

This document contains important information and requires your immediate attention

**THE DEMETALLICA DIRECTORS
UNANIMOUSLY RECOMMEND THAT YOU**

ACCEPT

THE IMPROVED OFFER

by

AIC Mines Limited ACN 060 156 452

to purchase all of your Shares in

Demetallica Limited ACN 061 595 051

for

1 AIC Mines Share for every 1.3 Demetallica Shares

KEY CONTACTS

Share Registry

Computershare Investor Services Pty Limited
452 Johnston St,
Yarra Falls, Abbotsford VIC 3067

Call 1300 850 505 (within Australia) or
+ 61 3 9415 4000 (outside Australia)

Email: web.queries@computershare.com.au

Offer Information Line*

Call 1300 528 219 (from within Australia)
or +61 3 9415 4822 (from outside Australia)
between 8.30am and 5pm (Sydney time),
Monday to Friday.

*Calls to these numbers may be recorded

HOW TO ACCEPT THE OFFER

For Issuer Sponsored Holdings of Shares (Securityholder Reference Number beginning with 'I')

To accept the Offer, complete the Acceptance Form (that has been included with this document) in accordance with the instructions on it. The Acceptance Form can be returned by either:

- post it to the address on the Acceptance Form; or
- scan it and email to corpactprocessing@computershare.com.au

For CHES Holdings of Shares (Holder Identification Number beginning with 'X')

To accept the Offer, either contact your Controlling Participant (usually your broker) and instruct them to accept the Offer on your behalf, or complete the Acceptance Form (that has been included with this document) in accordance with the instructions on it. The Acceptance Form can be returned by either:

- post it to the address on the Acceptance Form; or
- scan it and email to corpactprocessing@computershare.com.au

Acceptances must be received before the end of the Offer Period. The Offer is due to close at 7.00pm (Sydney time) on 28 November 2022, unless extended.

Refer to Section 10 of the Bidder's Statement for full details about how to accept the Offer.

If you require a replacement Acceptance Form or have any questions in relation to the Offer please contact the Offer Information Line on 1300 528 219 (from within Australia) or +61 3 9415 4822 (from outside Australia) between 8.30am and 5pm (Sydney time) Monday to Friday.

1. PURPOSE OF THIS SUPPLEMENTARY BIDDER'S STATEMENT

This document is the Second Supplementary Bidder's Statement under section 643 of the *Corporations Act 2001 (Cth)* (**Corporations Act**) dated 7 November 2022 (**Second Supplementary Bidder's Statement**). It is issued by AIC Mines Limited ACN 060 156 452 (**AIC Mines** or **Bidder**), in relation to its off-market takeover offer (**Offer**) for all of the fully paid ordinary shares in Demetallica Limited ACN 061 595 051 (**Demetallica**).

This Second Supplementary Bidder's Statement supplements, and is to be read together with, the bidder's statement dated 19 September 2022 (**Bidder's Statement**) and the first supplementary bidder's statement dated 21 October 2022 (**Supplementary Bidder's Statement**). A copy of this Second Supplementary Bidder's Statement was lodged with ASIC and provided to ASX on 7 November 2022. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Second Supplementary Bidder's Statement.

This Second Supplementary Bidder's Statement provides new information in relation to the timing for the issue of AIC Mines Shares to Demetallica Shareholders accepting the Offer.

This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with this document you should consult your financial or legal adviser as soon as possible.

Capitalised terms which are not defined in this Second Supplementary Bidder's Statement have the meaning given to those terms in the Bidder's Statement and the Supplementary Bidder's Statement. The definitions and interpretation set out in Section 12 of the Bidder's Statement also applies to this document unless the context otherwise requires.

- **The Offer consideration has been increased by 15% and is now final¹**
- **Demetallica Directors now unanimously recommend that Demetallica Shareholders accept the Offer**
- **Logical consolidation builds an exciting new Australian copper and gold mining company**
- **Demetallica Directors and major shareholders of Demetallica intend to accept the Offer**

¹ In the absence of a Competing Proposal

2. IMPROVED OFFER

AIC Mines is pleased to confirm that the Offer consideration has been improved from 1 AIC Mines Share for every 1.5 Demetallica Shares to **1 AIC Mines Share for every 1.3 Demetallica Shares (Improved Offer)**.

AIC Mines' announcement in respect of the Improved Offer is annexed to this Second Supplementary Bidder's Statement. All Demetallica Shareholders, including those who have already accepted the Offer, will be entitled to receive the Improved Offer consideration. Demetallica shareholders who have already accepted the Offer do not need to complete a new Acceptance Form.

AIC Mines confirms that its Improved Offer is best and final will not be increased, in the absence of a Competing Proposal². Demetallica has confirmed with AIC Mines that it has not received a Competing Proposal.

The Improved Offer represents a 15% increase in the Offer consideration payable to Demetallica Shareholders.

The Improved Offer represents an implied Offer price of approximately \$0.39 per Demetallica Share based on the last closing price of AIC Mines immediately prior to the initial announcement of the Offer on 19 September 2022³.

3. REASONS TO ACCEPT THE OFFER

Demetallica Shareholders should accept the Offer now for these reasons:

- **Demetallica Directors now unanimously recommend that Demetallica Shareholders accept the Offer** subject, to no Superior Proposal emerging;⁴
- The Directors of Demetallica intend to accept the Offer in respect of any Demetallica Shares which they, or their associates, own, control or otherwise have a relevant interest in (**Director Acceptances**);
- The Offer consideration has been improved (see Section 2). The Improved Offer represents a 15% increase in the Offer consideration payable to Demetallica Shareholders;
- **The Improved Offer is BEST AND FINAL AND WILL NOT BE INCREASED**;⁵
- The Offer is now unconditional (see Section 6);
- AIC Mines has introduced accelerated payment terms (see Section 7 below). Demetallica Shareholders who accept the Offer will be issued with AIC Mines Shares within 10 Business Days of AIC Mines receiving a valid acceptance. Demetallica Shareholders whose valid acceptances have been received by AIC Mines before the date of this Second Supplementary Bidder's Statement will be issued with AIC Mines Shares within 10 Business Days of the date of this Second Supplementary Bidder's Statement;
- Logical consolidation builds an exciting new Australian copper and gold mining company;
- The strong strategic rationale is compelling for both Demetallica and AIC Mines shareholders. AIC

² As defined in the Bid Implementation Deed annexed to the ASX announcement dated 7 November 2022 "*AIC Mines and Demetallica Agree to Combine*"

³ Based on AIC Mines' last traded price on 16 September 2022, being the trading day immediately prior to original announcement by AIC Mines of its takeover offer for Demetallica on 19 September 2022.

⁴ Refer to the Bid Implementation Deed and ASX Announcement dated 7 November 2022 "*AIC Mines and Demetallica Agree to Combine*" for further details on recommendation process and what constitutes a Superior Proposal and a Competing Proposal.

⁵ In the absence of a Competing Proposal.

Mines' Eloise copper mine and processing facility is only 4 kilometres from Demetallica's Jericho copper deposit. Combining these assets will provide the quickest and most efficient means of developing, mining and processing the Jericho deposit and potentially other deposits within Demetallica's broader Chimera project;

- In this uncertain market you will become a shareholder in a stronger, profitable and well-managed company. In addition to a premium valuation and the benefits expected from the Offer, you will become a shareholder in the enlarged, financially stronger and well-managed AIC Mines business. The AIC Mines Board and management team have a successful track record of building and managing successful mining companies and have a large shareholding in AIC Mines.

4. MAJOR SHAREHOLDERS OF DEMETALLICA INTEND TO ACCEPT THE OFFER

Demetallica has received notification from the following major shareholders (**Major Shareholders**) who collectively own or control 24.4% of Demetallica, to the effect that they intend to accept the Offer by AIC Mines on the terms of no less than 1 AIC Mines Share for every 1.3 Demetallica Shares, in the absence of a Superior Proposal, within 5 Business Days of the announcement of the Improved Offer (**Shareholder Intention Statements**).⁶

The Major Shareholders and their corresponding shareholding in Demetallica are set out below.

| Major Shareholder | Demetallica Shares Number and % | Subject to ASX Restriction? |
|---------------------------------|------------------------------------|-----------------------------|
| Yarraandoo Pty Ltd | 10,000,000 (9.8%) | No |
| Sandfire Resources Limited | 8,914,631 (8.7%) | Yes |
| Treasury Services Group Pty Ltd | 1,680,000 (1.6%) | No |
| Chetan Enterprises Pty Ltd | 1,437,712 (1.4%) | No |
| Third Reed Pty Ltd | 1,369,502 (1.3%) | No |
| Mr Mehdi Mohsenin-Moshiri | 1,000,000 (1.0%) | No |
| Tegar Pty Ltd | 500,000 (0.5%) | No |
| Total | 24,901,845 (24.4%) | |

Where a Major Shareholder is subject to restrictions on disposing of their Demetallica Shares under the ASX Listing Rules (**ASX Restriction**), the Major Shareholder is entitled to accept the Offer once holders of 50% of Demetallica Shares that are not subject to any ASX Restriction (which is approximately 42.4%) have accepted the Offer (**Threshold Acceptance**). On meeting the Threshold Acceptance, those Major Shareholders that are subject to any ASX Restriction, will accept the Offer in the absence of a Superior Proposal within 5 Business Days.

Each of the Major Shareholders has consented to the inclusion of the above information and the Shareholder Intentions Statements in this Supplementary Bidders Statement and in related public announcements made in connection with the Offer.

5. EXTENSION OF THE OFFER PERIOD

In accordance with section 650D of the Corporations Act, AIC Mines has extended the Offer Period to 7.00pm (Sydney time) on Monday 28 November 2022 (unless further extended).

Demetallica Shareholders are urged to accept the Offer without delay.

⁶ Where the Demetallica Shares are subject to restriction imposed under an ASX Restriction Agreement, within 5 Business Days after such restriction no longer applies to those Demetallica Shares.

6. OFFER FREED FROM ALL REMAINING OUTSTANDING CONDITIONS

On 24 October 2022, AIC Mines declared the Offer and all contracts formed by acceptance of the Offer to be free of all defeating conditions set out in Section 10.2 of the Bidder's Statement.

The Offer is now unconditional.

7. AIC MINES ACCELERATED PAYMENT TERMS

AIC Mines is accelerating the issue of the AIC Mines Share consideration to Demetallica Shareholders who accept the Offer.

If you accept the Offer, AIC Mines will now issue the AIC Mines Share consideration for your accepted Demetallica Shares **by no later than 10 Business Days** after the date that you accept the Offer.

AIC Mines will now issue the AIC Mines Share consideration to Demetallica Shareholders that have previously accepted the Offer **by no later than 10 Business Days** after the date of this Second Supplementary Bidder's Statement.

8. COMBINED GROUP CAPITAL STRUCTURE

Assuming that AIC Mines acquires 100% of the Demetallica Shares, the following table shows the issued and fully paid share capital of AIC Mines as at the date of this Supplementary Bidder's Statement and as it will be immediately following completion of the Improved Offer.

| Class of Security | Prior to Offer | Completion of Offer* |
|--------------------|----------------|----------------------|
| Ordinary | 312,483,091 | 395,433,601 |
| Options | 0 | 0 |
| Performance Rights | 17,383,085 | 17,383,085 |

* Assumes all Demetallica Performance Rights and Zero Exercise Price Options are exercised or are otherwise acquired under the Improved Offer.

Assuming that AIC Mines acquires 100% of the Demetallica Shares, the substantial holders of AIC Mines Shares will be as follows, based on the substantial holders of AIC Mines Shares and Demetallica Shares, based on the most recent substantial shareholders' notices:

| Substantial Shareholders of Combined Group | | |
|--|--------------------|--------------|
| Shareholder | Shares | Percentage* |
| FMR Investments Pty Limited, Peter Mervyn Bartlett and Ronald George Sayers and their associates (FMR Group) | 80,250,000 | 20.3% |
| Nordana Pty Ltd; El-Raghy Kriewaldt Pty Ltd; El-Raghy Pty Ltd and Mr Josef El-Raghy | 33,174,710 | 8.4% |
| Total | 113,424,710 | 28.7% |

* Assumes Demetallica Performance Rights and Zero Exercise Price Options are exercised or are otherwise acquired under the Improved Offer.

9. BID IMPLEMENTATION DEED

On 5 November 2022 AIC Mines and Demetallica entered into a Bid Implementation Deed (**BID**) to reflect the Improved Offer and the Demetallica Directors corresponding unanimous recommendation.

The BID has been released to the ASX as an attachment to the ASX announcement by AIC Mines and Demetallica titled “AIC Mines and Demetallica Agree to Combine” dated 7 November 2022.

10. JERICO RESOURCE UPGRADE

Demetallica released its inaugural JORC 2012 Mineral Resource estimate (**MRE**) for the Jericho deposit on 24 October 2022. Demetallica had previously released an Exploration Target for the Jericho deposit of 13Mt to 15Mt at between 1.3% - 1.5% Cu and 0.29g/t Au – 0.32g/t Au and the MRE successfully fell within this target range.

AIC Mines incorporated the Jericho Exploration Target information into its assessment of the Jericho deposit and as such both the original Offer and the Improved Offer fully reflects the MRE result.

11. JERICO CONTINGENT PAYMENTS

The Bidder’s Statement contains various statements concerning the status of contingent payments to be made by Demetallica to OZ Exploration Pty Ltd (**OZ**) under the Joint Venture Interest Sale Agreement (**JV Interest Sale Agreement**).

The information in the Bidder’s Statement about Demetallica is based on publicly available information and is subject to the disclaimer contained on page 3 of the Bidder’s Statement. Specifically, the summary of the terms of the JV Interest Sale Agreement (including the timing and milestones relating to the contingent payments) is based on the Demetallica Prospectus dated 8 April 2022.

The Prospectus summary provides that contingent payments to OZ totalling approximately A\$15.3 million are payable to OZ on achieving certain exploration or development milestones within Demetallica’s Jericho or Eloise project area including payment of:

- (a) up to US\$8,818,492 (approximately A\$12.6 million) at a rate of US\$0.04 per pound of payable copper when a Demetallica JORC Statement be announced on ASX or a competent person first declares a Measured and Indicated Resources which included a quantity **payable copper (emphasis added) (Contingent Payment)**; and
- (b) A\$2.75 million upon a positive pre-feasibility study in respect of the Jericho or Eloise project area being published by Demetallica (**PFS Payment**).

The Prospectus summary did not provide a definition of or what would otherwise constitute “payable copper”. However, following the release of the Bidder’s Statement, the Demetallica Target’s Statement at Section 5.16 (on pages 30 and 31), has clarified the payment trigger of the Contingent Payment totalling US\$8,818,492 (approximately A\$12.6 million) and specifically the meaning of “payable copper”. Payable copper for the purposes of this contingent payment means any pound (lb) of copper which:

- (a) Is derived from the Eloise JV Area and/or the Jericho JV Area;
- (b) Forms part of the number of tonnes:
 - (i) of Measured & Indicated Resources exceeding 200,000 tonnes, but capped at a total of 100,000 tonnes of Measured & Indicated Resources (**Measured & Indicated Resource Milestone**); or
 - (ii) Actually mined exceeding 200,000 tonnes, but capped at a total of 100,000 tonnes (**Production Milestone**).

Accordingly, the Contingent Payment is to be paid progressively subject to and once the Measured & Indicated Resources Milestone is met (if no other payment trigger including the Production Milestone as summarised in the Target’s Statement has been triggered) up to the prescribed maximum amount

under the JV Interest Sale Agreement.

The Target's Statement confirms that the PFS Payment is to be paid subject to and upon a positive pre-feasibility study in respect of the Jericho JV Area and/or the Eloise JV Area being published by Demetallica.

AIC Mines has reviewed the Target's Statement and the ASIC Form 603 Notice of initial substantial shareholder dated 28 September 2022, attaching a copy of the full version of the JV Interest Sale Agreement (also released after the Bidder's Statement).

Following this review AIC Mines, considers the Contingent Payment and the PFS Payment are payable subject to certain events occurring but are not currently outstanding.

AIC Mines makes specific clarification or explanation around certain statements within the Bidder's Statement in this regard:

| Bidder's Statement and page reference | Explanation or Clarification |
|---|--|
| <p>Jericho contingent payments of up to A\$15.3 million remain outstanding.</p> <p>Page 25</p> | <p>The Contingent Payment remains payable but is not outstanding.</p> <p>The Contingent Payment is payable in accordance with the summary contained within 5.16 of the Target's Statement.</p> <p>In particular, the Contingent Payment is payable progressively on achievement of the Measured & Indicated Resource Milestone and/or the Production Milestone up to that maximum agreed amount. The PFS Payment is payable upon a positive pre-feasibility study in respect of the Jericho JV Area and/or the Eloise JV Area being achieved (PFS Milestone).</p> <p>It is AIC Mines' intention to aggressively progress the exploration and commercial development of the Jericho JV area and Eloise JV area. Consequently, AIC Mines has made provision for these payments assuming the Measured & Indicated Resource Milestone and/or Production Milestone and the PFS Milestone are achieved.</p> |
| <p>As far as AIC Mines is aware, these payments to OZ of US\$8.818.492 and A\$2.75 million remain outstanding. At an A\$:US\$ exchange rate of 0.7 these payments total A\$15.3 million.</p> <p>Page 25</p> | <p>Refer to the explanation above.</p> |
| <p>Demetallica has agreed to make milestone payments pursuant to the JV Interest Sale Agreement. These payments are set out in Section 5.3. AIC Mines has assumed that these payments will need to be paid in the future and has included them as contingent payments on the Combined Group's balance sheet.</p> <p>Page 34</p> | <p>As noted above, it is AIC Mines' intention to aggressively progress the exploration and commercial development of the Jericho JV area and Eloise JV area. Consequently, AIC Mines has made provision for these payments (up to the maximum amount payable) assuming the Measured & Indicated Resource Milestone and/or Production Milestone and the PFS Milestone are achieved.</p> |
| <p>The Regional Consolidation offers a number of potential benefits including funding to apply to the outstanding milestone payments that Demetallica is required to make to complete the</p> | <p>The acquisition of the Chimera project has completed. Certain milestone payments being the Contingent Payment and PFS Payment remain payable subject to the Measured Indicated Resource Milestone and PFS</p> |

| Bidder's Statement and page reference | Explanation or Clarification |
|--|------------------------------|
| acquisition of the Chimera project. Page 44 | Milestone being achieved. |

AIC Mines accepts that the Contingent Payments are not currently outstanding and that further development of both the Eloise JV area and the Jericho JV area is required prior to these payments becoming payable.

12. COMPULSORY ACQUISITION OF PERFORMANCE RIGHTS AND OPTIONS

The Bidder's Statement contains the following statement in relation to the intentions of the Bidder should it acquire greater than 90% of the Demetallica Shares:

"AIC Mines intends to...(b) proceed with compulsory acquisition of all outstanding Demetallica Performance Rights and Demetallica Options which are not exercised, converted or crystallised as a result of the Offer". (refer page 45)

AIC Mines, on acquiring greater than 90% of the current issued shares in Demetallica is obliged to offer to buy out the holders of all outstanding Demetallica Performance Rights and Demetallica Options which are not exercised, converted or crystallised as a result of the Offer.

The relevant Corporations Act provisions specifically, Division 3 – Compulsory Buy-out of Convertible Securities, does not oblige those holders of convertible securities (Demetallica Performance Rights or Demetallica Options), to accept such offer from AIC Mines. Those holders will have one month after receipt of notice from ASIC Mines to either accept or decline such offer.

AIC Mines notes that under the terms of the Performance Rights, that any Performance Rights that have not converted into Shares will accelerate and automatically convert into Shares where AIC Mines (having declared the Offer unconditional) has received acceptances for not less than 50.1% of the Demetallica's Shares on issue. Accordingly, no Performance Rights will be on issue on AIC Mines holding 90% of the Demetallica Shares.

13. ADDITIONAL INFORMATION

13.1 ASIC modifications and exemptions

This Second Supplementary Bidder's Statement includes or is accompanied by statements that are made in, or based on, statements made in documents lodged with ASIC or ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. A list of all such documents is set out below:

| Date lodged | Demetallica ASX Announcement |
|-------------------|---|
| 7 November 2022 | AIC Mines and Demetallica Agree to Combine |
| 28 October 2022 | Demetallica confirms engagement of Independent Expert |
| 24 October 2022 | Jericho Copper Resource Expanded 62% |
| 18 October 2022 | Demetallica Supplementary Target's Statement |
| 12 October 2022 | Demetallica Target's Statement |
| 28 September 2022 | Notice of Initial Substantial Holder from OZL |

| Date lodged | Demetallica ASX Announcement |
|--------------------|--------------------------------------|
| 24 May 2022 | Demetallica Supplementary Prospectus |
| 24 May 2022 | Demetallica Prospectus |

As required by Class Order 13/521, AIC Mines will make available a copy of the documents containing these statements (or relevant extracts from these documents) free of charge to Demetallica Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts), Demetallica Shareholders may contact AIC Mines by sending an email to info@aicmines.com.au.

13.2 Lodgement

A copy of this document was lodged with ASIC on 7 November 2022. This document will prevail to the extent of any inconsistency with the Bidder's Statement or Supplementary Bidder's Statement. Neither ASIC nor any of its officers takes any responsibility for the contents of this document.

13.3 Approval of Second Supplementary Bidder's Statement

This document has been approved by a resolution passed by the directors of the Bidder.

Signed for and on behalf of AIC Mines Limited ACN 060 156 452.



Josef El-Raghy

Chairman