Dunnachie - BCom, CA. Mr Dunnachie is a Chartered Accountant with over 15 years' experience in corporate, audit and company secretarial matters. Mr Dunnachie acts as the Chief Financial Officer of the Company and was appointed Company Secretary on 3 February 2011. Previously Mr Dunnachie was an audit manager at a major chartered accounting practice and is also experienced in IPO management, company secretarial services, financial accounting/reporting and ASX/ASIC compliance management. Mr Dunnachie is also currently Company Secretary for Venture Minerals Limited and Renaissance Minerals Limited.

## 13. Audited Remuneration Report

The Directors are pleased to present your Company's 2016 remuneration report which sets out remunerations information for Alicanto Minerals Ltd's non-executive directors, executive directors and other key management personnel.

The remuneration report is set out under the following headings:

A. Directors and key management personnel disclosed in this report
B. Remuneration governance
C. Use of remuneration consultants
D. Executive remuneration policy and framework
E. Relationships between remuneration and Alicanto Minerals Ltd's performance
F. Non-Executive Director remuneration
G. Voting and comments made at the Company's 2015 Annual General Meeting
H. Details of remuneration
I. Details of share based compensation and bonuses
J. Service agreements
K. Equity instruments held by key management personnel
L. Loans to key management personnel
M. Other transaction with key management personnel

### A. Directors and key management personnel disclosed in this report

This report details the nature and amount of remuneration for all key management personnel of Alicanto Minerals Ltd and its subsidiaries. The information provided within this remuneration report has been audited as required by section 308(C) of the *Corporations Act 2001*. The Individuals included in this report are:

| | |
|---|---|
| Non-Executive Directors | |
| Mr D Murcia | Non-Executive Chairman |
| Mr H Halliday | Non-Executive Director (appointed 17 March 2016) |
| Mr M Bowles | Non-Executive Director (until 11 April 2016) |
| Executive Directors | |
| Mr T Schwertfeger | Managing Director |
| Other Key Management Personnel | |
| Mr M Harden | Chief Geologist |
| Mr B Dunnachie | Company Secretary |

Changes since the end of the reporting period
None

### B. Remuneration governance

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

As the whole Board only consists of three (3) members, the Company does not have a remuneration committee and therefore the full board acts as the remuneration committee. The Board has established a broad remuneration policy which is consistent with the Company's business objectives and designed to attract and retain high calibre individuals, align key management personnel remuneration with the creation of shareholder value and motivate executives to achieve challenging performance levels.

The business and operational environment of the Company is dynamic and ever changing and so too is the remuneration policies. As such the broader remuneration policies, whilst currently under specific and detailed review, are by nature, always under consideration by the Board.

Further information relating to the role of the Board and its responsibilities in relation to remuneration policies can be found within the Corporate Governance Statement which is available for inspection on the Company's website http://www.alicantominerals.com.au/index.php/corporate-profile/corporate-governance.

### C. Use of remuneration consultants

The Company has not engaged or contracted remuneration consultants during the financial year.

# Directors' Report

## 13. Audited Remuneration Report (continued)

### D. Executive remuneration policy and framework

*Remuneration Policy*

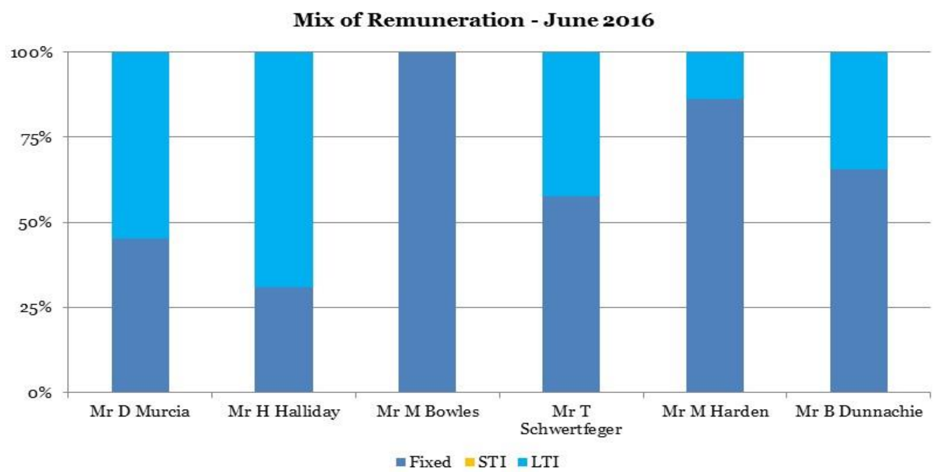
The remuneration policy of Alicanto Minerals Ltd has been designed to align executives' objectives with shareholder and business objectives by providing both fixed and discretionary remuneration components which are assessed on an annual basis in line with market rates. By providing components of remuneration that are indirectly linked to share price appreciation (in the form of options), executive, business and shareholder objectives are indirectly aligned. The board of Alicanto Minerals Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create goal congruence between Directors and Shareholders.

In determining competitive remuneration rates, the Board review local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent data is sourced to ensure that the company's remuneration levels fall within the 50th to 75th percentile of companies in a similar industry group and with a similar market capitalisation. These ongoing reviews are performed to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Board also ensures that the mix of executive compensation between fixed, variable, long-term, short-term and cash versus equity is appropriate. The Company endeavours to reduce cash expenditure by providing a greater proportion of compensation in the form of equity instruments. This allows cash-flows to be directed towards exploration programs with a view to improving the quality of our projects.

There has been a salary freeze on all executive's base salaries since 2013 which remained in place through to March 2016. Further, the Managing Director had taken a voluntary reduction of 50% in his executive portion of his salary from appointment to that position until this time. These measures formed part of broader cost reducing measures to ensure that the Company conserved cash reserves in order to maintain exploration activities whilst initially working through volatile market conditions.

*Remuneration Mix*




*Fixed Remuneration*

All executives receive a base cash salary which is based on factors such as length of service and experience as well as other fringe benefits. All applicable executives also receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.

*Short-term Incentives (STI)*

Under the Company's current remuneration policy, executives can from time to time receive short-term incentives in the form of cash bonuses. The Board can use its discretion when paying bonuses, however they have currently determined relevant industry key performance targets such as, definition and growth of existing resources, targets and on-going Executive loyalty to the Company. The Board believes that the criteria of eligibility for short-term incentives appropriately aligns shareholder wealth and executive remuneration as the completion of key performance targets have the potential to increase share price growth.

There were no cash bonuses paid out in the current financial year.

*Long-term Incentives (LTI)*

Executives are encouraged by the Board to hold shares in the Company and it is therefore the objective of the Company's option scheme to provide an incentive for participants to partake in the future growth of the company and, upon becoming shareholders in the Company, to participate in the Company's profits and dividends that may be realised in future years.

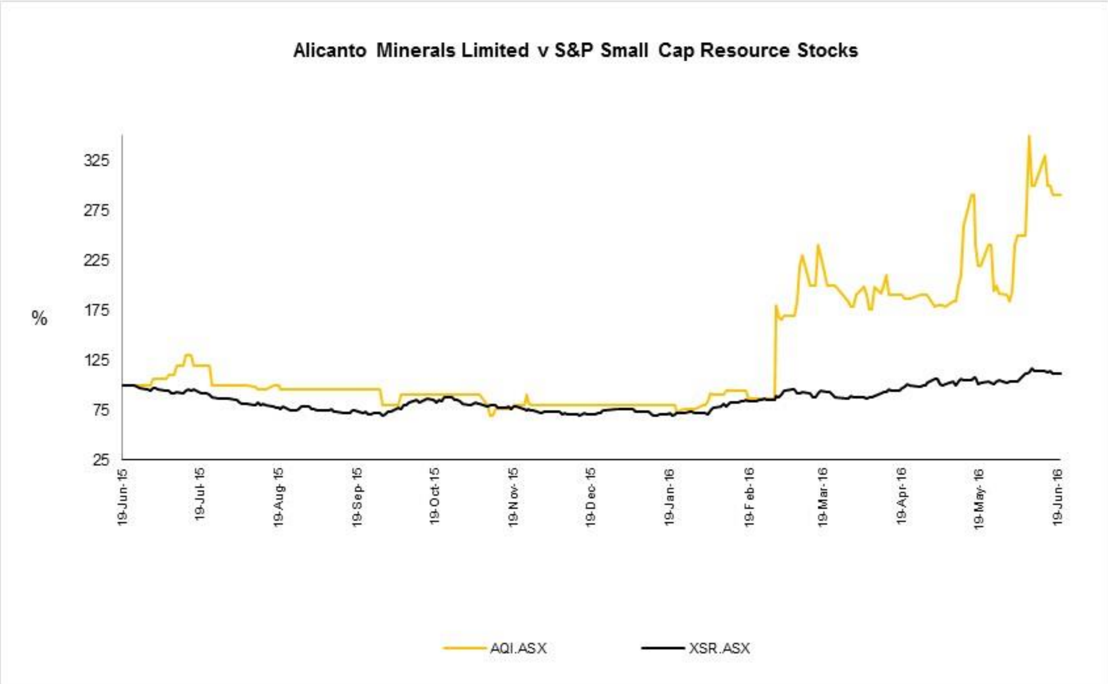
The Board considers that this equity performance linked remuneration structure is effective in aligning the long-term interests of group executives and shareholders as there exists a direct correlation between shareholder wealth and executive remuneration.

# Directors' Report

## 13. Audited Remuneration Report (continued)

### E. Relationship between remuneration and Alicanto Minerals Limited's performance

The remuneration policy has been tailored to increase goal congruence between shareholders and executives. This has been achieved by the payment of short-term incentives, at the discretion of the non-executive directors, should relevant milestones be achieved and the issue of long-term incentive options. This structure rewards executives for both short-term and long-term shareholder wealth development.




### F. Non-Executive Director remuneration policy

The Boards policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the group.

Typically the Company will compare non-executive remuneration to companies with similar market capitalisations in the exploration and resource development business group. These ongoing reviews are performed to confirm that non-executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

Further to ongoing reviews, the maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. In addition to director fees, the Directors were issued options during the current financial year, which were approved by shareholders at the shareholder meetings held during the period. Options were issued to non-executives as they provide an indirect mechanism of aligning shareholder wealth and non-executive director remuneration.

The remuneration policy, setting the terms and conditions for the non-executive directors was developed and approved by the Board. In determining competitive remuneration rates, the Board reviews local and international trends among comparative companies and industry generally. Reviews are performed to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian non-executive reward practices.

There has been a salary freeze on all Non-Executive's base salaries since 2013 through to March 2016 which formed part of broader cost reducing measures to ensure that the Company conserved cash reserves in order to maintain exploration activities whilst initially working through volatile market conditions

### G. Voting and comments made at the company's 2015 Annual General Meeting

The company received 100% of "Yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

# Directors' Report

## 13. Audited Remuneration Report (continued)

### H. Details of Remuneration

The Key Management Personnel of Alicanto Minerals Ltd for the year ending 30 June 2016 are set out in the table below. There have been no changes to the below named key management personnel since the end of the reporting period unless noted.

| | Short-Term Employee Benefits | | | Post Employment | Securities | Total |
|---|---|---|---|---|---|---|
| | Cash Salary & Fees $ | Incentives $ | Other Amounts $ | Super-annuation $ | Options[3] $ | $ |
| **2016** | | | | | | |
| Non-Executive Directors | | | | | | |
| Mr D Murcia | 32,850 | - | 1,708 | - | 40,047 | **74,605** |
| Mr H Halliday[1] | 21,875 | - | 497 | 2,078 | 53,396 | **77,846** |
| Mr M Bowles[2] | 23,417 | - | 1,329 | 2,225 | - | **26,971** |
| Executive Directors | | | | | | |
| Mr T Schwertfeger | 156,119 | - | 1,708 | 14,831 | 125,320 | **297,978** |
| Other Key Management Personnel | | | | | | |
| Mr M Harden | 200,000 | - | - | - | 32,038 | **232,038** |
| Mr B Dunnachie | 40,500 | - | 1,708 | - | 21,358 | **63,566** |
| **Total Remuneration** | **474,761** | **-** | **6,950** | **19,134** | **272,159** | **773,004** |

1: Mr H Halliday was appointed as a Director on 17 March 2016.
2: Mr M Bowles resigned as Non-Executive Director on 11 April 2016.
3: The fair value of the options is calculated at the date of grant using a Black-Scholes model, refer to Section I for further details of options issued in the June 2016 financial year

| | Short-Term Employee Benefits | | | Post Employment | Securities | Total |
|---|---|---|---|---|---|---|
| | Cash Salary & Fees $ | Incentives $ | Other Amounts $ | Super-annuation $ | Options[3] $ | $ |
| **2015** | | | | | | |
| Non-Executive Directors | | | | | | |
| Mr D Murcia | 32,850 | - | 2,392 | - | 53,338 | **88,580** |
| Mr M Bowles | 31,154 | - | 2,392 | 2,960 | 106,677 | **143,183** |
| Mr M McKevitt[1] | 6,843 | - | 498 | - | - | **7,341** |
| Executive Directors | | | | | | |
| Mr T Schwertfeger[2] | 91,668 | - | 1,894 | 8,708 | 25,938 | **128,208** |
| Other Key Management Personnel | | | | | | |
| Mr M Harden | 207,692 | - | - | - | 50,992 | **258,684** |
| Mr B Dunnachie | 36,000 | - | 2,392 | - | 16,997 | **55,389** |
| **Total Remuneration** | **406,207** | **-** | **9,568** | **11,668** | **253,942** | **681,385** |

1: Mr M McKevitt resigned as Non-Executive Director on 15 September 2014.
2: Mr T Schwertfeger was appointed as a Director on 15 September 2014.
3: The fair value of the options is calculated at the date of grant using a Black-Scholes model.

No retirement benefits or equity securities were issued to any Director or other key management personnel of the entity during the financial year.

# Directors' Report

## 13. Audited Remuneration Report (continued)

### I. Details of share-based compensation and bonuses

Options are issued to directors and executives as part of their remuneration. The options are not always issued based on performance criteria and in the instances they are not, they are issued to the majority of directors and executives of Alicanto Minerals Ltd to increase goal congruence between executives, directors and shareholders.

During the current financial year, incentive options have been issued to Directors and other key management personnel. The options vest upon achievement of performance based milestones as follows;

i) Tranche 1 - 50% of the options shall vest on 28 February 2017 subject to remaining an officer, employee or consultant to the Company at the time of vesting;

ii) Tranche 2 - The remaining 50% of the options shall vest upon the Company achieving one of the following milestones;
   - Barrick Gold Corporation continuing into the second contract year in accordance with the Earn-In Agreement at the Arakaka Project as announced on 1 March 2016; or
   - the Company announcing a 50 gram x metre/tonne Au significant drill intercept or greater at a 0.5 gram/tonne Au cut-off grade.

The options issued to Directors were approved by shareholders at a General Meeting held 25 May 2016. Further details of options issued to Directors and key management personnel are as follows:

| | Granted No. | Options Granted as Part of Remuneration $ | Total Remuneration Represented by Options | Exercised No. | Other changes No. | Lapsed No. |
|---|---|---|---|---|---|---|
| **30 June 2016** | | | | | | |
| Non-Executive Directors | | | | | | |
| Mr D Murcia | 750,000 | 40,043 | 54% | - | - | - |
| Mr H Halliday | 1,000,000 | 53,390 | 69% | - | - | - |
| Mr M Bowles | - | - | - | - | - | - |
| Executive Director | | | | | | |
| Mr T Schwertfeger | 2,000,000 | 125,308 | 42% | - | - | - |
| Other Key Management Personnel | | | | | | |
| Mr M Harden | 600,000 | 32,034 | 14% | - | - | - |
| Mr B Dunnachie | 400,000 | 21,356 | 34% | - | - | - |
| **30 June 2015** | | | | | | |
| Non-Executive Directors | | | | | | |
| Mr D Murcia | 750,000 | 53,338 | 60% | - | - | - |
| Mr M Bowles | 1,500,000 | 106,677 | 75% | - | - | - |
| Mr M McKevitt | - | - | - | - | - | - |
| Executive Director | | | | | | |
| Mr T Schwertfeger | 1,500,000 | 25,938 | 20% | - | - | - |
| Other Key Management Personnel | | | | | | |
| Mr M Harden | 750,000 | 50,992 | 20% | - | - | - |
| Mr B Dunnachie | 250,000 | 16,997 | 31% | - | - | - |

# Directors' Report

## 13. Audited Remuneration Report (continued)

### I. Details of share-based compensation and bonuses (continued)

| | Issue Date | Expiry Date | % Vested in Year | Exercise Price | Number of Options |
|---|---|---|---|---|---|
| 30 June 2016 | | | | | |
| Non-Executive Directors | | | | | |
| Mr D Murcia | 25 May 16 | 30 Apr 21 | 0% | $0.001 | 750,000 |
| Mr H Halliday | 25 May 16 | 30 Apr 21 | 0% | $0.001 | 1,000,000 |
| Mr M Bowles | - | - | - | - | - |
| Executive Director | | | | | |
| Mr T Schwertfeger | 25 May 16 | 30 Apr 21 | 0% | $0.001 | 2,000,000 |
| Other Key Management Personnel | | | | | |
| Mr M Harden | 25 May 16 | 30 Apr 21 | 0% | $0.001 | 600,000 |
| Mr B Dunnachie | 25 May 16 | 30 Apr 21 | 0% | $0.001 | 400,000 |
| 30 June 2015 | | | | | |
| Non-Executive Directors | | | | | |
| Mr D Murcia | 08 Sept 14 | 07 Sept 18 | 100% | $0.23 | 750,000 |
| Mr M Bowles | 08 Sept 14 | 07 Sept 18 | 100% | $0.23 | 1,500,000 |
| Mr M McKevitt | - | - | - | - | - |
| Executive Director | | | | | |
| Mr T Schwertfeger | 27 Nov 14 | 07 Sept 18 | 0% | $0.23 | 1,500,000 |
| Other Key Management Personnel | | | | | |
| Mr M Harden | 12 Sept 14 | 07 Sept 18 | 100% | $0.23 | 750,000 |
| Mr B Dunnachie | 12 Sept 14 | 07 Sept 18 | 100% | $0.23 | 250,000 |

The value at grant date is calculated in accordance with AASB2 Share Based Payments utilising the Black Scholes Methodology. The following factors and assumptions were used in determining the fair value of options issued to key management personnel on grant date:

| Grant Date | Expiry Date | Exercise Price | Fair Value Per Option | Price of Shares on Grant Date | Estimated Volatility | Risk Free Interest Rate | Dividend Yield |
|---|---|---|---|---|---|---|---|
| 30 June 2016 | | | | | | | |
| 25 May 16 | 30 Apr 21 | $0.001 | $0.096 | $0.097 | 85% | 1.82% | 0% |
| 30 June 2015 | | | | | | | |
| 08 Sept 14 | 07 Sept 18 | $0.23 | $0.07 | $0.16 | 85% | 2.98% | 0% |
| 12 Sept 14 | 07 Sept 18 | $0.23 | $0.07 | $0.16 | 85% | 2.98% | 0% |
| 27 Nov 14 | 07 Sept 18 | $0.23 | $0.03 | $0.09 | 85% | 2.31% | 0% |

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future.

### J. Services Agreements

Remuneration and other key terms of employment for the Executives, Non-Executives and Other Executives of Alicanto Minerals Ltd are formalised in executive service agreements. Major provisions of the agreements relating to remuneration are set out below:

Mr D Murcia, Non-executive Chairman

- Term of Agreement – unspecified.
- Base fee of $30,000 exclusive of superannuation.
- Eligible to participate in the Company's Employee Incentive Scheme.
- No termination benefit under any circumstances.

Mr T Schwertfeger, Managing Director

- Term of Agreement – 12 months.
- Base fee of $240,000* inclusive of superannuation.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 3 months base fee, being payment in lieu of the specified termination notice period.
- Eligible to participate in the Company's Employee Incentive Scheme.
- *Note that given the market conditions over the previous years, Mr Schwertfeger had agreed to a voluntary reduction of 50% of his executive base salary in order for the company to conserve funds. The voluntary reduction remained in place through to March 2016.

# Directors' Report

## 13. Audited Remuneration Report (continued)

### J. Services Agreements (continued)

Mr H Halliday, Non-executive Director

Term of Agreement – unspecified.
Base fee of $75,000 exclusive of superannuation.
Eligible to participate in the Company's Employee Incentive Scheme.
No termination benefit under any circumstances.

Mr M Harden, Chief Geologist

Term of Agreement – unspecified.
Base salary of $200,000 gross.
Payment of a termination benefit on early termination by the company, other than for gross misconduct, equal to 12 weeks base fee, being payment in lieu of the specified termination notice period.
Eligible to participate in the Company's Employee Incentive Scheme.

Mr B Dunnachie, Company Secretary

Term of Agreement – unspecified.
Base fee of $63,000.
Payment of a termination benefit on early termination by the company, other than for gross misconduct, equal to 3 months base fee, being payment in lieu of the specified termination notice period.
Eligible to participate in the Company's Employee Incentive Scheme.

### K. Equity instruments held by key management personal

The tables on following page show the number of:

(i) Shares in the company; and
(ii) Options over ordinary shares in the Company

that were held during the financial year by key management personnel of the group, including their close family members and entities that relate to them. During the period, 416,650 shares were issued to Mr M Harden in lieu of salary, there were no further shares granted during the reporting period as compensation.

| | Balance at the start of the year | Received on exercise of options | Other changes | Balance at the end of the year |
|---|---|---|---|---|
| 2016 | | | | |
| Directors of Alicanto Minerals Limited | | | | |
| Mr D Murcia | 520,000 | - | - | 520,000 |
| Mr T Schwertfeger | - | - | 200,000 | 200,000 |
| Mr H Halliday[1] | - | - | 5,665,000 | 5,665,000 |
| Mr M Bowles[2] | 2,375,001 | - | (2,375,001) | - |
| Other key management personnel | | | | |
| Mr M Harden | 350,000 | - | 416,650 | 766,650 |
| Mr B Dunnachie | 140,000 | - | - | 140,000 |
| 2015 | | | | |
| Directors of Alicanto Minerals Limited | | | | |
| Mr D Murcia | 520,000 | - | - | 520,000 |
| Mr T Schwerertfeger[3] | - | - | - | - |
| Mr M Bowles | 2,375,001 | - | - | 2,375,001 |
| Mr M McKevitt[4] | 10,000 | - | (10,000) | - |
| Other key management personnel | | | | |
| Mr M Harden | 350,000 | - | - | 350,000 |
| Mr B Dunnachie | 140,000 | - | - | 140,000 |

1: Mr H Halliday was appointed as a Director on 17 March 2016.
2: Mr M Bowles resigned as Non-Executive Director on 11 April 2016.
3: Mr T Schwertfeger was appointed as a Director on 15 September 2014.
4: Mr M McKevitt resigned as Non-Executive Director on 15 September 2014.

# Directors' Report

## 13. Audited Remuneration Report (continued)

### K. Equity instruments held by key management personal (continued)

| | Balance at start of the year | Granted as remuneration | Exercised | Other changes | Balance at end of the year | Vested and exercisable |
|---|---|---|---|---|---|---|
| 2016 | | | | | | |
| Directors of Alicanto Minerals Limited | | | | | | |
| Mr D Murcia | 1,250,000 | 750,000 | - | (500,000) | 1,500,000 | 750,000 |
| Mr T Schwertfeger | 1,500,000 | 2,000,000 | - | - | 3,500,000 | 1,500,000 |
| Mr H Halliday[1] | - | 1,000,000 | - | - | 3,500,000 | 2,500,000 |
| Mr M Bowles[2] | 3,500,000 | - | - | (3,500,000) | - | - |
| Other key management personnel | | | | | | |
| Mr M Harden | 1,750,000 | 600,000 | - | (1,000,000) | 1,350,000 | 750,000 |
| Mr B Dunnachie | 450,000 | 400,000 | - | (200,000) | 650,000 | 250,000 |
| 2015 | | | | | | |
| Directors of Alicanto Minerals Limited | | | | | | |
| Mr D Murcia | 500,000 | 750,000 | - | - | 1,250,000 | 1,250,000 |
| Mr T Schwertfeger[3] | - | 1,500,000 | - | - | 1,500,000 | - |
| Mr M Bowles | 2,000,000 | 1,500,000 | - | - | 3,500,000 | 3,500,000 |
| Mr M McKevitt[4] | 500,000 | - | - | (500,000) | - | - |
| Other key management personnel | | | | | | |
| Mr M Harden | 1,000,000 | 750,000 | - | - | 1,750,000 | 1,750,000 |
| Mr B Dunnachie | 200,000 | 250,000 | - | - | 450,000 | 450,000 |

1: Mr H Halliday was appointed as a Director on 17 March 2016.
2: Mr M Bowles resigned as a Director on 11 April 2016.
3: Mr T Schwertfeger was appointed as a Director on 15 September 2014.
4: Mr M McKevitt resigned as a Director on 15 September 2014.

### L. Loans to key management personnel

There were no loans made to directors of Alicanto Minerals Ltd and other key management personnel of the group, including their close family members or entities related to them.

### M. Other transactions with key management personnel

Mr D Murcia is a Non-Executive Director of Gryphon Minerals Limited which shares office and administration service costs on normal commercial terms and conditions.

Mr D Murcia is a Director of Murcia Pestell Hililard a company which provides legal services on normal commercial terms and conditions.

Mr H Halliday is a Non-Executive Director of Venture Minerals Limited which shares office and administration service costs on normal commercial terms and conditions.

| | Consolidated 2016 $ | 2015 $ |
|---|---|---|
| Recharges from Director related entities: | | |
| Recharge of costs by Gryphon Minerals Limited | 23,401 | 16,035 |
| Recharge of costs by Venture Minerals Limited | 8,103 | - |
| Purchases from Director related entities | | |
| Purchases for legal services from Murcia Pestell Hilliard Lawyers | 72,808 | 28,087 |
| Outstanding balances arising from recharges/purchases with Director Related Parties: | | |
| Current payables | 2,147 | 4,251 |

End of Remuneration Report.

# Directors' Report

## 14. Shares under Option

Unissued ordinary shares of Alicanto Minerals Ltd under option at the date of this report are as follows:

| Date Options Granted | Expiry Date | Exercise Price | Number under Option |
|---|---|---|---|
| 22 Nov 13 | 21 Nov 17 | $0.320 | 1,250,000 |
| 12 Sep 14 | 07 Sept 18 | $0.230 | 6,800,000 |
| 27 Nov 14 | 07 Sept 18 | $0.230 | 1,500,000 |
| 02 Apr 15 | 25 Mar 19 | $0.065 | 2,000,000 |
| 25 May 16 | 30 Apr 21 | $0.001 | 6,970,000 |
| 15 Jul 16 | 31 Jul 19 | $0.130 | 348,000 |
| 28 Jul 16 | 28 Jul 19 | $0.230 | 5,800,000 |

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

## 15. Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings. The Company was not a party to any such proceedings during the year.

## 16. Meetings of Directors

The number of Directors' meetings held during the financial year that each Director who held office during the financial year was eligible to attend and the number of meetings attended by each Director were:

| | Directors Meetings | |
|---|---|---|
| Director | Number Eligible to Attend | Meetings Attended |
| Mr D Murcia | 5 | 5 |
| Mr T Schwertfeger | 5 | 5 |
| Mr H Halliday – appointed 17 Mar 16 | 2 | 2 |
| Mr M Bowles – resigned 11 Apr 16 | 4 | 3 |

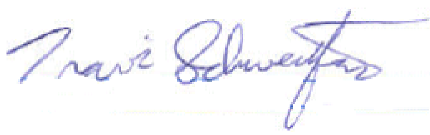
## 17. Insurance of Officers

Subsequent to the financial year end, Alicanto Minerals Ltd has paid a premium of $6,950 (2015: $9,568) to insure the directors and secretary of the Company and its controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

## 18. Auditors Independent Declaration & Non-Audit Services

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 26 of the Directors' report. No fees were paid or payable to the auditors for non-audit services performed during the year ended 30 June 2016.

Signed in accordance with a resolution of the Board of Directors.



**Travis Schwertfeger**
**Managing Director**

Perth Western Australia, 28 September 2016

Competent Persons Statement
The information in this report that relates to Exploration Results is based on information compiled by Mr Travis Schwertfeger, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr Schwertfeger is a full time employee as Managing Director for the company. Mr Schwertfeger has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Schwertfeger consents to their inclusion in the report of the matters based on his information in the form and context in which it appears.

Stantons International Audit and Consulting Pty Ltd
trading as
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Chartered Accountants and Consultants

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28 September 2016

Board of Directors
Alicanto Minerals Limited
288 Churchill Avenue
SUBIACO WA 6008

Dear Sirs

**RE: ALICANTO MINERALS LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Alicanto Minerals Limited.

As Audit Director for the audit of the financial statements of Alicanto Minerals Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**
**(Trading as Stantons International)**
**(An Authorised Audit Company)**

**Samir Tirodkar**
**Director**

# Financial Statements

## Contents



These financial statements are the consolidated financial statements of the consolidated entity consisting of Alicanto Minerals Ltd and its subsidiaries. The financial statements are presented in the Australian currency.

Alicanto Minerals Ltd is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Alicanto Minerals Limited
288 Churchill Avenue
Subiaco WA 6008

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 5 to 15 in the Directors' report, both of which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 28 September 2016. The Company has the power to amend and reissue the financial statements.

Through the use of the internet, the Company has ensured that its corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial statements and other information are available on our website: www.alicantominerals.com.au.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the Year Ended 30 June 2016

| | Note | Consolidated 2016 $ | Consolidated 2015 $ |
|---|---|---|---|
| Revenue from continuing operations | 3(a) | 25,917 | 21,819 |
| Other income | 3(b) | 167,870 | - |
| Administrative costs | | (104,117) | (117,525) |
| Consultancy expense | | (152,040) | (45,433) |
| Employee benefits expense | 4(a) | (173,466) | (136,402) |
| Share based payment expenses | 23 | (390,696) | (540,562) |
| Occupancy expense | | (17,592) | (12,027) |
| Compliance and regulatory expenses | | (44,475) | (41,185) |
| Insurance expenses | | (10,335) | (27,168) |
| Depreciation expense | 4(b) | (13,786) | (3,207) |
| Finance costs | 4(c) | (2,463) | (3,238) |
| Exploration expensed | 10 | (764,559) | (1,452,274) |
| **(Loss) before income tax** | | **(1,479,742)** | **(2,357,202)** |
| Income tax (expense)/benefit | 6(a) | - | - |
| **(Loss) attributable to owners** | | **(1,479,742)** | **(2,357,202)** |
| Other comprehensive income: | | | |
| Items that may be reclassified to profit or loss | | | |
| - Exchange differences on translation of foreign operations | 15(b) | 26,260 | 1,347 |
| Items that will not be classified to profit or loss | | - | - |
| **Total comprehensive (loss) attributable to owners** | | **(1,453,482)** | **(2,355,855)** |
| Basic earnings/(loss) per share (cents per share) | 17 | (2.4) | (5.0) |
| Diluted earnings/(loss) per share (cents per share) | 17 | N/A | N/A |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

## As at 30 June 2016

| | Note | Consolidated 2016 $ | Consolidated 2015 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 7 | 1,216,247 | 810,126 |
| Trade and other receivables | 8 | 46,034 | 117,989 |
| **Total Current Assets** | | **1,262,281** | **928,115** |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 9 | 151,480 | 53,412 |
| Exploration and evaluation expenditure | 10 | 611,288 | 611,288 |
| **Total Non-Current Assets** | | **762,768** | **664,700** |
| **Total Assets** | | **2,025,049** | **1,592,815** |
| **Current Liabilities** | | | |
| Trade and other payables | 11 | 495,793 | 56,509 |
| Provisions | 12 | 33,104 | 17,612 |
| **Total Current Liabilities** | | **528,897** | **74,121** |
| **Total Liabilities** | | **528,897** | **74,121** |
| **Net Assets** | | **1,496,152** | **1,518,694** |
| **Equity** | | | |
| Contributed equity | 13(a) | 7,577,323 | 6,537,079 |
| Reserves | 15(c) | 1,527,908 | 1,110,952 |
| Accumulated losses | | (7,609,079) | (6,129,337) |
| **Total Equity** | | **1,496,152** | **1,518,694** |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

## For the Year Ended 30 June 2016

| Consolidated | Contributed Equity<br>$ | Accumulated Losses<br>$ | Foreign Currency Translation Reserve<br>$ | Option Reserve<br>$ | Total<br>$ |
|---|---|---|---|---|---|
| **Balance at 1 July 2014** | 4,142,549 | (3,772,135) | 17,828 | 551,215 | 939,457 |
| Total comprehensive income for the year: | | | | | |
| Loss for the year | - | (2,357,202) | - | - | (2,357,202) |
| Foreign exchange differences | - | - | 1,347 | - | 1,347 |
| | - | (2,357,202) | 1,347 | - | (2,355,855) |
| Transactions with owners in their capacity as owners: | | | | | |
| Contributions of equity (net of transaction costs) | 2,394,530 | - | - | - | 2,394,530 |
| Share based payment transactions | - | - | - | 540,562 | 540,562 |
| | 2,394,530 | - | - | 540,562 | 2,935,092 |
| **Balance at 30 June 2015** | **6,537,079** | **(6,129,337)** | **19,175** | **1,091,777** | **1,518,694** |
| Balance at 1 July 2015 | 6,537,079 | (6,129,337) | 19,175 | 1,091,777 | 1,518,694 |
| Total comprehensive income for the year: | | | | | |
| Loss for the year | - | (1,479,742) | - | - | (1,479,742) |
| Foreign exchange differences | - | - | 26,260 | - | 26,260 |
| | - | (1,479,742) | 26,260 | - | (1,453,482) |
| Transactions with owners in their capacity as owners: | | | | | |
| Contributions of equity (net of transaction costs) | 1,040,244 | - | - | - | 1,040,244 |
| Share based payment transactions | - | - | - | 390,696 | 390,696 |
| | 1,040,244 | - | - | 390,696 | 1,430,940 |
| **Balance at 30 June 2016** | **7,577,323** | **(7,609,079)** | **45,435** | **1,482,473** | **1,496,152** |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

## For the Year Ended 30 June 2016

| | Note | Consolidated 2016 $ | 2015 $ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Receipts from customers (inclusive of goods and services tax) | | 50,935 | - |
| Exclusivity payment received | | 105,918 | - |
| Payments to suppliers and employees | | (448,222) | (372,263) |
| Interest received | | 5,317 | 21,819 |
| Payments for exploration and evaluation | | (1,760,971) | (1,532,204) |
| Contributions received from farm-in partners | | 1,462,559 | - |
| **Net cash (outflow) from operating activities** | 18 | **(584,464)** | **(1,882,648)** |
| **Cash Flows from Investing Activities** | | | |
| Purchase of property, plant and equipment | | (32,993) | (49,911) |
| **Net cash (outflow) from investing activities** | | **(32,993)** | **(49,911)** |
| **Cash Flows from Financing Activities** | | | |
| Proceeds from issue of shares | | 1,049,295 | 2,490,162 |
| Share issue transaction costs | | (25,717) | (95,632) |
| **Net cash inflow from financing activities** | | **1,023,578** | **2,394,530** |
| **Net increase in cash and cash equivalents** | | 406,121 | 461,971 |
| Cash and cash equivalents at the start of the year | | 810,126 | 348,155 |
| **Cash and cash equivalents at the end of the year** | 7 | **1,216,247** | **810,126** |

Amounts relating to payments to suppliers and employees as set out above are inclusive of goods and services tax. The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

### 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the financial years presented, unless otherwise stated. These financial statements cover Alicanto Minerals Limited as a consolidated entity consisting of Alicanto Minerals Limited and its subsidiaries ('the consolidated entity' or 'the group').

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and the *Corporations Act 2001*.

(i) Compliance with IFRS

The financial statements of Alicanto Minerals Limited also comply with Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes as presented comply with International Financial Reporting Standards (IFRS).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets.

(iii) Going concern

The financial statements have been prepared on the going concern basis of accounting which assumes that the Group will be able to meet its commitments, realise its assets, discharge its liabilities in the ordinary course of business and meet exploration budgets and have sufficient working capital. In arriving at this position, the Directors recognise the Group is dependent on various funding and corporate alternatives to meet these commitments including share placements and/or corporate activity in relation to its exploration assets.

The Directors believe that at the date of signing the financial statements there are reasonable grounds to believe that having regard to matters set out above, the Group will be able to raise sufficient funds to meet its obligations as and when they fall due.

In the event that the Group does not achieve the matters set out above there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial statements.

### (b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Alicanto Minerals Limited as at 30 June 2016 and the results of all subsidiaries for the year then ended.

Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 26.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statement of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(ii) Joint arrangements

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Alicanto Minerals Limited is not involved in any joint arrangements.

(iii) Jointly operations

Alicanto Minerals Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

Alicanto Minerals Limited is not involved in any joint operations.

## 1. Summary of Significant Accounting Policies (continued)

### (c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

### (d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the business activities as follows:

(i) Interest income

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

### (e) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### (f) Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

### (g) Impairment of assets

At each reporting date the Board assesses whether there is any indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### (h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

## 1. Summary of Significant Accounting Policies (continued)

### (i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Amounts that are known to be uncollectible are written off by reducing the carrying amount directly.

### (j) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure is expensed as incurred other than for the capitalisation of acquisition costs.

### (k) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation on assets is calculated using the reducing balance method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

| | |
|---|---|
| Plant and equipment - office | 40.0% |
| Furniture and equipment - office | 20.0% |
| Plant and equipment - field | 20.0% |
| Motor vehicles | 22.5% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)). Gains and losses on disposals are determined by comparing proceeds received with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

### (l) Intangibles

Acquired minerals rights

Acquired minerals rights comprise exploration and evaluation assets including ore reserves and minerals resources which are acquired as part of:

- business combinations recognised at fair value at the date of acquisition; and
- asset acquisitions recognised at cost.

Acquired minerals rights are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area: or
- exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Acquired minerals rights in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made.

For acquired minerals rights in an area of interest that are developed, costs are classified as mine property and development from commencement of development and amortised when commercial production commences on a unit of production basis over the estimated economic reserves of the mine.

### (m) Investments and other financial assets

(i) Classification

The company classifies its financial assets as available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at the end of each reporting date.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

## 1. Summary of Significant Accounting Policies (continued)

### (m) Investments and other financial assets (continued)

(iii) Measurement

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

(iv) Impairment

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence of impairment of available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

### (n) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### (o) Provisions

Provisions are recognised when; the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### (p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented in payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as present value of expected future wage payments to be made. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

The company provides benefits to employees (including directors) of the company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of shares of Alicanto Minerals Limited ('market conditions').

### 1. Summary of Significant Accounting Policies (continued)

#### (q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

#### (r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### (s) Goods and services tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

#### (t) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Alicanto Minerals Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges, qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for the statement of profit or loss and other comprehensive income are translated at average exchange rates, and
- All resulting exchange differences are recognised in other comprehensive income.

### (u) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the group are set out below. The group does not plan to adopt these standards early.

(i) *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

(ii) *AASB 16: Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's recognition of leases and disclosures.

*(iii) AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]*

AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

- the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11
- the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations

This Standard also makes an editorial correction to AASB 11.

The directors anticipate that the adoption of these amendments will not have a material impact on the financial statements.

*(iv) Other standards not yet applicable*

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

## 2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (a) Capitalisation of acquisition costs on exploration projects

Acquisition costs incurred in acquiring exploration assets are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

### (b) Share based payment transactions

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 23.

| | | Consolidated 2016 $ | Consolidated 2015 $ |
|---|---|---|---|
| **3.** | **Revenue** | | |
| (a) | Revenue from continuing operations | | |
| | Equipment rental | 20,600 | - |
| | Interest received | 5,317 | 21,819 |
| | Total revenue from continuing operations | 25,917 | 21,819 |
| (b) | Other income | | |
| | Management fees from farm-in partners | 30,335 | |
| | Exclusivity fee | 105,918 | - |
| | Foreign exchange gain | 31,617 | - |
| | Total other income | 167,870 | - |
| **4.** | **Expenses** | | |
| (a) | Employee benefits expense | | |
| | Salaries and wages expense | 158,635 | 128,220 |
| | Defined contribution superannuation expense | 14,831 | 8,182 |
| | Total employee benefits expense | 173,466 | 136,402 |
| (b) | Depreciation expense | | |
| | Plant and equipment – office | 2,835 | 3,207 |
| | Plant and equipment – field | 3,853 | - |
| | Plant and equipment – motor vehicle | 7,098 | - |
| | Total depreciation expense | 13,786 | 3,207 |
| (c) | Finance costs | | |
| | Interest and finance charges paid or payable | 2,463 | 3,238 |
| | Total finance costs | 2,463 | 3,238 |

| | | Consolidated 2016 $ | Consolidated 2015 $ |
|---|---|---|---|
| **5.** | **Auditor's Remuneration** | | |
| | Remuneration of the auditor of the group | | |
| | Auditing or reviewing the financial statements | 19,571 | 23,558 |
| | Other assurance services | - | - |
| | Non-assurance services | - | - |
| | Total auditor remuneration | 19,571 | 23,558 |

| | | Consolidated 2016 $ | Consolidated 2015 $ |
|---|---|---|---|
| **6.** | **Income Tax Expense** | | |
| (a) | Income tax expense | | |
| | Current tax | - | - |
| | Deferred tax | - | - |
| | Total income tax expense | - | - |
| | | | |
| | Deferred income tax expense included in income tax expense comprises: | | |
| | - (Increase) in deferred tax assets (note 6(c)) | - | - |
| | - Increase in deferred tax liabilities (note 6(d)) | - | - |
| | | - | - |
| (b) | Numerical reconciliation of income tax expense to prima facie tax payable | | |
| | Profit from continuing operations before income tax expense | (1,479,742) | (2,357,202) |
| | Tax (tax benefit) at the tax rate of 30% | (443,922) | (707,161) |
| | | | |
| | Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| | - Share based payments | 117,209 | 162,169 |
| | - Other non-deductible amounts | 124,737 | 85,377 |
| | - Unrecognised tax losses | 201,976 | 459,615 |
| | | | |
| | Income tax benefit | - | - |
| | | | |
| (c) | Deferred tax assets | | |
| | Tax losses[A] | - | - |
| | Employee benefits | - | - |
| | Other accruals | - | - |
| | | - | - |
| | | | |
| | Set-off deferred tax liabilities (note 6(d)) | - | - |
| | Net deferred tax assets | - | - |
| | | | |
| (d) | Deferred tax liabilities | | |
| | Exploration expenditure | - | - |
| | Other | - | - |
| | | - | - |
| | | | |
| | Set-off deferred tax assets (note 6(c)) | - | - |
| | Net deferred tax liabilities | - | - |
| | | | |
| (e) | Tax losses | | |
| | Unused tax losses for which no deferred tax asset has been recognized | 4,952,593 | 4,270,208 |
| | Potential tax benefit at 30% | 1,485,778 | 1,281,062 |
| | | | |
| (f) | Unrecognised temporary differences | | |
| | Unrecognised deferred tax asset relating to capital raising costs | 66,935 | 98,929 |

A: The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable temporary differences.

| | | Consolidated 2016 $ | Consolidated 2015 $ |
|---|---|---|---|
| **7.** | **Cash & Cash Equivalents** | | |
| (a) | Total cash and cash equivalents | | |
| | Cash at bank and in hand | 1,216,247 | 310,126 |
| | Deposits at call | - | 500,000 |
| | Total cash and cash equivalents | 1,216,247 | 810,126 |

Note that cash includes $318,330 in funds received from farm-in partners and held on trust for current and future exploration programs.

(b) Cash at bank and on hand

Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.00% and 0.95% (2015: 0.00% and 1.50%).

(c) Cash at bank and on hand

Deposits at call as at June 2015 were bearing interest at 2.25%. There were no deposits at call as at June 2016.

| | | Consolidated 2016 $ | Consolidated 2015 $ |
|---|---|---|---|
| **8.** | **Trade & Other Receivables** | | |
| (a) | Current | | |
| | Other receivables | 32,255 | 31,032 |
| | Prepayments | 13,779 | 86,957 |
| | Total current trade and other receivables | 46,034 | 117,989 |

(b) Past due and impaired receivables

As at 30 June 2016, there were no other receivables that were past due or impaired (2015: nil).

| | Consolidated Plant & Equipment Office $ | Plant & Equipment Field $ | Motor Vehicles $ | Total $ |
|---|---|---|---|---|
| **9. Property, Plant and Equipment** | | | | |
| Year ended 30 June 2015 | | | | |
| Opening net book amount | 5,557 | 3,961 | - | 9,518 |
| Additions | 4,100 | 13,351 | 39,961 | 57,412 |
| Disposals/write-offs | - | - | - | - |
| Depreciation charge | (3,207) | (3,775) | (6,562) | (13,544) |
| Effect of exchange rates | - | 598 | (572) | 26 |
| Closing net book amount | 6,450 | 14,135 | 32,827 | 53,412 |
| At 30 June 2015 | | | | |
| Cost or fair value | 11,986 | 18,240 | 39,961 | 70,187 |
| Accumulated depreciation | (5,536) | (4,105) | (7,134) | (16,775) |
| Net book amount | 6,450 | 14,135 | 32,827 | 53,412 |
| Year ended 30 June 2016 | | | | |
| Opening net book amount | 6,450 | 14,135 | 32,827 | 53,412 |
| Additions | 3,750 | 30,847 | 69,444 | 104,041 |
| Disposals/write-offs | - | - | - | - |
| Depreciation charge | (2,835) | (3,853) | (7,098) | (13,786) |
| Effect of exchange rates | - | (1,883) | 9,696 | 7,813 |
| Closing net book amount | 7,365 | 39,246 | 104,869 | 151,480 |
| At 30 June 2016 | | | | |
| Cost or fair value | 15,736 | 45,309 | 110,010 | 171,055 |
| Accumulated depreciation | (8,371) | (6,063) | (5,141) | (19,575) |
| Net book amount | 7,365 | 39,246 | 104,869 | 151,480 |

| | | Consolidated 2016 $ | 2015 $ |
|---|---|---|---|
| **10.** | **Exploration & Evaluation Expenditure** | | |
| (a) | Non-current | | |
| | Opening balance | 611,288 | 611,288 |
| | Exploration and evaluation costs | 2,111,929 | 1,452,274 |
| | Contributions received from farm-in partners | (1,347,370) | - |
| | Exploration expensed | (764,559) | (1,452,274) |
| | Total non-current exploration and evaluation expenditure | 611,288 | 611,288 |

(b) Recoverability of capitalised costs

Exploration expenditure is expensed as incurred.

Acquired minerals rights are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- Such costs are expected to be recouped through successful development and exploitation or from sale of the area: or
- Exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Acquired minerals rights in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made.

| | | Consolidated 2016 $ | 2015 $ |
|---|---|---|---|
| **11.** | **Trade & Other Payables** | | |
| | Current | | |
| | Trade payables | 349,858 | 56,509 |
| | Contributions received from farm-in partners held on trust | 145,935 | - |
| | Total current trade & other payables | 495,793 | 56,509 |

No trade or other payables are considered past due.

| | | Consolidated 2016 $ | 2015 $ |
|---|---|---|---|
| **12.** | **Provisions** | | |
| | Current | | |
| | Employee entitlements | 33,104 | 17,612 |
| | Total current provisions | 33,104 | 17,612 |

| | | Consolidated | | Consolidated | |
|---|---|---|---|---|---|
| | | 2016 Shares | 2015 Shares | 2016 $ | 2015 $ |
| **13.** | **Contributed Equity** | | | | |
| (a) | Issued capital | | | | |
| | Ordinary shares (fully paid) | 72,036,251 | 57,629,001 | 7,577,323 | 6,537,079 |
| | Total contributed equity | 72,036,251 | 57,629,001 | 7,577,323 | 6,537,079 |

(b) Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Options

Information relating to options including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 14.

| | | Date | Shares | Issue Price | Total $ |
|---|---|---|---|---|---|
| **13.** | **Contributed Equity** | | | | |
| (d) | Movements in issued capital | | | | |
| | Opening Balance 1 July 2014 | | 34,900,001 | | 4,142,549 |
| | Share issue | 05 Aug 14 | 3,970,000 | $0.150 | 595,500 |
| | Share issue | 29 Aug 14 | 4,218,000 | $0.150 | 632,700 |
| | Share issue | 10 Sep 14 | 6,030,000 | $0.150 | 904,500 |
| | Share issue | 24 Jun 15 | 8,511,000 | $0.042 | 357,462 |
| | Less: Transaction costs | | | | (95,632) |
| | Closing Balance at 30 June 2015 | | 57,629,001 | | 6,537,079 |
| | Opening Balance 1 July 2015 | | 57,629,001 | | 6,537,079 |
| | Share issue | 14 Mar 16 | 416,650 | $0.040 | 16,666 |
| | Share issue | 14 Mar 16 | 13,990,600 | $0.075 | 1,049,295 |
| | Less: Transaction costs | | | | (25,717) |
| | Closing Balance at 30 June 2016 | | 72,036,251 | | 7,577,323 |

| Expiry date | Exercise price | Balance at start of year | Granted during the year | Exercised during the year | Cancelled/ lapsed during the year | Balance at end of the year |
|---|---|---|---|---|---|---|
| **14. Share Options** | | | | | | |
| (a) 2016 unlisted share option details | | | | | | |
| 31 Jul 15 | $0.200 | 5,850,000 | - | - | 5,850,000 | - |
| 31 Jul 15 | $0.300 | 500,000 | - | - | 500,000 | - |
| 31 May 16 | $0.200 | 3,550,000 | - | - | 3,550,000 | - |
| 21 Nov 17 | $0.320 | 1,250,000 | - | - | - | 1,250,000 |
| 07 Sept 18 | $0.230 | 8,300,000 | - | - | - | 8,300,000 |
| 25 Mar 19 | $0.065 | 2,000,000 | - | - | - | 2,000,000 |
| 30 Apr 21 | $0.001 | - | 6,970,000 | - | - | 6,970,000 |
| | | 21,450,000 | 6,970,000 | - | 9,900,000 | 18,520,000 |
| Weighted average exercise price | | $0.208 | $0.001 | - | $0.205 | $0.132 |
| 2015 unlisted share option details | | | | | | |
| 31 Jul 15 | $0.200 | 5,850,000 | - | - | - | 5,850,000 |
| 31 Jul 15 | $0.300 | 500,000 | - | - | - | 500,000 |
| 31 May 16 | $0.200 | 3,550,000 | - | - | - | 3,550,000 |
| 21 Nov 17 | $0.320 | 1,250,000 | - | - | - | 1,250,000 |
| 07 Sept 18 | $0.230 | - | 8,300,000 | - | - | 8,300,000 |
| 25 Mar 19 | $0.065 | - | 2,000,000 | - | - | 2,000,000 |
| | | 11,150,000 | 10,300,000 | - | - | 21,450,000 |
| Weighted average exercise price | | $0.218 | $0.198 | - | - | $0.208 |

| | | Consolidated | |
|---|---|---|---|
| | | 2016 | 2015 |
| | | $ | $ |
| **15.** | **Reserves** | | |
| (a) | Unlisted option reserve | | |
| | Opening balance | 1,091,777 | 551,215 |
| | Unlisted options issued as remuneration during the year | 390,696 | 540,562 |
| | Closing balance | 1,482,473 | 1,091,777 |

The unlisted option reserve records items recognised on valuation of director, employee and contractor share options. Information relating to options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 14.

| | | 2016 | 2015 |
|---|---|---|---|
| (b) | Functional currency translation reserve | | |
| | Opening balance | 19,175 | 17,828 |
| | Exchange differences arising on translation of foreign operations | 26,260 | 1,347 |
| | Closing balance | 45,435 | 19,175 |

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in the statement of profit or loss when the net investment is disposed of.

| | | 2016 | 2015 |
|---|---|---|---|
| (c) | Total reserves | | |
| | Unlisted option reserve | 1,482,473 | 1,091,777 |
| | Exchange differences arising on translation of foreign operations | 45,435 | 19,175 |
| | Closing balance | 1,527,908 | 1,110,952 |

## 16. Financial Instruments, Risk Management Objectives and Policies

The Consolidated Entity's principal financial instruments comprise cash and cash equivalents. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the group. The Consolidated Entity also has other financial instruments such as trade and other receivables and trade and other payables which arise directly from its operations. For the year under review, it has been the Consolidated Entity's policy not to trade in financial instruments.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest Rate Risk

The Groups exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

| Consolidated | Weighted Average Interest Rate | Floating Interest Rate | Fixed Interest | Non-interest Bearing | 2016 Total |
|---|---|---|---|---|---|
| **2016** | % | $ | $ | $ | $ |
| Financial assets | | | | | |
| Cash and cash equivalents | 0.57 | 660,569 | - | 555,678 | 1,216,247 |
| Trade & other receivables (current) | 0.00 | - | - | 32,255 | 32,255 |
| | | 660,569 | - | 587,933 | 1,248,502 |
| Financial Liabilities | | | | | |
| Trade and other payables (current) | 0.00 | - | - | 495,793 | 495,793 |
| | | - | - | 495,793 | 495,793 |

## 16. Financial Instruments, Risk Management Objectives and Policies (continued)

| Consolidated | Weighted Average Interest Rate | Floating Interest Rate | Fixed Interest | Non-interest Bearing | 2015 Total |
|---|---|---|---|---|---|
| **2015** | % | $ | $ | $ | $ |
| Financial assets | | | | | |
| Cash and cash equivalents | 1.78 | 210,930 | 500,000 | 99,196 | 810,126 |
| Trade & other receivables (current) | 0.00 | - | - | 31,032 | 31,032 |
| | | 210,930 | 500,000 | 130,228 | 841,158 |
| Financial Liabilities | | | | | |
| Trade and other payables (current) | 0.00 | - | - | 56,509 | 56,509 |
| | | - | - | 56,509 | 56,509 |

The maturity date for all cash, trade & other receivable and trade and payable financial instruments included in the above tables is one year or less from balance date. The maturity for the non-current trade and other receivables is between 1 and 3 years from balance date.

Sensitivity analysis
The Consolidated Entity's main interest rate risk arises from cash and cash equivalents with variable and fixed interest rates. At 30 June 2016 the group's exposure to interest rate risk is not considered material.

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The group does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the company's maximum exposure to credit risk.

### (c) Liquidity risk

The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the group aims at ensuring flexibility in its liquidity profile by maintaining the ability to undertake capital raisings. Funds in excess of short term operational cash requirements are generally only invested in short term bank bills.

| | | Consolidated 2016 | Consolidated 2015 |
|---|---|---|---|
| | | $ | $ |
| **17.** | **Earnings per Share** | | |
| (a) | Earnings/(Loss) | | |
| | Earnings/(loss) used in the calculation of basic EPS | (1,479,742) | (2,357,202) |
| (b) | Weighted average number of ordinary shares ('WANOS') | | |
| | WANOS used in the calculation of basic earnings per share: | 61,871,136 | 46,986,454 |
| **18.** | **Cash Flow Information** | | |
| | Reconciliation of cash flows from operating activities with loss from ordinary activities after tax: | | |
| | Profit/(loss) from ordinary activities after income tax | (1,479,742) | (2,357,202) |
| | Depreciation | 13,786 | 13,544 |
| | Share based payments | 407,362 | 540,562 |
| | Net exchange differences | 15,306 | (6,180) |
| | Changes in assets and liabilities: | | |
| | - Decrease/(Increase) in operating receivables & prepayments | 71,955 | (86,886) |
| | - Increase/(Decrease) in operating trade and other payables | 386,869 | 13,514 |
| | Net cash (outflows) from Operating Activities | (584,464) | (1,882,648) |

| | Consolidated 2016 $ | Consolidated 2015 $ |
|---|---|---|
| **19. Commitments** | | |
| Exploration/tenure commitments | | |
| Not longer than one year | 712,270 | 653,595 |
| Longer than one year, but not longer than five years | 3,722,618 | 2,614,380 |
| Longer than five years | - | - |
| Total exploration commitments | 4,434,888 | 3,267,975 |

In order to maintain rights of tenure to exploration/mining tenements subject to these agreements, the group would have the above discretionary exploration and tenure expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable per the above maturities. If the group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

## 20. Segment Information

### (a) Description of segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. For the purposes of segment reporting the chief operating decision maker has been determined as the board of directors. The board monitors the entity primarily from a geographical perspective, and has identified two operating segments, being exploration for mineral reserves and the corporate/head office function in Australia.

### (b) Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments for the year ended 30 June 2016 is as follows:

| | Exploration | | | |
|---|---|---|---|---|
| | Guyana $ | Australia $ | Corporate $ | Total $ |
| **2016** | | | | |
| Total segment revenue | 20,600 | - | 5,317 | 25,917 |
| Equipment rental | 20,600 | - | - | 20,600 |
| Interest revenue | - | - | 5,317 | 5,317 |
| Depreciation and amortisation expense | (10,951) | - | (2,835) | (13,786) |
| Total segment (loss) before income tax | (735,782) | - | (743,960) | (1,479,742) |
| Total segment assets | 884,583 | - | 1,140,466 | 2,025,049 |
| Total segment liabilities | 434,138 | - | 94,759 | 528,897 |
| **2015** | | | | |
| Total segment revenue | - | - | 21,189 | 21,189 |
| Interest revenue | - | - | 21,819 | 21,819 |
| Depreciation and amortisation expense | - | - | (3,207) | (3,207) |
| Total segment (loss) before income tax | (1,452,274) | - | (904,928) | (2,357,202) |
| Total segment assets | 712,537 | - | 880,278 | 1,592,815 |
| Total segment liabilities | 19,239 | - | 54,882 | 74,121 |

### (c) Measurement of segment information

All information presented in part (b) above is measured in a manner consistent with that in the financial statements.

## 20. Segment Information (continued)

### (d) Segment revenue

No inter-segment sales occurred during the current financial year. The entity is domiciled in Australia. A detailed breakdown of other revenue is as follows;

| | Consolidated | |
|---|---|---|
| | 2016 | 2015 |
| | $ | $ |
| Equipment rental - Guyana | 20,600 | - |
| Interest received - Australia | 5,317 | 21,819 |
| Total revenue from continuing operations (Note 3a) | 25,917 | 21,819 |

### (e) Reconciliation of segment information

Total segment revenue, total segment profit/(loss) before income tax, total segment assets and total segment liabilities as presented in part (b) above, equal total entity revenue, total entity profit/(loss) before income tax, total entity assets and total entity liabilities respectively, as reported within the financial statements.

## 21. Events Occurring After the Balance Sheet Date

On the 14 June 2016 the company announced a proposed placement to raise gross proceeds of $1.5 million through a share placement to clients and affiliates of the Sprott Group of companies. The placement was subject to shareholder approval. Under the placement Alicanto will issue 11.6 million shares at $0.13 raising with one free attaching option for every two shares subscribed for. The options are to have a $0.23 strike price and a three year term. On 27 July 2016 Alicanto announced shareholder approval for the Placement and completion of the Placement with the issue of shares and options on 28 July 2016.

On 27 July 2016 the company announced that it has entered into a binding agreement to acquire the Ianna Gold Project in Northwest Guyana. The agreement is subject to a 105 day due diligence period. Upon completion of satisfactory due diligence, 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;

i) US$25,000 on the completion of due diligence;
ii) US$50,000 within 4 months after completion of due diligence, and
iii) US$200,000 within 15 months after completion of due diligence.

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 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, 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.

There are no further material events subsequent to balance date.

### 22. Related Party Transactions

(a) Parent entity

The ultimate parent entity within the group is Alicanto Minerals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 26.

(c) Key management personnel compensation

| | Consolidated 2016 $ | 2015 $ |
|---|---|---|
| Short-term employee benefits | 481,711 | 415,775 |
| Post-employment benefits | 19,134 | 11,668 |
| Share-based payments | 272,159 | 253,942 |
| Total key management personnel compensation | 773,004 | 681,385 |

(d) Transactions with Director Related Parties

The following transactions occurred with related parties:

| | Consolidated 2016 $ | 2015 $ |
|---|---|---|
| Recharges from director related entities: | | |
| Recharge of costs by Gryphon Minerals Limited | 23,401 | 16,035 |
| Recharge of costs by Venture Minerals Limited | 8,103 | - |
| Purchases from director related entities | | |
| Purchases for legal services from Murcia Pestell Hilliard Lawyers | 72,808 | 28,087 |
| Outstanding balances arising from recharges/purchases with Director Related Parties: | | |
| Current payables | 2,147 | 4,251 |

(e) Terms and conditions of related party transactions

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

### 23. Share Based Payments

(a) Fair value of listed options granted

The fair value of listed options granted is calculated as the market value prevailing at the date on which the options are authorised for issue. No listed options were issued during the year.

(b) Fair value of unlisted options granted

The weighted average fair value of the options granted during the year was $0.096 (2015: $0.05). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

| | | |
|---|---|---|
| Weighted average exercise price: | $0.001 | (2015: $0.20) |
| Weighted average life of the option: | 5 Years | (2015: 4 Years) |
| Weighted average underlying share price: | $0.097 | (2015: $0.13) |
| Expected share price volatility: | 85.0% | (2015: 85.0%) |
| Risk free interest rate between: | 1.82% | (2015: 1.87% to 2.98%) |
| Discount factor for lack of marketability | 0% | (2015: 20.0%) |

Peer volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future. Total share-based payment transactions recognised during the year were as set out in (d) below. Details of other options movements and balances are set out in note 14.

## 23. Share Based Payments (continued)

### (c) Fair value of unlisted shares issued

During the year, 416,650 fully paid ordinary shares were issued to employees in lieu of salary. Total fair value of the shares issued was $16,666 (2015: $Nil).

### (d) Reconciliation of share based payments

| | Consolidated 2016 $ | 2015 $ |
|---|---|---|
| Options issued to directors, employees and consultants | 390,696 | 540,562 |
| Shares issued in lieu of salary | 16,666 | - |
| | 407,362 | 540,562 |

## 24. Contingent Liabilities

Alicanto has entered into a number of agreements on the exploration tenure at the Arakaka Project and there are contingent liabilities that exist as follows;

i) Purchase of alluvial rights should the company wish to progress to development which is to a maximum of US$2.2 million in cash.
ii) Net smelter royalties of up to 2.5%.

There are no further contingent liabilities outstanding at the end of the year.

## 25. Interest in Farm-in/Farm-out Arrangements

Alicanto announced on 1 March 2016 that is had entered into an Earn-in Agreement with Barrick Gold Corporation ("Barrick") 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;

i) US$8 million in exploration expenditures over four years; and
ii) 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$1.8 million by the end of the first contract year, being 31 December 2016. For each subsequent year during the Earn-in period, Barrick has the option to continue funding exploration activities to retain its Earn-in Right, subject to minimum cumulative expenditure thresholds for each year and a total cumulative expenditure of US$8.0 million by 31 December 2019. If Barrick terminates the agreement and ceases to make contributions at any time during the earn-in period Barrick will forfeit all rights and interest to the Arakaka Gold Project.

Alicanto will remain the operator during the first two years of the Earn-in and it will receive in any contract year the lesser of US$100,000 and 5% of the approved annual exploration expenditure towards overheads while utilising the Company's highly experienced technical team to manage exploration. Barrick will have the right to become or appoint the operator at any time after one of the following occurs;

i) 31 December 2017, provided Barrick has made minimum cumulative expenditure contributions of US$3.2 million as of such date;
ii) the date on which Barrick's exploration contributions first exceed US$4.0 million; or
iii) a change in control.

If Barrick funds US$8.0 million in aggregate expenditures prior to 31 December 2019, Barrick can elect to make a payment to Alicanto of US$2.0 million to exercise its Earn-in Right and acquire a 65% interest in the Arakaka Gold Project. With the payment of the US$2.0 million to Alicanto, completing a total US$10.0 million contribution, Alicanto and Barrick will form an incorporated Joint Venture (Arakaka JV). Barrick is permitted to accelerate the balance of the US$8.0 million of expenditure funding at any time during the Earn-in period.

Once formed, the parties will each be required to contribute to further exploration and feasibility costs on a proportional basis for Alicanto to retain its 35% interest in the project. Should Alicanto not contribute its attributable costs of the JV prior to a decision to mine, the Company would dilute to no less than a 15% interest in the Arakaka JV. Alicanto would then be free carried and retain its 15% interest in the Arakaka JV to a decision to mine. Upon a notice of decision to mine by the Arakaka JV, Alicanto can elect to either contribute, or convert its interest in the project to a 2% net smelter royalty.

### 26. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

| Name of entity | Country of incorporation | Class of shares | Equity Holding[A] 2016 % | 2015 % |
|---|---|---|---|---|
| Alicanto Minerals WA Pty Ltd | Australia | Ordinary | 100 | 100 |
| StrataGold Guyana Inc. | Guyana | Ordinary | 100 | 100 |
| Calrissian (Guyana) Resources Inc. | Guyana | Ordinary | 100 | - |
| Manticore Resources (Guyana) Inc. | Guyana | Ordinary | 80 | - |

A: The proportion of ownership interest is equal to the proportion of voting power held.

| | Company 2016 $ | Company 2015 $ |
|---|---|---|
| **26. Parent Entity Information** | | |
| (a) Assets | | |
| Current assets | 1,133,101 | 873,828 |
| Non-current assets | 580,219 | 579,304 |
| Total assets | 1,713,320 | 1,453,132 |
| (b) Liabilities | | |
| Current liabilities | 413,114 | 54,882 |
| Non-current liabilities | - | - |
| Total liabilities | 413,114 | 54,882 |
| (c) Equity | | |
| Contributed equity | 7,557,323 | 6,537,079 |
| Reserves | 1,482,473 | 1,091,777 |
| Accumulated losses | (7,739,590) | (6,230,606) |
| Total equity | 1,300,206 | 1,398,250 |
| (d) Total comprehensive income/(loss) for the year | | |
| (Loss) for the year | (1,508,984) | (4,458,851) |
| Other comprehensive income for the year | - | - |
| Total comprehensive (loss) for the year | (1,508,984) | (4,458,851) |
| (e) Capital commitments | | |
| Not longer than one year | - | - |
| Longer than one year, but not longer than five years | - | - |
| Longer than five years | - | - |
| Total capital commitments | - | - |

The parent entity has not guaranteed any loans for any entity during the year.

# Director's Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 27 to 49 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
(ii) giving a true and fair view of the financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

(b) the audited remuneration disclosures set out on pages 17 to 24 of the Directors' report comply with section 300A of the *Corporations Act 2001*; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.

Travis Schwertfeger
Managing Director

Perth, Western Australia, 28 September 2016

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALICANTO MINERALS LIMITED

## Report on the Financial Report

We have audited the accompanying financial report of Alicanto Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1(a)(i), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Opinion*

In our opinion:

(a) the financial report of Alicanto Minerals Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report of the Company also complies with International Financial Reporting Standards as disclosed in note 1(a)(i).

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 17 to 24 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

*Opinion*
In our opinion the remuneration report of Alicanto Minerals Limited for the year ended 30 June 2016 complies with section 300 A of the *Corporations Act 2001.*

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**
**(Trading as Stantons International)**
**(An Authorised Audit Company)**

Stantons International

**Sam Tirodkar**
Director

West Perth, Western Australia
28 September 2016

# Additional Shareholder Information

## Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3 the company's Corporate Governance Statement can be found on the company's website, refer to http://www.alicantominerals.com.au/index.php/corporate-profile/corporate-governance.

## Shareholding

The distribution of members and their holdings of equity securities in the holding company as at 23 September 2016 were as follows:

| Number Held as at 23 September 2016 | Class of Equity Securities<br>Fully Paid Ordinary Shares |
|---|---|
| 1- 1,000 | 10 |
| 1,001 - 5,000 | 48 |
| 5,001 - 10,000 | 108 |
| 10,001 - 100,000 | 306 |
| 100,001 and above | 89 |
| | 561 |

Holders of less than a marketable parcel: 11.

## Substantial Shareholders

The names of the substantial shareholders listed on the company's register as at 23 September 2016:

| Shareholder | Number |
|---|---|
| Harmanis Holdings Pty Ltd | 6,000,333 |
| Javelin Minerals Inc | 5,925,737 |
| Exploration Capital Partners 2014 LP | 5,769,751 |
| Hamish Halliday | 5,665,000 |
| Bank of Nova Scotia | 5,290,000 |
| Symorgh Investments Pty Ltd | 4,188,333 |

## Voting Rights - Ordinary Shares

In accordance with the holding company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

## Options

| | Exercise price | Expiry date | Number of options | Number of holders |
|---|---|---|---|---|
| Unlisted options | $0.320 | 21 November 2017 | 1,250,000 | 2 |
| Unlisted options | $0.230 | 7 September 2018 | 8,300,000 | 10 |
| Unlisted options | $0.065 | 25 March 2019 | 2,000,000 | 2 |
| Unlisted options | $0.230 | 28 July 2019 | 5,800,000 | 43 |
| Unlisted options | $0.130 | 31 July 2019 | 348,000 | 1 |
| Unlisted options | $0.001 | 30 April 2021 | 6,970,000 | 10 |

# Additional Shareholder Information (continued)

## Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders as at 23 September 2016 are as follows:

| Shareholder | Number | % Held of Issued Ordinary Capital |
|---|---|---|
| Merrill Lynch Australia Nominees Pty Ltd | 11,146,695 | 13.33% |
| HSBC Custody Nominees Pty Ltd | 9,865,063 | 11.80% |
| Harmanis Holdings Pty Ltd | 6,000,333 | 7.17% |
| Javelin Minerals Inc | 5,925,737 | 7.09% |
| Mctavish Industries Pty Ltd | 3,850,000 | 4.60% |
| Symorgh Investments Pty Ltd | 2,585,000 | 3.09% |
| Simon Bolster | 2,360,501 | 2.82% |
| Mctavish Industries Pty Ltd | 1,720,000 | 2.06% |
| Symorgh Investments Pty Ltd | 1,603,333 | 1.92% |
| Clare Saunders | 1,400,000 | 1.67% |
| Ballarine Gold Pty Ltd | 1,019,092 | 1.22% |
| Celestino Menchaca | 1,000,000 | 1.20% |
| Swancave Pty Ltd | 1,000,000 | 1.20% |
| Evan Hillard | 1,000,000 | 1.20% |
| Far East Capital Pty Ltd | 880,000 | 1.05% |
| Hendrick Hartmann | 863,840 | 1.03% |
| Marcus Harden | 766,650 | 0.92% |
| Citicorp Nominees Pty Ltd | 695,787 | 0.83% |
| JP Morgan Nominees Australia Pty Ltd | 606,800 | 0.73% |
| Moonboolie Pty Ltd | 500,000 | 0.60% |
| | 54,788,831 | 65.53% |

# Tenement Listing

## As at 23 September 2016

| Project | Location | Tenement | Interest |
|---|---|---|---|
| Tassawini Project | 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 Project | Guyana | Y-33/000/04, PPMS/680/04 | 100% |
| | Guyana | Y-33/001/04, PPMS/681/04 | 100% |
| | Guyana | Y-31/000/04, PPMS/463/04 | 100% |
| | Guyana | Y-31/001/04, PPMS/464/04 | 100% |
| | Guyana | J-81/000/02, PPMS/884/02 | 100% |
| | Guyana | J-81/001/02, PPMS/885/02 | 100% |
| | Guyana | J-81/002/02, PPMS/886/02 | 100% |
| | Guyana | J-59/000/2000, PPMS/1057/2002 | 100% |
| | Guyana | J-59/001/2000, PPMS/1058/2002 | 100% |
| | Guyana | J-59/002/2000, PPMS 1059/2002 | 100% |
| | Guyana | J-59/003/2000, PPMS/1060/2002 | 100% |
| | Guyana | J-59/004/2000, PPMS/1061/2002 | 100% |
| | Guyana | J-59/005/2000, PPMS/1062/2002 | 100% |
| | Guyana | J-59/006/2000, PMS/1063/2002 | 100% |
| | Guyana | J-59/007/2000, PPMS/1064/2002 | 100% |
| | Guyana | J-59/008/2000, PPMS/1065/2002 | 100% |
| | Guyana | J-59/009/2000, PPMS/1066/2002 | 100% |
| | Guyana | J-59/010/2000, PPMS/1067/2002 | 100% |
| | Guyana | J-59/011/2000, PPMS/1068/2002 | 100% |
| | Guyana | J-59/012/2000, PPMS/1069/2002 | 100% |
| | Guyana | J-59/013/2000, PPMS/1070/2002 | 100% |
| | Guyana | J-59/014/2000, PPMS/1071/2002 | 100% |
| | Guyana | 51/002/94, Ituni #1 | 100% |
| | Guyana | 51/003/94, Ituni #2 | 100% |
| | Guyana | 51/324/74, May | 100% |
| | Guyana | Jars, Jars#1, Jars#2 | 100% |
| | Guyana | P-109/000/2000, PPMS/809/2001 | 100% |
| | Guyana | P-109/001/2000, PPMS/810/2001 | 100% |
| | Guyana | P-109/002/2000, PPMS/811/2001 | 100% |
| | Guyana | P-109/003/2000, PPMS/812/2001 | 100% |
| | Guyana | P-109/004/2000, PPMS/813/2001 | 100% |
| | Guyana | P-109/005/2000, PPMS/814/2001 | 100% |
| | Guyana | P-128/000/02, PPMS/707/02 | 100% |
| | Guyana | P-128/001/02, PPMS/708/02 | 100% |
| | Guyana | P-128/002/02, PPMS/709/02 | 100% |
| | Guyana | P-128/003/02, PPMS/710/02 | 100% |
| | Guyana | P-128/004/02, PPMS/711/02 | 100% |
| | Guyana | P-17/000, PPMS/0222/1994 | 100% |
| | Guyana | P-17/001, PPMS/0223/1994 | 100% |
| | Guyana | P-8/000/94, PPMS/0074/1994 | 100% |
| | Guyana | P-8/001, PPMS/73/1994 | 100% |

## Tenement Listing (continued)

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

Notes

E: Exploration License
PL: Prospecting License
PPMS: Prospecting License Medium Scale
MP: Mining Permit