



**Alicanto Minerals Limited
ACN 149 126 858**

Notice of General Meeting

**The General Meeting of the Company will be held at
The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia
on Monday, 20 September 2021 at 10.00am (WST).**

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from a suitably qualified professional advisor prior to voting.

**Should you wish to discuss any matter, please do not hesitate to contact the
Company Secretary by telephone on (08) 6279 9425.**

Due to the ongoing COVID-19 pandemic, the Company is taking precautions to facilitate an in-person Meeting in accordance with COVID-19 restrictions. If the situation in relation to COVID-19 changes in a way affecting the ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by way of an announcement on the ASX market announcements platform.

**Shareholders are urged to attend or vote by lodging the proxy form attached to the
Notice**

**Alicanto Minerals Limited
ACN 149 126 858
(Company)**

Notice of General Meeting

Notice is given that the general meeting of Alicanto Minerals Limited ACN 149 126 858 will be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Monday, 20 September 2021 at 10.00am (WST) (**Meeting**).

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Saturday, 18 September 2021 at 10.00am (WST).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

Terms and abbreviations used in the Notice are defined in Schedule 1.

Agenda

Resolution 1 – Approval to issue Performance Rights to Raymond Shorrocks

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

'That the issue of up to 4,000,000 Performance Rights to Mr Raymond Shorrocks (or his nominee/s) is approved under and for the purposes of Listing Rule 10.11, sections 200E and 208 of the Corporations Act and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Resolution 2 - Ratification of prior issue of Options to Steven Parsons

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

'That the issue of 10,000,000 Options to Mr Steven Parsons (or his nominee/s) is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Resolution 3 - Ratification of prior issue of Performance Rights to Michael Naylor

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

'That the issue of 3,750,000 Performance Rights to Mr Michael Naylor (or his nominee/s) is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Resolution 4 - Ratification of prior issue of Performance Rights to Susan Field

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

'That the issue of 250,000 Performance Rights to Ms Susan Field (or her nominee/s) is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Voting exclusions

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

- (a) Resolution 1 by or on behalf of the person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (b) Resolution 2 by or on behalf of Mr Steven Parsons (or his nominee/s) and any person who participated in the issue of the securities, or any of their respective associates;
- (c) Resolution 3 by or on behalf of Mr Michael Naylor (or his nominee/s) and any person who participated in the issue of the securities, or any of their respective associates; and
- (d) Resolution 4 by or on behalf of Ms Susan Field (or her nominee/s) and any person who participated in the issue of the securities, or any of their respective associates.

The above voting exclusions do not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Shares held by or for an employee incentive scheme must only be voted on a Resolution under the Listing Rules if and to the extent that they are held for the benefit of a nominated participant in the scheme; the nominated participant is not excluded from voting on the Resolution under the Listing Rules; and the nominated participant has directed how the Shares are to be voted.

Voting prohibitions

Resolution 1: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 200E(2A) of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of Mr Raymond Shorrocks (and his nominees) or any of their respective associates.

However, a vote may be cast by such a person if:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the relevant Director (or his respective nominees) or an associate of those persons.

Further, in accordance with section 224 of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'M. Naylor', written in a cursive style.

Michael Naylor
Company Secretary
Alicanto Minerals Limited
Dated: 18 August 2021

Alicanto Minerals Limited
ACN 149 126 858
(Company)

Explanatory Memorandum

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Monday, 20 September 2021 at 10.00am (WST) (**Meeting**).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes information about the following to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Voting and attendance information
Section 3	Resolution 1– Approval to issue Performance Rights to Raymond Shorrocks
Section 4	Resolution 2- Ratification of prior issue of Options to Steven Parsons
Section 5	Resolution 3- Ratification of prior issue of Performance Rights to Michael Naylor
Section 6	Resolution 4- Ratification of prior issue of Performance Rights to Susan Field
Schedule 1	Definitions
Schedule 2	Terms and conditions of Performance Rights
Schedule 3	Valuation of Performance Rights
Schedule 4	Terms and conditions of Options to Mr Steven Parsons

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Voting and attendance information

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Impact of COVID-19 on the Meeting

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19.

Based on the best information available to the Board at the time of the Notice, the Board considers it will be in a position to hold an 'in-person' meeting to provide Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the COVID-19 restrictions regarding gatherings. The Company, however, strongly encourages Shareholders to submit proxies prior to the Meeting.

If the situation in relation to COVID-19 were to change in a way that affects the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

2.2 Voting in person

Given the current COVID-19 circumstances and in the interests of public health and safety of our Shareholders, the Company will implement arrangements to allow Shareholders to physically attend the Meeting in accordance with COVID-19 protocols and government advice.

The Company will strictly comply with applicable limitations on indoor gatherings in force at the time of the Meeting. If you attend the Meeting in person, you will be required to adhere to COVID-19 protocols in place at the time of the Meeting.

2.3 Voting by proxy

Shareholders are encouraged to vote by completing a Proxy Form.

Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form to the Notice of Meeting.

Proxy Forms can be lodged:

Online:	https://investor.automic.com.au/#!/loginsah
By mail:	Automic GPO Box 5193 Sydney NSW 2001
By fax:	+61 2 8583 3040
By email:	meetings@automicgroup.com.au
By mobile:	Scan the QR Code on your Proxy Form and follow the prompts

2.4 **Chair's voting intentions**

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

Subject to the following paragraph, if the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on any of the Resolutions by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution (under section 224 of the Corporations Act), the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form.

3. **Resolution 1– Approval to issue Performance Rights to Raymond Shorrocks**

3.1 **General**

The Company is proposing, subject to obtaining Shareholder approval, to issue a total of 4,000,000 Performance Rights to Mr Raymond Shorrocks (or his nominees) as part of his remuneration as Director of the Company.

The Performance Rights provide an incentive component to Mr Shorrocks' remuneration package, and align his interests with those of Shareholders. The Board considers that the number of Performance Rights to be granted to Mr Shorrocks is commensurate with his value to the Company and is an appropriate method to provide cost effective remuneration. The Board believes it is important to offer these Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

The Performance Rights will be issued for nil cash consideration. The full terms and conditions of the Performance Rights are set out in Schedule 2.

Resolution 1 seeks the approval of Shareholders to the issue of the Performance Rights to Raymond Shorrocks (or his nominees) under and for the purposes of Listing Rule 10.11.

3.2 **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to:

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the company (Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);

- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relation with the company or a person referred to in Listing Rule 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its shareholders.

The proposed issue of Performance Rights to Mr Shorrocks (or his nominees) falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 1 seeks the required Shareholder approval to the proposed issue of the Performance Rights under and for the purposes of Listing Rule 10.11.

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Performance Rights to Mr Shorrocks (or his nominees) and Mr Shorrocks will be remunerated accordingly.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Performance Rights to Mr Shorrocks (or his nominees) and the Company may need to consider other forms of incentive remuneration, including by the payment of cash.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the issue of the Performance Rights will not be included under the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

3.3 **Specific information required by Listing Rule 10.13**

Under and for the purposes of Listing Rule 10.13, the following information is provided in relation to the proposed issue of Performance Rights:

- (a) a maximum of 4,000,000 Performance Rights will be issued to Mr Raymond Shorrocks (or his nominees), a Director of the Company;
- (b) Mr Shorrocks is a related party of the Company by virtue of being a Director and falls into the category stipulated by Listing Rule 10.11.1. In the event the Performance Rights are issued to a nominee of Mr Shorrocks, that person will fall into the category stipulated by Listing Rule 10.11.4;
- (c) the Performance Rights will be issued on the terms and conditions set out in Schedule 2;
- (d) the Performance Rights will be issued no later than one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (e) the Performance Rights will be issued for nil cash consideration as they will be issued as part of Mr Shorrocks' remuneration package, and therefore no funds will be raised as a result of the issue;
- (f) the current total remuneration package for Mr Shorrocks as at the date of this Notice is set out below:

Remuneration (per annum)	Mr Raymond Shorrocks
Salary and fees	\$ 59,583.17
Incentive payments	Nil
Leave entitlements	Nil
Superannuation	Nil
Share-based payments	\$ 498,123.00
TOTAL	\$ 557,706.17

Mr Shorrocks' also has a relevant interest in 1,765,355 Shares.

The Company has obtained an independent valuation of the Performance Rights, prepared by 22 Corporate Advisory Pty Ltd, using a Monte Carlo Simulation Methodology, as set out in Schedule 3. The total value of the Performance Rights is \$664,000.

Neither the value of the Shares nor the value of the Performance Rights the subject of Resolution 1 is reflected in the table above.

- (g) the Performance Rights are being issued under an offer letter, which contains the terms of the Performance Rights set out in Schedule 2; and
- (h) a voting exclusion statement is included in the Notice.

3.4 **Section 200E of the Corporations Act**

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a 'managerial or executive office' (as defined in the Corporations Act) if an exemption applies or if the benefit is approved by shareholders in accordance with section 200E of the Corporations Act.

Mr Shorrocks holds a 'managerial or executive office' as his details are included in the Directors' Report by virtue of being a Director.

Under the terms and conditions of the Performance Rights, change of control events may cause the early vesting of the Performance Rights, subject to the Company's obligations under Listing Rules 10.18 and 10.19.

The termination 'benefit' under section 200B of the Corporations Act has a wide operation and relevantly includes, in the context of Resolution 1, the early vesting of Performance Rights upon the exercise of the Board's discretion or the Board determining to provide that the Performance Rights do not lapse but will continue and be vested in the ordinary course.

Resolution 1 therefore also seeks approval of any termination benefit that may be provided to Mr Shorrocks under the terms and conditions of the Performance Rights proposed to be issued under Resolution 1.

3.5 **Specific information required by section 200E(2) of the Corporations Act**

The value of the potential termination benefits cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Share price at the time of vesting and the number of Performance Rights that will vest or otherwise be affected. The following additional factors may also affect the benefit's value:

- (a) Mr Shorrocks' length of service and the status of the vesting conditions attaching to the relevant Performance Rights at the time Mr Shorrocks' employment or office ceases; and
- (b) the number of unvested Performance Rights that Mr Shorrocks (or his nominee) holds at the time they cease employment or office.

3.6 **Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Performance Rights constitutes giving a financial benefit and Mr Shorrocks is a related party of the Company by virtue of being a Director.

It is the view of the Board that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the proposed issue of the Performance Rights pursuant to Resolution 1.

3.7 **Information requirements for Chapter 2E of the Corporations Act**

Pursuant to and in accordance with section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the Performance Rights:

- (a) **Identity of the related parties to whom Resolution 1 permit financial benefits to be given**

The Performance Rights will be issued to Mr Raymond Shorrocks or his nominees.

- (b) **Nature of the financial benefit**

Resolution 1 seeks approval from Shareholders to allow the Company to issue the Performance Rights in the amount specified in Section 3.1 above to Mr Shorrocks or his nominees. The Performance Rights are to be issued in accordance with Mr Shorrocks' remuneration package and otherwise on the terms and conditions in Schedule 2.

The Shares to be issued upon conversion of the Performance Rights will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Valuation of financial benefit**

Using a Monte Carlo Simulation Methodology, the valuation of the Performance Rights is set out in Schedule 3, with a summary set out in Section 3.3(f).

(d) **Remuneration of Mr Shorrocks**

The current total remuneration package for Mr Shorrocks as at the date of this Notice is set out in Section 3.3(f) above.

(e) **Existing relevant interests**

At the date of this Notice, Mr Shorrocks holds the following relevant interests in Equity Securities of the Company:

Related Party	Shares	Unquoted Options
Mr Raymond Shorrocks ¹	1,765,355	10,000,000

Notes:

- Options exercisable at \$0.10 each on or before 13 August 2025.

Assuming that Resolution 1 is approved by Shareholders, all of the Performance Rights are issued, vested and exercised into Shares, and no other Equity Securities are issued or exercised, Mr Shorrocks' interest would represent approximately 1.73% of the Company's expanded capital.

(f) **Trading history**

The highest and lowest closing market sale prices of the Shares on ASX during the 12 months prior to the date of this Notice were:

Highest: \$0.225 per Share on 17 September 2020

Lowest: \$0.096 per Share on 29 December 2020 and 29 January 2021

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.135 per Share on 12 August 2021.

(g) **Dilution**

The issue of the Performance Rights will have a diluting effect on the percentage interest of existing Shareholders' holding if the Performance Rights vest and are exercised. The potential dilution effect is 1.20%, assuming the current Share capital structure as at the date of this Notice (being 328,867,461 Shares on 12 August 2021) and that no Shares are issued other than the Shares issued on exercise of the Performance Rights.

The exercise of all of the Performance Rights will result in a total dilution of all other Shareholders' holdings of 0.92% on a fully diluted basis (assuming that all Options and Performance Rights are exercised). The actual dilution will depend on the extent that additional Shares are issued by the Company.

(h) **Corporate governance**

The Board acknowledges the grant of the Performance Rights to non-executive Director, Mr Shorrocks, is contrary to Recommendation 8.2 of the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. However, the Board considers the grant of Performance Rights to the non-executive Director reasonable in the circumstances for the reasons set out in Section 3.1.

(i) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Performance Rights (including fringe benefits tax).

(j) **Director recommendations**

The Directors, other than Mr Raymond Shorrocks who declines to make a recommendation to Shareholders in relation to Resolution 1 due to his material personal interest in the outcome of the Resolutions, recommend that Shareholders vote in favour of the Resolution for the following reasons:

- (i) through the leadership of Mr Shorrocks, he has overseen the development of the Company throughout a period of growth and advancement over the last 12 months;
- (ii) accordingly, the grant of the Performance Rights is a reasonable benefit to recognise the past performance by Mr Shorrocks;
- (iii) the grant of the Performance Rights will further align the interests of Mr Shorrocks with those of Shareholders to increase shareholder value;
- (iv) the issue of the Performance Rights provides Mr Shorrocks with incentives to focus on superior performance in creating shareholder value;
- (v) the grant of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Shorrocks; and
- (vi) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed.

(k) **Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

3.8 **Board recommendation**

Resolution 1 is an ordinary resolution.

The Board (other than Mr Raymond Shorrocks who has a material personal interest in the outcome of the Resolution) recommends that Shareholders vote in favour of Resolution 1.

4. **Resolution 2- Ratification of prior issue of Options to Steven Parsons**

4.1 **General**

On 2 August 2021, the Company issued Mr Steven Parsons (or his nominees), who is a corporate consultant of the Company, 10,000,000 unquoted Options exercisable at \$0.20 each on or before 26 July 2026 as part of his remuneration as corporate consultant of the Company.

Mr Parsons received the Options as part of his remuneration package.

The Options were issued within the 15% limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

Resolution 2 seeks the approval of Shareholders to ratify the issue of the Options under and for the purposes of Listing Rule 7.4.

4.2 **Listing Rules 7.1 and 7.4**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under Listing Rule 7.1.

The issue of the Options does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under that Listing Rule for the 12 month period following the issue of the Options.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 2 seeks Shareholder approval to the issue of the Options under and for the purposes of Listing Rule 7.4.

If Resolution 2 is passed, the issue of the Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue of the Options.

If Resolution 2 is not passed, the Options will be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining Shareholder approval over the 12 month period following the issue of those Options.

4.3 **Specific information required by Listing Rule 7.5**

Under and for the purposes of Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Options:

- (a) a total of 10,000,000 Options were issued on 2 August 2021 to Mr Parsons (or his nominees) who is a consultant to and substantial Shareholder of the Company but is not a related party of the Company;
- (b) the Options are exercisable at \$0.20 each on or before 26 July 2026 and were otherwise issued on the terms and conditions set out in Schedule 4;
- (c) the Options were issued for nil cash consideration, as they were issued as part of Mr Parsons' remuneration package. Accordingly, no funds were raised from the issue;
- (d) the Options were issued pursuant to an offer letter under which Mr Parson agreed to apply for the grant of the Options on the terms set out in this Notice and otherwise on terms considered standard for agreements of this nature; and
- (e) a voting exclusion statement is included in the Notice.

4.4 **Board recommendation**

Resolution 2 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 2.

5. **Resolution 3- Ratification of prior issue of Performance Rights to Michael Naylor**

5.1 **General**

On 2 August 2021, the Company issued to Mr Michael Naylor (or his nominees) 3,750,000 Performance Rights as part of his remuneration as Company Secretary.

The Performance Rights provide an incentive component to Mr Naylor's remuneration package, and align his interests with those of Shareholders. The Board considers that the

number of Performance Rights to be granted to Mr Naylor is commensurate with his value to the Company and is an appropriate method to provide cost effective remuneration.

The Performance Rights were issued within the 15% limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

Resolution 3 seeks the approval of Shareholders to ratify the issue of the Performance Rights under and for the purposes of Listing Rule 7.4.

5.2 **Listing Rules 7.1 and 7.4**

A Summary of Listing Rules 7.1 and 7.4 is contained in Section 4.2 above.

The issue of the Performance Rights does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under that Listing Rule for the 12 month period following the issue of the Performance Rights.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 3 seeks Shareholder approval to the issue of the Performance Rights under and for the purposes of Listing Rule 7.4.

If Resolution 3 is passed, the issue of the Performance Rights will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue of the Performance Rights.

If Resolution 3 is not passed, the Performance Rights will be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining Shareholder approval over the 12 month period following the issue of those Performance Rights.

5.3 **Specific information required by Listing Rule 7.5**

Under and for the purposes of Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Performance Rights:

- (a) a total of 3,750,000 Performance Rights were issued on 2 August 2021 to Mr Michael Naylor (or his nominees), who is the Company Secretary of the Company;
- (b) the Performance Rights were issued on the terms and conditions in Schedule 2;
- (c) the Performance Rights were issued for nil cash consideration, as they were issued as part of Mr Naylor's remuneration package. Accordingly, no funds were raised from the issue;
- (d) the Performance Rights were issued pursuant to an offer letter under which Mr Naylor agreed to apply for the grant of the Performance Rights on the terms set out in this Notice and otherwise on terms considered standard for agreements of this nature; and
- (e) a voting exclusion statement is included in the Notice.

5.4 **Board recommendation**

Resolution 3 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 3.

6. **Resolution 4- Ratification of prior issue of Performance Rights to Susan Field**

6.1 **General**

On 2 August 2021, the Company issued to Ms Susan Field (or her nominees) 250,000 Performance Rights as part of her remuneration as Financial Controller.

The Performance Rights provide an incentive component to Ms Field's remuneration package, and align her interests with those of Shareholders. The Board considers that the number of Performance Rights to be granted to Ms Field is commensurate with her value to the Company and is an appropriate method to provide cost effective remuneration.

The Performance Rights were issued within the 15% limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

Resolution 4 seeks the approval of Shareholders to ratify the issue of the Performance Rights under and for the purposes of Listing Rule 7.4.

6.2 **Listing Rules 7.1 and 7.4**

A Summary of Listing Rules 7.1 and 7.4 is contained in Section 4.2 above.

The issue of the Performance Rights does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under that Listing Rule for the 12 month period following the issue of the Performance Rights.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 4 seeks Shareholder approval to the issue of the Performance Rights under and for the purposes of Listing Rule 7.4.

If Resolution 4 is passed, the issue of the Performance Rights will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue of the Performance Rights.

If Resolution 4 is not passed, the Performance Rights will be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the

Company can issue or agree to issue without obtaining Shareholder approval over the 12 month period following the issue of those Performance Rights.

6.3 **Specific information required by Listing Rule 7.5**

Under and for the purposes of Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Performance Rights:

- (a) a total of 250,000 Performance Rights were issued on 2 August 2021 to Ms Susan Field (or her nominees), who is the Financial Controller of the Company;
- (b) the Performance Rights were issued on the terms and conditions in Schedule 2;
- (c) the Performance Rights were issued for nil cash consideration, as they were issued as part of Ms Field's remuneration package. Accordingly, no funds were raised from the issue;
- (d) the Performance Rights were issued pursuant to an offer letter under which Ms Field agreed to apply for the grant of the Performance Rights on the terms set out in this Notice and otherwise on terms considered standard for agreements of this nature; and
- (e) a voting exclusion statement is included in the Notice.

6.4 **Board recommendation**

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ or A\$	means Australian Dollars.
ASX	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
Board	means the board of Directors.
Chair	means the person appointed to chair the Meeting of the Company convened by the Notice.
Closely Related Party	means: (a) a spouse or child of the member; or (b) has the meaning given in section 9 of the Corporations Act.
Company	means Alicanto Minerals Limited (ACN 149 126 858).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Equity Security	has the same meaning as in the Listing Rules.
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
Listing Rules	means the listing rules of ASX.
Meeting	has the meaning given in the introductory paragraph of the Notice.
Notice	means this notice of general meeting.
Option	means an option to acquire a Share.
Performance Right	means a performance right in the Company.
Proxy Form	means the proxy form attached to the Notice.
Resolution	means a resolution referred to in the Notice.

Schedule	means a schedule to the Notice.
Section	means a section of the Explanatory Memorandum.
Securities	means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share.
Trading Day	has the meaning given in the Listing Rules.
WST	means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 Terms and conditions of Performance Rights

1. Entitlement

The Performance Rights entitle the holder (**Holder**) to subscribe for one Share upon the conversion of each Performance Right.

2. Consideration

The Performance Rights will be granted for nil cash consideration.

3. Conversion price

The conversion price of each Performance Right is nil.

4. Vesting Conditions

The Performance Rights will vest upon the Company achieving a share price greater than \$0.20 for 5 consecutive Trading Days (**Milestone**), which will be determined by the Board in its absolute discretion.

5. Expiry Date

All unvested, or vested but unexercised, Performance Rights will expire automatically at 5.00pm WST on the date which is 3 years from their date of issue.

6. Timing of issue of Shares and quotation of Shares on conversion

As soon as practicable after the valid conversion of a Performance Right by the Holder, the Company will:

- (a) issue, allocate or cause to be transferred to the Consultant (or its nominee) the number of Shares to which the Holder is entitled;
- (b) issue a substitute Certificate for any remaining unconverted Performance Rights held by the Holder;
- (c) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the conversion of Performance Rights will upon issue rank equally in all respects with the then issued Shares.

7. Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of a Performance Right may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

8. Leaver

Where the Holder (or the person who is entitled to be registered as the holder) of the Performance Rights is no longer employed, or their engagement is discontinued (for whatever reason), with the Company, any unconverted and unvested Performance Rights will automatically lapse and be forfeited by the Holder, unless the Board otherwise determines in its discretion.

9. Participation in new issues

There are no participation rights or entitlements inherent in the Performance Rights and a holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights. However, the Company will give the holder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

10. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment) no changes will be made to the Performance Rights.

11. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Performance Rights holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

12. Quotation of Performance Rights

The Performance Rights will be unquoted Performance Rights.

13. Performance Rights non-transferable

The Performance Rights are non-transferable.

14. Dividend rights

A Performance Right does not entitle the Holder to any dividends.

15. Return of capital rights

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

16. No other rights

A Performance Right does not give a Holder any rights other than those expressly provided by these terms, the Agreement and those provided at law where such rights at law cannot be excluded by these terms.

17. Change of Control

Upon:

- (a) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (i) having received acceptances for not less than 50.1% of the Company's shares on issue; and
 - (ii) having been declared unconditional by the bidder; or
- (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (c) the Company announces that a sale or transfer (in one transaction or a series of related transactions) of the whole or substantially the whole of the undertaking and business of the Company has been completed,

then, to the extent Performance Rights have not converted into Shares, Performance Rights will automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Performance Rights then on issue in the Company, is equal to the lesser of one Share per Performance Right and 10% of the total Shares on issue at that time. Performance Rights that are not converted into Shares will continue to be held by the holder on the same terms and conditions.

Schedule 3 Valuation of Performance Rights

A valuation of the Performance Rights to be issued to Mr Raymond Shorrocks pursuant to Resolution 1, prepared by external consultant 22 Corporate Advisory Pty Ltd and using a Monte Carlo Simulation Methodology is set out below:

23 July 2021

Alicanto Minerals Limited
Level 3, 24 Outram Street
WEST PERTH WA 6005

Attention: Michael Naylor

RE: Valuation of Alicanto Minerals Limited performance rights

Dear Michael,

1. Introduction

You have requested that we determine the fair market value of one tranche of performance rights (the **Rights**) in accordance with AASB 2 – Share Based Payment (the **Engagement**). The Rights are proposed to be issued by Alicanto Minerals Limited (the **Company**) to an executive of the Company following shareholder approval at the Company’s next General Meeting. As such, we conducted the valuation as at 22 July 2021 (the **Valuation Date**), being the most recently concluded market day on which the underlying shares of the Rights could be have been traded, and the day prior to the date of this report.

Our valuation, summarised below, concludes at a per-right value and total-tranche value for the Rights. Our valuation of the Rights as at the Valuation Date is contained in the following letter, including Annexures, and is subject to the attached statement of limiting conditions.

2. Summary of the Rights

- The Rights consist of 4,000,000 rights to be issued to an executive of the Company subject to approval of shareholders at the next General Meeting of the Company.
- Each individual right is exercisable for one ordinary share in the Company at a \$nil exercise price.
- The Rights vest following satisfaction of a performance hurdle, being that the share price of the Company be greater than \$0.20 per share for five consecutive trading days.
- The Rights expire three years after their Issue Date and following which the Rights lapse. For the purposes of this valuation, we have assumed the date of issue (**Issue Date**) of the Rights is the Valuation Date, being the most recently concluded market day prior to the date of this report.
- We understand that there are no restrictions on disposal of shares after exercise of the Rights, and that there are no other market-based or non-market-based vesting conditions, or any other conditions that impact on the value of the Rights.

3. Summary of AASB 2 Share-based Payment

Table 1 below sets out the pertinent clauses of AASB 2 – Share-based Payment as they relate to the Rights.

Table 1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
2 (a) <i>Applicable paragraph</i>	<p>An entity shall apply this Standard in accounting for all share-based payment transactions, whether or not the entity can identify specifically some or all of the goods or services received, including:</p> <ul style="list-style-type: none"> (a) equity-settled share-based payment transactions; (b) cash-settled share-based payment transactions; and (c) transactions in which the entity receives or acquires goods or services and the terms of the arrangement provide either the entity or the supplier of those goods or services with a choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, <p>except as noted in paragraphs 3A-6. In the absence of specifically identifiable goods or services, other circumstances may indicate that goods or services have been (or will be) received, in which case this Standard applies.</p>
<i>22 Corporate Advisory comment</i>	<p>The Rights are equity-settled share-based payment transactions, in which the entity (Alicanto Minerals Limited) receives goods or services (employment bonus of the Company’s executive) as consideration for equity instruments of the entity (including shares or share options).</p>
10 & 11	<p>For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.</p> <p>To apply the requirements of paragraph 10 to transactions with employees and others providing similar services, the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted, because typically it is not possible to estimate reliably the fair value of the services received, as explained in paragraph 12. The fair value of those equity instruments shall be measured at grant date.</p> <p>We believe that the entity cannot reliably measure the goods or services received by the employment of the Company’s executive along with the corresponding increase in equity. Accordingly, per clause 10, we have defaulted to measuring the goods or services received and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.</p> <p>Given that the Rights essentially allow the holder to receive a fully-paid ordinary share in the Company (whose value can be reliably estimated), subject to certain vesting criteria, we are of the view that the fair value of the equity instruments granted can be reliably estimated causing AASB 2 clauses 24 – 25 to be irrelevant.</p>

Table 1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
14, 15	<p>If the equity instruments granted vest immediately, the counterparty is not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. In the absence of evidence to the contrary, the entity shall presume that services rendered by the counterparty as consideration for the equity instruments have been received. In this case, on grant date the entity shall recognise the services received in full, with a corresponding increase in equity.</p> <p>If the equity instruments granted do not vest until the counterparty completes a specified period of service, the entity shall presume that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the vesting period. The entity shall account for those services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity. For example:</p> <p>(a) If an employee is granted share options conditional upon completing three years' service, then the entity shall presume that the services to be rendered by the employee as consideration for the share options will be received in the future, over that three-year vesting period.</p> <p>(b) If an employee is granted share options conditional upon the achievement of a performance condition and remaining in the entity's employ until that performance condition is satisfied, and the length of the vesting period varies depending on when that performance condition is satisfied, the entity shall presume that the services to be rendered by the employee as consideration for the share options will be received in the future, over the expected vesting period. The entity shall estimate the length of the expected vesting period at the grant date, based on the most likely outcome of the performance condition. If the performance condition is a <i>market condition</i>, the estimate of the length of the expected vesting period shall be consistent with the assumption used in estimating the fair value of the options granted, and shall not be subsequently revised. If the performance condition is <i>not a market condition</i>, the entity shall revise its estimate of the length of the vesting period, if necessary, if subsequent information indicates that the length of the vesting period differs from previous estimates.</p> <p>We consider the Rights to have a market-based vesting criteria through the share price hurdle. As such, the Company should account for the services rendered by the holders of the Rights over the expected vesting period of the Rights, with a corresponding increase in equity. The Company should estimate the length of the expected vesting period as at the grant date, based on the most likely outcome of the performance condition, and should revise its estimate, if necessary, if subsequent information indicates that the length of the vesting period differs from previous estimates.</p>
16	<p>For transactions measured by reference to the fair value of the equity instruments granted, an entity shall measure the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted (subject to the requirements of paragraphs 19-22).</p> <p>We have been instructed that the Rights are subject to shareholder approval at the Company's next General Meeting and have therefore used the date of the most recent</p>

Table 1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
	<p>available market data as the Valuation Date. Accordingly, we have used 22 July 2021, being the most recently concluded market day prior to the date of this report, as the Valuation Date for the purposes of this letter.</p> <p>On 22 July 2021, being the most recently concluded market day prior to the Valuation Date, the shares of Alicanto Minerals Limited closed at \$0.175. We have used this price as accurately reflecting the per share price of a fully-paid ordinary share in the Company as at the Valuation Date.</p>
19	<p>A grant of equity instruments might be conditional upon satisfying specified <i>vesting conditions</i>. For example, a grant of shares or share options to an employee is typically conditional on the employee remaining in the entity’s employ for a specified period of time. There might be performance conditions that must be satisfied, such as the entity achieving a specified growth in profit or a specified increase in the entity’s share price. Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognised for goods or services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition, for example, the counterparty fails to complete a specified service period, or a performance condition is not satisfied, subject to the requirements of paragraph 21.</p> <p>The granting of shares from exercise of the Rights is conditional upon meeting a performance condition, namely share price appreciation above the hurdle for five consecutive days. We consider this performance condition to be a market condition and will take it into account when determining the fair value of the Rights.</p>
20	<p>To apply the requirements of paragraph 19, the entity shall recognise an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested, subject to the requirements of paragraph 21.</p> <p>The Company must estimate the probability of achievement of each non-market-based vesting condition (expressed as a % probability) and apply that percentage to the total number of performance rights comprising the Rights, to determine the number of equity instruments expected to vest as at the Valuation Date.</p>

Table 1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
21	<p>Market conditions, such as a target share price upon which vesting (or exercisability) is conditioned, shall be taken into account when estimating the fair value of the equity instruments granted. Therefore, for grants of equity instruments with market conditions, the entity shall recognise the goods or services received from a counterparty who satisfies all other vesting conditions (e.g. services received from an employee who remains in service for the specified period of service), irrespective of whether that market condition is satisfied.</p> <p>We have determined that vesting of the Rights is subject to market conditions and therefore, these market conditions must be taken into account when estimating the fair value of the Rights.</p>
AG B4	<p>For share options granted to employees, in many cases market prices are not available, because the options granted are subject to terms and conditions that do not apply to traded options. If traded options with similar terms and conditions do not exist, the fair value of the options granted shall be estimated by applying an option pricing model.</p> <p>We have used the Monte Carlo Simulation Methodology (MCSM), which utilises the Binomial Option Pricing Model, to estimate the fair value of the Rights. The valuation under the MCSM methodology is discussed in the next section titled, <i>Valuation of the Rights</i>.</p>
AG B5	<p>The entity shall consider factors that knowledgeable, willing market participants would consider in selecting the option pricing model to apply. For example, many employee options have long lives, are usually exercisable during the period between vesting date and the end of the options' life, and are often exercised early. These factors should be considered when estimating the grant date fair value of the options. For many entities, this might preclude the use of the Black-Scholes-Merton formula, which does not allow for the possibility of exercise before the end of the option's life and may not adequately reflect the effects of expected early exercise. It also does not allow for the possibility that expected volatility and other model inputs might vary over the option's life. However, for share options with relatively short contractual lives, or that must be exercised within a short period of time after vesting date, the factors identified above may not apply. In these instances, the Black-Scholes-Merton formula may produce a value that is substantially the same as a more flexible option pricing model.</p> <p>Given that the Rights can be exercised for nil consideration, we consider that they would be exercised immediately after satisfaction of the vesting criteria. Consequently, we consider the MCSM to be the most appropriate method to value the Rights as it allows more flexibility to appropriately value the Rights given the performance hurdle condition and potential of early exercise, as discussed in the next section titled, <i>Valuation of the Rights</i>.</p>

Table 1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
AG B6	<p>All option pricing models take into account, as a minimum, the following factors:</p> <ul style="list-style-type: none"> (a) the exercise price of the option; (b) the life of the option; (c) the current price of the underlying shares; (d) the expected volatility of the share price; (e) the dividends expected on the shares (if appropriate); and (f) the risk-free interest rate for the life of the option. <p>In the following section titled, <i>Valuation of the Rights</i>, the above factors are taken into account in the valuation of the Rights.</p>
AG B7	<p>Other factors that knowledgeable, willing market participants would consider in setting the price shall also be taken into account (except for vesting conditions and reload features that are excluded from the measurement of fair value in accordance with paragraphs 19-22).</p> <p>Based on our instructions, there are no other factors a knowledgeable, willing market participant would consider in setting the price of the Rights.</p>
AG B34 & B35	<p>Conversely, if the employees are not entitled to dividends or dividend equivalents during the vesting period (or before exercise, in the case of an option), the grant date valuation of the rights to shares or options should take expected dividends into account. That is to say, when the fair value of an option grant is estimated, expected dividends should be included in the application of an option pricing model. When the fair value of a share grant is estimated, that valuation should be reduced by the present value of dividends expected to be paid during the vesting period.</p> <p>Option pricing models generally call for expected dividend yield. However, the models may be modified to use an expected dividend amount rather than a yield. An entity may use either its expected yield or its expected payments. If the entity uses the latter, it should consider its historical pattern of increases in dividends. For example, if an entity's policy has generally been to increase dividends by approximately 3 per cent per year, its estimated option value should not assume a fixed dividend amount throughout the option's life unless there is evidence that supports that assumption.</p> <p>The Company has not paid or recommended any dividends recently and is assumed to continue this trend for the term of the Rights. As such, this clause is not applicable to the valuation of the Rights.</p>

4. Valuation of the Rights

In determining the fair value of Rights, we used a Monte Carlo Simulation Methodology (MCSM).

Specifically, we undertook the following process for each of 1,000,000 simulations, to determine the fair value of the Rights having regard to the market-based vesting condition of the performance hurdle:

1. We created a hypothetical price path, on a daily basis, for an ordinary share in the Company between the Valuation Date and the expiry date of the Rights (being three years from the Valuation Date).
2. At each day of the hypothetical price path, we tested the simulated share price against the performance hurdle – being that the share price of the Company be greater than \$0.20 per share for five consecutive trading days. Given the absence of any restrictions on exercise of the Rights (except the performance hurdle) and the nil exercise price, we consider that a holder of the Rights would exercise the Rights once the underlying performance hurdle is met. In each simulation that the performance hurdle was met, we discounted the value of the exercised Rights, being the difference between the simulated share price and the exercise price of nil, to the Valuation Date.
3. In simulations that did not result in the performance hurdle being met, we assumed a value of nil for the simulation.
4. Finally, we averaged the results in points 2 and 3 above to determine the value of the Rights.

Following and in Table 2 below are the key inputs used to determine the hypothetical price path and present value of any vested ordinary shares in the MCSM.

Table 2: MCSM Inputs

Input	Values at Valuation Date
i. Underlying share price	\$0.175
ii. Exercise price	\$nil
iii. Term	3.00yrs
iv. Risk-free rate	0.129%
v. Dividend yield	Nil
vi. Volatility (rounded)	103.00%

- i. *Share price* – The underlying price of the Company’s shares at the Valuation Date was \$0.175.
- ii. *Exercise price* – We have been instructed that the exercise price of the Rights is \$nil.
- iii. *Term* – The term of the Rights is 3.00 years, being the period from the Valuation Date.
- iv. *Risk-free rate* – The risk-free rate was determined to be the yield-to-maturity of an Australian government bond on the Valuation Date and with a term of equal duration of the Rights. The government bond interest rates were taken from the *F16 – Indicative Mid Rates of Australian Government Securities* interest rate table on the Reserve Bank of Australia website. As the term of the Rights did not match the any term listed on the interest rate table for Australian government bonds as at the Valuation Date, linear interpolation was used to determine the risk-free rate. Given the aforementioned, the risk-free rate was determined to be 0.129%.
- v. *Dividends* – The dividend yield was assumed to be nil as no dividend has been paid by the Company or is forecast to be paid over the term of the Rights.
- vi. *Volatility* – In accordance with AASB 2 paragraph B22, volatility was determined to be the annualised standard deviation of the continuously compounded daily change in price of the Company’s shares. While the term of the Rights is 3 years, the volatility was calculated using the daily share prices for the approximate 36-month period prior to the Valuation Date. Based on the aforementioned method, volatility was determined to be 103.00% (rounded).

5. Other Considerations

Non-market based vesting conditions – Per clause 19 and 20 of AASB 2, any non-market based vesting conditions are taken into account in the valuation of the Rights by adjusting the number of equity instruments included in the measurement. The Company must estimate the probability of achievement of any non-market-based vesting condition (expressed as a % probability) and apply that percentage to the total number of performance rights comprising the Rights, to determine the number of equity instruments expected to vest as at the Valuation Date.

Dilution factor – Given that the exercise of the Rights results in additional shares being issued in the Company, we also factored into the valuation of the Rights the potential dilutory impact that the exercise of the Rights has on the per share value of the Company. Exercise of the Rights and the resultant issuance of new shares will mean that the Company’s value is apportioned among a greater number of shares, which can concurrently lead to a decrease in the per share value of the Company. The MCSM methodology calculates the value of a right on an existing share in a company and does not take into consideration the dilutory impact of the issue of additional shares. Therefore, we must separately consider the effect of exercising the Rights and resulting dilution in share value when calculating the value of the Rights.

The dilution factor considers the potential dilution in share value resulting from the exercise of all of the Rights on the Valuation Date. Given that the Rights have a nil exercise price when the performance hurdle is met, there is a dilutory impact factor of 0.98795 (see **Annexure 1** for a detailed summary). We applied this dilution factor to the value of the Rights determined in the previous section.

6. Valuation Conclusion

Based on the above inputs and assumptions, the resulting fair value for the Rights before the application of any non-market-based vesting conditions is **\$0.1661 per Right**.

Table 3: Valuation Conclusions				
Tranche	Number of equity instruments	Value per Right	Dilution Factor	Concluded value (rounded) ⁽¹⁾
	(a)	(b)	(c)	(d) = (a)*(b)*(c)
1	4,000,000	\$0.1681	0.98795	\$664,000

(1) Before the application of any non-market-based vesting conditions (see Section 5)

Should you have any questions regarding anything contained in this letter please do not hesitate to contact me on 0438 739 046.

Yours faithfully



Oliver Schweizer, CFA
Director

STATEMENT OF LIMITING CONDITIONS

In accordance with professional ethics, our fees for this service are not contingent upon the opinions expressed herein. Information provided by management or its representatives in the course of this investigation has been accepted, without further verification, as correctly reflecting Alicanto Minerals Limited's business conditions and operating results.

Financial and statistical information is from sources we deem reliable. We make no representation as to our sources' accuracy or completeness and have accepted their information without further verification.

The conclusions are based upon the assumption that present management will continue to maintain the character and integrity of Alicanto Minerals Limited through any sale, reorganisation, or diminution of the owners' participation.

Our opinions expressed herein are valid only for the stated purpose and date of the appraisal. Though some similarities exist between the value as set forth for this purpose and others, it would be incorrect to use the opinions as determined herein for any other purpose due to specific timing, performance, and marketability issues. Accordingly, any such use of the conclusions as determined herein for other purposes would be inaccurate and possibly misleading.

Future services regarding the subject matter contained herein, including, but not limited to, testimony or attendance in court shall not be required of 22 Corporate Advisory Pty Ltd unless previous arrangements have been made in writing.

Neither all nor any part of the contents contained herein shall be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent and approval of 22 Corporate Advisory Pty Ltd.

VALUERS' CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this letter are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinion, and conclusion.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- No one provided significant professional assistance to the persons signing this certification other than other employees of 22 Corporate Advisory Pty Ltd.



Oliver Schweizer, CFA

Director

Annexure 1

Dilution Factor

Annexure 1: Calculation of dilution factor

Description	Reference	Amount
Shares on issue at the Valuation date	(a)	327,867,461
Price per share at the Valuation Date	(b)	\$0.175
Implied market value of equity	(c)=(a)*(b)	\$57,376,806
Contributed capital on exercise of the Rights (# of rights * exercise price)	(d)	\$nil
Implied value of equity after exercise of the Rights	(e)=(c)+(d)	\$57,376,806
New shares issued upon exercise of the Rights	(f)	4,000,000
Total shares on issue including potential shares from the Rights	(g)=(a)+(f)	331,867,461
Diluted value per share	(h)=(e)/(g)	\$0.173
Dilution factor	(i)=min[(h)/(b),1]	0.98795

Schedule 4 Terms and conditions of Options to Mr Steven Parsons

1. Entitlement

The Options entitle the Option Holder (**Optionholder**) to subscribe for one Share upon the exercise of each Option.

2. Quotation of Options

The Company will not apply for official quotation of the Options on ASX.

3. Issue Price

The Options will be issued for nil cash consideration per Option.

4. Exercise price and Expiry date

Each Option (unless otherwise specified) has an exercise price of \$0.20 (**Exercise Price**) and will expire at 5.00pm (AWST) on the date that is 5 years from the date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

5. Notice of Exercise

The Optionholder may exercise their Options by lodging with the Company, on or prior to the Expiry Date:

- (a) in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;
- (b) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
- (c) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

6. Timing of issue of Shares and quotation of Shares on exercise

As soon as practicable after the valid exercise of an Option by the Optionholder, the Company will:

- (a) issue, allocate or cause to be transferred to the Optionholder the number of Shares to which the Optionholder is entitled;
- (b) issue a substitute Certificate for any remaining unexercised Options held by the Optionholder;
- (c) if required and subject to paragraph 7, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and

- (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

7. Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

8. Quotation of Shares on exercise

The Company will apply for official quotation on ASX of all Shares issued upon the exercise of the Options within 5 Business Days after the date of issue of those Shares.

9. Options transferrable

The Options will not be transferrable (unless otherwise approved by the Board).

10. Participation in new issues

There are no participation rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give the Optionholder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

11. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will not be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

12. Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will not be adjusted following an entitlement offer.

13. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder will be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (WST) on Saturday, 18 September 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
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