

QUARTERLY REPORT

FOR THE PERIOD ENDING 30 SEPTEMBER 2016

Highlights

September Quarter

- ♦ Alicanto enters into binding agreement to acquire the **Ianna Gold Project**, located 25km southeast of the Arakaka Gold Project.
- ♦ Diamond core contained **multiple occurrences of free gold** in four drill holes targeting two of the major structures.
- ♦ Diamond **drilling identifies three large parallel mineralized structures** extending over a potential combined strike extent of >30km within the Arakaka Main trend mineralised corridor.
- ♦ Shareholder approval received for a placement to raise gross proceeds of \$1.5 million with clients and affiliates of the Sprott Group of companies.

Subsequent Events

- ♦ Commencement of 3,000m RC drilling program.
- ♦ Results from initial reconnaissance diamond drilling received, better intercepts include:
 - **5.1m @ 3.97g/t Au** - ARDD-015;
 - **2.0m @ 1.46g/t Au** – ARDD-007;
 - **9.7m @ 1.44g/t** including **2.0m @ 5.23g/t Au** – ARDD-003.
- ♦ Geochemical sampling has delivered a large, open-ended anomaly, at the **Hummingbird Prospect extending over >1.6km of strike and peaking at 3.05g/t gold in soils.**
- ♦ Xenopsaris area now hosts over 15km of priority targets following the new surface anomaly discovery at the Hummingbird Prospect.

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.

CAPITAL STRUCTURE

Shares on Issue	83.9m
Share Price	28 cents
Market Cap	\$23m
ASX Code	AQI

BOARD & MANAGEMENT

Didier Murcia
Non-Exec Chairman

Travis Schwertfeger
Managing Director

Hamish Halliday
Non-Exec Director

Marcus Harden
Chief Geologist

Brett Dunnachie
CFO & Co. Secretary

ARAKAKA GOLD PROJECT, GUYANA

- ♦ Regional scale project
- ♦ Highly prospective Northwest Guiana Shield Greenstone Belt
- ♦ +1 million ounce Au historical production in near surface
- ♦ Footprint of artisanal workings pre-production is analogous to Las Cristinas / Las Brisas and Gros Rosebel Mines
- ♦ +12km mineralised corridor of Arakaka Main Trend less than 5% drill tested
- ♦ Arakaka Trend one of the oldest and most prolific gold districts in Guiana Shield
- ♦ Mining friendly jurisdiction

REGISTERED OFFICE

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The project covers volcano-sedimentary Paleoproterozoic greenstone rocks which are highly prospective for high tonnage, orogenic style gold deposits. The permits are 100% held either directly by Alicanto's wholly owned Guyanese subsidiary, or subject to various underlying option agreements. Barrick Gold Corporation (Barrick) has the option to earn a 65 percent interest in the project after meeting US\$10,000,000 in funding requirements pursuant to an Earn-in Agreement (for additional information, see "Arakaka Gold Project Earn-in Agreement" below).

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

As previously announced on 26 July 2016, the completion of the binding agreement remained subject to a 45 day due diligence period. 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 (also refer to ASX release dated 8 September 2016).

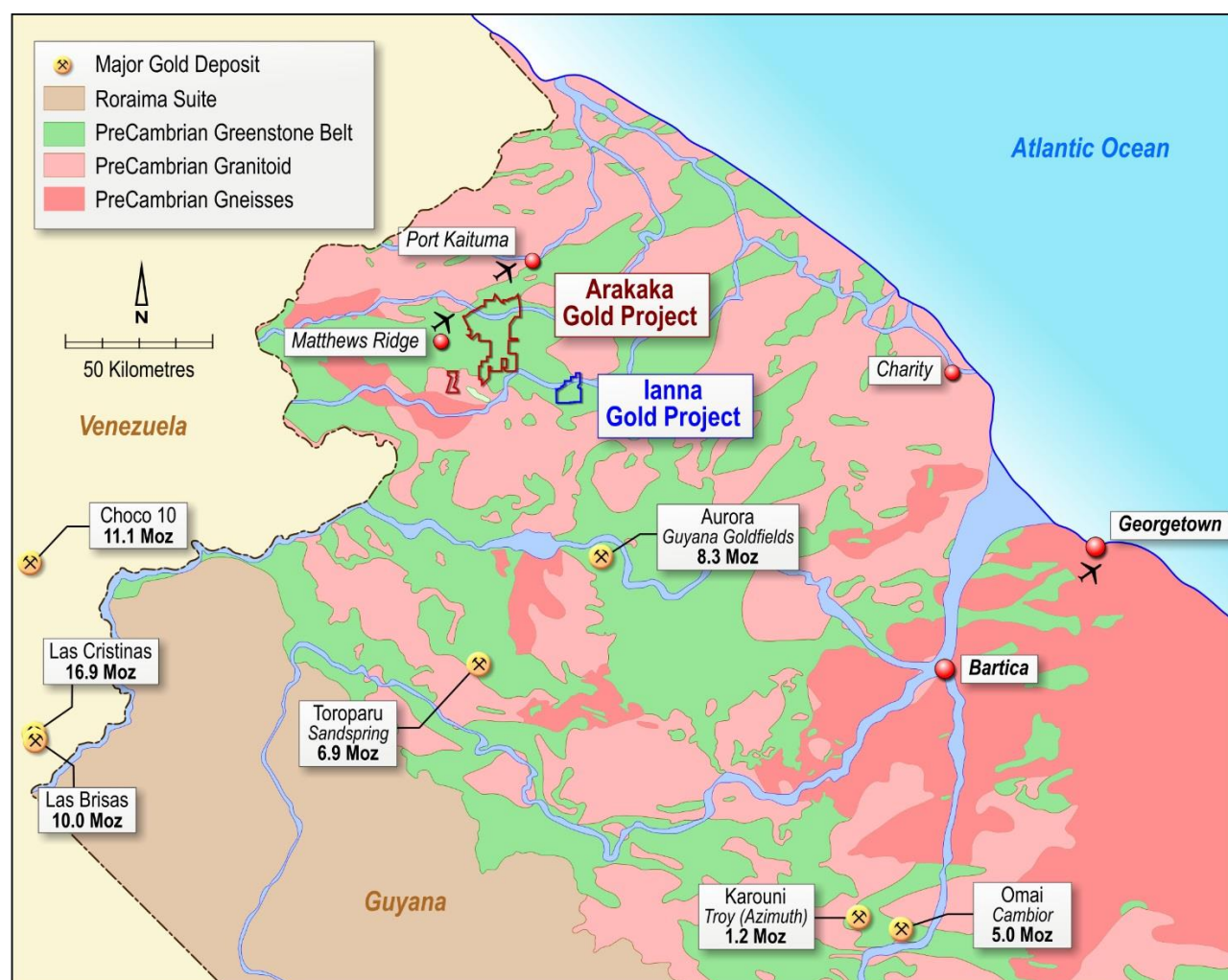


Figure 1 | Summary and location of the Arakaka Gold Project subject to Earn-in by Barrick Gold Corp (announced 1 March 2016) and location of the Ianna Gold Project pending completion of agreement to acquire 100% interest (refer to ASX releases dated 4 June 2016 and 8 September 2016).

Overview of the Arakaka Gold Project

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\$20,000,000 in exploration investment prior to Alicanto's investment has been made into the Arakaka Gold Project, providing Alicanto with a high quality regional scale geophysical and surface geochemical datasets, identifying extensive gold anomalism which defines multiple top tier drill targets, but with sparse drilling completed previously to assess resource potential.

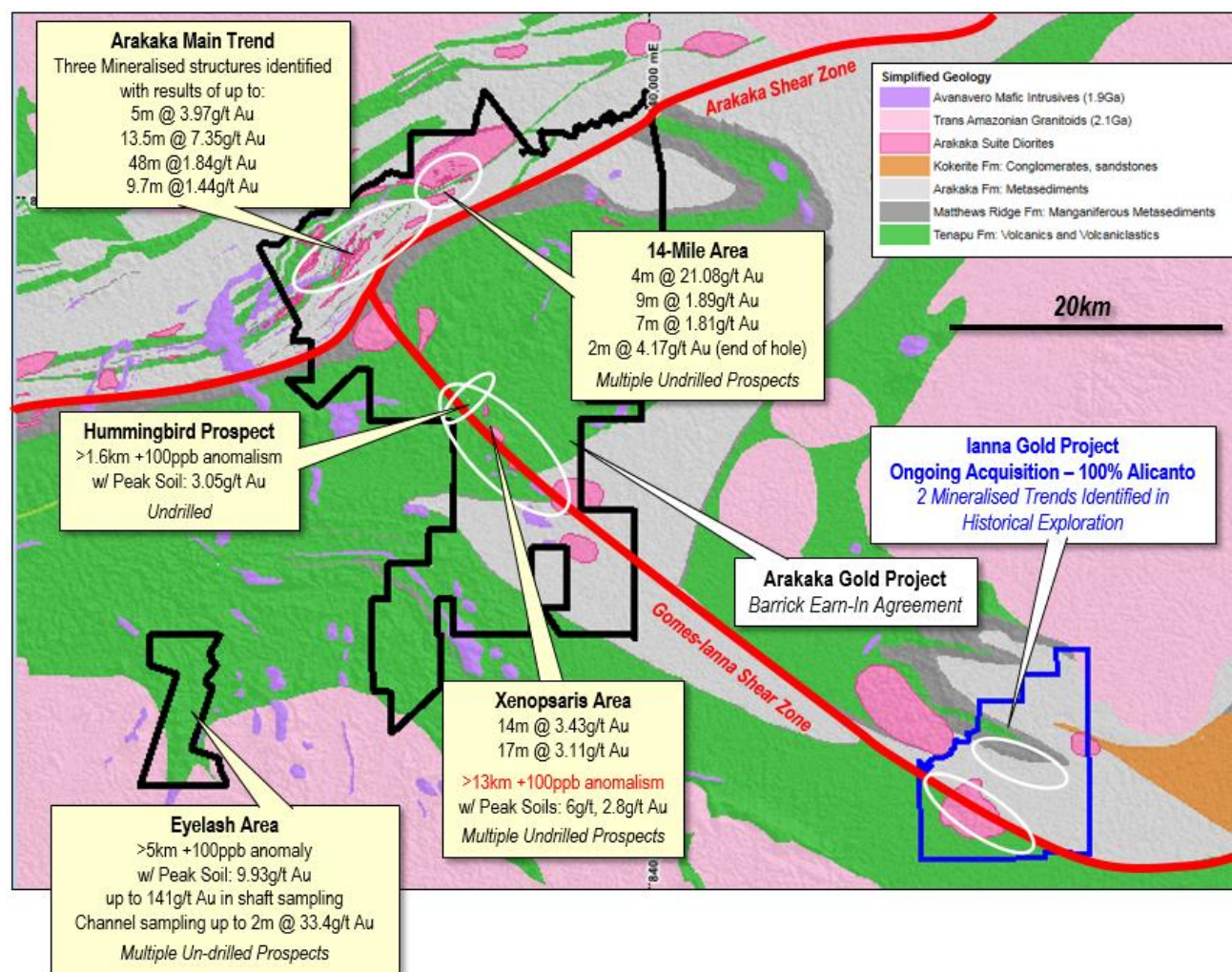


Figure 2 | Regional Geology of the Barama-Mazaruni greenstone belt hosting the Arakaka Gold Project and the Ianna Gold Project areas, with major structural corridors and locations of key target areas within each Project.

Operation Report | Arakaka Gold Project

Diamond Drilling

The first campaign of reconnaissance drilling for 2016 encountered quartz-sulphide-gold veining within zones of broad disseminated sulphide mineralisation on each of three mineralised structures identified. The diamond drilling completed totals 2,597m in 17 diamond holes on 1km to 1.7km wide-spaced fences of drilling as an initial drill test of a 5km segment within the 12km long Arakaka Main Trend.

The Reconnaissance drilling program is 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. Recent drilling includes 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 26 August 2016) and the 14-Mile area (drilling up to 4m @ 21.1g/t Au - refer to ASX release dated 17 September 2014) and include an initial drill hole in the largest artisanal pit in the Arakaka area to located approximately 6km to the northeast.

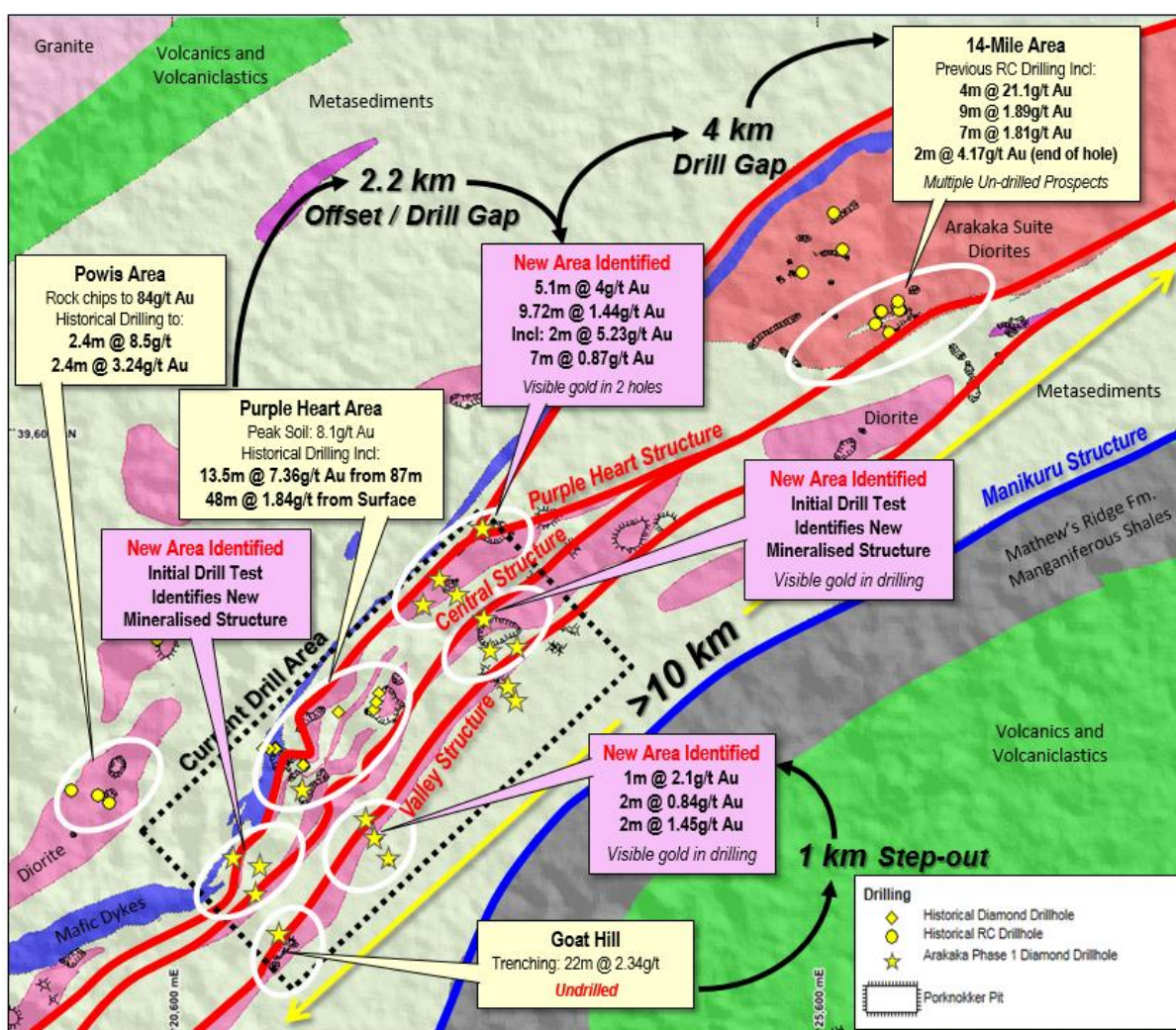


Figure 3 | Overview of Arakaka Trend Geology and Drilling with recent highlights (highlighted in pink background) and geology as mapped by Alicanto geologists

The diamond program has successfully achieved objectives identifying and constraining three mineralised structures on the Arakaka Main Trend with over 5km in extent and 1.5km in width. Drilling has also delivered a number of favourable

structural contacts between diorites and metasediments on each of the three mineralised structures with a number of occurrence of visible gold and encouraging first pass results received in the reconnaissance drilling. Widespread carbonate, biotite and sericite alteration also identified in diamond drilling indicates an extensive gold bearing hydrothermal system with the potential to host a large, bulk-tonnage gold deposit.

The reconnaissance program has increased the mapped extent of favourable diorite lithology within the Pepperpot Target area, substantially increasing volume potential for mineralisation on the Arakaka Main Trend and has identified three separate mineralised trends termed:

- Purple Heart Structure
- Central Structure
- Valley Structure

The current drill area confirms mineralisation for >5km strike length, across up to 1.5km width within the 12km long Arakaka Main trend, with ongoing reconnaissance drilling along strike extent assessing further un-drilled geochemical and geophysical anomalism for target definition. Mineralised trends identified in the reconnaissance drilling remain open in all directions.

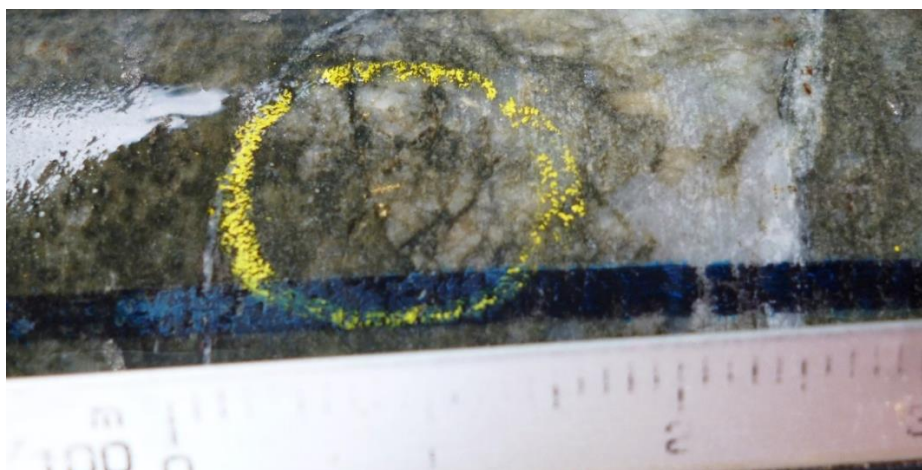
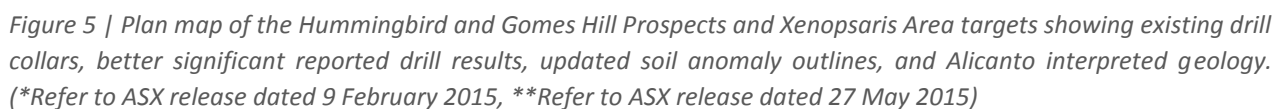


Figure 4 | Example of visible gold in diamond drill hole ARDD-015 (located within 1.2m @ 1.15g/t Au assay interval from 73m drill depth – adjacent to 1m @ 6.74g/t Au assay interval with no free gold observed sampled from 72m drill depth).

Soil Geochemistry

Exploration results reported subsequent to the reporting period includes soil sampling which extend gold-in-soil anomalism along the Gomes/Ianna Structural Corridor for an additional 5km at the Xenopsaris target area. The latest exploration results have 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 newly identified Hummingbird Prospect (refer to Figure 5).

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 Hummingbird Prospect.



The lithologic and structural complexity of the Xenopsaris target is also host to multiple diorite intrusions which are associated with gold at several prospects through the district. This favourable geological setting is complemented by the

extensive surface anomalism and is culminating into a highly prospective area for drilling targeting requiring additional exploration.

Hummingbird Prospect

Hummingbird is located approximately 5km strike distance along the Gomes-Ianna Structural Corridor from the Gomes Hill Prospect of the Xenopsaris Target Area (refer to Figure 1 & 2). At Hummingbird 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, and acts as a favourable structural control cross cutting a stratigraphical horizon that provides a favourable chemical host for gold mineralisation.

Alicanto plans to compile results from lithologic logging of weathered material in auger holes to update regolith and geology interpretive maps, and integrate geology and geochemical data with ground magnetic products currently being developed from an orientation survey of the Gomes Hill and Xenopsaris areas.

Proposed Work - December Quarter Exploration

The Company continues to progress the work program being funded by Barrick pursuant to the Earn-in Agreement for the Arakaka Gold Project.

Following success in diamond drilling supporting targeting concepts, continued reconnaissance drilling by RC method has commenced and will progress in conjunction with ongoing mapping and geochemical sampling of the Purple Heart, and Pepperpot target areas into the December Quarter. Continued drilling will be focused on closing drill spacing on the identified structures (refer to ASX release dated 4 October) as well as extending along strike. This work will progress assessing further un-drilled geochemical and geophysical anomalism for target identification, and will further advance target definition in the Purple Heart and Pepperpot areas, including conceptual structural tests to improve understanding of shoot controls with the objective of prioritising targets for proposed follow-up drilling in 2017.

Additional exploration activity, in addition to the on-going geochemical sampling at the Perseverance Prospect, includes trenching, geological mapping and auger sampling to be initiated on the Xenopsaris, Eyelash and 14-Mile Target areas. The Company will shortly commence a 1500m trenching program targeting the major mineralized structure within Xenopsaris area (refer to Figure 6). This work is designed to finalize targets for an RC drill program planned for early 2017, but remains subject to completion of an ongoing budgeting process and confirmation of the 2nd contract year expenditure by Barrick in accordance with the Earn-in Agreement announced to the ASX on 1 March 2016.

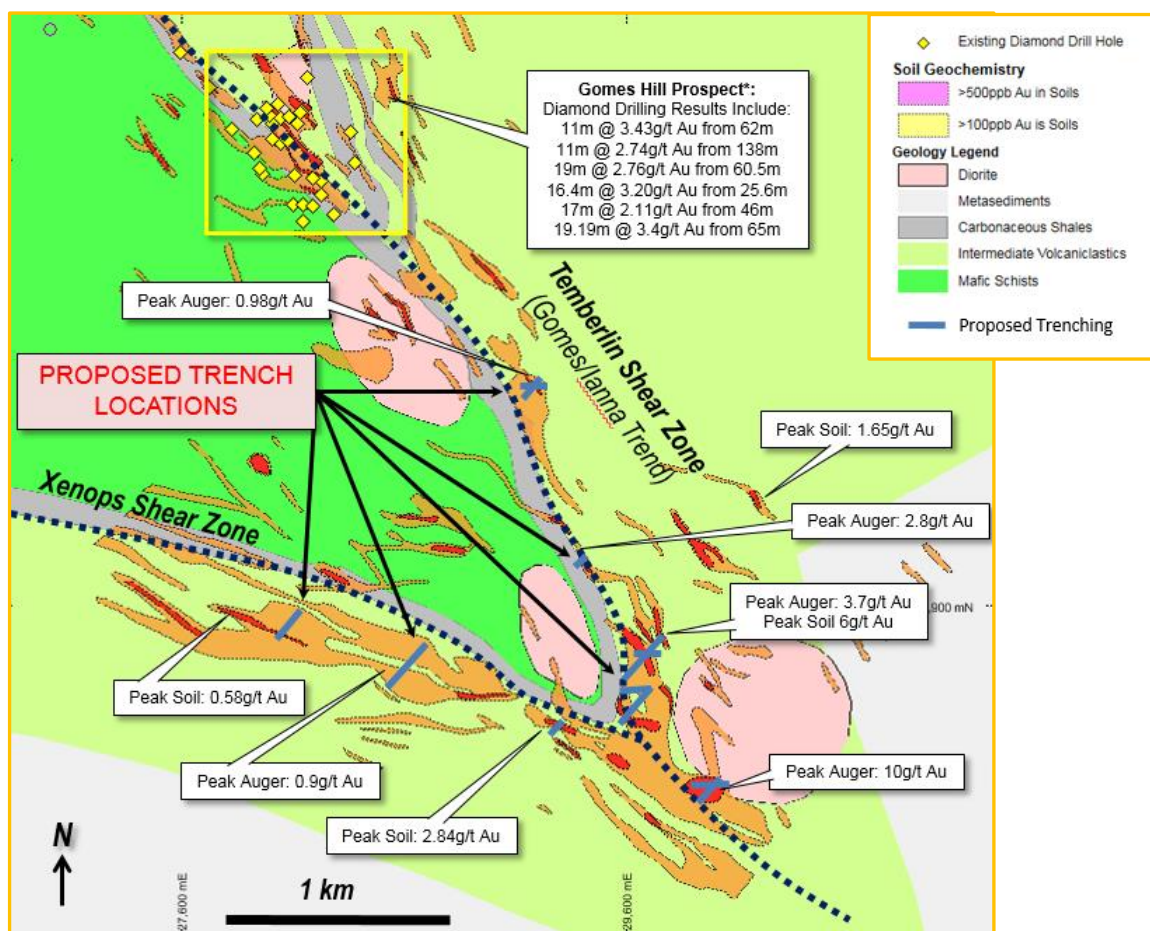


Figure 6 | Gomes Hill Prospect and Xenopsaris Area targets showing existing drill collars, significant reported drill results, updated soil anomaly outlines, interpreted geology and planned trenching. (*Refer to ASX release dated 11 March 2015, **Refer to ASX release dated 9 February 2015)

Corporate

Cash and working capital

As at 30 September 2016 the Company had cash of approximately \$2,025,000.

Ianna Project Acquisition

Alicanto has entered into the Ianna Project Option Deed and retains exclusivity for a wholly owned Guyanese subsidiary to acquire any and all rights or beneficial interest held by a privately owned Guyanese entity over the Ianna Project area for the duration of a due diligence period ending 8 November 2016 (Refer to ASX releases dated 26 July and 8 September 2016).

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

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

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

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

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



Figure 7 | Aerial Overview of the >4km of Ianna project artisanal workings. Looking south west.

Corporate (continued)

Arakaka Gold Project Earn-in Agreement

Alicanto and Barrick have entered into an Earn-in Agreement whereby the Company granted Barrick the exclusive right to acquire a 65% interest in the Arakaka Gold Project. Barrick may earn up to a 65% interest in the Arakaka Project by meeting US\$10,000,000 in funding requirements, including US\$8,000,000 in exploration expenditures over four years, and US\$2,000,000 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\$1.8,000,000 by the end of the first contract year, being 31 December 2016. Significant terms of the Earn-in Agreement are provided in the ASX announcement dated 1 March 2016.

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

Share Placement

On 28 July 2016, the company announced the completion of a share placement raising gross proceeds of \$1,500,000. 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.

About Guyana

The Co-operative Republic of Guyana is located on the northern coast of South America and is a member of the Caribbean Community (CariCom). The English speaking country has a long history of mining and gold production which has been open to foreign investment from only recent times following the enactment of the 2004 Land Tenure Act.

Guyana's history and social acceptance of mining make Guyana a favourable mining jurisdiction, with relatively low risk for environmental and community issues versus comparable jurisdictions and a modern mining law overseen by a dedicated geology and mines commission. The positive jurisdiction, combined with its highly prospective and under-explored mineral potential, makes it an excellent destination for exploration and mining, with three gold mines financed by foreign investment announcing commercial production in 2016, and a history of substantial gold, bauxite and diamond mining operations.

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 (Refer to Figure 8).

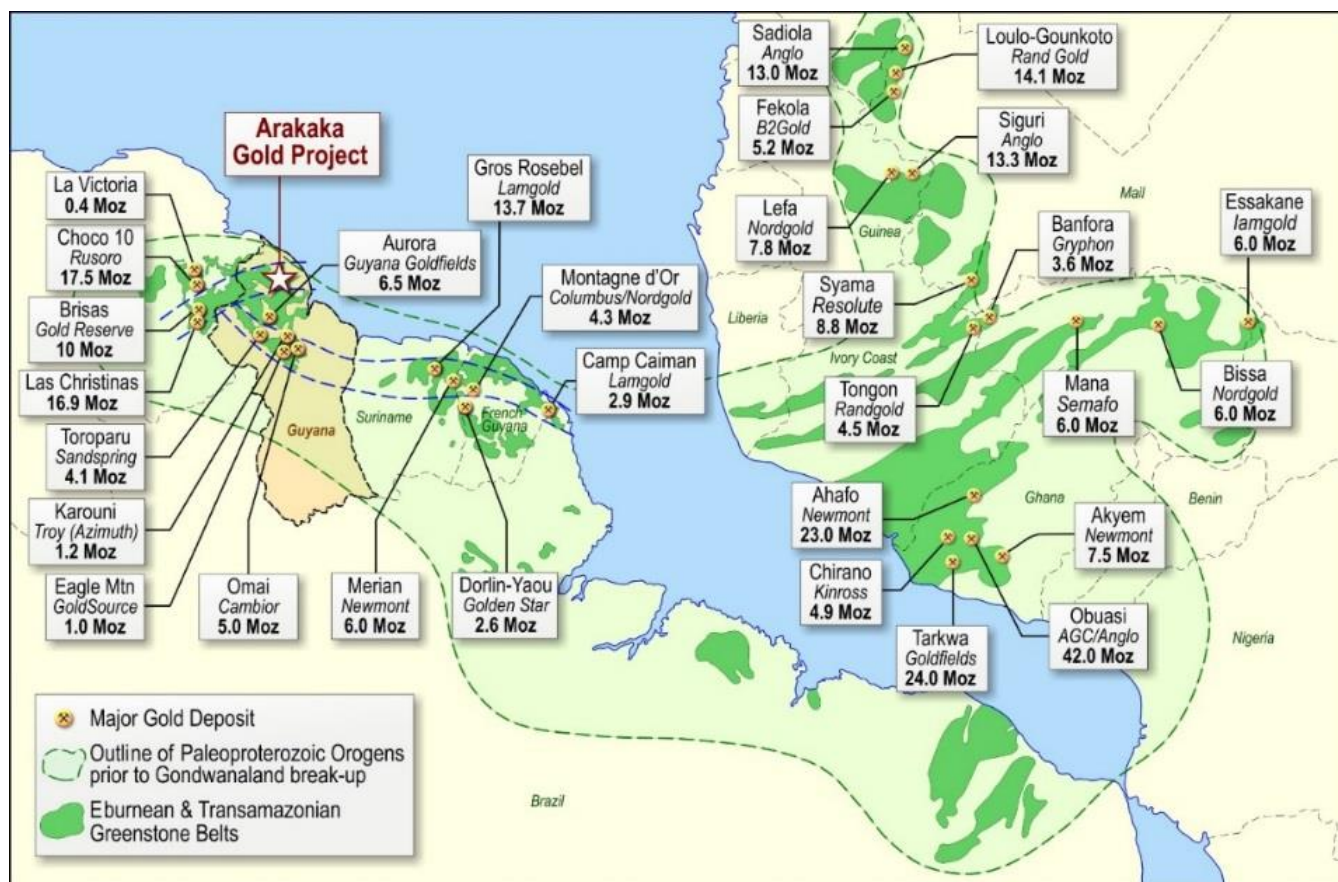


Figure 8 | Location Map - Arakaka Gold Project

Project Generation

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

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

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

www.alicantominerals.com.au or contact:

Travis Schwertfeger - Managing Director

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Competent Persons Statement

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

Appendix 1 – Tenements

Mining tenements held at the end of September 2016 quarter

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

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

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

Mining tenements acquired and disposed during the September 2016 quarter

Project	Location	Tenement	Interest acquired during Quarter
Mining tenements acquired			
Nil			
Mining tenements relinquished			
Nil			

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

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

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

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

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