

ASX: AQI

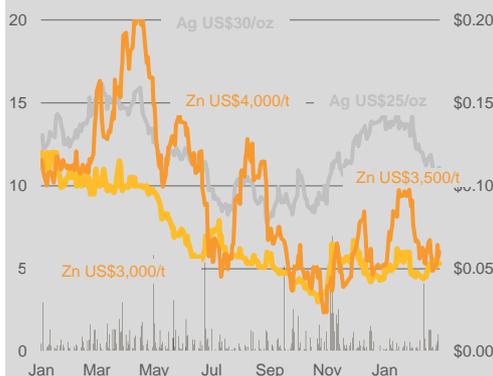
Equity Research

6 March 2023

SPECULATIVE BUY

Share Price \$0.053
Price Target \$0.260

52-Week Range	\$0.03 - \$0.12
AQI Shares Outstanding	446.2m
Unlisted Options (\$0.065 23 June 2023)	24.0m
Unlisted Options (\$0.030 14 Mar 2024)	5.0m
Unlisted Options (\$0.10 13 Aug 2025)	37.0m
Unlisted Options (\$0.10 24 Nov 2025)	11.5m
Unlisted Options (\$0.15 24 Nov 2025)	2.5m
Unlisted Options (\$0.20 24 Nov 2025)	2.5m
Unlisted Options (\$0.25 24 Nov 2025)	2.5m
Unlisted Options (\$0.20 22 Jul 2026)	10.0m
Performance Rights	22.75m
Market Capitalisation	\$23.7m
Cash (31 December 2022)	\$2.8m
Enterprise Value	\$20.9m
Substantial Shareholders	
Steve Parsons	7.2%
Vicex Holdings	5.4%
Top 20 Holders	49.6%
Board & Management:	
Ray Shorrocks	Chairman
Rob Sennitt	Managing Director
Peter George	Executive Director
Didier Murcia	Non-Executive Director
Michael Naylor	Chief Financial Officer
Erik Lundstam	Chief Geologist
Steve Parsons	Corporate Consultant



Alicanto Minerals Ltd (ASX: AQI) is a precious and base metals exploration and development company with a portfolio of historically producing, high-grade copper-gold and polymetallic skarn (copper-gold-zinc-lead-silver) and VMS projects located in the highly-regarded mining region of Bergslagen, Sweden. Alicanto Minerals is pursuing aggressive exploration campaigns. These include targeting extensions of the historic Sala silver-zinc-lead deposit and greenfields exploration around the Greater Falun copper-gold and polymetallic skarn project.

Alicanto Minerals Limited

Two High Quality Assets with Falun Mine Acquisition

Further to our initiation report published in July 2022 and a visit to site, we include an update on developments at Falun as well a potential development scenario for the Sala project with the following key assumptions: ① an increased mineral resource to 22 Mt (from the 9.7 Mt maiden resource) with same grades: 3.20% Zn, 47.3 g/t Ag and 0.50% Pb. ② a mining inventory of 13.9 Mt (corresponding to a mineral resource to mining inventory conversion of 63% or about 3 times the high grade portion of the maiden mineral resource) with the grades of the high grade portion: 4.50% Zn, 58.4 g/t Ag and 0.50% Pb. ③ a throughput of 1 Mtpa. ④ operating costs derived from the Björkdal gold mine (similar reserve and throughput) located in Sweden and operated by Mandalay Resources Corporation (TSX: MND). ⑤ initial capital cost estimated at US\$110m. We note the current strategic focus at Sala is to continue to build on this resource, but to also seek high grade silver repeats of the historic Sala formation. A high grade silver discovery, like a discovery at Falun, could have a major impact on the market valuation dynamics of AQI. **Sala Valuation:** using different zinc price assumptions

Zinc Price	NPV @ 8%	NPV @ 8%	20% Risked	IRR
US\$/t	US\$m	A\$m	A\$m	%
\$3,000/t	\$327	\$461	\$92.2	46%
\$3,300/t	\$394	\$556	\$111.1	53%
\$3,500/t	\$439	\$618	\$123.7	57%

Greater Falun Project: the confirmed acquisition of the historical Falun mine and the initial drill hole at Skyttgruvan adds the potential for a second major project for AQI to replicate what it is currently achieving at Sala: delineating substantial new mineral resources to support a restart of the mining operations. In this case, seeking another Falun copper-gold style ore body within the target mineralisation. We note the Falun mine was one of the great mines of Europe historically producing 28mt @ 4% Cu, 4g/t Au, 5% Zn, 2% Pb and 35g/t Ag before it was closed in 1992. The lack of modern exploration at either Falun or Sala creates significant opportunity for the company.

Copper-Gold Exposure: furthermore the Falun project with identified copper-gold mineralised targets brings higher value metals into the polymetallic mix.

Quality Drill Targets & Proof of Concept: both projects present a large number of drill targets identified and supported for some of them by previous drilling. **Furthermore,** beyond the near-mine targets, the drilling results from the first drillhole at Skyttgruvan, located only 3.5km from Falun, validates to geological model which should see in time the discovery of multiple analogue deposits along the target horizon.

Sweden Context: Over a few centuries, Sweden has developed a significant polymetallic base metals (and precious metals) mining industry including recycling and smelting capacity. The maiden Sala mineral resource represents already the largest active undeveloped Zn-Ag-Pb mineral resource in Sweden. Sweden accounts for 36% of Europe's zinc production and is the second largest producer next to Russia. Considering the sanctions against Russia, more pressure is being put onto Sweden to supply the region with Green Zinc. Sweden is leading the Green Transition in Europe with its 98% fossil fuel free electricity supply. The Swedish government including at the local level is supportive of both projects and is very keen to see Sala and Falun get up and operating. Sweden, which has kept economic flexibility with its own currency, Swedish Krona (SEK) also benefits from low operating costs e.g. US50¢/lb Zn at Garpenberg (50km away) while extracting ores between 450m and 1,400m depths.

Management: the AQI team has a highly successful track record including Auteco Minerals (AUT), Bellevue Gold (BGL) and Centaurus Metals (CTM).

Metals Outlook: the outlook for copper, zinc and silver prices remains positive with the copper market staying tight, market deficits expected for zinc and the silver ETP market likely to grow substantially higher over the next few years.

News Flow and Funding: upcoming news flow includes drilling results, metallurgical testwork, scoping study, update of the mineral resource estimate and environmental permitting milestones.

AQI Valuation: our SOTP valuation includes a risked-NPV for Sala and a "back of the envelope" estimate for the potential mineralisation at Greater Falun to derive a price target of \$0.26 per share (versus \$0.22 previously). Beyond mineral resource definition, the development studies and project construction pave the way to higher valuation. To this end we note market valuations of Silver Mines (ASX: SVL, \$197m market cap.) with an ore reserve amounting to 30 Mt at 69 g/t Ag, 0.44% Zn and 0.32% Pb at Bowdens in NSW and Adriatic Metals (ASX: ADT, \$879m market cap.) with a 12 Mt at 149 g/t Ag, 4.1% Zn, 2.6 Pb, 0.5% Cu, 1.4 g/t Au, 25% BaSO₄ and 0.2% Sb mineral resource at Vares currently in construction in Bosnia and Herzegovina.

TABLE OF CONTENTS

1. AQI Valuation.....	3
Sala Project Development Assumptions.....	3
Sala Project Financial Modeling	3
Sala Project Valuation	4
Falun Project Valuation	5
AQI Sum of the Parts Valuation.....	5
AQI Benchmarking	5
2. AQI Strategy	6
3. Sala Project Benchmarking	7
4. Metals Market Outlook.....	8
Copper.....	8
Supply	8
Demand.....	8
Copper Prices.....	9
Zinc.....	9
Supply	9
Demand.....	10
Zinc Prices	10
Lead	11
Characteristics.....	11
Lead Prices	11
Silver	12
Characteristics & Demand.....	12
Prices	12
5. Sala Project.....	13
History	13
Past Exploration	13
Regional Geology	13
Project Geology	14
Mineral Resource	14
Exploration Potential.....	14
6. Garpenberg Mine.....	15
Geology	16
Mine.....	16
Position on Cost Curve.....	18
7. Greater Falun Copper-Gold Project	18
8. Directors & Management Team	20
Ray Shorrocks, Chairman	20
Rob Sennitt, Managing Director	20
Peter George, Executive Director	20
Didier Murcia, Non-Executive Director.....	21
Michael Naylor, CFO	21
Erik Lundstam, Chief Geologist	21
9. Investment Risks	21

All dollar amounts are in Australian dollars unless otherwise specified.

1. AQI Valuation

Sala Project Development Assumptions

To build a financial model for the development of the Sala project, we have made a number of assumptions as follows:

- Increased mineral resource to 22 Mt (from the 9.7 Mt maiden resource) with same grades: 3.20% Zn, 47.3 g/t Ag and 0.50% Pb
- A mining inventory of 13.9 Mt (corresponding to a mineral resource to mining inventory conversion of 63% or about 3 times the high grade portion of the maiden mineral resource) with the grades of the high grade portion: 4.50% Zn, 58.4 g/t Ag and 0.50% Pb
- Throughput of 1 million tonne per annum and a mine life of 15 years
- Metallurgical recoveries are based on analogous mineralisation systems in Sweden and as disclosed by Alicanto for the calculation of zinc equivalent: 93% Zn, 82% Ag and 90% Pb
- Metal payabilities are all set to 95%
- With silver being closely associated with galena, we assumed that Sala will produce two concentrates: one zinc rich (55% Zn) and one lead rich (60% Pb) with some silver credits
- Treatment charges and refining charges (TC/RC) are assumed at US\$200/dmt/20US¢/lb for the zinc concentrate and US\$180/dmt/18US¢/lb for the lead concentrate. An additional silver refining charge of 1.5 US¢/oz has been applied.
- Operating costs are derived using data from the Björkdal gold mine located in Sweden and operated by Mandalay Resources Corporation (TSX: MND). The mine has a similar ore reserve of 12.1 Mt and operates a treatment plant with a throughput of 1.3 Mtpa and feed mined from underground. We have increased all costs by 20% to take into consideration the lower mining rate and throughput expected at Sala and the current inflationary environment.

Table 1.1 – Björkdal Operating Costs and Sala Operating Costs Assumptions

Operating Cost	Björkdal *	Rounded	Increase	Sala
Underground mining cost	US\$24.69/t ore mined	US\$25.0/t	20%	US\$30.0/t
Processing cost	US\$9.32/t processed	US\$9.5/t	20%	US\$11.4/t
General & Admin	US\$8.92/t processed	US\$9.0/t	20%	US\$10.8/t

* unit costs are estimated by Mandalay Resources based on actual operating costs.

Source: Mandalay Resources, Evolution Capital estimates

- Sala benefits from readily available infrastructure (brownfield site with options to store mine waste and tailings, grid power, roads, mining centres in the vicinity). Capital costs are derived as follows:

Table 1.2 – Sala Capital Costs Assumption

Capital Cost	Amount
Treatment plant (1 Mtpa)	US\$80 million
Paste fill plant	US\$10 million
Offices, workshops	US\$10 million
Mobile equipment	US\$10 million
Total initial capex	US\$110 million
Sustaining capex	5% of opex per annum
Closure costs	US\$20 million

Source: Evolution Capital estimates

- Government royalties are 2% of revenue
- Corporate tax in Sweden is at a rate of 20.6%. In addition, the existing A\$36 million of accumulated tax losses are considered to reduce the tax paid.

Sala Project Financial Modeling

Our financial model based on the assumptions above is summarised in the Table 1.3.

Table 1.3 – Sala Financial Modelling (first 10 years)

Item	Data	Unit	Sum/Avg	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
PHYSICALS														
Mining inventory	13,900,000	tonnes	13,900,000		500,000	750,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Zn Zinc grade	4.50%	%	4.50		4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Contained zinc		tonnes	625,500		22,500	33,750	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Recovery	93%	%			93	93	93	93	93	93	93	93	93	93
Recovered zinc		tonnes	581,715		20,925	31,388	41,850	41,850	41,850	41,850	41,850	41,850	41,850	41,850
Payability	95%	%			95	95	95	95	95	95	95	95	95	95
Payable zinc		tonnes	552,629		19,879	29,818	39,758	39,758	39,758	39,758	39,758	39,758	39,758	39,758
Concentrate grade	55%	%			55	55	55	55	55	55	55	55	55	55
Concentrate volume		tonnes	1,057,664		38,045	57,068	76,091	76,091	76,091	76,091	76,091	76,091	76,091	76,091
Ag Silver grade	58	g/t			58	58	58	58	58	58	58	58	58	58
Contained silver		oz	25,919,932		932,372	1,398,557	1,864,743	1,864,743	1,864,743	1,864,743	1,864,743	1,864,743	1,864,743	1,864,743
Recovery	82%	%			82	82	82	82	82	82	82	82	82	82
Recovered silver		oz	21,254,344		764,545	1,146,817	1,529,089	1,529,089	1,529,089	1,529,089	1,529,089	1,529,089	1,529,089	1,529,089
Payability	95%	%			95	95	95	95	95	95	95	95	95	95
Payable silver		oz	20,191,627		726,318	1,089,476	1,452,635	1,452,635	1,452,635	1,452,635	1,452,635	1,452,635	1,452,635	1,452,635
Pb Lead grade	0.50%	%			0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Contained lead		tonnes	69,500		2,500	3,750	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Recovery	90%	%			90	90	90	90	90	90	90	90	90	90
Recovered lead		tonnes	62,550		2,250	3,375	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Payability	95%	%			95	95	95	95	95	95	95	95	95	95
Payable lead		tonnes	59,423		2,138	3,206	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275
Concentrate grade	60%	%			60	60	60	60	60	60	60	60	60	60
Concentrate volume		tonnes	104,250		3,750	5,625	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
FINANCIALS														
Zn Zinc price	2	US\$/t	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Zn Zinc price	3	US\$/t	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Zn Zinc price	4	US\$/t	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Ag Silver price		US\$/oz	22	22	22	22	22	22	22	22	22	22	22	22
Pb Lead price		US\$/t	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Selected zinc price	3	US\$/t	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Revenue		US\$m	1,824	0.0	65.6	98.4	131.2	131.2	131.2	131.2	131.2	131.2	131.2	131.2
Unit costs														
Mining costs	30.0	US\$/t ore			30.0	30	30	30	30	30	30	30	30	30
Processing costs	11.4	US\$/t ore			11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
G&A	10.8	US\$/t ore			10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8
Zn Zn conc treatment charge	200	US\$/dmt			200	200	200	200	200	200	200	200	200	200
Zn Zn conc refining charge	20	US\$/lb			20	20	20	20	20	20	20	20	20	20
Pb Pb conc treatment charge	180	US\$/dmt			180	180	180	180	180	180	180	180	180	180
Pb Pb conc refining charge	18	US\$/lb			18	18	18	18	18	18	18	18	18	18
Ag Ag refining charge	1.5	US\$/oz			1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Mining costs		US\$m	(417.00)		(15.00)	(22.50)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)	(30.00)
Processing costs		US\$m	(158.46)		(5.70)	(8.55)	(11.40)	(11.40)	(11.40)	(11.40)	(11.40)	(11.40)	(11.40)	(11.40)
G&A		US\$m	(150.12)		(5.40)	(8.10)	(10.80)	(10.80)	(10.80)	(10.80)	(10.80)	(10.80)	(10.80)	(10.80)
Zn Treatment charge		US\$m	(211.53)		(7.61)	(11.41)	(15.22)	(15.22)	(15.22)	(15.22)	(15.22)	(15.22)	(15.22)	(15.22)
Zn Refining charge		US\$m	(243.67)		(8.77)	(13.15)	(17.53)	(17.53)	(17.53)	(17.53)	(17.53)	(17.53)	(17.53)	(17.53)
Total opex		US\$m	(1,180.78)		(42.47)	(63.71)	(84.95)	(84.95)	(84.95)	(84.95)	(84.95)	(84.95)	(84.95)	(84.95)
Ag Silver credit		US\$m	444.22		15.98	23.97	31.96	31.96	31.96	31.96	31.96	31.96	31.96	31.96
Ag Silver refining charge		US\$m	(31.88)		(1.15)	(1.72)	(2.29)	(2.29)	(2.29)	(2.29)	(2.29)	(2.29)	(2.29)	(2.29)
Pb Lead credit		US\$m	219.86		7.91	11.86	15.82	15.82	15.82	15.82	15.82	15.82	15.82	15.82
Pb Treatment charge		US\$m	(18.77)		(0.68)	(1.01)	(1.35)	(1.35)	(1.35)	(1.35)	(1.35)	(1.35)	(1.35)	(1.35)
Pb Refining charge		US\$m	(1.97)		(0.07)	(0.11)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
Total credits		US\$m	611.47		22.00	33.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0
Total opex after credits		US\$m	(569.31)		(20.48)	(30.72)	(40.96)	(40.96)	(40.96)	(40.96)	(40.96)	(40.96)	(40.96)	(40.96)
Capital expenditure														
Initial		US\$m	(110.00)		(110.00)									
Sustaining (5% of opex)	5.0%	US\$m	(36.28)			(1.31)	(1.96)	(2.61)	(2.61)	(2.61)	(2.61)	(2.61)	(2.61)	(2.61)
Closure costs		US\$m	(20.00)											
Total capex		US\$m	(166.28)		(110.00)	(1.31)	(1.96)	(2.61)	(2.61)	(2.61)	(2.61)	(2.61)	(2.61)	(2.61)
Royalty	2.0%	US\$m	(49.76)		(1.79)	(2.68)	(3.58)	(3.58)	(3.58)	(3.58)	(3.58)	(3.58)	(3.58)	(3.58)
AISC		US\$/lb	0.51											
Cashflow pre-tax		US\$m	1,038.3		(110.00)	42.03	63.04	84.05	84.05	84.05	84.05	84.05	84.05	84.05
Tax rate	20.6%	%				20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6
Tax paid		US\$m	(211.00)		0.00	0.00	(13.40)	(17.31)	(17.31)	(17.31)	(17.31)	(17.31)	(17.31)	(17.31)
Cashflow post-tax		US\$m	827.33		(110.00)	42.03	63.04	70.65	66.74	66.74	66.74	66.74	66.74	66.74
Discount rate	8	%			8	8	8	8	8	8	8	8	8	8
NPV post-tax		US\$m			394.4	535.9	536.8	516.7	487.4	459.6	429.6	397.3	362.3	283.8

Sala Project Valuation

Table 1.4 summarise the Sala project NPV valuation using different zinc price assumptions

Table 1.4 – Sala Zn-Ag-Pb Project Valuation

Zinc Price	NPV @ 8%	NPV @ 8%	Risk Factor	Risked NPV	IRR
US\$/t	US\$m	A\$m	%	A\$m	%
\$3,000/t	\$327	\$461	20	\$92.2	46%
\$3,300/t (base case)	\$394	\$556	20	\$111.1	53%
\$3,500/t	\$439	\$618	20	\$123.7	57%

Source: Evolution Capital estimates

Falun Project Valuation

On 15th February 2023, AQI confirmed the acquisition of the historical Falun mine. The ASX announcement describes a number of high priority targets defined by high-resolution gravity survey and supported by drill hole intercepts. Overall, the data suggests there is significant geological potential remaining at Falun.

In addition, on 7th December 2022, AQI noted the successful result at its first drill hole at Skyttgruvan. In addition to identifying a significant off hole conductor, assay results confirmed multiple zones of significant mineralisation.

The Company notes that it is currently designing a detailed exploration program for Falun and the Greater Falun Project. This will include drill programs around Falun and on the various anomalies identified along strike between the Falun mine and the Skyttgruvan prospect as well as a ground EM survey and a step out program to follow up the successful drill program at Skyttgruvan.

To estimate that potential, we have estimated ore tonnages and metal grades for each domain. Table 1.5 summarises the results of the estimates by mineralisation type and metal.

Table 1.5 – Greater Falun Mineralised Potential and Valuation

Mineralisation	Tonnes	Cu	Au	Zn	Pb	Ag
Copper-Gold	6.4-7.5 Mt	0.7-1.5%	0.7-1.5 g/t	-	-	-
metal content		55-103 kt	154-331 koz	-	-	-
Zinc-Lead-Silver	14-17 Mt	0.3-0.6%	-	2.9-5.9%	1.0-2.9%	65-94 g/t
metal content		18-35 kt	-	173-350kt	57-169kt	12-18 Moz
Metal price assumption		US\$9,000/t	US\$1,800/oz	US\$3,000/t	US\$2,000/t	US\$22/oz
1% of metal content value		US\$6.5-12.4m	US\$2.8m-6.0m	US\$5-11m	US\$1-3m	US\$3-4m

Source: Evolution Capital estimates

To derive a value for the mineralised potential, we have considered 1% of the value of the potential metal content giving a value range \$26 to \$51 million in Australian dollars. \$30 million was selected in our Sum of the Parts Valuation.

AQI Sum of the Parts Valuation

Table 1.6 summarises the sum of the parts valuation for Alicanto Minerals. We used a risk factor of 20% considering that the Sala project is still at resource/reserve development stage. Our company valuation also assumes a equity capital raising of \$7 million (100 million shares at \$0.07 taking place sometime in 2023).

Table 1.6 – AQI Sum of the Parts Valuation

Alicanto Minerals Ltd (ASX: AQI)	A\$m	Per Share *
Sala Project (100% interest, 20% risked-NPV)	\$111.1	\$0.19
Sala Project Upside	\$15.0	\$0.03
Falun Project Mineralised Potential	\$30.0	\$0.05
Exercise of Options/Rights over 2023-2024	\$1.7	\$0.00
Additional Equity (100m shares @ \$0.07 in 2023)	\$7.0	\$0.01
Corporate Costs	(\$8.6)	(\$0.01)
Base Case Valuation	\$156.2	\$0.26

Source: Evolution Capital estimates. * Based on 598 million shares

AQI Benchmarking

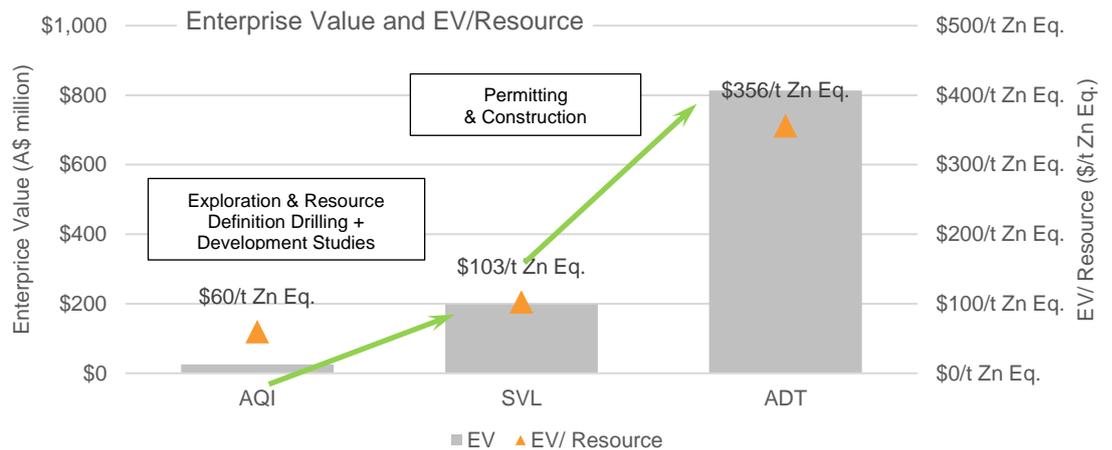
Among AQI peers and to indicate the potential valuation path of the company, we have selected:

- Silver Mines (ASX: SVL) with a market capitalisation of \$197 million. SVL is progressing the Bowdens project through permitting after completing a DFS released in June 2018. Bowdens ore reserve amounts to 30 Mt at 69 g/t Ag, 0.44% Zn and 0.32% Pb. 0.18 g/t Au.

- Adriatic Metals (ASX: ADT) with a market capitalisation of \$844 million. ADT is currently building the Vares Silver Project in Bosnia and Herzegovina. The post-tax NPV is estimated at US\$1,061 million for a capex of US\$168 million, resulting in an outstanding profitability index of 6.3. The project has a mineral resource of 12 Mt at 149 g/t Ag, 4.1% Zn, 2.6 Pb, 0.5% Cu, 1.4 g/t Au, 25% BaSO₄ and 0.2% Sb.

Figure 1.1 summarises the enterprise value (EV) and EV/Resource for the three companies

Figure 1.1 – Potential Development and Valuation Path for AQI



Source: Evolution Capital

The EV/Resource multiple keeps increasing according to project advancement and market value increases according to both mineral resource amount and project advancement.

The expected increase in AQI mineral resources through exploration and resource definition drilling at both Sala and Falun projects should see the AQI market value increase accordingly.

In particular, should AQI identify high grade silver, Sala repeats or significant copper-gold mineralisation in another Falun-style ore body, this will have the potential for a significant re-rating of the company.

Beyond the mineral resource definition, development studies and project construction with the possibility of ore toll treating should generate further valuation upside in line with the economics of each project. The latter should benefit from the low cost environment and the readily available infrastructure including treatment plants in the vicinity of both projects. So in time, a market valuation similar to ADT could be achieved.

2. AQI Strategy

Alicanto Minerals is pursuing aggressive exploration campaigns in Sweden's highly-regarded mining region of Bergslagen. These include targeting extensions of the historic Sala silver-zinc-lead deposit and greenfields exploration around the Greater Falun copper-gold and polymetallic skarn project.

The company is highly leveraged to exploration success and puts a strong emphasis on ensuring that drilling and news flow is ongoing.

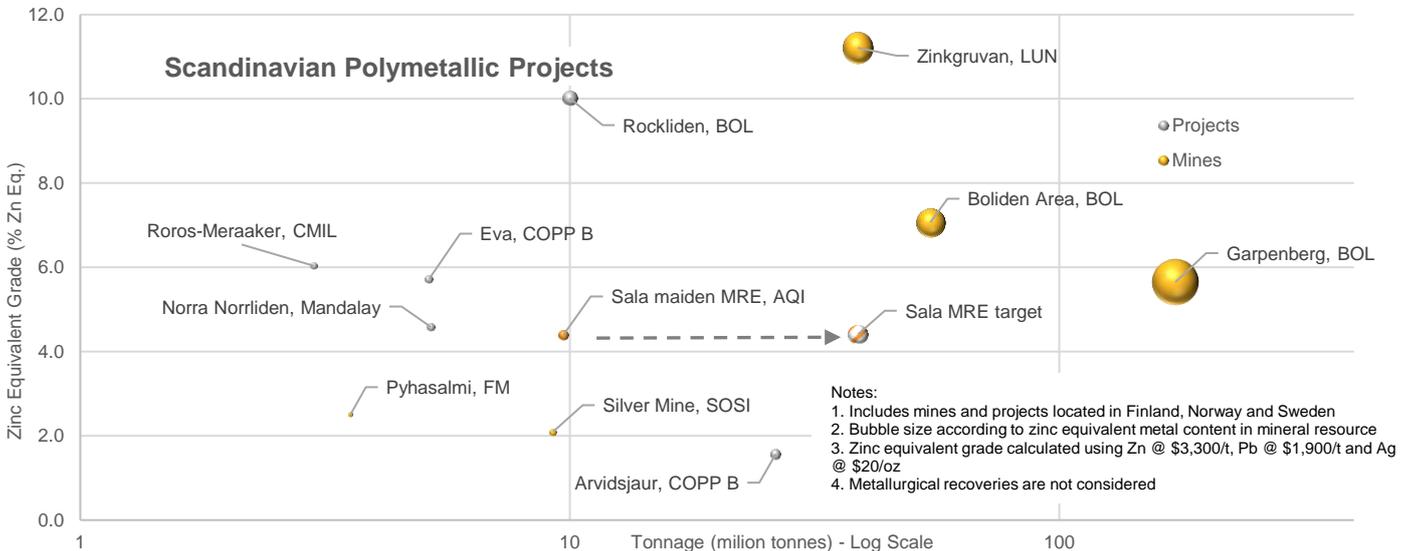
This approach underpins its strategy of creating shareholder value by discovering, growing and developing precious and base metal resources in the tier-one location of Sweden.

The strategy is driven by a Board and Management team comprising a broad range of expertise, including extensive technical, operational, financial and commercial skills as well as experience in mining exploration, strategy, venture capital, acquisitions and corporate finance.

3. Sala Project Benchmarking

For the purpose of benchmarking the maiden mineral resource estimate of the Sala project, we have selected projects and mines in Scandinavia, i.e. Finland, Norway and Sweden.

Figure 3.1 –Mineral Resource Benchmarking – Zinc Equivalent



Source: S&P Global, Evolution Capital

Figure 3.1 summarise the zinc equivalent grade and metal contained in the mineral resource of projects and mines in Scandinavia.

All mines are located in Sweden, except the Pyhasalmi copper-pyrite mine and the Silver Mine (+Au-Pb-Zn) located in Finland and operated by First Quantum Minerals Ltd (FM) and Sotkamo Silver AB (SOSI) respectively.

Interestingly, on 27th June 2022, Sotkamo Silver updated the Silver Mine mineral resource to 9.2 Mt at 54 g/t Ag, 0.2 g/t Au, 0.23% Pb and 0.56% Zn or 93 g/t Ag equivalent. In comparison, Sala maiden resource has a slightly higher tonnage, similar silver grade, significantly higher lead and zinc grades, but no gold. The mine started production in 2019. In 2021, the production was 1.38 million ounces silver, 3,403 ounces gold, 1,494 tonnes lead, and 3,373 tonnes zinc in concentrates. Milled tonnes during 2021 were about 624,000 tonnes and the staff was made of only 49 people. The ore reserve estimate totals 1.9 mt at 104 g/t Ag, 0.29 g/t Au, 0.22% Pb and 0.52% Zn or 129 g/t Ag equivalent.

For Pyhasalmi, First Quantum reports a mineral resource (as at 31 Dec 2021) of 3.5 Mt at 0.48% Cu, 0.3% Zn, 0.4 g/t Au and 10 g/t Ag.

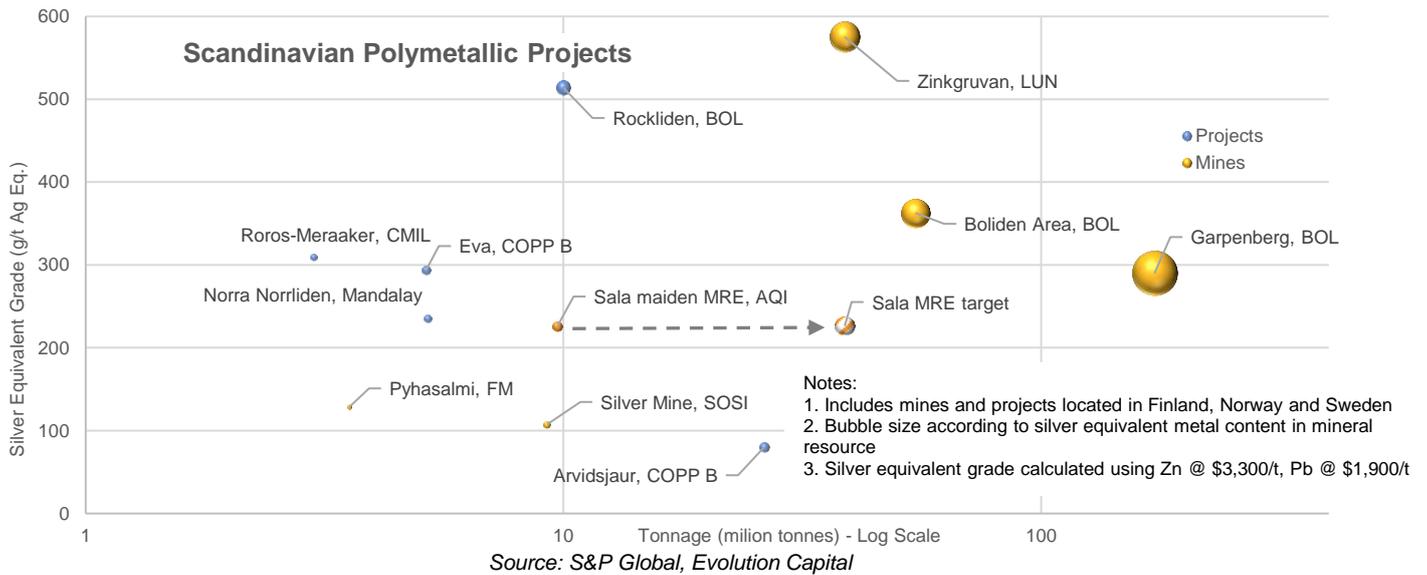
Those two small operations must operate with very low cost structure. They demonstrate what is achievable in the Scandinavian context.

In terms of projects, the mineral resource for the Rockliden project owned by Boliden has a similar tonnage: 10 Mt at 3.9% Zn, 1.7% Cu, 0.4% Pb, 51 g/t Ag and 0.05 g/t Au, Despite higher silver and zinc grades and the presence of copper and gold, we note that the mineral resource has not been updated since its original reporting in 2013. The deposit contains also some significant amount of deleterious elements such as antimony, arsenic and mercury, which is one of the key challenges for the development of the project.

In this context, the Sala project with a comparable mineral resource tonnage and the prospect to increase it significantly over the next few years make the project quite attractive from a development perspective. From a metallurgical perspective, Sala ores have been successfully processed for centuries.

Figure 3.2 considers the same projects and mine comparing the silver equivalent grade rather than the zinc equivalent grade.

Figure 3.2 –Mineral Resource Benchmarking - Silver Equivalent



4. Metals Market Outlook

Copper

Supply

World copper mine production expected to increase by 3.9% in 2022.

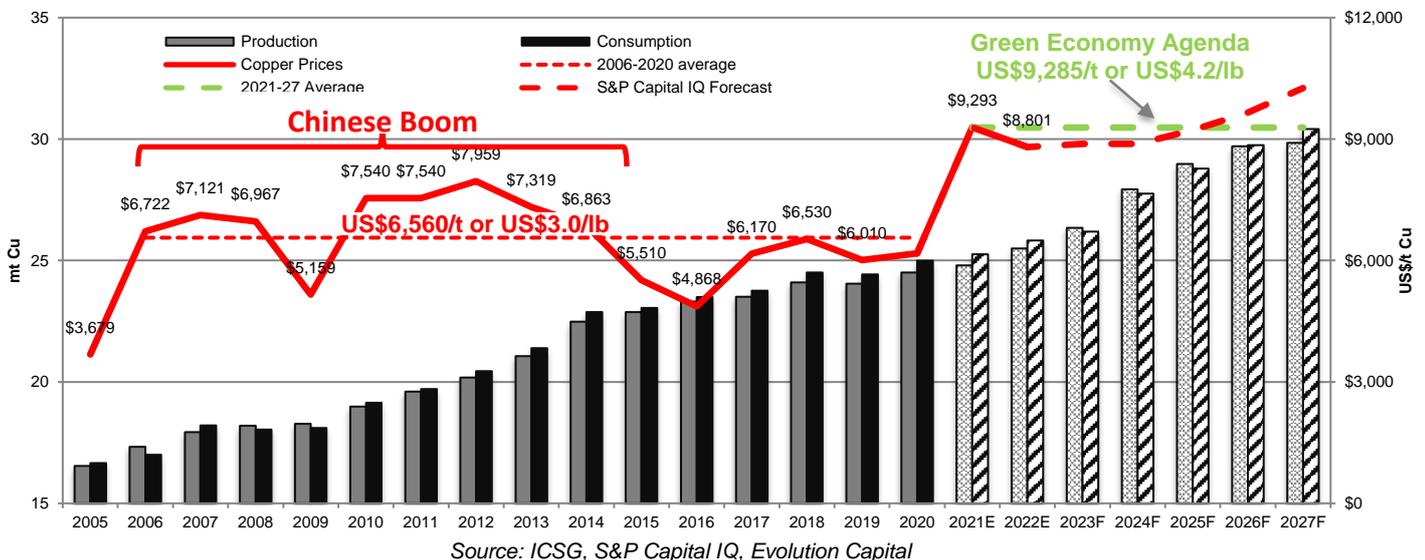
Continued COVID-19 related restrictions and workforce absenteeism, operational and geotechnical issues, strikes, water restrictions in Chile, lower than expected head grades and community actions in Peru have constrained mine output at a number of operations in 2022. However, 2022 world mine production benefited from additional output from new and expanded mines, mainly in the D.R.C. and Indonesia.

In 2023, a higher growth in world mine production of about 5.3% is anticipated.

Demand

For 2022-23, an expected continued recovery in the world economy will benefit copper end-use sectors and should help sustain global demand growth of about 4.6% per annum.

Figure 4.1 – Copper Supply, Demand and Prices



Copper’s key properties of conductivity, ductility, efficiency and recyclability, make it a key commodity for the transition to clean energy. It is these properties that make copper the critical material required for wind and solar technology, energy storage, and electric vehicles, all of which will significantly increase the demand for copper. To put this into perspective:

- Solar and wind power generation uses 4 to 6 times more copper than other sources of power
- Copper wiring and cabling connects renewable power generation with energy storage, whilst the copper in
- transformer switches allows power to be delivered at the required voltage
- 4 to 6 times more copper is needed for electric vehicles than traditionally powered vehicles mainly due to the power motor coil and copper is also required for the recharging stations
- Healthcare industry demand is rising due to its unique anti-microbial properties where copper alloy surfaces rapidly kill many forms of potentially lethal bacteria

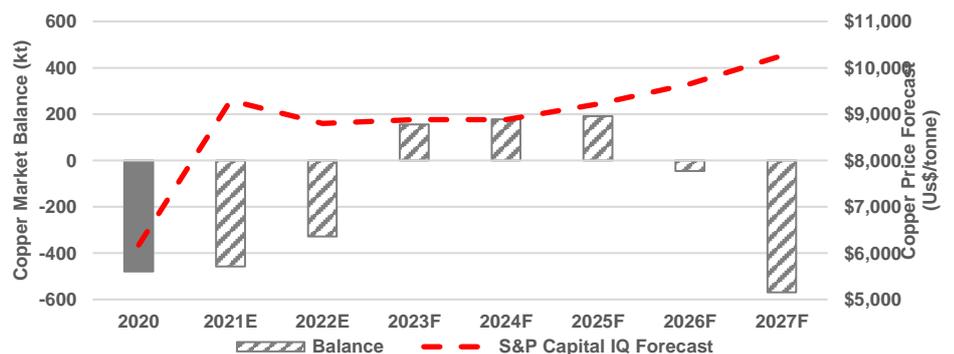
Copper projects typically have been large-scale in size however large deposits are becoming scarcer and the copper head grades of existing operations are falling. This is compounded by a lack of development of new projects that will bring forward the long-anticipated supply crunch which will drive prices higher over the foreseeable medium to long term timeframes.

From a long term perspective, we are seeing the global Green Economy Agenda (electric vehicles, renewable energy, energy storage systems) as one of the catalyst for a step change in copper demand and copper pricing from an average of US\$6,560/t or \$3/lb during the Chinese Boom and the subsequent down turn to a new average of US\$9,285/t or \$4.21/lb forecast for the next few years.

Copper Prices

The copper market is expected to remain tight as forecast surpluses represent less than 0.7% of the mine supply. Usual disruptions such as floods (recently in Indonesia) or strikes (recurrent in Chile and Peru) can quickly bring the market back in deficit, causing price spikes.

Figure 4.2 – Copper Market Balance and Price Forecast



Source: ICSG, S&P Capital IQ, Evolution Capital

Zinc

Supply

Zinc mine production declined by 2.5% globally, primarily a result of decreases in Australia, China, Peru and Canada, where the closure of the 777, Matagami and Caribou mines resulted in an overall capacity reduction of 172,000 tonnes.

Lower refined zinc metal production in Europe, where output at a number of smelters was negatively impacted by the sharp rise in the price of electricity, was the main driver behind an overall substantial decrease worldwide of 4.1%.

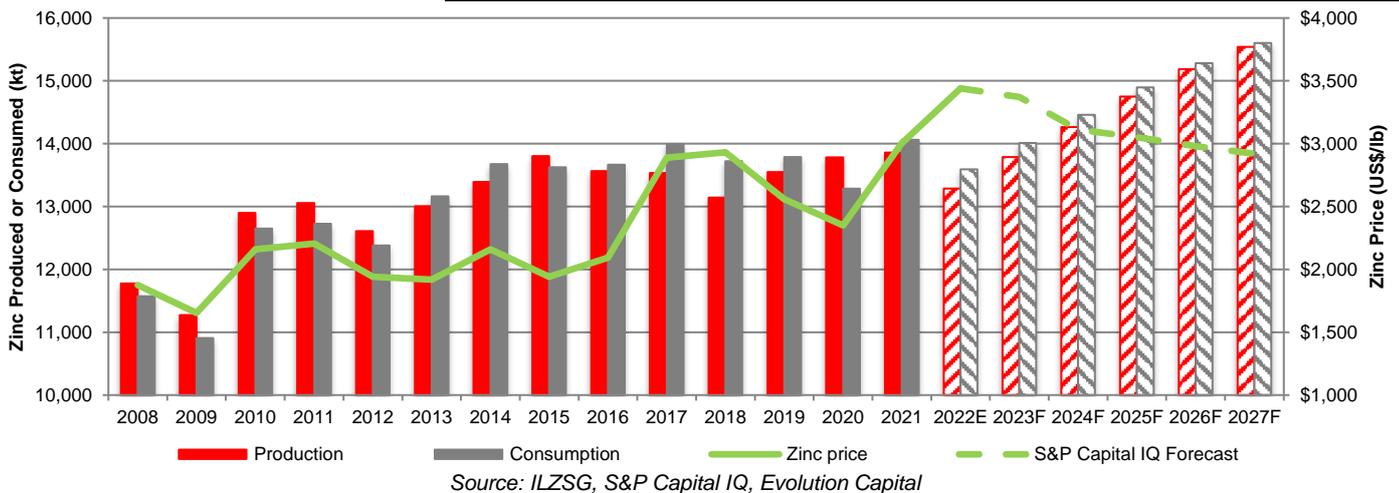
With zinc smelters in North America and Europe idled for maintenance and by compounding energy concerns, S&P Capital IQ estimates global refined zinc supply to increase 1.4% to 13.8 Mt in 2023, then to rise 3.5% in 2024.

Despite accumulations at the Shanghai Futures Exchange, (SHFE), zinc inventories at major exchanges remain at historical lows.

Demand

Global usage of refined zinc metal fell by 3.3% in 2022. This was mainly due to a significant reduction in China and further falls in Europe, Australia, Brazil, Japan, the Republic of Korea and Taiwan.

Figure 4.3 – Zinc Supply, Demand and Prices



Source: ILZSG, S&P Capital IQ, Evolution Capital

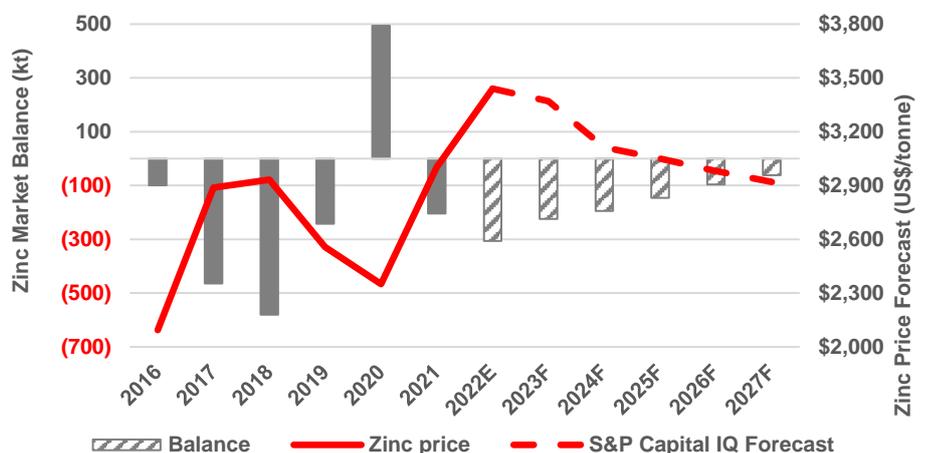
Chinese imports of zinc contained in zinc concentrates in 2022 rose by 13.1% to 1,968,000 tonnes. Net exports of refined zinc metal totalled 2,000 tonnes compared to net imports of 429,000 tonnes in 2021.

S&P Capital IQ expects global refined zinc demand to grow only 1.2% to 14.0 Mt in 2023, on volatile market conditions, and to rise 3.2% in 2024.

Zinc Prices

The zinc price remains supported by the constraints on the European zinc production, which has triggered further destocking at LME warehouses. For 2024-27, the zinc price is expected to average \$3,016/t amid narrowing deficits.

Figure 4.4 – Zinc Market Balance and Price Forecast



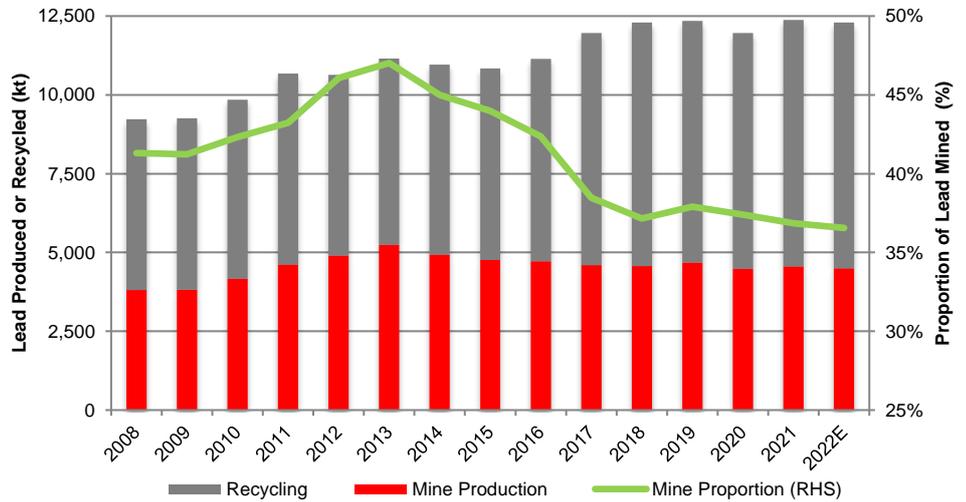
Source: ILZSG, S&P Capital IQ, Evolution Capital

Lead

Characteristics

Lead is one of the most recycled metals. Since 2018, increases in lead recycling is completing a relatively stable mine production resulting in a market with modest surpluses.

Figure 4.5 – Lead Mine Production and Recycling



Source: ILZSG, S&P Capital IQ, Evolution Capital

According to the ILZSG, world lead mine supply fell by 1.5% in 2022 with reductions in Australia, China, Greece, Peru, and the United States partially balanced by a rise in South Africa. Despite rises in China, India, Japan and Taiwan, where a new secondary smelter was commissioned in October, global output of refined lead metal decreased by 0.7%.

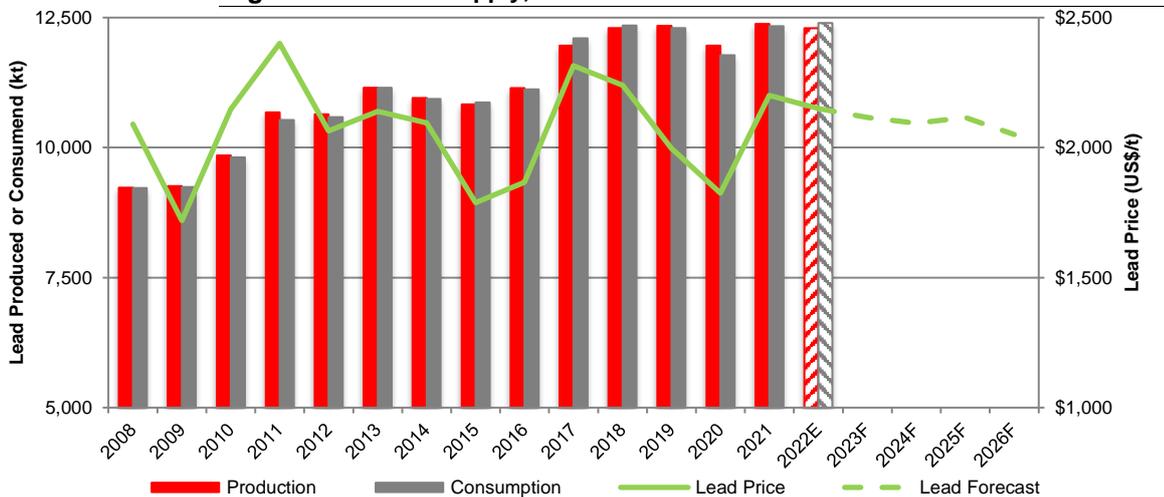
Global demand for refined lead metal rose by a modest 0.5%.

Output of refined lead metal from secondary (recycled) raw material accounted for 65.5% of global production in 2022 compared to 65.1% in 2021.

Lead Prices

Since 2008, lead prices have been oscillating within a relatively narrow range (US\$1,719 to US\$2,401/t). The consensus price forecast expects price to vary modestly around an average of \$2,120/t slightly above their long term average \$2,060/t (2008-2022).

Figure 4.6 – Lead Supply, Demand and Prices



Source: ILZSG, S&P Capital IQ, Evolution Capital

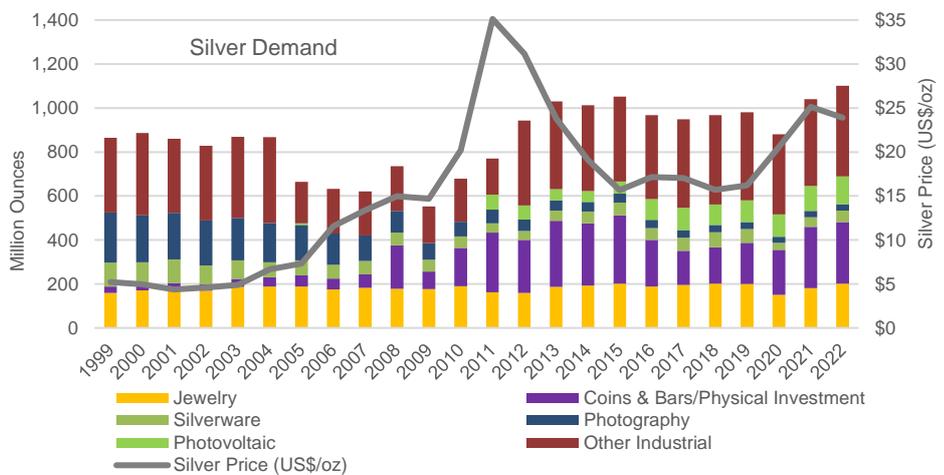
Silver

Characteristics & Demand

Silver is the best electrical conductor, therefore it is widely used across a variety of industrial applications. Among them, automotive and solar industries. Silver is an essential ingredient for solar panels and is increasingly being used in wind turbines due to its longevity and lifetime performance.

The world is moving towards a low-carbon economy, silver metal will play a critical role in this economic transformation. Silver has unique conductive and chemical properties that makes it critical for energy transition and net-zero objectives. Silver will continue to feature heavily as we transition from non-renewable to clean energy sources.

Figure 4.7 – Silver Demand



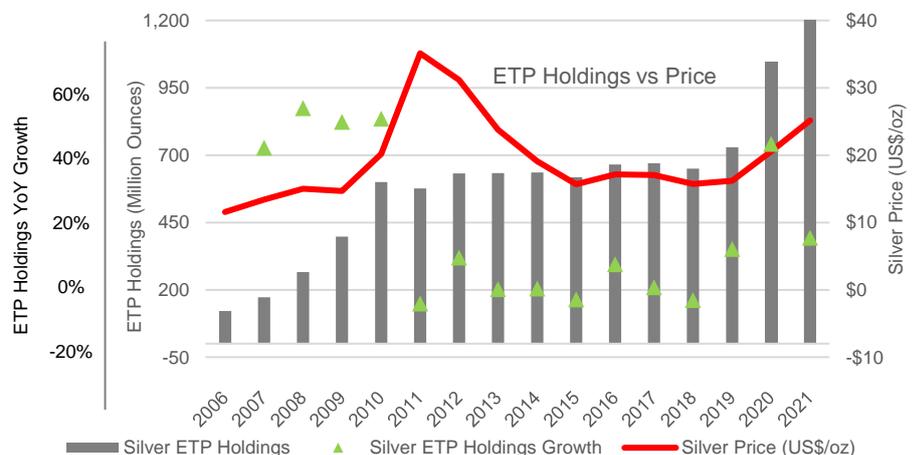
Source: Silver Institute, Evolution Capital

Looking at Figure 4.7, the photovoltaic sector represents an increasing portion of the silver demand, but only 12% of the overall physical demand for the metal. In comparison the Coins & Bars represents 25% and the Other Industrial 37%.

Prices

With the creation of Exchange Traded Products (ETP) for silver in 2006, it appears the increase in the silver ETP holdings is one of the key drivers in silver prices, understandably considering that this market is now larger than the whole physical market.

Figure 4.8 – Silver ETP Holdings and Price



Source: Silver Institute, Evolution Capital

5. Sala Project

Sala was once Europe's largest silver producer. When mining finished in 1908, it had produced more than 200 million ounces of silver at an estimated average grade of 1,244 g/t and reported as high as 7,000 g/t. Very little modern exploration has been undertaken there.

Sala is located 50 km from Boliden's operating Garpenberg mine. Garpenberg has produced over 40Mt of ore and has a current resource of 173Mt @ 2.7% Zn, 1.2% Pb and 80g/t Ag.

History

Mining at Sala dates back to 15th century. The mine has had three major heydays, the main one in the early 16th century, a second less significant one in the mid-17th century and a last one in the late 19th century. The last period involved re-organisation of the mine transitioning from state-owned (Swedish Crown) to privately-owned as well as the introduction of several new technological innovations, e.g. leaching methods employed on older mine tailings. Mining of zinc ore was introduced during a short period before closure in 1908. These innovations produced temporal production peaks, yet a general lack of high-grade ore made continued production uneconomic which finally led to closure. The maximum depth of the mine is 318.6 metres and the length of the mine is ≈700 metres, the width is ≈100 metres.

The town of Sala emerged as a miners settlement near the mine, first in the form of a small mining village in the early days, then moved to its present location on order from the king. The king Gustavus Adolphus of Sweden gave the town its privileges in 1624. Around Sala there are numerous lakes and dams with canals, constructed to supply the mine with hydro-power for driving machines for water pumping, ore hoisting and ore smelting. None of these machines are preserved to present days.

Past Exploration

Surface exploration by Avesta Jernwerks AB lead to the discovery of the Bronäs mine, which was operated until 1962.

While most of this data is not in the public domain, recent findings in the archives of the Sweden Geological Survey (SGU) have now been made available.

Boliden AB acquired the exploration and mining rights and later discovered the shallow parts of the Prince Lode, parallel to the Sala silver mine.

The bulk of the diamond drill holes were drilled between 1981 and 1985. Some information concerning these exploration efforts were made public by Tumi Resources (TSXV) in 2012. Detailed drilling and assay information was 2021 released by SGU. Since early 1990's only a small drilling campaign by Riddarhyttan Resources (1998) targeting IP anomalies north of Sala town and by Tumi (2008 and 2012) targeting Prince Lode and Sala silver mine's northern extension has been reported. Only three hundred meters west of Sala silver mine an active underground operation is mining limestone as of today.

Regional Geology

The areas occupy the northern parts of Bergslagen volcanic belt: a productive iron, base metals and precious metals mining district dominated by felsic metavolcanics and metasediments. The mineralisation style is strata-bound Zn-Pb-Ag-Cu-Au massive sulphide hosted by crystalline limestone and skarn in extensive successions of metamorphosed and hydrothermally altered felsic volcanic rocks. Individual deposits are often later tectonically affected and enriched. For example, Garpenberg ore system hosts at least nine polymetallic ore bodies along 7 km strike length and are currently explored down to 1.5 km depth with a combined tonnage nearing 200 Mt.

Project Geology

The Sala ore is mainly known for its high silver content though the ore also contained economic amounts of lead and zinc. The zinc is hosted by the sulphide mineral sphalerite (ZnS) while lead is hosted galena (PbS). The sulphide mineralisation at Sala is hosted in dolomitic marble. Silver occurs as a native phase rarely but was mainly hosted by complex antimonides and sulphosalts, dispersed in the matrices of galena and sphalerite, invisible to the naked eye but visible in microscope. The silver content in typical galena from Sala ore was about 0.15% to 1%, the latter being one of the highest contents of silver in galena ever reported. In the sphalerite-dominated ore, the silver content is only about 0.015-0.02%, which was still enough to exploit and would even be at present days, given that a sufficient tonnage of metallurgically advantageous ore could be found.

The bedrock was created about 1.89 billion years ago during the paleoproterozoic era. The host rock to the mined ore is dominated by white dolomitic marble, proximal to the ores commonly rich in skarn minerals such as tremolite, serpentine, diopside and chlorite, giving the dolomitic marble at Sala a characteristic green colour. Approximately 100 meters away from the mine, more pure white dolomitic marble poor in skarn minerals is extracted at the Tistbrottet Producing Neighbours.

Mineral Resource

Table 5.1 summarises the maiden mineral resource as announced by Alicanto on 13th July 2022.

Table 5.1 – Sala Mineral Resource – July 2022

Independent JORC 2012 Inferred resource estimate at selected lower cut-off grades at the Sala Total Zn-Ag-Pb Project											
Cut-off grade	Mass	Grade					Metal				
		Zn Grade (%)	Ag Grade (g/t)	Pb Grade (%)	ZnEq (%)	AgEq (g/t)	Zn Metal (Kt)	Ag Metal (Moz)	Pb Metal (Kt)	ZnEq (kt)	AgEq (Moz)
>1.5% ZnEq	15.5	2.5	38.8	0.4	3.6	170	388.7	19.3	63.6	558	85
>2.5% ZnEq	9.7	3.2	47.3	0.5	4.5	214	311.3	14.7	44.2	437	66
>4.0% ZnEq	4.5	4.5	58.4	0.5	6.0	285	201.0	8.5	23.5	270	41

Source: AQI

From the benchmarking section above, we can confirm that Sala already ranks as the largest active undeveloped zinc-silver deposit in Sweden. The deposit has also a tremendous potential to grow.

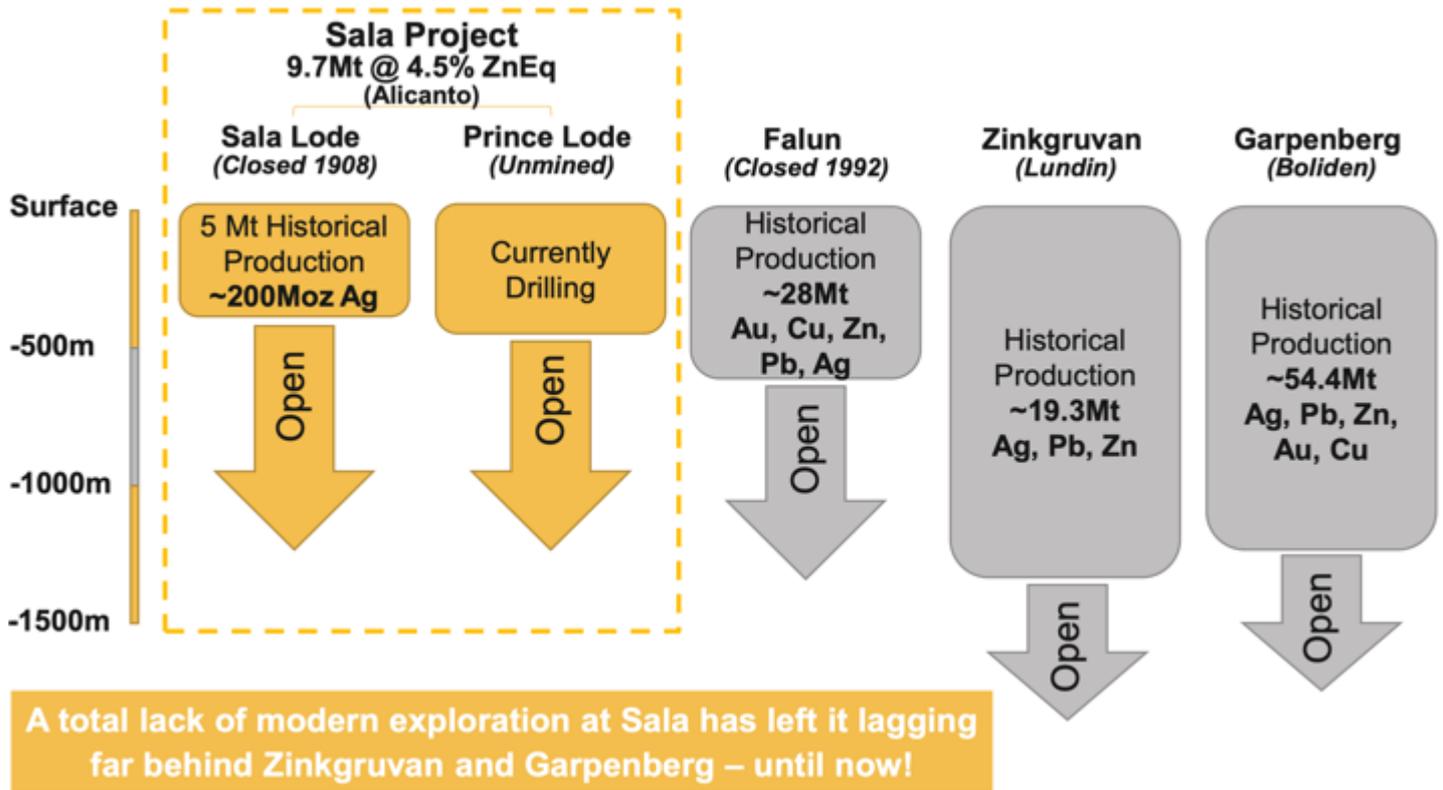
Exploration Potential

Other deposits in the area have been mined for decades. Garpenberg is currently mining at a depth of 1,400m. The Sala deposit presents itself with similar geology and subject to further exploration success, could well reach the same depth. See Figure 5.1.

This means that the mineral endowment of the Sala project could well be a multiple of the maiden mineral resource.

The modern exploration techniques used by AQI should facilitate such mineral resource growth.

Figure 5.1 – Exploration Potential at Depth

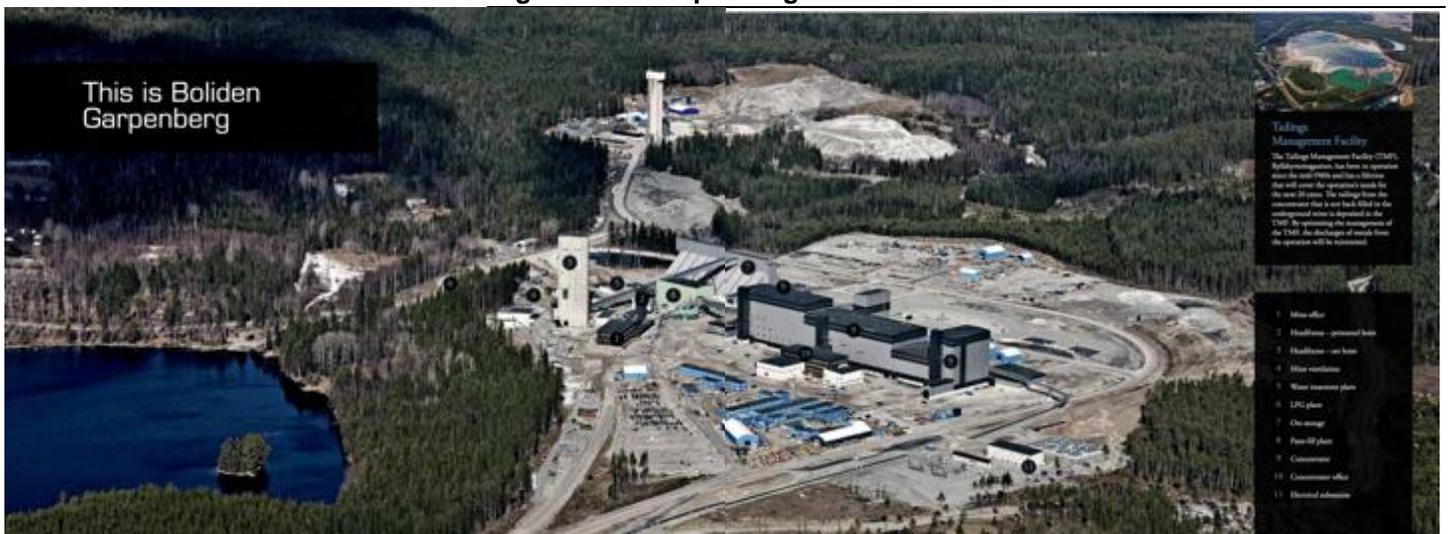


Source: AQI

6. Garpenberg Mine

Garpenberg, 100% owned by Boliden AB (ST: BOL), is one of the world's most modern mines. It is also Sweden's oldest mining area still in operation. The Garpenberg area has been mined since 400 BC. Complex ores containing zinc, lead, silver, copper and gold are mined here. Ores are mined from between 400 meters to about 1,400 meters below surface. Zinc and silver are the most valuable commodities in Garpenberg. In 2021, zinc accounted for about 44 % of the revenue, followed by silver at 35%, lead at 14% and copper-gold at 7%.

Figure 6.1 – Garpenberg Mine



Source: Boliden

Geology

The Garpenberg deposit of central Sweden is a metamorphosed, strata-bound Zn-Pb-Cu-Ag sulfide deposit intercalated in an early Proterozoic supracrustal sequence of felsic metavolcanics and subordinate metasedimentary rocks, which have been folded, metamorphosed, and intruded by synorogenic granitoids.

The deposit consists of 32 lens-shaped orebodies. Stratiform Zn-Pb-Cu mineralisation is underlain by Cu-bearing stockwork ore with an extensive alteration zone of quartz-phlogopite rocks.

Mine

In 2014, a new production plant was opened that increased annual production from 1.5 million tonnes to 2.5 million tonnes, thus reducing unit costs and boosting Boliden's competitiveness in the global market. Further expansion investment in 2021 increased the production capacity to reach 3.1 million tonnes per year.

Garpenberg has mineral reserves whose planned production will provide a further 28 years' mining.

In 2021, around 3,056,000 tonnes of ore were processed to form metal concentrates containing zinc, copper, lead, gold and silver.

The Garpenberg mine is an underground mine where the ore is mined from between 500 to 1,400 metres below ground level. The main mining method is known as sublevel stoping. This means that the ore is mined in layers between two drifts (tunnels), which are driven through the ore body. Other mining methods include cut-and-fill mining, rill mining and residual mining of sill pillars.

There are two underground crushing plants where the ore is crushed in jaw crushers. The crushing plants are situated 700 metres and 1,087 metres below ground level. After crushing, the ore is hoisted to surface in a shaft.

The ore is then transported on belt conveyors to the grinding circuit. Water is added during grinding and the ore is ground in two stages, with autogenous grinding in the primary stage and pebble mill grinding in the second. The grinded ore is classified using screens and hydro-cyclones.

In the flotation process, the ore is concentrated and valuable minerals are separated from the waste rock. The flotation process is a surface-chemical process, where small amounts of chemicals are used to affect the valuable minerals' surface characteristics, causing them to become hydrophobic. This means that when air is blown into the slurry, air bubbles are attached to the surface of the hydrophobic mineral particles and are transported up to the surface of the flotation cell, where they can be removed.

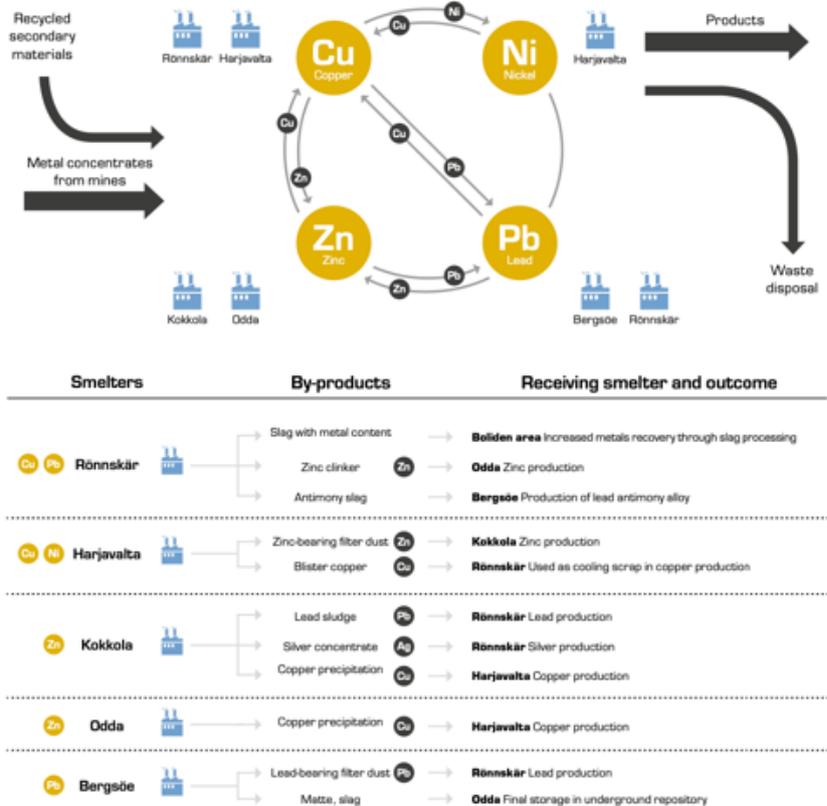
The mineral concentrates are dewatered using thickeners and air pressure filters. Three mineral concentrates are produced: zinc, lead and copper concentrates. The precious metals are reported primarily in the copper and lead concentrates.

The zinc and lead concentrates are transported by truck to Gävle port for onward ship transport, mainly to Boliden's own smelters in Sweden (Rönnskär), Finland (Kokkola) and Norway (Odda). The copper concentrate is trucked and reloaded to railway for onward transport to the Rönnskär smelter:

- Kokkola, Finland – Europe's second biggest zinc producer. Kokkola produces high quality zinc products (293,000 tonnes in 2021) for the construction and automotive industries, as well as sulphuric acid (320,000 t in 2021)
- Odda, Norway – producing also zinc (180,000 t in 2021) and sulphuric acid (122,000 t)
- Rönnskär, Sweden – producing copper (223,000 t), gold (11 t), silver (483 t), lead (27,000 t), zinc clinker (34,000 t) and sulphuric acid (528,000 t).

Beyond those three, Boliden operates two additional smelters at Bergsöe, Sweden and Harjavalta, Finland and optimise metal product flows to maximise production.

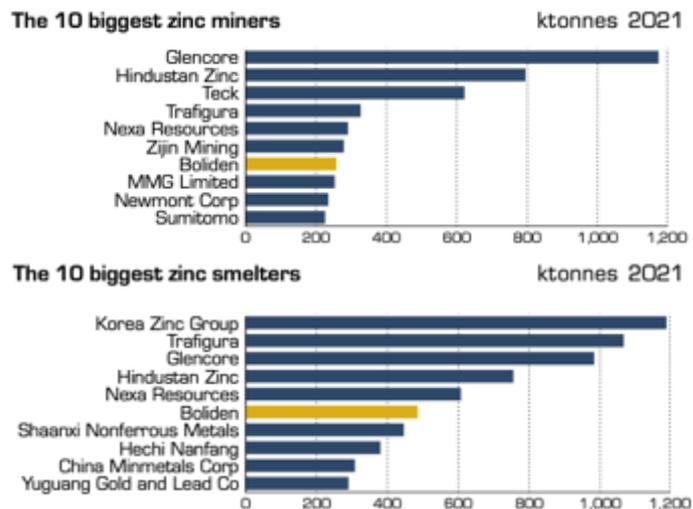
Figure 6.2 – Materials flows through Boliden’s Smelting Facilities



Source: Boliden Annual and Sustainability Report 2021

Garpenberg is one of the world’s largest zinc mines and is one of Europe’s largest producers of silver.

Figure 6.3 – Top 10 Biggest Zinc Miners and Smelters in 2021



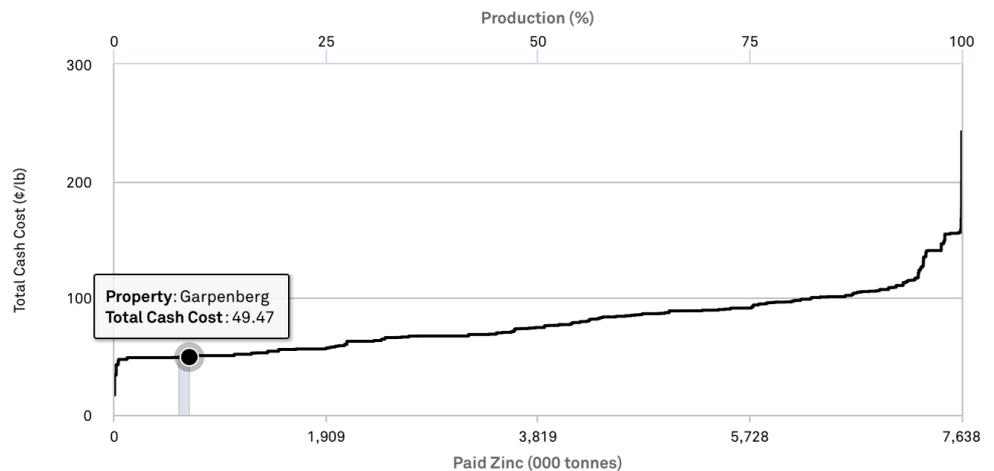
Source: Boliden Annual and Sustainability Report 2021, Wood Mackenzie

Boliden is the world’s sixth largest zinc smelting company. The Kokkola smelter is a major zinc producer while the Odda smelter is medium-sized. The expansion of Odda commenced in 2021 and will make the smelter a leading zinc producer.

Position on Cost Curve

Garpenberg sits in the first quartile of the zinc global cost curve as shown on Figure 6.4, with total cash cost of US49¢/lb.

Figure 6.4 – Zinc Cost Curve



Source: S&P Global IQ Pro.

7. Greater Falun Copper-Gold Project

Alicanto Minerals owns the Greater Falun copper-gold and polymetallic skarn project. This includes the now-closed Falun mine, which has a long-established mining history dating back over the best part of 1,000 years, producing 28 million tonnes of high-grade copper-gold-rich polymetallic ore with high-grade silver, zinc and lead (28Mt @ 4.0% Cu, 4.0g/t Au, 5.0% Zn, 2.0% Pb and 35g/t Ag) (see ASX release dated September 15, 2020).

In September 2020, Alicanto began a 4,000m diamond drilling program to test new targets and seek to establish extensions to known mineralisation located in the vicinity of major copper gold systems.

This successful drilling program intersected disseminated through to semi-massive sulphides containing visual chalcopyrite and confirmed that the stratigraphic sequence at Falun can be tracked to over ten kilometres away at the Green Mile target.

As part of its exploration program, Alicanto has mapped more than 2,300 outcrops and historical surface workings which have led to the discovery of over 12 copper-gold and polymetallic skarns at surface.

This information has been combined with the large volume of historical and recent geophysical survey data to build an impressive picture of the Greater Falun Project which has not been seen before now.

Drilling is aimed at testing the multiple EM signatures, IP Anomalies and copper-gold and polymetallic skarn targets.

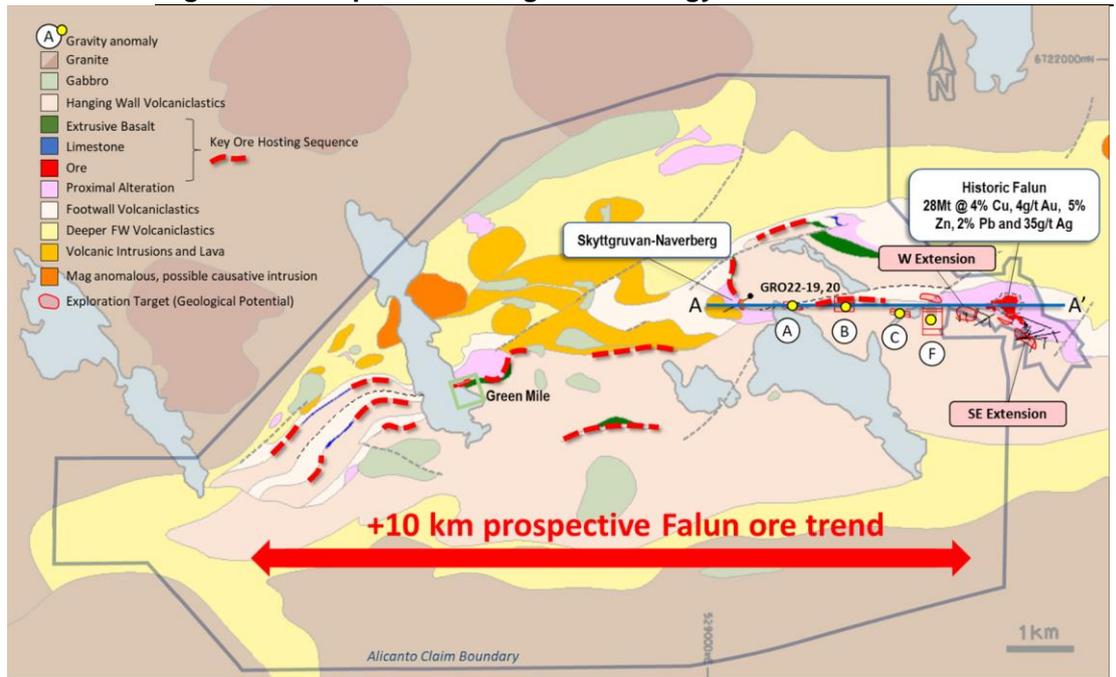
In December 2022, AQI reported the discovery of additional mineralisation near the Falun mine at the Skyttgruvan prospect.

Assay results prospect include up to 744g/t silver, 32.4% zinc and 1.9% copper, confirming significant mineralisation in same host horizon as the Falun mine

- **5.3m @ 6.8% Zn eq** (84g/t Ag, 0.5% Cu, 3.3% Zn, 1.2% Pb)
- **2.9m @ 14.7% Zn eq** (194g/t Ag, 0.1% Cu, 4.9% Zn, 7.6% Pb)
- **6.8m @ 9.7% Zn eq** (114g/t Ag, 0.5% Cu, 5.5% Zn, 1.0% Pb, 0.13g/t Au)
- **3.9m @ 11.3% Zn eq** (20g/t Ag, 0.2% Cu, 9.5% Zn, 1.5% Pb)

Figure 7.1 shows historical production at Falun and a number of drill targets including gravity anomalies between Falun and Skyttgruvan as well as several near mine targets.

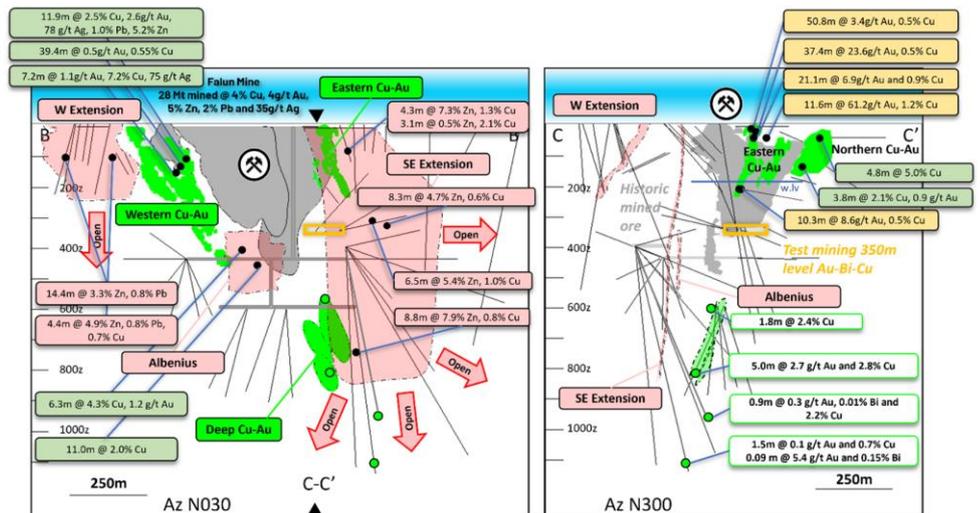
Figure 7.1 – Map of Falun Regional Geology



Source: AQI

Figure 7.2 shows a profile and cross section of Falun historic mine looking north-east (left) and looking north-west (right) including unmined historic drill intersections and near mine targets. A selection of drill traces represents the main area covered by historic drillings.

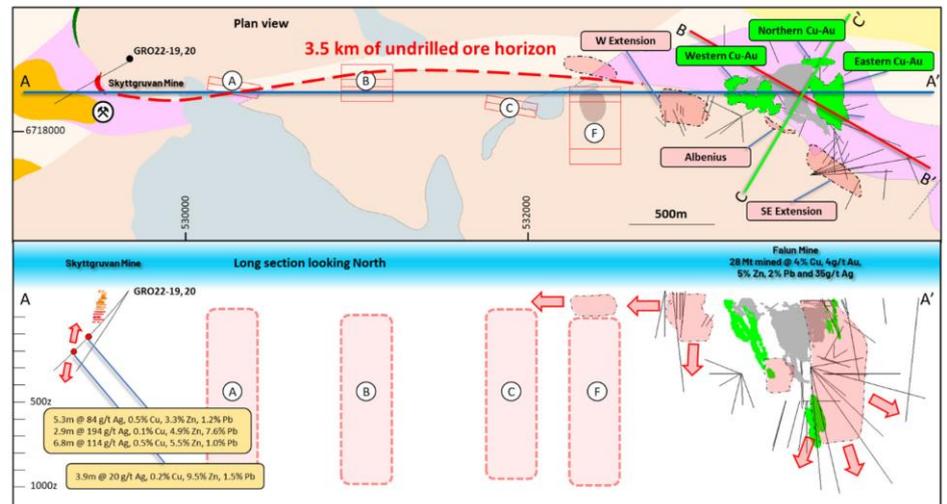
Figure 7.2 – Falun Profile and Cross-Section



Source: AQI

Figure 7.3 shows a profile and cross section of Falun historic mine looking north-east (left) and looking north-west (right) including unmined historic drill intersections and near mine targets. A selection of drill traces represents the main area covered by historic drillings.

Figure 7.3 – Plan map and long section looking North of the Falun regional geology and mine sequence



Source: AQI

Figure 7.2 and 7.3 were used to estimate the mineralised potential near Falun historical mine and along strike.

8. Directors & Management Team

Directors and management have substantial experience leaving the company in very capable hands.

Ray Shorrocks, Chairman

Investment Banker with 28 years' experience in corporate finance and has advised a diverse range of mining companies during his career at one of Australia's largest investment banking and full-service stockbroking and financial services firms.

Ray is instrumental in managing and structuring equity capital raisings and has advised extensively in the area of mergers and acquisitions.

Ray is the previous Chairman of ASX 300 company Bellevue Gold (ASX:BGL) & current Chairman of Galilee Energy (ASX:GLL) and Auteco Minerals (ASX:AUT).

Rob Sennitt, Managing Director

Initially an investment banker for over 25 years where his focus was advising companies in the natural resources sector on strategy, capital raising and M&A transactions.

He was appointed Managing Director and CEO of Mineral Deposits Limited (MDL) in June 2015. Following the takeover of MDL in July 2018, Rob became Senior Advisor to Appian Capital with responsibility for the Australian and Asian regions. At Appian, his responsibilities included origination of investments for the Appian Natural Resources Funds as well as portfolio company management.

Peter George, Executive Director

Peter is a Mining Engineer and Mineral Economist with 25 years in the mining industry, most recently as Project GM with Mineral Resources (ASX:MRL) and Chief Operating Officer for Keras plc (AIM:KRS) and Chief Executive Officer for Alicanto Minerals (ASX:AQI) (until August 2020) and extensive management experience for Boliden Limited (STO:BOL) in Sweden.

His experience includes extensive management, operations and consulting roles in commodities including gold, silver copper, zinc, iron-ore, lithium and nickel projects in Australia, Sweden and South America.

Didier Murcia, Non-Executive Director

Didier is a Lawyer with 30 years' experience and extensive legal/corporate expertise in resources projects in Africa and South America.

He is the Chair of Centaurus Metals (ASX:CTM) and Strandline Resources (ASX:STA).

Didier has been awarded an Order of Australia for services to the global community through support and provision of medical and education in Tanzania.

Michael Naylor, CFO

Michael is a Chartered Accountant with 26 years' experience in corporate advisory and public company management.

He is a Non-Executive Director of Bellevue Gold (ASX: BGL), previously CFO and Executive Director. Michael is also Non-Executive Director of Auteco Minerals (ASX: AUT), Midas Minerals (ASX: MM1) and Executive Director of Cygnus Gold (ASX:CY5).

He is a previous Director of gold producer Dragon Mining Limited which operated gold mines in Sweden and Finland.

Erik Lundstam, Chief Geologist

Erik has 25 years' experience in greenfield, brownfield and mine production geology, from technical to managing level with a focus on orogenic gold, porphyry copper-gold, VHMS, IOCG, skarn-limestone-hosted Cu-Au-Zn-Pb-Ag and Sedex-type deposits. Erik is the former Chief Geologist for Boliden AB (STO: BOL).

He has had seven major discoveries in Sweden (including Sala's extension).

9. Investment Risks

AQI is exposed to a number of risks including:

- **Geological risk:** the actual characteristics of an ore deposit may differ significantly from initial interpretations.
- **Resource risk:** all resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.
- **Commodity price risk:** the revenues AQI will derive mainly through the sale of metal concentrates containing mainly lead, silver and zinc exposing the potential income to metal price risk. The prices of lead, silver and zinc fluctuate and is affected by many factors beyond the control of AQI. Such factors include supply and demand fluctuations, technological advancements and macro-economic factors.
- **Exchange Rate risk:** The revenue AQI derives from the sale of metal products exposes the potential income to exchange rate risk. International prices of metals are denominated in United States dollars, whereas most of operating costs are in Euros or Swedish Crown and the financial reporting currency of AQI is the Australian dollar, exposing the company to the fluctuations and volatility of the rate of exchange between the AUD, EUR, SKE and USD as determined by international markets.
- **Mining risk:** A reduction in mine production would result in reduced revenue.
- **Processing risks:** A reduction in plant throughput would result in reduced revenue. In all processing plants, some metal is lost rather than reporting to the valuable product. If the recovery of metal is less than forecast, then revenue will be reduced.
- **Operational cost risk:** an increase in operating costs will reduce the profitability and free cash generation of the project.
- **Management and labour risk:** an experienced and skilled management team is essential to the successful development and operation of mining projects.

Evolution Capital Pty Ltd
Level 6, 1 Castlereagh Street
Sydney, NSW 2000
Tel: +61 2 8379 2958
www.eveq.com

Disclosure & Disclaimer

Evolution Capital Pty Ltd (ACN 652 397 263) ("Evolution Capital") is a corporate Authorised Representative (number 1293314) of Amplus Global Pty Ltd (ACN 162 631 325), the holder of Australian Financial Services Licence number 505929.

The information contained in this report is only intended for the use of those persons who satisfy the Wholesale definition, pursuant to Section 761G and Section 761GA of the Corporations Act 2001 (Cth) ("the Act"). Persons accessing this information should consider whether they are wholesale clients in accordance with the Act before relying on any information contained

Any financial product advice provided in this report is general in nature. Any content in this report does not take into account the objectives, financial situation or needs of any person, or purport to be comprehensive or constitute investment advice and should not be relied upon as such. You should consult a professional adviser to help you form your own opinion of the information and on whether the information is suitable for your individual objectives and needs as an investor.

It is important to note that Evolution Capital, or its agents or representatives, engaged and received a financial benefit by the company that is the subject of the research report. The financial benefit may have included a monetary payment or certain services including (but not limited to) corporate advisory, capital raising and underwriting. In addition, the agent or representative drafting the advice may have received certain assistance from the company in preparing the research report. Notwithstanding this arrangement, Evolution Capital confirms that the views, opinions and analysis are an accurate and truthful representation of its views on the subject matter covered. Evolution Capital has used its best endeavours to ensure that any remuneration received by it, or by an agent or representative, has not impacted the views, opinions or recommendations set out in this research report.

The content of this report does not constitute an offer by any representative of Evolution Capital to buy or sell any financial products or services. Accordingly, reliance should not be placed solely on the content of this report as the basis for making an investment, financial or other decision.

Recipients should not act on any report or recommendation issued by Evolution Capital without first consulting a professional advisor in order to ascertain whether the recommendation (if any) is appropriate, having regard to their investment objectives, financial situation and particular needs. Any opinions expressed are subject to change without notice and may not be updated by Evolution Capital.

Evolution Capital believes the information contained in this report is correct. All information, opinions, conclusions and estimates that are provided are included with due care to their accuracy; however, no representation or warranty is made as to their accuracy, completeness, or reliability.

Evolution Capital disclaims all liability and responsibility for any direct or indirect loss, or damage, which may be incurred by any recipient through any information, omission, error, or inaccuracy contained within this report.

The views expressed in this report are those of the representative who wrote or authorised the report and no part of the compensation received by the representative is directly related to the inclusion of specific recommendations or opinions.

Evolution Capital and / or its associates may hold interests in the entities mentioned in any posted report or recommendation.

Evolution Capital, or its representatives, may have relationships with the companies mentioned in this report – for example, acting as corporate advisor, dealer, broker, or holder of principal positions. Evolution Capital and / or its representatives may also transact in those securities mentioned in the report, in a manner not consistent with recommendations made in the report.

Any recommendations or opinions stated in this report are done so based on assumptions made by Evolution Capital.

The information provided in this report and on which it is based may include projections and / or estimates which constitute forward-looking statements. These expressed beliefs of future performance, events, results, or returns may not eventuate and as such no guarantee of these future scenarios is given or implied by Evolution Capital. Any forward looking statements are subject to uncertainties and risks that may mean those forecasts made by Evolution Capital are materially different to actual events. As such, past performance is not an indicator of future performance.