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**Site Visit
Review**

31 October 2016

Analyst: Warwick Grigor

Alicanto Minerals Limited

Following Site Visit in September, 2016

Logistics

- Departed Sydney on Wednesday 7th September, to arrive in Georgetown, the capital of Guyana late evening on 8th September. No visa required for Australians. English speaking.
- Departed Georgetown 7.30am flying one hour to Matthew's Ridge mining town in the north of Guyana, close to Venezuelan border.
- One hour drive to Arakaka Project in 4WD over rough dirt roads.
- Presentation and briefing in office, then visit to Pepperpot and Goat Hill locations on Arakaka main trend.
- Overnight in Monosse Camp
- Inspection of Xenops and Gomes Hill prospects
- Overnight at Matthew's Ridge, then return flight to Georgetown.
- Accompanied by Robert Joseph (Bell Potter), Stephen Thomas (Katana Asset Management).
- Alicanto personnel included Hamish Halliday (NED) and Marcus Harden (Chief Geologist)

1.0 Guyana

1.1 Background and Social issues

- English speaking country
- English-style judiciary
- Main ethnic groups are descendents of Indians and Pakistanis from the sub-continent (55%), black Africans (35%) and indigenous peoples (10%). The Indians and Pakistanis arrived mostly as indentured labour while the blacks came as slaves. During the 1970s, when the country went through a socialist phase, most English descendent peoples were expelled from the country.
- Religions include Hindu, Muslim and Christian denominations
- Gold mining is one of the most important industries and many locals derive income from gold mining
- There is no evidence of NGOs or environmental groups operating in Guyana, to the detriment of mining
- Two mines were declared commercial in Guyana in 2016;
 - Aurora (Guyana Goldfields) with 2.8 Moz at 2.94 gpt, and
 - Karouni (Troy Resources) with 0.633 Moz at 4.13 gpt.

1.2 Land title issues

- Mining licences granted by Government
- Licences on Arakaka are owned by approximately 16 Guyanese parties who lease them to small operators. These work the near surface saprolite mineralization on scales of less than 1,000 tpd.
- AQI has spent approximately two years negotiating with the local owners for access and ultimate acquisition of the licences.
- Licences can be held in perpetuity
- Government takes an 8% royalty on gold production

1.3 Geology

- Continuous greenstone belt with a covering layer of sand and clay than can extend to depths of 20-40m in places, then fresh rock

- Tropical jungle covers most of the ground not previously cleared for mining activity
- The Guiana Shield extends through Guyana, Suriname and French Guiana. It is very underexplored compared to West Africa. The map below shows both the Guyanan Shield where it fits into West Africa, with major gold deposits highlighted.
- Arakaka trend comprises a sequence of lower basalts, intermediate volcanoclastics and volcanic sediments, with a late detrital basin where alluvial gold has concentrated.
- There have been three stages of gold introduction;
 - i. Manganese introduction as a distal VMS exhalative – low levels of gold introduced e.g. 20-50 ppb
 - ii. Dioritic intrusive stage introduced proximal gold and other metals including tungsten, molybdenum and bismuth
 - iii. Orogenic stage of movement and mixing, much like the West African environment. The dioritic intrusions hosted gold that rose up from below, depositing it in brittle blocks and pressure shadows.
- Paleo-proterozoic rocks, similar age to Birimian rocks in West Africa
- Compare the targets here with Troy, elsewhere in Guyana. Troy is looking for 250,000 oz size deposits in brittle vein intrusions, being late stage events. AQI is looking for longer lived events and earlier deposited gold orebodies.
- The corridors of interest can have diorite intrusions that crack open to allow deposition of disseminated mineralization. Pressure shadows at the ends of these can give you higher grade veins
- 15 km of continuous 100 ppb anomalism have been mapped and sampled
- A key finding from the due diligence prior to committing to the deal was observation of multiple targets and a better understanding of localised structures. Changes in intrusive chemistry were observed along the SW-NE trend.
- The scale is comparable to that of St Ives

Guiana Shield is VERY underexplored relative to West Africa

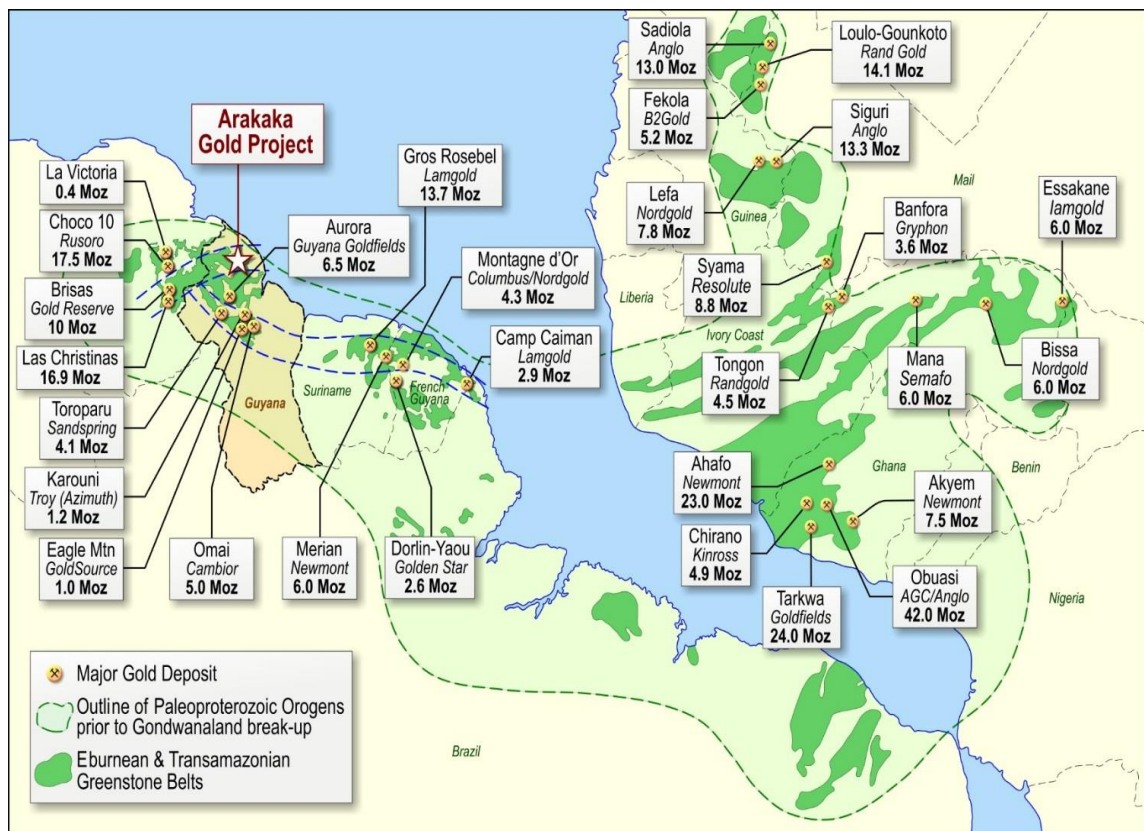


Diagram 1: Comparing Guyana's goldfields to West Africa's rich endowment, without the Atlantic in between.

2.0 Projects

2.1 Arakaka (100% owned, reducing to 35% via JV with Barrick)

- First acquired an option over ground in late 2012, from Strata Gold, a Canadian company. Strata conducted general prospecting and geophysics, but didn't do much drilling – about 3,000m? It never seemed to get on top of the land issues meaning it had trouble getting contiguous a ground holding. It made a decision to pull out in 2009/10.
- AQI has been working hard for four years building a “social licence”.

2.2 Barrick Gold JV (100% owned, reducing to 35% via JV with Barrick)

- Barrick Gold Corporation has the option to acquire a 65% stake by meeting funding requirements for US\$10m, comprising:
 - US\$1.8m minimum expenditure by 31/12/16 (\$1.3m spent so far)
 - US\$8m exploration expenditure over four years
 - US\$2m cash payment to AQI at completion of earn-in.
- Significantly, Barrick is happy to leave AQI as the operator/manager for the first two years. This will result in much better value for money as AQI will always operate more efficiently than a huge international gold producer
- If Barrick terminates the JV early they will retain no interest in Arakaka
- Once Barrick reaches 65%, AQI will elect on whether to contribute on a proportional basis to retain its 35% interest, or it can reduce to 15% (or a figure in between) through standard dilution provisions
- AQI can convert to a 2% NSR upon a decision to mine if it doesn't want to contribute further



Diagram 2: Location Map of AQI's Projects, in Guyana

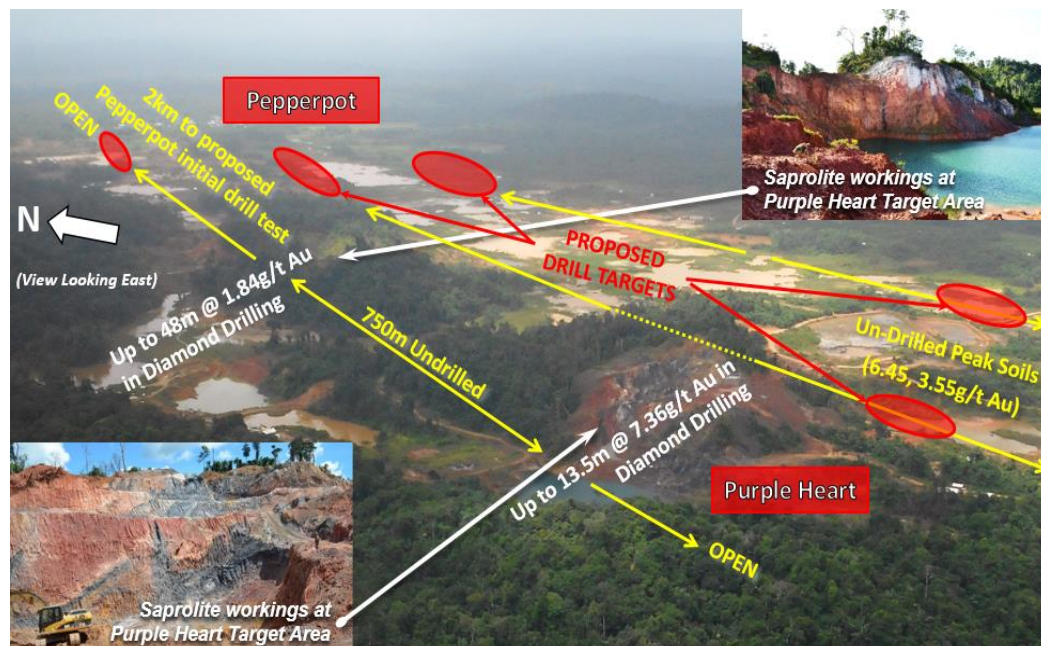
2.3 Ianna Project (AQI earning 100%)

- Located SE of Xeno/Gomes, on the Gomes-Ianna Shear
- Smaller footprint than Arakaka but more ground is being acquired
- Intercept Minerals, and ASX company, held the ground prior to AQI, but failed to meet an option payment notwithstanding getting an intercept of 50m at 2.47 gpt that stopped in mineralization. It didn't do much work on structure or geology.
- AQI is required to make option payments of US\$25,000 on confirmation of satisfactory DD, US\$50,000 four months later, and US\$200,000 within another 11 months. It must also spend US\$600,000 on exploration over a 24 month period.
- At any time after the above US\$50,000 payment AQI can acquire the project by paying US\$3m, or by paying US\$1.35m and agreeing to a 2% NSR.

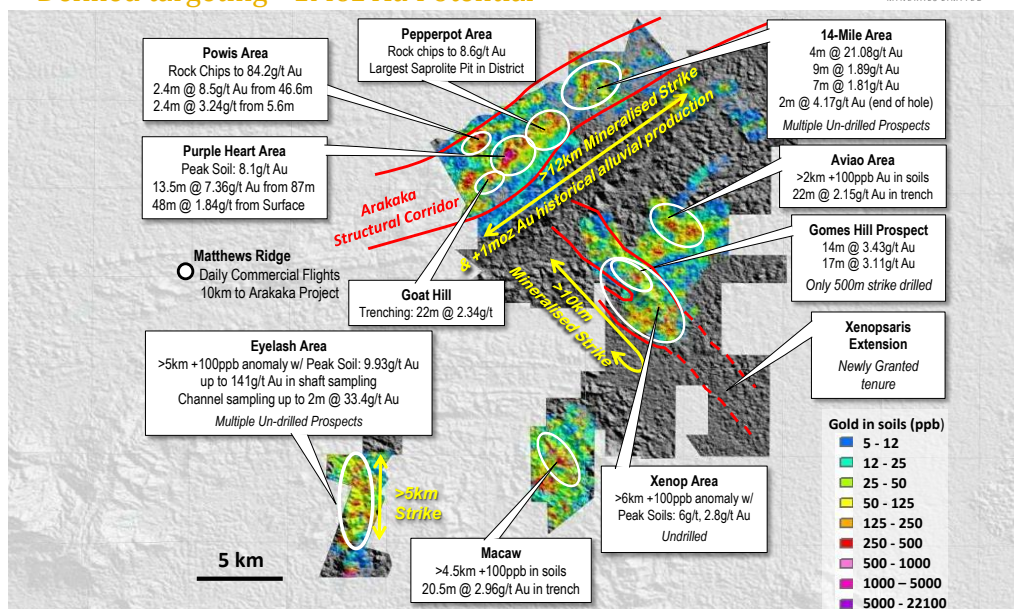
3.0 Arakaka Site Inspection

- We travelled along the strike length of Arakaka inspecting various historical workings and drilling sites, completed and planned. The following Diagrams x and x gives an elevated view of the trend.

Figure 1 | View looking east down the Arakaka Main Trend over the proposed initial drill tests at Pepperpot and the extension of the Purple Heart drill line across un-drilled targets identified by mapping, geochemistry and geophysics.



Multiple Target Areas Defined targeting >1Moz Au Potential



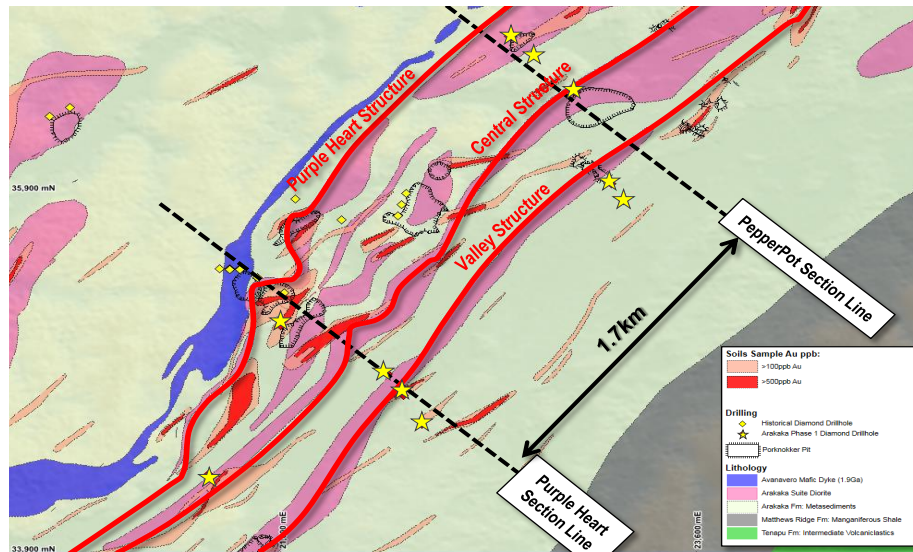


Diagram 4. shows the three prospective structures at Arakaka that are being drilled by AQI.

3.1 Goat Hill

- We first inspected the historical sluice workings at Goat Hill, which rises 30m above surround countryside
- Site of previous mining by sluicing
- trenching by Newmont (previously involved, but no longer) returned 22m at 2.34 gpt
- program was based on a 50 ppb soil anomaly
- some drilling was undertaken, hitting the Purple Heart structure and black shales around the diorite, then the central structure followed by the footwall conglomerates as a detrital accumulation. There has been a lot of compression into the basin, here.
- There are a series of stacked thrust zones with mineralization in and around concentrated trap sites, with flexures along the trend.
- When AQI drilled 1.2 km step-out holes it hit the Goat Hill structures again, showing 1 km wide zones of stacked mineralization.



Diagram 5 Historical pit at Goat Hill sluicing



Diagram 6: Gold bearing quartz veins at Goat Hill

3.2 Purple Heart and Pepperpot

- Moving along strike to Purple Heart we saw another small, historical pit.
- Further along strike at Pepperpot, AQI has identified the Purple Heart structure where it is largely undrilled. Wherever else this structure has been drilled it has returned gold.
- Graphitic shales have served as a reductant and there has been sliding and shearing of the geology.



Diagram 7: Purple Heart Workings

3.3 14 Mile

- Further along strike from Peppercorn, the 14 Mile zone shows a strike length of 1.7 km, with artisanal pits covering a width of 2.5 km. The locals are mining the hills where the saprolite extends above the alluvials by 2-10m in height but it is not known whether this extrusion comes about from preferential weathering or some other event. The possibility exists that there is a much larger system underneath the alluvials. There is diorite in each pit.
- First pass drilling of 170m wide zone has returned 4m at 21 gpt, in 2014.

3.4 Xenopsaris

- Located further south on the Gomes-Ianna Shear
- Newmont drilled 500m of strike, based on a 10 km long 100 ppb anomaly, and calculated a non-JORC figure of about 200,000 oz. Every auger holes gave grades of 2-3 gpt in stacked mineralization.
- There is potential for a substantial gold resource here – 1-2 Moz would not be unreasonable

3.5 Eyelash

- Located on a separate licence
- 5 km of a > 100 ppb anomaly
- drilled by Newmont, but it seems like the drilling was not oriented correctly to the geology
- classic Birimian alteration style – a bit like Wahi? – maybe 1 Moz at 3-4 gpt??
- There is 20 km of alluvials system shedding into this area
- Need to start with trenching and auger holes

4.0 Current Exploration Work (as at October 2016)

- 4 back on 1st June, AQI announced a campaign of 6,000m of RC and diamond drilling. Phase one, being 1,500m of diamond drilling, was designed to test the Peppercorn and the Purple Heart target areas. These are shown in the diagram below, taken from an ASX release. Drill lines are being spaced 2 km apart. So far the drilling is confirming the continuity of the structures and both high grade and disseminated gold has been intersected.

4.1 Drilling and Exploration Costs

- All up drilling costs are \$120/m for diamond drilling and \$60/m for RC drilling, considerably cheaper than in many other locations
- An RC rig was being barged to site whilst we were on location, from Georgetown. The port is 15 km from site as the crow flies, but 50 km by dirt road
- Expecting to achieve 50m of drilling per shift.
- Contractor – Orbit - Canadian

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