



A L I C A N T O
MINERALS LIMITED

Half-year Report 2016

ABN 81 149 126 858

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Non-Executive Chairman

Didier Murcia AM

Managing Director

Travis Schwertfeger

Non-Executive Director

Hamish Halliday

Company Secretary

Brett Dunnachie

Principal & Registered Office

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SUBIACO WA 6008
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Share Registry

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Auditors

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WEST PERTH WA 6005

Bankers

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Stock Exchange Listing

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: AQL

Website Address

www.alicantominerals.com.au

Your directors present their report on the consolidated entity consisting of Alicanto Minerals Limited ("Alicanto" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

1. Directors

The following persons were directors of Alicanto Minerals Limited during the half-year and up to the date of this report:

- Didier Murcia
- Travis Schwertfeger
- Hamish Halliday

2. Review of Operations

Corporate

Financial Performance and Position

The net operating loss after tax for the half year ended 31 December 2016 was \$685,624 (2015: \$785,516). The loss for the period includes \$174,079 (2015: \$571,711) in exploration and evaluation expenditure and share based payment expenses of \$296,354 (2015: \$18,525) were also recognised during the half year.

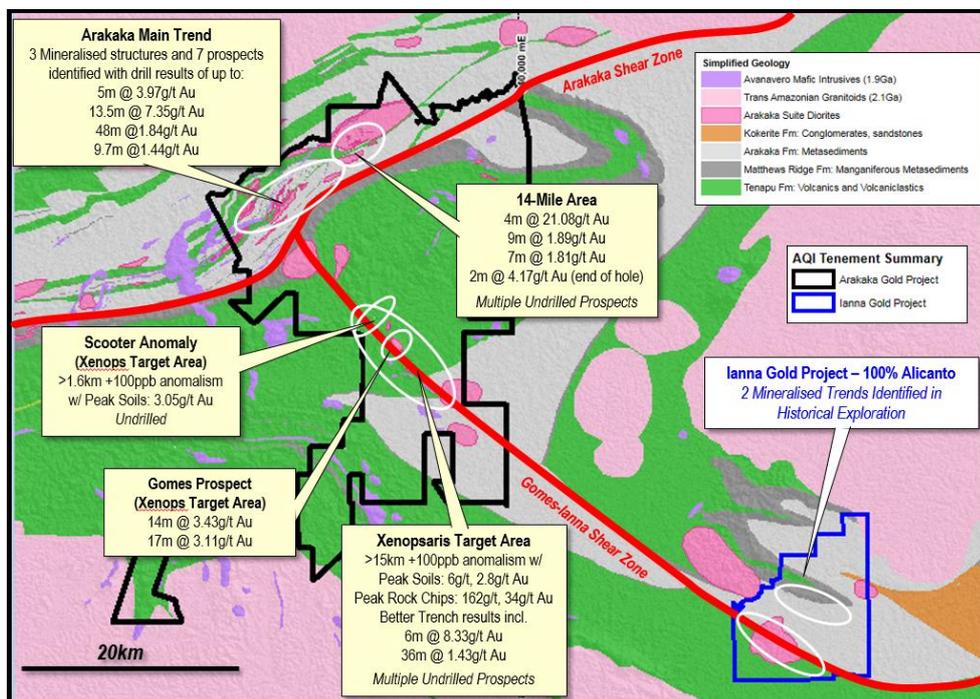
As at 31 December 2016 the Company had cash of approximately \$2,337,342 including earn-in funds held on trust of \$420,938.

Arakaka Gold Project (100%)

The Arakaka Gold Project is made up of a number of permits, subject to underlying agreements and licences held by Alicanto's 100% owned Guyanese subsidiary, that cover a total area of over 300km² within the Northern Guyana Shield. These projects cover volcano-sedimentary Paleoproterozoic greenstone rocks of the Barama-Mazaruni supergroup which are highly prospective for large tonnage, orogenic gold deposits.

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

Figure 1 | Regional Geology of the Barama-Mazaruni greenstone belt hosting the Arakaka Gold Project and the Ianna Gold Project areas, with major structural corridors and locations of key target areas within each Project



2. Review of Operations (continued)

Activities during the December Half-Year

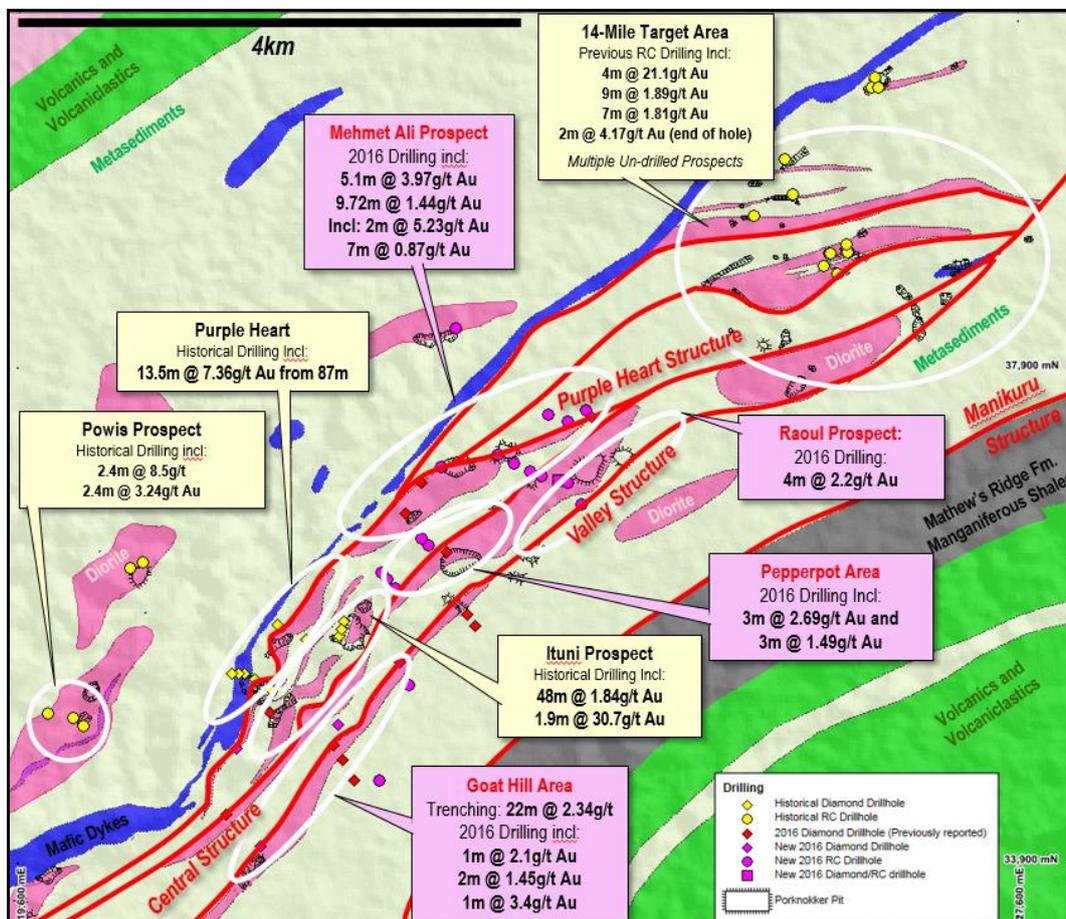
During the December half-year, Alicanto focused on understanding the tectono-stratigraphic framework of the Arakaka Main trend and to better constrain mineralising structures within the extensive surface soil geochemistry and geophysical anomalism identified within the Arakaka Main trend. Reconnaissance drilling in 2016 included the first drill tests in the 6km gap in drilling between historical gold intercepts at Purple Heart (drilling up to **13.5m @ 7.36g/t Au** refer to ASX release dated 26th August 2016) and the 14-Mile area (drilling up to **4m @ 21.1g/t Au** - refer to ASX release dated 17 September 2014). These included an initial drill hole in the largest artisanal pit in the Arakaka area, approximately 6km to the northeast.

Drilling was successful in confirming continuity of known mineralised structures and identifying additional structural corridors controlling mineralisation. The mapping extent of favourable diorite lithology within the Pepperpot Target area was substantially increased with the reconnaissance program, substantially increasing volume potential for mineralisation on the Arakaka Main Trend. Three separate mineralised trends termed were identified:

- Purple Heart Structure
- Central Structure
- Valley Structure

The 2016 diamond and RC drilling campaign totalled 5,093m in 42 holes on 5 fences of drilling, each spaced approximately 1km to 1.2km apart. Reconnaissance drilling encountered quartz-sulphide-gold veining within zones of broad disseminated sulphide mineralisation on each of three mineralised structures identified, and mineralised trends remain open in all directions. Reconnaissance drilling along the strike extent assessed further un-drilled geochemical and geophysical anomalism for target definition, focusing on the projection of mineralised trends to the northeast.

Figure 2 | Overview of Arakaka Trend Geology and Drilling with 2016 better drilling intercepts (highlighted in pink background) and geology as mapped by Alicanto geologists.



2. Review of Operations (continued)

Recent drill results continued to support Alicanto's interpretation of three large scale high strain zones running the entire length of the Arakaka trend, the Valley Structure, Central Structure and Purple Heart structure. Each drill hole intersecting these structures, reported either quartz-chlorite-arsenian pyrite (+/-Visible Gold) mineralisation or quartz-magnetite (+/- visible gold) through all sections. A sufficient level of information achieved from the reconnaissance allowed Alicanto to drill specific target areas thought capable of yielding >1Moz Au, along the identified structures prioritised by structural setting, degree of alteration, host lithology and mineralisation style. Current targets include:

- **Purple Heart Area:** Continuous >100ppb Au soil anomalism up to Au over >2.5km of mapped strike on the Purple Heart and Central Structures. Un-drilled peak soil results include 6.45g/t, 3.9g/t Au and 3.55g/t, Au. Limited drill testing to date, returned better intercepts of 13.5m @ 7.36g/t Au, 48m @ 1.84g/t Au, and 10.8m @ 1.66g/t Au (Refer to AQI ASX Press Release 08/2015).
- **14-Mile Area:** Continuous >100ppb Au soil anomalism over >3.2km of strike. Limited RC drilling in 2014 returned both high grade vein hosted mineralised intercepts (4m @ 21.1g/t Au) and disseminated mineralisation (9m @ 1.89 g/t Au, 7m @ 1.81g/t Au and 2m @4.17g/t EOH) from the same hole. Undrilled auger results of up to 6.52g/t Au >1km along strike from drill intercepts. (Refer to AQI ASX Press Release 23rd July 2014).
- **Goat Hill Prospect:** Largely under alluvial cover, the Goat Hill Area has received only limited work to date. Trenching results of up to 22m @ 2.34g/t have been returned. Drilling is limited to three diamond drillholes drilled in 2016 over >1.2km with two holes intersecting the mineralised valley structure with results including 1m @ 2.1g/t Au, 2m @ 1.45g/t Au and 1m @ 3.4g/t Au. (Refer to ASX press release dated October 4th 2016 and Appendix A).
- **Raoul Prospect:** Largely under alluvial cover. The Raoul area sits on the valley structure, tested by only a single RC hole in 2016 within >2.5km of blind target returning 4m @ 2.2g/t Au in ARRC030 (Refer to AQI ASX Press Release 31 January 2016).
- **Pepperpot Prospect:** Largely under alluvial cover a single section line of three holes has been drilled in 2016 with all holes intersecting quartz-arsenian pyrite-visible gold veins with best returning 3m @ 2.69g/t Au from 84m in ARRC021A (Refer to AQI ASX Press Release 31 January 2016). Strike extent has not yet been tested.
- **Mehmet Ali Prospect:** Situated on the Purple Heart Structure with >100ppb Au in soil anomalism over >1.25km with local peaks of up to 1.54g/t Au, the Mehmet Ali target has been drilled by four diamond holes in 2016 over >1.4km with three of the holes reporting visible gold and intercepts of up to 9.72m @ 1.44g/t Au and 5.1m @ 3.97g/t Au. The target is open along strike (Refer to press release dated October 4th 2016).
- **Powis target area:** Situated off the main trend the Powis area has received only limited drilling with results of up to 2.4m @ 8.5g/t and 2.4m @ 3.24g/t Au returned from drilling to date (Refer to ASX press release dated 27 January 2016).

Subsequent to the reporting period, Diamond Drilling commenced in February on the north eastern extent of the Arakaka Main Trend known as the 14 mile area, extending reconnaissance drilling an additional 4km within the 12km long corridor of surface gold anomalism (see to Figure 2). The drilling is part of a 7,500m campaign being funded by Barrick Gold Corporation ("Barrick") as part of their US\$10m funding requirement to earn-in to 65% of the Arakaka Gold Project (Refer to ASX announcements dated 1 March and 7 December 2016).

Xenopsaris Area

The Xenopsaris target area is the southern extension of the Gomes Hill Prospect where significant drilled mineralisation required additional extension drilling included 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, included 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 previous auger drill sampling (refer to release dated 11 March 2015) along the projection of the Temberlin Shear Zone identified in Gomes Hill drilling.

Exploration activity focused on several well defined zones of +500ppb Au anomalism within the >7km mineralised corridor southeast of Gomes Hill prospect defined by extensive +100ppb Au anomalism within soils. Previous exploration activity included 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). Auger drilling was utilised to better refine the location of potentially economic mineralisation within broad zones of soil anomalism. Better results from auger drilling included 10g/t and 3.7g/t Au proximal to reported trenching (refer to ASX release dated 11 March 2015). These previous soil and auger programs were recently followed up with 1,105m's of trenching, with location and summaries of trench results provided in Figure 4 below (Refer to ASX release dated 31 January 2017).

2. Review of Operations (continued)

The compilation of trenching assay results with detailed mapping and existing datasets has defined three new prospects for potential drilling at the Xenopsaris target area.

- Fozzie Prospect:** High grade rock chips up to **33.68g/t Au** received within a zone of continuous mineralisation of 3m @ 1.02g/t Au in trench XETR002.
- Beaker Prospect:** High grade rock chips to **162.23g/t Au** within a continuous zone of mineralisation returning 22m @ 2.02g/t Au within a broader zone returning 37m @ 1.45g/t Au in the 140m long trench returned in 1m interval sampling in trench XETR007. Also, Trench XETR005 defines further mineralisation proximal to XETR007 returning 17m @ 0.69 from 90m in the 127m long trench from 1m interval sampling.
- Gonzo Prospect:** High grade rock chips to **5.44g/t Au** within a zone representative channel sampling returning 6m @ 8.33g/t Au from 48m sample distance and 3m @ 2.04g/t Au from 30m sample distance in the 207m long XETR010 trench.

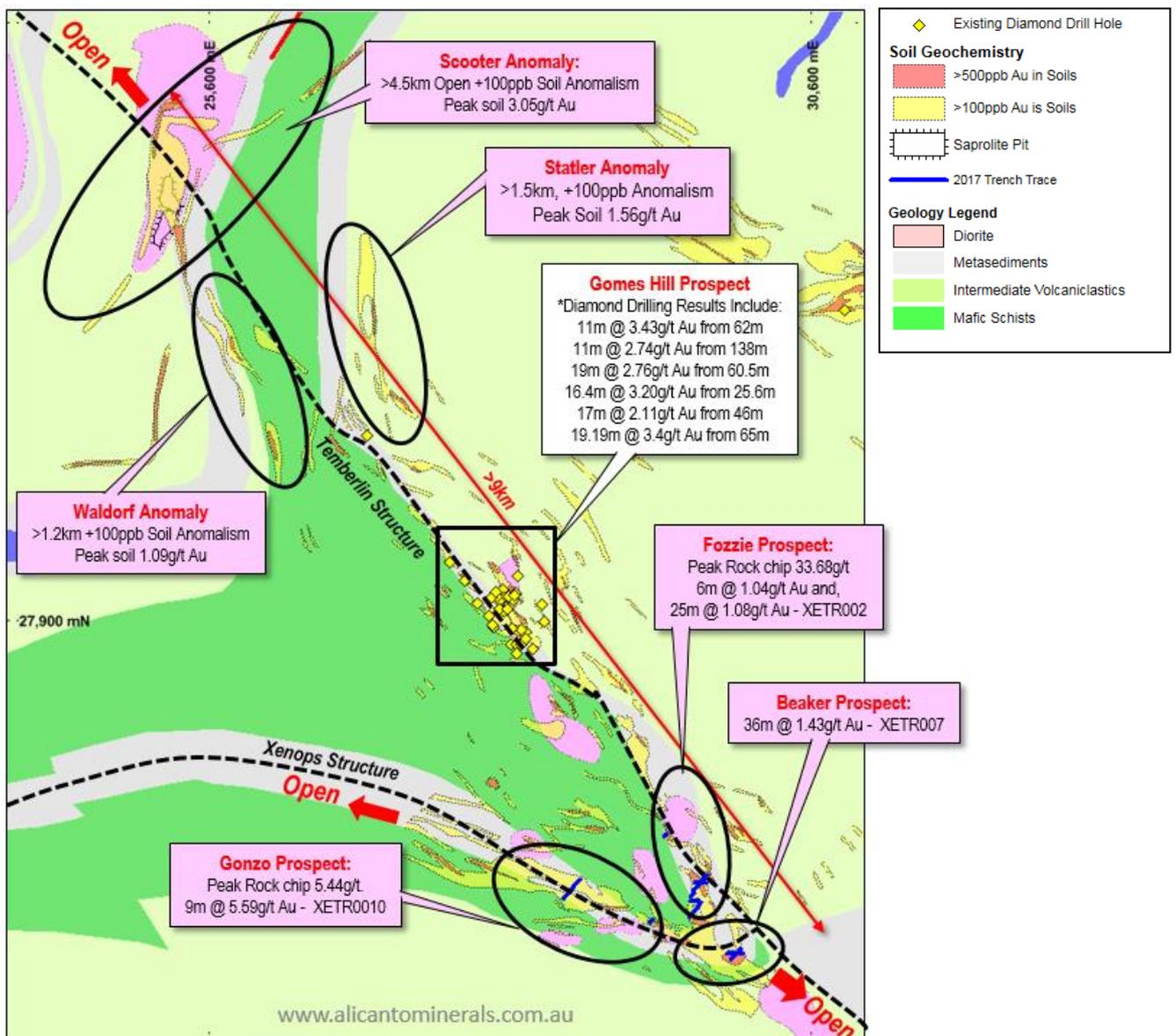


Figure 4 | Locations of newly defined Prospects from trenching and gold anomalies highlighted for further exploration activity within the >15km of +100ppb Au anomalism from soils in the Xenopsaris Trend on Alicanto regional geology mapping.

2. Review of Operations (continued)

The lithologic and structural complexity of the Xenopsaris target is associated with the interpreted Temberlin Shear Zone, with anomalism continuing along the projection of the Temberlin Shear to the extent of current sampling to the southeast (refer to Figure 2). Anomalism is open along strike to the southeast, but also continues to the northwest, wrapping around an interpreted fold closure following the Eveready carbonaceous shale unit located at the contact between the Mafic Volcanics of the Eyelash Formation and the overlying volcanoclastic and greywacke lithology's of the Tenapu Formation.

The Xenopsaris target is also host to multiple diorite intrusions which are associated with gold at several prospects through the district. Trenching work confirmed the presence and contact location of interpreted diorites in the Target Area, and identified a new diorite intrusion also associated with mineralisation. This favourable geological setting is complemented by the extensive surface gold anomalism and is culminating into a highly prospective area for potential resource drilling requiring additional exploration.

Soil Geochemistry – Xenopsaris Extension (Scooter, Waldorf and Statler anomalies)

Exploration results reported in the December quarter included soil sampling which extend gold-in-soil anomalism along the Gomes/Ianna Structural Corridor for an additional 5km at the Xenopsaris target area. These exploration results also identified a new NE trending mineralised structure at the northern extent of the Xenopsaris extension, which is sub-parallel to the Arakaka trend hosted within the Hummingbird pit at the newly identified Scooter Anomaly (refer to figure 4).

Initial soil results return >1.6km of +100ppb Au in soil anomalism to a maximum of 3.05g/t Au on this new structure. The anomalism remains open in all directions, with extensional soil and auger sampling already underway at the Scooter Prospect.

The artisanal pit, located within the Scooter Anomaly, approximately 5km strike distance from the Gomes Prospect along Xenopsaris Trend hosted in the Gomes-Ianna Structural Corridor (refer to figures 2 & 4), where a large diorite body has been mapped in numerous small saprolite workings. Identified gold anomalism and artisanal workings are focused on the favourable rheological contrast between the identified Diorite body and the surrounding metasediments. In addition, the diorite body is cross cut by the mapped Temberlin shear zone located within the Gomes Ianna structural Corridor, acting as a favourable structural control cross cutting a stratigraphical horizon that provides a favourable chemical host for gold mineralisation.

Continued mapping and compilation of recent soil sampling in the northeast of the Xenopsaris trend has highlighted two further >100ppb Au in soil, with the new Statler gold anomaly extending >1.5km in length with a maximum soil sample result of 1.56g/t Au within the Xenops Corridor. Adjacent to the Statler anomaly, in mirrored stratigraphy, the Waldorf gold anomaly tracks the western side of a north-northwest trending ridgeline that is well suited for future trenching activities.

Overview of the Ianna Gold Project

The Project is located in the northwest of Guyana, less than 20km southeast from existing exploration operations at the Arakaka Gold Project. The acquisition area is host to existing drilling associated with extensive surface geochemical survey work completed historically. Over 12,400m of Reverse Circulation and 926m of Diamond drilling has historically been undertaken, covering limited strike extent drilling to shallow depth, with ~95% of drilling testing less than 50m below surface (refer to announcement dated 26 July for comprehensive summary of results and related JORC Table 1). Better Intercepts include:

- **50m @ 2.47g/t gold** from 10m to end of hole;
- **48m @ 1.19g/t gold** from surface;
- **14m @ 4.27g/t gold** from 24m;
- **12m @ 3.84g/t gold** from 20m;
- **12m @ 3.99g/t gold** from surface.

2. Review of Operations (continued)

Two corridors of mineralisation on the Ianna trend and the King's Ransom trend (see Figure 5) have been identified within the Project acquisition area from review of historical datasets and prioritised based on structural and lithological setting criteria, considered ideal to host large scale gold deposits by Alicanto geologists for proposed follow-up exploration activity. The broad zones of mineralisation identified, provide considerable support to aggressively expand exploration activities into other prospects within the Project area (which currently includes 25 tenements, with the potential to add further tenements within the Project perimeter to the option and acquisition arrangement under the Option and Acquisition Agreement).

The 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.

Company geologists have assembled a comprehensive database compiling a number of historical and recent datasets. Field programs to infill gaps in information required to prioritise drill targets have been prepared and are scheduled to commence in the June quarter.

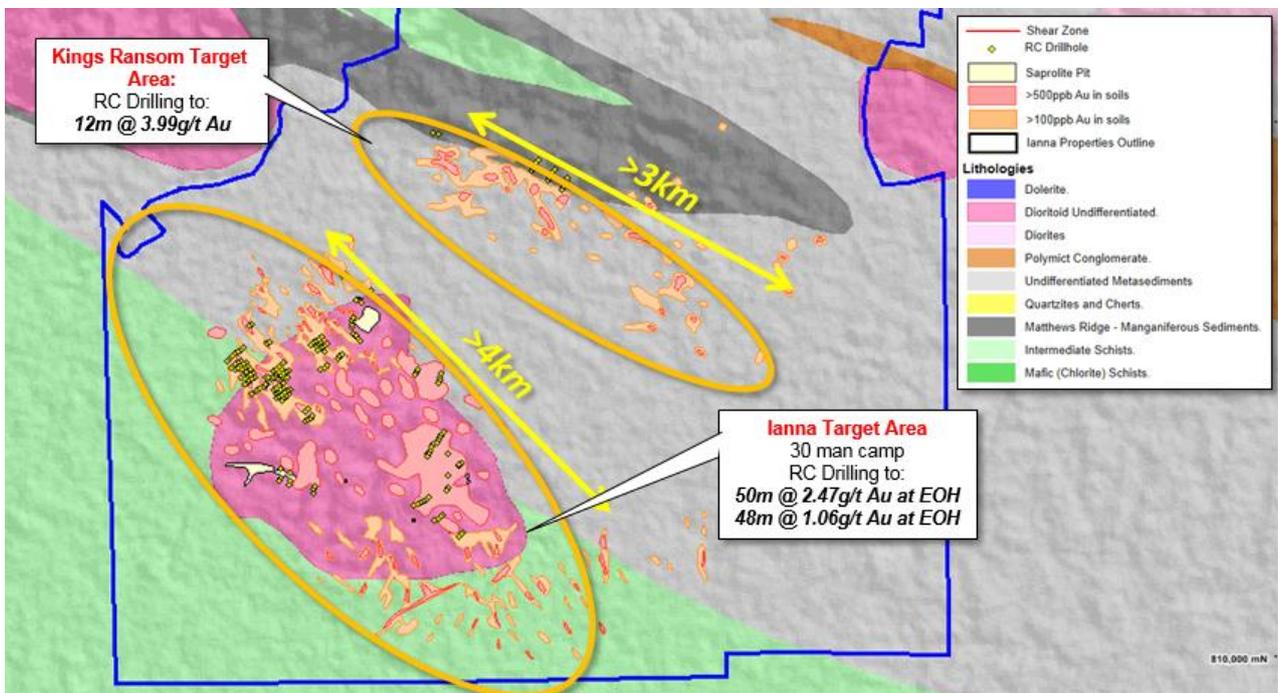


Figure 5 | Overview of Ianna project geology over simplified regional geology as mapped by AQL geologists

About Guyana

Guyana is located in 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.

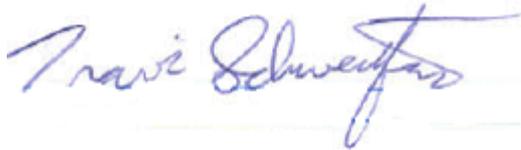
Project Generation

The acquisition of the Arakaka Gold Project in 2013, and Ianna Gold Project in 2016 have delivered core strategic assets 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 elsewhere, in gold, copper and other commodities to grow shareholder value.

3. Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

This report is made in accordance with a resolution of directors made pursuant to section 306(3) of the Corporation Act 2001.



Travis Schwerfeger
Managing Director

Perth, Western Australia, 14 March 2017

Competent Persons Statement

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

14 March 2017

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 review of the financial statements of Alicanto Minerals Limited for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



Samir Tirodkar
Director

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Alicanto Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This interim financial report covers the consolidated entity consisting of Alicanto Minerals Limited and its subsidiaries. The financial report is presented in the Australian currency.

Alicanto Minerals Limited 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 group's operations is included in the directors' report on pages 3 - 8, which is not part of this financial report.

The interim financial report was authorised for issue by the directors on 14 March 2017. The company has the power to amend and reissue the financial report.

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income



For the Half-Year Ended 31 December 2016

	Notes	Consolidated	
		31 December 2016	31 December 2015
		\$	\$
Revenue			
Revenue from continuing operations	4(a)	83,861	2,681
Other income	4(b)	79,464	-
Expenditure			
Administration costs		(71,048)	(17,933)
Consultancy expenses		(59,934)	(65,879)
Employee benefits expense		(154,695)	(60,982)
Share based payment expenses		(296,354)	(18,525)
Occupancy expense		(9,861)	(8,575)
Compliance and regulatory expenses		(40,189)	(25,528)
Insurance expenses		(29,912)	(10,335)
Depreciation		(10,499)	(7,475)
Exploration written off		(174,079)	(571,711)
Finance costs		(2,478)	(1,254)
(Loss) before income tax		(685,724)	(785,516)
Income tax expense		-	-
(Loss) for the half-year attributable to owners		(685,724)	(785,516)
Other comprehensive income			
Items that will not be reclassified to Profit or Loss		-	-
Items that may be reclassified subsequently to Profit or Loss			
Exchange differences arising on translation of foreign operations		33,056	32,002
Total comprehensive (loss) for the half-year attributable to owners		(652,668)	(753,514)
Basic loss per share (cents per share)		(0.8)	(1.4)
Diluted loss per share (cents per share)		N/A	N/A

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

As at 31 December 2016

	Notes	Consolidated	
		31 December 2016	30 June 2016
		\$	\$
Current Assets			
Cash and cash equivalents	5	2,337,342	1,216,247
Trade and other receivables		70,205	46,034
Total Current Assets		2,407,547	1,262,281
Non-Current Assets			
Trade and other receivables		20,000	-
Property, plant and equipment		180,714	151,480
Exploration and evaluation expenditure	6	611,288	611,288
Total Non-Current Assets		812,002	762,768
Total Assets		3,219,549	2,025,049
Current Liabilities			
Trade and other payables	7	600,062	495,793
Provisions		42,799	33,104
Total Current Liabilities		642,861	528,897
Total Liabilities		642,861	528,897
Net Assets		2,576,688	1,496,152
Equity			
Issued capital	8	8,993,522	7,577,323
Reserves		1,877,969	1,527,908
Accumulated losses		(8,294,803)	(7,609,079)
Total Equity		2,576,688	1,496,152

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

Consolidated Statement of Changes in Equity



For the Half-Year Ended 31 December 2016

Consolidated	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2015	6,537,079	(6,129,337)	19,175	1,091,777	1,518,694
(Loss) for the half-year	-	(785,516)	-	-	(785,516)
Foreign exchange differences	-	-	32,002	-	32,002
Total comprehensive (loss) for the half-year	-	(785,516)	32,002	-	(753,514)
Transactions with owners in their capacity as owners:					
Contributions of equity (net of transaction costs)	-	-	-	-	-
Share based payment transactions	-	-	-	18,525	18,525
	-	-	-	18,525	18,525
Balance at 31 December 2015	6,537,079	(6,914,853)	51,177	1,110,302	783,705
Balance at 1 July 2016	7,577,323	(7,609,079)	45,435	1,482,473	1,496,152
(Loss) for the half-year	-	(685,724)	-	-	(685,724)
Foreign exchange differences	-	-	33,056	-	33,056
Total comprehensive (loss) for the half-year	-	(685,724)	33,056	-	(652,668)
Transactions with owners in their capacity as owners:					
Contributions of equity (net of transaction costs)	1,340,920	-	-	-	1,340,920
Equity settled share based payment transactions	-	-	-	334,784	334,784
Exercise of options	75,279	-	-	(17,779)	57,500
	1,416,199	-	-	317,005	1,733,204
Balance at 31 December 2016	8,993,522	(8,294,803)	78,491	1,799,478	2,576,688

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

For the Half-Year Ended 31 December 2016

	Notes	Consolidated	
		31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		-	-
Payments to suppliers and employees		(359,349)	(180,663)
Interest received		8,017	2,681
Payments for exploration and evaluation		(1,630,928)	(533,039)
Contributions received from farm-in partners		1,788,459	239,792
Net cash (used in) operating activities		(193,801)	(471,229)
Cash flows from investing activities			
Purchase of property, plant and equipment		(101,954)	-
Security deposits paid		(20,000)	-
Net cash (used in) investing activities		(121,954)	-
Cash flows from financing activities			
Proceeds from issue of shares		1,565,500	-
Payments for costs of issue of shares		(128,650)	-
Net cash provided by financing activities		1,436,850	-
Net (decrease)/increase in cash and cash equivalents		1,121,095	(471,229)
Cash and cash equivalents at the beginning of the period		1,216,247	810,126
Cash and cash equivalents at the end of the period	5	2,337,342	338,897

Amounts shown above relating to payments to suppliers and employees include goods and services tax. The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Basis of preparation of half-year report

This general purpose interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Alicanto Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

The following standards became effective for annual reporting periods beginning on or after 1 January 2016 and therefore effective for the current interim period.

AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation; and

AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.

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. In arriving at this position, the Directors recognise the Group is dependent on various funding alternatives to meet these commitments which may include share placements and divestment of projects.

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.

2. Segment information

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 three operating segments, being exploration for mineral reserves within Guyana, Australia and the corporate/head office function.

The segment information provided to the board of directors for the reportable segments for the half-year ended 31 December 2016 is as follows:

	Guyana \$	Exploration Australia	Corporate \$	Total \$
Half-year ended 2016				
Total segment revenue	73,584	-	10,277	83,861
Equipment rental	73,584	-	-	73,584
Interest revenue	-	-	10,277	10,277
Total segment profit/(loss) before income tax	(108,729)	-	(576,995)	(685,724)
Half-year ended 2015				
Total segment revenue	-	-	2,681	2,681
Interest revenue	-	-	2,681	2,681
Total segment profit/(loss) before income tax	(506,437)	-	(279,079)	(785,516)
Total segment assets				
31 December 2016	866,283	-	2,353,266	3,219,549
30 June 2016	884,583	-	1,140,466	2,025,049
Total segment liabilities				
31 December 2016	444,382	-	198,479	642,861
30 June 2016	434,138	-	94,759	528,897

3. Dividends

No dividends have been paid or recommended during the current or prior interim reporting period or subsequent to reporting date.

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
4. Revenue		
(a) Revenue from continuing operations		
Equipment rental	73,584	-
Interest received	10,277	2,681
Total revenue from continuing operations	83,861	2,681
(b) Other income		
Management fee from farm-in partners	78,632	-
Foreign exchange gain	832	-
Total other income	79,464	-

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
5. Cash & Cash Equivalents		
(a) Cash & cash equivalents		
Cash at bank and in hand	1,337,342	1,216,247
Deposits at call	1,000,000	-
Total cash and cash equivalents	<u>2,337,342</u>	<u>1,216,247</u>
<p>Note that cash includes \$420,938 in funds received from farm-in partners and held on trust for current and future exploration programs.</p>		
(b) Cash at bank and on hand		
<p>Cash on hand is non-interest bearing. Cash at bank bears interest rates of between 0.00% and 1.50% (30 June 2016: 0.00% and 1.50%).</p>		
(c) Deposits at call		
<p>Deposits at calls as at 31 December 2016 were bearing interest rates at 2.33% to 2.72%. There were no deposits at call as at 30 June 2016.</p>		

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
6. Exploration & Evaluation Expenditure		
Half-year ended		
Opening balance at 1 July	611,288	611,288
Exploration expenditure at cost	1,437,987	571,711
Contributions received from farm-in partners	(1,263,908)	-
Exploration written off	(174,079)	(571,711)
Closing balance at 31 December	<u>611,288</u>	<u>611,288</u>

	Consolidated	
	31 December 2016 \$	30 June 2016 \$
7. Trade & Other Payables		
Current		
Trade payables	179,040	349,858
Contributions received from farm-in partners held on trust	421,022	145,935
Total current trade & other payables	<u>600,062</u>	<u>495,793</u>

	Consolidated		Consolidated	
	31 December 2016 Shares	30 June 2016 Shares	31 December 2016 \$	30 June 2016 \$
8. Contributed Equity				
(a) Issued capital				
Ordinary shares – fully paid	83,886,251	72,036,251	8,993,522	7,577,323

	Date	Shares	Issue Price	Total \$
8. Contributed Equity				
(b) Movements in issued capital				
Opening Balance 1 July 2016		72,036,251		7,577,323
Share issue	28 Jul 16	11,600,000	\$0.130	1,508,000
Exercise of options	06 Oct 16	250,000	\$0.301	75,279
Less: Transaction costs				(167,080)
Closing Balance at 31 Dec 2016		83,886,251		8,993,522
There were no shares issued during the half year ending 31 December 2015.				

9. Contingencies and commitments

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 changes to any commitments or contingencies since the last annual reporting date.

10. Events Occurring Subsequent to Reporting Date

Subsequent to year end, the Company has announced the following issue of shares on the exercise of options;

- i) the issue of 400,000 shares on the exercise of options on 8 February 2017;
- ii) the issue of 375,000 shares on the exercise of options on 15 February 2017; and
- iii) the issue of 525,000 shares on the exercise of options on 10 March 2017.

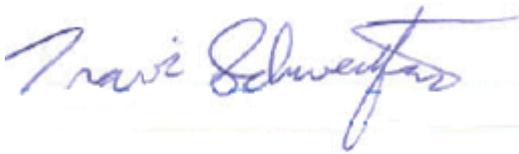
There are no further material events subsequent to reporting date.

**Director's Declaration
For the half-year ended 31 December 2016**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Alicanto Minerals Limited will be able to pay its debts as and when they become due and payable.

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



Travis Schwerfeger
Managing Director

Perth, Western Australia, 14 March 2017

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alicanto Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Alicanto Minerals Limited (the Group). The Group comprises both Alicanto Minerals Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Alicanto Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Alicanto Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Alicanto Minerals Limited on 14 March 2017.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Alicanto Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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

Stantons International



Samir Tirodkar
Director

West Perth, Western Australia
14 March 2017