

## Alicanto Minerals Ltd (AQI \$0.28) Speculative Buy

Analyst	Date	Price Target
Jon Bishop	04 <sup>th</sup> /10/16	\$0.36/sh

### 3 New Mineralised Structures at Arakaka

#### Key Points

AQI has announced initial results from the Stage 1 reconnaissance diamond drill program as part of the Barrick farm-in;

Approx. 2,600m of drilling for 17 holes concentrated on a 5km by 1.5km segment of the 12km long Arakaka Main Trend and identified three major mineralised structures: “Purple Heart”, “Valley” and “Central Structures”;

Five holes returned significant hits including:

- 5.1m @ 3.97g/t (from 71m)
- 2.0m @ 1.46g/t (from 58m)
- 9.7m @ 1.44g/t; inc. 2.0m @ 5.23g/t (from 159m)
- Encouragingly this reconnaissance program also identified structural contacts and associated alteration consistent with what is interpreted to be an extensive gold bearing hydrothermal system, with the capacity to host significant bulk scale gold deposit(s);
- The JV has commenced a 3000m follow-up RC drilling program comprising tight drill spacing to better define the three new mineralised structures.

#### Investment Case

In our view, today’s results – based on regional, first pass, wide spaced, reconnaissance drilling – are highly encouraging. Three new structures in a 5x1.5km area, with structures and alteration consistent with bulk tonnage style gold deposits is an outstanding outcome. The results are clearly encouraging for Barrick who have now follow-up with a 3000m in-fill RC program with a view to 2017 drill targets.

With a tight capital structure, excellent cost focus and technical acumen in frontend greenfield gold project prospect generation, we view that AQI is a relatively cheap and low risk gold exploration play that will any amount of drilling success, can reward investment with handsome returns. We set a \$0.36/sh price target, noting that with any further commercial success with or without drilling success and set against a favourable macro, AQI’s relatively low market capitalisation can see it outperform its peer group. Speculative Buy.

#### Alicanto Minerals Ltd (AQI)

Share Price	0.28	A\$/sh	Enterprise Value	20.0	A\$/m
Price Target	0.36	A\$/sh	Debt	nil	A\$/m
Valuation	0.36	A\$/sh	Cash	3	A\$/m
Shares on issue	83.6	m(dil)	Largest Shareholder	Board&Mgmt	23%
Market Capitalisation	23	A\$m			

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