

## ABOUT AIC MINES

AIC Mines is a growth focused Australian exploration company. The Company's strategy is to build a portfolio of gold and copper assets in Australia through exploration, development and acquisition.

AIC currently has two key projects, the Lamil exploration JV located in the Paterson Province WA immediately west of the Telfer Gold-Copper Mine and the Marymia exploration project, within the Capricorn Orogen WA strategically located within trucking distance of the Plutonic Gold Mine and the DeGrussa Copper Mine.

## CAPITAL STRUCTURE

Shares on Issue: 68.7m  
Share Price (24/8/21): \$0.225  
Market Capitalisation: \$15.5m  
Cash & Liquids (30/6/21): \$6.1m  
Enterprise Value: \$9.4m

## CORPORATE DIRECTORY

### Josef El-Raghy

Non-Executive Chairman

### Aaron Colleran

Managing Director & CEO

### Brett Montgomery

Non-Executive Director

### Tony Wolfe

Non-Executive Director

### Linda Hale

Company Secretary

## CORPORATE DETAILS

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Computershare Investor  
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## Transformational Acquisition

### AIC to Acquire the Eloise Copper Mine

**AIC Mines Limited** (ASX: A1M) is pleased to announce its wholly owned subsidiary AIC Copper Pty Ltd has entered into an agreement to acquire the Eloise Copper Mine ("Eloise") from FMR Investments Pty Ltd ("FMR") (the "Transaction"). The Transaction is subject to conditions precedent, which include AIC obtaining shareholder approval of the Transaction and receiving conditional approval from ASX for re-admission of AIC's securities to official quotation.

## OVERVIEW

- Eloise is a high-grade operating underground mine located 60 kilometres southeast of Cloncurry in North Queensland. It commenced production in 1996 and has since produced approximately 339,000t of copper and 167,000oz of gold.
- The mine is currently producing at an annual rate of 11,500t of copper and 7,000oz of gold in concentrate.
- AIC will pay approximately \$27 million to acquire Eloise subject to certain inventory adjustments on closing. The consideration comprises:
  - A payment of \$5 million in cash and \$20 million in AIC shares payable on completion; and
  - A contingent payment of \$2 million in cash payable six months after completion if certain production milestones are achieved.
- On completion, FMR will hold approximately 28-30% of the issued capital of AIC<sup>1</sup>.
- Capital raising of up to \$35 million being undertaken to fund the Transaction as well as hold sufficient capital for working capital movements, accelerated exploration expenditure and environmental performance bonds.

Commenting on the acquisition, AIC Managing Director Aaron Colleran said:

*"This is a tremendous development for AIC. Our acquisition strategy has been to target late-stage Australian gold and copper projects where we can add value through exploration and development. We are confident that we can add significant value at Eloise as we ramp-up exploration and extend the mine life. Eloise is an excellent first acquisition for AIC as it provides immediate positive cashflow and entry into a prolific base-metals region that is ripe for consolidation."*

1. Post-completion of the Transaction and Capital Raising, based on an indicative AIC share price of 25cps. An indicative price of 25cps has been used to calculate the number of shares to be issued under the Capital Raising (and to FMR) throughout this announcement. The Company expects to conduct the Capital Raising at 25cps.

## ACQUISITION RATIONALE

- **A transformational acquisition** – creates a new junior copper miner with strong free cashflow to add value through exploration success, resource growth, operational reliability and regional consolidation. AIC is targeting an annual production rate of approximately 12,500t Cu and 6,500oz Au at a C1 operating cost of approximately A\$3.30/lb Cu (equivalent to US\$2.50/lb Cu at A\$:US\$ exchange rate of 0.75)<sup>1</sup>.
- **A great time to be a copper producer** – strong demand and price outlook for copper.
- **Excellent exploration potential** – high-grade ore body with current reserves and resources that support a robust mine life with clear potential to extend beyond five years after minimal recent exploration. AIC's exploration strategy for Eloise will focus on both extensions to the known resource areas and the discovery of new satellite lodes within the Eloise mining tenements.
- **A great location** – one of the most significant copper producing regions of the world.
- **A supportive new major shareholder** – the considerable expertise and operational history at Eloise within FMR is retained.

## ABOUT THE ELOISE COPPER MINE

The Eloise Copper Mine is located in North Queensland, 60 kilometres SE of Cloncurry and 155 kilometres ESE of Mt Isa. The mine has an extensive production history. It was commissioned in 1996 and has since mined approximately 12.5Mt of ore grading 2.8% Cu and 0.8g/t Au to produce 339,000t Cu and 167,000oz Au in concentrate.

Current operations consist of an underground mine accessed via decline. The upper levels of the mine (above 1,190m below surface) are extracted by longhole open stoping and the lower levels are extracted by sublevel caving, together producing approximately 700,000tpa ore. Eloise is an owner-miner operation with a mining contractor used only for underground development.

Processing is via conventional crushing, grinding and sulphide flotation with capacity to treat 750,000tpa. Power for the processing plant is provided by an on-site diesel power station. Metallurgically the ore is very consistent as the ore mineralogy at Eloise is almost exclusively chalcopyrite. Processing achieves high copper recoveries (generally 94% - 95%) and produces a clean concentrate. The concentrate has significant by-product credits from gold and silver. The concentrate is currently sold under contract with Trafigura Pte Ltd.



**Figure 1. Eloise Processing Plant**

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<sup>1</sup> Production targets in this announcement are based on 100% current JORC compliant Ore Reserves, recent mining and metallurgical performance, and forecast operational capital and operating cost structures.

Infrastructure included in the acquisition includes a 750,000tpa copper concentrator, offices, warehouse, mobile plant, 220 room accommodation village for FIFO workforce, bore-field and diesel generators with 12MW total generating capacity.

The tenement package being acquired consists of four mining leases over an area of 5 square kilometres (see Appendix 2).

## Geology

Mineralisation is hosted within a strongly foliated meta-sedimentary sequence comprising arenites and schists. The metasediment sequence also contains a coarse-grained amphibolite body possibly representing an early intrusion of gabbroic composition. Mineralised zones occur as steeply plunging lenticular bodies with strike lengths between 100m and 200m and attaining a maximum width of 25m. The main zone of mineralisation (Levuka-Eloise Deeps) demonstrates continuity down plunge over 1,500 m and remains open at depth.

The copper at Eloise occurs predominantly as chalcopyrite. Copper mineralisation occurs as either massive sulphide lenses or stockwork veins. Gold is located on the grain boundaries or as inclusions in sulphides and is associated with chalcopyrite, pyrite, pyrrhotite and magnetite.

## Ore Reserve

Ore Reserves at Eloise total 1,424,000t containing 30,300t of copper and 26,700oz of gold as at 30 June 2021 (see Table 1 below). The Ore Reserves are reported and classified in accordance with the JORC Code (2012). Further information is provided in Appendix 4 to this announcement.

**Table 1. Eloise Ore Reserves**

Reserve Category	Tonnes	Cu Grade (%)	Au Grade (g/t)	Contained Copper (t)	Contained Gold (oz)
Proved	-	-	-	-	-
Probable	1,424,000	2.1	0.6	30,300	26,700
<b>Total</b>	<b>1,424,000</b>	<b>2.1</b>	<b>0.6</b>	<b>30,300</b>	<b>26,700</b>

*The Ore Reserves Estimate is reported using a 1% Cu cut-off (above OmRL) and 1.5% Cu (below OmRL).*

*Tonnages have been rounded to the nearest 1,000 tonnes.*

## Mineral Resource

Mineral Resources at Eloise total 2,696,000t containing 65,500t of copper and 60,100oz of gold (inclusive of Ore Reserves) as at 30 June 2021 (see Table 2 below). The Mineral Resources are reported and classified in accordance with the JORC Code (2012). Further information is provided in Appendix 4 to this announcement.

**Table 2. Eloise Mineral Resources**

Resource Category	Tonnes	Cu Grade (%)	Au Grade (g/t)	Contained Copper (t)	Contained Gold (oz)
Measured	-	-	-	-	-
Indicated	1,308,000	2.5	0.7	32,500	28,500
Inferred	1,388,000	2.4	0.7	33,000	31,600
<b>Total</b>	<b>2,696,000</b>	<b>2.4</b>	<b>0.7</b>	<b>65,500</b>	<b>60,100</b>

*Mineral Resources are inclusive of Ore Reserves.*

*There is no certainty that Mineral Resources not included in Ore Reserves will be converted to Ore Reserves.*

*Mineral Resources are estimated using a 1% Cu cut-off (above OmRL) and 1.5% Cu (below OmRL).*

*Tonnages have been rounded to the nearest 1,000 tonnes.*

## Significant Exploration Upside

The exploration potential of the Eloise tenement holding was one of the main features that attracted AIC to the acquisition. Exploration expenditure has been constrained over the past 3 – 5 years. AIC plans to reinvigorate the exploration effort at Eloise and is very confident that it will be able to increase the resource and reserve base.

AIC’s exploration strategy for Eloise will focus on both extensions to the known resource areas and the discovery of new satellite lodges within the Eloise mining tenements.

Previous geophysical surveys have identified electromagnetic conductors in the Far West Corridor, the West Corridor (including Macy North, TD Prospect, Emerson and Wynberg), the East Corridor (including Levuka-Elrose extension and Nobbies) and Far East Corridor (Jericho lode extensions).

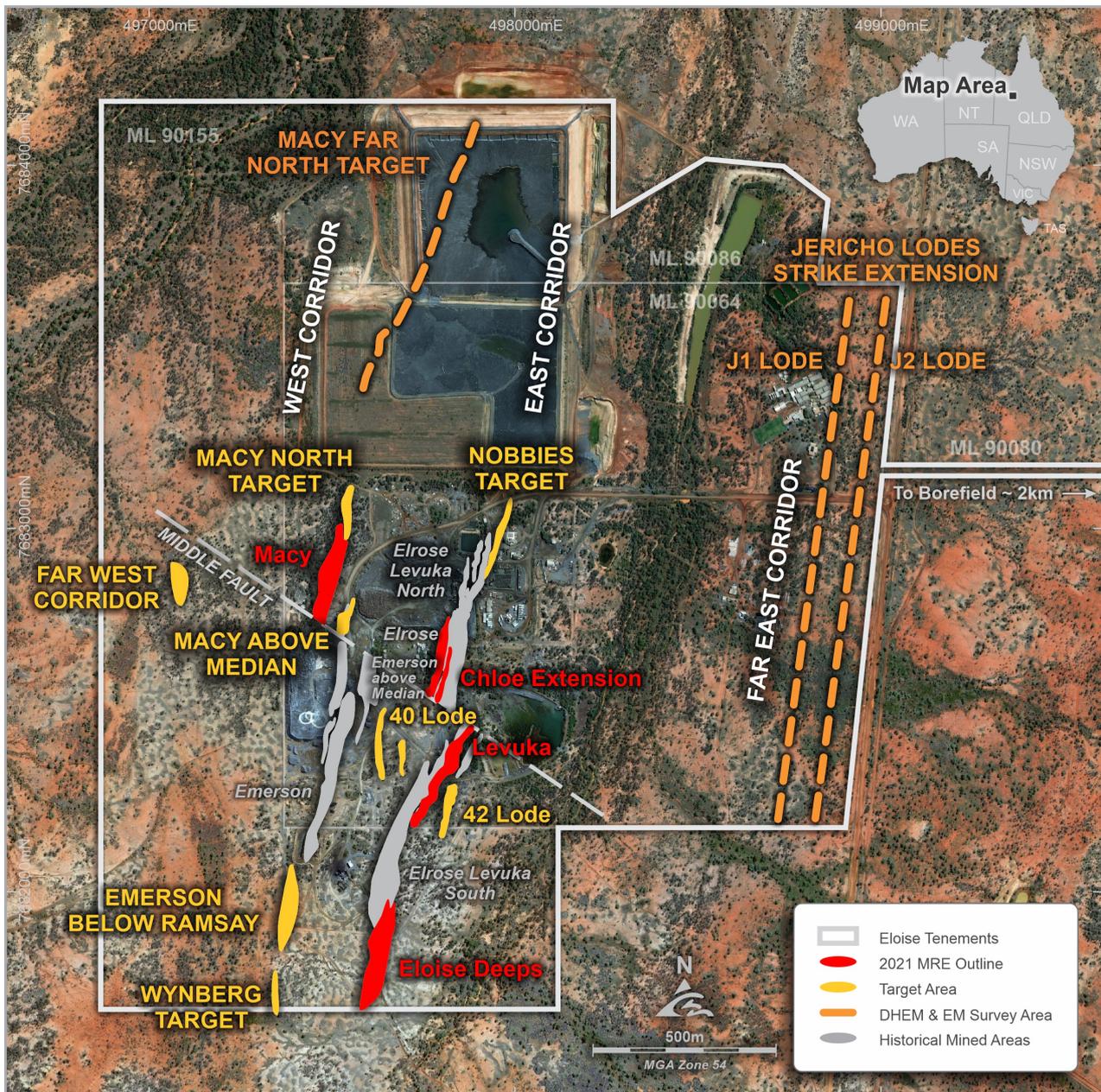


Figure 2. Plan showing surface projection of Eloise exploration target areas

## Historic Production Results

The mine has an extensive production history. It was commissioned in 1996 and has since mined approximately 12.5Mt of ore grading 2.8% Cu and 0.8g/t Au to produce 339,000t Cu and 167,000oz Au in concentrate.

Current annual production is approximately 40,000dmt of high-quality copper concentrate containing approximately 11,000t Cu and 6,000oz Au. Recent performance has improved upon this position and in the June 2021 Quarter the mine produced approximately 10,500dmt of concentrate containing approximately 2,900t Cu and 1,770oz Au (equivalent to an annualised rate of 42,000dmt of concentrate containing approximately 11,500t Cu and 7,000oz Au). AIC believes it can increase the annual production rate to approximately 45,000dmt of concentrate containing approximately 12,500t Cu and 6,500oz Au through improved operational reliability and higher mined grades<sup>2</sup>. AIC is targeting a C1 operating cost of approximately A\$3.30/lb Cu (equivalent to US\$2.50/lb Cu at A\$:US\$ exchange rate of 0.75) after gold and silver credits<sup>2</sup>.

**Table 3. Eloise Historic Production Information**

	Units	FY20	FY21
Ore Mined	t	519,074	662,775
Ore Milled	t	499,719	622,795
Cu feed grade	%	1.74	1.88
Au head grade	g/t	0.49	0.54
Concentrate Produced	dmt	30,315	40,089
Concentrate Cu grade	%	27.4	27.5
Concentrate Au grade	g/t	4.8	4.9
Cu produced in concentrate	t	8,321	11,038
Au produced in concentrate	oz	4,632	6,314
C1 Cash Costs	A\$/lb	3.85	3.32
All-in Sustaining Costs	A\$/lb	4.79	3.92

## CAPITAL RAISING

AIC intends to undertake an equity capital raising to raise a minimum of \$30 million and up to \$35 million (before associated costs) (the "Capital Raising"). The Capital Raising will be comprised of a priority offer to AIC shareholders and a general offer to the public. The Capital Raising is expected to be conducted in mid-October following the lodgement of a Prospectus with ASIC. It is expected that the Capital Raising will be priced at 25 cents per share.

The Company has entered into a Joint Lead Manager mandate with Canaccord Genuity (Australia) Limited and Argonaut Securities Pty Ltd. The Company does not expect that the Capital Raising will be underwritten.

Funds raised from the Capital Raising will be used to fund the cash acquisition price of \$5 million to be paid to FMR, to provide sufficient funds for working capital movements, to fund exploration expenditure on the Company's exploration projects and to fund cash-backed environmental bonds at Eloise. The table below set out the use of the funds under the minimum and maximum Capital Raising scenarios.

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<sup>2</sup> Production targets in this announcement are based on 100% current JORC compliant Ore Reserves, recent mining and metallurgical performance, and forecast operational capital and operating cost structures.

**Table 4. Use of funds under both \$30 million and \$35 million Capital Raising scenarios.**

Source of Funds	(\$M)	Use of Funds	\$30M Capital Raise (\$M)	\$35M Capital Raise (\$M)
AIC Cash at Bank (30 June 2021)	4.3	Eloise Acquisition – Cash Consideration	5.0	5.0
Capital Raising (Min – Max)	30.0 – 35.0	Working Capital	10.0	14.7
		Financial Assurance (Cash-backed Environmental Bond)	6.8	6.8
		Accelerated Exploration at Eloise	5.0	5.0
		Exploration at Lamil and Marymia	4.3	4.3
		Fees and Costs related to the Transaction and Capital Raising	3.2	3.5
<b>Total</b>	<b>34.3 – 39.3</b>		<b>34.3</b>	<b>39.3</b>

## PRO FORMA CAPITAL STRUCTURE

Upon the completion of the Transaction and the Capital Raising, the indicative capital structure of AIC is shown below.

**Table 5. Indicative Capital Structure of AIC Following Completion of the Transaction and the Capital Raising.**

	\$30M Capital Raising Scenario (# of shares)	%	\$35M Capital Raising Scenario (# of shares)	%
AIC Shares on Issue – Current	68,715,018	26%	68,715,018	24%
AIC Shares to be issued to FMR <sup>1</sup>	80,000,000	30%	80,000,000	28%
AIC Shares to be issued for Capital Raising <sup>2</sup>	120,000,000	45%	140,000,000	48%
AIC Shares on Issue – Completion	268,715,018	100%	288,715,018	100%
AIC Performance Rights on Issue – Current	7,150,000	-	7,150,000	-
AIC Performance Rights to be issued as a result of the Transaction and Capital Raising	-	-	-	-
AIC Performance Rights on Issue – Completion	7,150,000	-	7,150,000	-

Notes:

1. The actual number of AIC shares to be issued to FMR will be calculated based on the Capital Raising share price.
2. An indicative AIC share price of 25cps has been used to calculate the number of shares to be issued under the Capital Raising. The Company expects to conduct the Capital Raising at 25cps.
3. Columns may not add due to rounding

In the 6 months prior to the date of this Announcement, the Company has issued 250,000 Performance Incentives (with each incentive (once vested) exercisable into one Share). These Performance Incentives were issued on 30 July 2021 and will vest at any time up to 30 July 2024 when the 60 day VWAP of the Company's share price is \$0.60 or more. Once vested, each Performance Incentive is exercisable into Shares on a one-for-one basis. The Performance Incentives were issued under an Employee Incentive Scheme for nil consideration.

## CONTROL ISSUES AND RE-COMPLIANCE WITH CHAPTERS 1 AND 2 OF THE ASX LISTING RULES

On completion of the Transaction and Capital Raising, FMR is expected to hold approximately 27.9% - 30% of the issued capital of AIC and will be the Company's largest shareholder. Under section 606 of the Corporations Act, unless one of the exceptions apply, an entity is prohibited from acquiring a greater than 20% interest in the voting shares of a listed company without making a takeover offer.

With FMR 'acquiring' up to a 30% interest in AIC due to the issue of Consideration Shares, the prohibition in section 606 is triggered. One of the exceptions to the prohibition is for the Transaction to be approved by shareholders of AIC pursuant to item 7 of section 611.

The Transaction will constitute a change to the nature and scale of the Company's business and will require shareholder approval under Chapter 11 of the ASX Listing Rules. The Transaction will also require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. As part of its re-compliance application, the Company will provide tier one general purpose accounts for the Eloise Copper Mine business.

AIC will convene a General Meeting of shareholders to obtain the shareholder approvals necessary to complete the Transaction. A Notice of Meeting and Explanatory Statement, including an Independent Expert Report, will be sent to shareholders and will include further detail about the Transaction. An indicative timetable for these events is provided below.

## INDICATIVE TIMETABLE FOR THE TRANSACTION AND RECOMPLIANCE

*Table 6. Indicative Timetable for Key Transaction Steps.*

Indicative Timetable*	Date
Notice of General Meeting sent to the Company's shareholders	22 September 2021
Lodgement of the Prospectus with ASIC	26 September 2021
Opening Date of the Capital Raising	6 October 2021
General Meeting to approve the Transaction and Capital Raising	22 October 2021
Closing Date of the Capital Raising	22 October 2021
Issue of Shares under the Capital Raising	29 October 2021
Re-instatement to quotation of Shares (including Shares issued under the Capital Raising) on ASX	3 November 2021

\*The timetable is indicative only and is subject to change. The Directors reserve the right to amend the timetable without notice and will keep Shareholders updated (via ASX announcements) on timing of the completion of the Transaction as it progresses.

Trading in AIC's securities is likely to be suspended from the date of this Announcement and will continue to be suspended until completion of the Transaction, the Capital Raising, re-compliance by AIC with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions the ASX imposes on such reinstatement.

## ABOUT FMR

FMR is a private mining and investment business owned by interests associated with mining identities Peter Bartlett and Ron Sayers. The FMR business was founded in 1989 by Peter Bartlett and was formerly known as Barmenco Investments Pty Ltd. FMR originally owned specialist underground mining contractor Barmenco until a restructure in 2004 and subsequent sale of a majority interest in Barmenco in 2007.

Along with Eloise, FMR currently owns and operates the Gordon Sirdar gold mine located 55 kilometres northeast of Kalgoorlie, and the Greenfields gold processing plant located in Coolgardie, Western Australia.

## **BOARD CHANGES**

Under the terms of the Mine Sale Agreement, FMR will have the right (but not the obligation) to nominate one director to the board of directors of AIC for as long as FMR continues to hold at least 10% of the ordinary shares in AIC. FMR has indicated that it will nominate its current Chairman, Jonathan (Jon) Young, as a director of AIC.

The composition of the AIC Board following the Transaction is currently not expected to change other than the addition of Jon Young and will therefore consist of:

- Josef El-Raghy – Non-Executive Chairman
- Aaron Colleran – Managing Director & CEO
- Brett Montgomery – Non-Executive Director
- Tony Wolfe – Non-Executive Director
- Jon Young – Non-Executive Director

## **TRANSACTION AGREEMENTS**

A summary of the Eloise Copper Mine Sale Agreement is provided in Appendix 1.

Completion of the Eloise Copper Mine Sale Agreement is subject to a number of conditions precedent including:

- The Minister or their delegate giving FMR an indicative approval, being an approval under section 23 of the Mineral and Energy Resources (Common Provisions) Act 2014 (MERC Act), in respect of each tenement, and any conditions contained in the indicative approval being satisfactory to the Company, acting reasonably;
- The resolution of AIC shareholders being approved for the issue of AIC Shares to FMR for all purposes (including for the purposes of item 7 of section 611 of the Corporations Act, ASX Listing Rule 11.1.2 and approvals required to raise capital);
- AIC conducting a capital raising pursuant to which no less than \$30 million is raised;
- FMR's application to amend Environmental Authority No. EPML00818113 (resource activity) being approved on terms acceptable to AIC, acting reasonably;
- AIC re-complying with the requirements of Chapter 1 and 2 of the Listing Rules in connection with the transaction and receiving conditional approval from ASX to admit its securities to official quotation on ASX on terms reasonably acceptable to AIC;
- No material adverse change having occurred in relation to the business since the date of the agreement.

## **RISK FACTORS AND KEY DEPENDENCIES**

Shareholders should be aware that if the proposed Transaction is approved, the Company will be changing the nature and scale of its activities. A non-exhaustive list of risk factors which may apply given the change to the nature and scale of the Company's activities is set out in Appendix 3.

The notice of meeting that will be sent to shareholders will include further information on the relevant risks associated with the Transaction.

## **EFFECT OF THE TRANSACTION ON THE CONSOLIDATED ENTITY'S CONSOLIDATED TOTAL ASSETS AND TOTAL EQUITY INTERESTS**

The principal effects of the Transaction on AIC's consolidated statement of financial position will be:

- (a) As at 30 June 2021 AIC had consolidated total assets of \$8.821 million. If the Transaction is completed AIC's consolidated total assets are expected to increase by an amount approximately equal to the price paid for the assets acquired (\$25.0 million) and the amount of cash raised by the Offer (\$30.0 million - \$35.0 million) after Offer costs (\$1.6 million - \$1.90 million) less the initial cash consideration paid for the acquisition (\$5.0 million) plus accounting goodwill.
- (b) As at 30 June 2021 AIC had total equity interests of \$8.037 million. If the Transaction is completed AIC's total equity interests are expected to increase by a similar amount to the increase in consolidated total assets but offset by the hire purchase liabilities (\$4.33 million) accrued costs of the transactions (\$1.6 million) and provisions for employee entitlements (\$1.2 million), the contingent payment (\$2.0 million) and rehabilitation (\$7.6 million) to be assumed by AIC.

## **EFFECT OF THE TRANSACTION ON THE CONSOLIDATED ENTITY'S REVENUE, EXPENDITURE AND PROFIT BEFORE TAX**

Revenue forecasts relating to mineral exploration and mining companies are uncertain, and accordingly AIC is unable to provide investors with reliable revenue, profit, or cash flow projections or forecasts.

Pro forma accounts for AIC's expected financial position following completion of the Acquisition will be produced and reviewed in conjunction with the preparation of the Prospectus for the Capital Raising, including an Independent Limited Assurance Report.

Copies of the audited accounts of AIC for its financial year ended 31 December 2020 are available on the Company's website at [www.aicmines.com.au/investors/company-announcements/](http://www.aicmines.com.au/investors/company-announcements/)

## **NEXT STEPS**

The Transaction will constitute a change to the nature and scale of the Company's business and will require shareholder approval under Chapter 11 of the ASX Listing Rules. ASX has advised that as a result of the Transaction it will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. As a consequence, it is expected that trading in AIC's Shares will be suspended until it has complied with this requirement (following completion of the Transaction and Capital Raising).

The Company will convene a General Meeting of shareholders to obtain the shareholder approvals necessary to complete the Transaction. A Notice of Meeting and Explanatory Statement, including an Independent Expert Report, will be sent to shareholders which will include further detail about the Transaction. The Notice of Meeting and Explanatory Memorandum s expected to be sent to shareholders on 22 September 2021 and the General Meeting is expected to be held in Perth on 22 October 2021. An indicative timetable for these events is provided above (see Table 6).

## **AUTHORISATION**

This announcement has been approved for issue by, and enquiries regarding this announcement may be directed to:

**Aaron Colleran**  
Managing Director  
Email: [info@aicmines.com.au](mailto:info@aicmines.com.au)

The ASX takes no responsibility for the contents of this announcement.

## **Forward Looking Statements**

This announcement contains forward looking statements about AIC Mines and Eloise. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, “target” and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates, expected costs or production outputs, the outcome and effects of the proposed Transaction and future operation of AIC Mines. To the extent that these materials contain forward looking information, the forward looking information is subject to a number of risk factors, including those generally associated with the gold industry. Any such forward looking statement also inherently involves known and unknown risks, uncertainties and other factors that may cause actual results, performance and achievements to be materially greater or less than estimated. These factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which AIC Mines and Eloise operate or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation. Any such forward looking statements are also based on current assumptions which may ultimately prove to be materially incorrect. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. The forward looking statements are based on information available to AIC Mines as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), AIC Mines undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance on, future earnings or financial position or performance are also forward looking statements.

## **Competent Persons Statement**

### **Eloise Mineral Resource**

The information in this announcement that relates to the Eloise Mineral Resource is based on information, and fairly represents information and supporting documentation compiled by Matthew Thomas who is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the JORC Code. Mr Thomas is a full-time employee of FMR Investments Pty Ltd and is based at the Eloise Mine. Mr Thomas consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

### **Eloise Ore Reserve**

The information in this announcement that relates to the Eloise Ore Reserve is based on information, and fairly represents information and supporting documentation compiled by Benjamin McInerney who is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code. Mr McInerney is a full-time employee of FMR Investments Pty Ltd and is based at the Eloise Mine. Mr McInerney consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

## APPENDIX 1

### Summary of the Eloise Copper Mine Sale Agreement

#### General

On 24 August 2021, AIC Copper Pty Ltd (the **Company**), guaranteed by AIC Mines Limited (AIC), entered into the Eloise Copper Mine Sale Agreement with FMR Investments Pty Ltd (**FMR**), pursuant to which the Company agreed to purchase the Eloise Copper Mine business and assets (**Mine Sale Agreement**) with effect from completion.

The Mine Sale Agreement provides for the purchase of:

- **Business**, being the business relating to the Eloise Copper Mine presently carried on in Queensland by FMR; and
- **Assets** relating to the Business, being plant and equipment, inventory, tenements, business intellectual property, statutory licences, equipment finance contracts, contracts, records and mining information.

The tenements subject to the Mine Sale Agreement include the following leases granted under the Mining Act, including any applications for and any extensions, renewals, conversions, or substitutions:

- ML90064;
- ML90086;
- ML90155; and
- ML90080.

The Completion Date of the Mine Sale Agreement is the first date which:

- falls on a business day on the first day, 15<sup>th</sup> day, 16<sup>th</sup> day or last day of a calendar month; and
- is at least five business days after the satisfaction or waiver of the last of the conditions precedent,

or any other date agreed by the Company and FMR.

#### Purchase Price

The purchase price paid by the Company for the assets and business is comprised of:

- the completion payment, being \$5,000,000; plus
- the issue of the AIC Shares, being the number of fully paid ordinary shares in the capital of AIC as determined by dividing \$20,000,000 by the capital raising price rounded up to the nearest whole number of shares; and
- if 20,000 dry metric tonnes of copper concentrate or more is produced by the Eloise Copper Mine within six months following completion, then the Company must pay a contingent payment of \$2,000,000.

The purchase price paid by the Company is subject to adjustment to reflect:

- any positive or negative differences greater than \$200,000 between the actual value of the inventory and the pre-agreed value of the inventory;
- any positive or negative difference greater than \$200,000 between the value of the ROM stock and the pre-agreed value of ROM stock; and
- any apportionments for outgoings, unpaid goods and services, prepaid goods and services, expenses and outgoings normally apportioned on the purchase of a similar business.

The Company will need to replace security bonds and financial provisions given by FMR in respect of the Eloise Copper Mine.

FMR will retain ownership of copper concentrate produced before the effective time of completion.

### **Conditions Precedent**

Completion of the Mine Sale Agreement is conditional upon:

- the Minister or their delegate giving FMR an indicative approval, being an approval under section 23 of the Mineral and Energy Resources (Common Provisions) Act 2014 (MERC Act), in respect of each tenement, and any conditions contained in the indicative approval being satisfactory to the Company, acting reasonably;
- the resolution of AIC shareholders being approved for the issue of AIC Shares to FMR for all purposes (including for the purposes of item 7 of section 611 of the Corporations Act, ASX Listing Rule 11.1.2 and approvals required to raise capital);
- the financiers in respect of each equipment finance contract consenting in writing to the assignment of the respective finance contract to the Company or to FMR paying out the equipment finance contract at or prior to completion, and releasing FMR from any obligations arising after completion under the equipment finance contracts;
- each party to certain contracts agreeing to novate, or otherwise transfer benefit and burden, to the Company from completion (or on terms otherwise acceptable to the parties acting reasonably);
- AIC conducting a capital raising pursuant to which no less than \$30,000,000 is raised;
- FMR's application to amend Environmental Authority No. EPML00818113 (resource activity) being approved on terms acceptable to the AIC, acting reasonably;
- AIC re-complying with the requirements of Chapter 1 and 2 of the Listing Rules in connection with the transaction and receiving conditional approval from ASX to admit its securities to official quotation on ASX on terms reasonably acceptable to the Company;
- no less than 80% of employees accepting the Company's offer of employment and certain key employees entering into service agreements with the Company subject to completion occurring;
- the schedules to the Corporate Services Agreement being agreed between the parties; and
- no material adverse change having occurred in relation to the business since the date of the agreement.

The parties are required to use reasonable endeavours to satisfy the Conditions Precedent and keep the other party informed of any circumstances which may result in a Condition Precedent being unsatisfied.

### **Termination**

With respect to the rights of either party to terminate the agreement, certain Conditions Precedent are inserted for the benefit of FMR and/or the Company and may only be waived by agreement in writing between them. If these conditions are not fulfilled by the sunset date (being 31 December 2021) or another agreed date, if the party who has complied with the requirements of reasonable endeavours and certain specific obligations then the agreement may be terminated by notice before completion.

The Company may terminate the agreement before completion by notice if any warranty is found to be incorrect or misleading and the effect on the business is material.

### **Conduct of Business Pending Completion**

From the date of the agreement to the earlier of completion or termination of the Agreement, FMR must use reasonable endeavours to ensure that the business is conducted materially in the ordinary course; promptly notify the Company of any abnormal or unusual events with respect to the business or the

occurrence of any event outside the ordinary course of business; and promptly undertake any repairs and maintenance and, as a minimum, will continue to undertake all such capital expenditure as is required to maintain operational reliability of the Eloise Copper Mine.

### **Risk and Insurance**

FMR remains the owner of and bears all risk in connection with the business and assets before the effective time for completion, at which time title and risk passes to the Company. FMR has agreed to maintain its insurances until the completion date.

The Company accepts and assumes responsibility for all environmental and other liabilities in connection with the mining operations and the tenements arising under the terms and conditions of the tenements or environmental authorities or law with effect on and from completion, and indemnifies and agrees to hold harmless FMR from all such liabilities suffered or incurred by FMR.

### **Employees**

Prior to the completion the date, the Company must make an offer of employment to each employee on terms no less favourable than the terms of employment with FMR.

An employee's continuous service with FMR up to the Completion Date will be regarded as continuous service with the Company for all purposes including sick leave, annual leave, parental leave, long service leave, notice of termination and severance/redundancy pay under any applicable law or Industrial Instrument or arrangement.

From the Completion Date, the Company will assume liability for and will indemnify FMR for all employee entitlements of transferring employees.

### **Board representation**

FMR will have the right from completion to nominate one director to the board of directors of AIC. This right continues while FMR continues to hold at least 10% of the ordinary shares in AIC.

### **Warranties**

The Company and AIC agree to indemnify FMR in respect of matters warranted to FMR, including that:

- they have the power to enter into and perform the agreement, they are not breaching or defaulting under another agreement or their own governance laws in doing so, and the agreement is valid and binding;
- there is no voluntary agreement with any creditors, nor are the Company or AIC insolvent or will the transaction cause either to become insolvent;
- they understand the environmental liabilities and they have the financial and technical capabilities to comply with obligations owed under the agreement;
- they are, or will prior to completion, be a "registered suitable operator" as required under environmental laws;
- the Company is not aware of any matters that could result in the Company being disqualified from being transferred the tenements;
- the Company has financial and technical capabilities as required by relevant government agencies;
- all information provided in relation to the Indicative Approval application is true and complete;
- the AIC Shares to be issued to FMR will rank equally to the existing issued fully paid shares in AIC, and the issue of AIC shares will not breach obligations binding on AIC or its members and are validly issued;

- the AIC Shares will, upon issue, comprise not less than 20% of the issued capital of AIC;
- except to the extent of any escrow requirement imposed by ASX, FMR will acquire good marketable and valid title to unencumbered AIC Shares, which will be freely-tradeable subject to the terms of the agreement;
- AIC complies with the ASX Listing Rules;
- except with transactions contemplated by the agreement and capital raising, there is no excluded information in respect of AIC; and
- none of AIC or its related bodies corporate are involved in any proceeding, investigation or dispute, other than a civil claim filed on 5 January 2018 in the Supreme Court of British Columbia by Christopher Anderson.

FMR warrants to the Company, relevantly, that except as disclosed to the Company:

- they have the power to own the assets and carry on the business, and enter into the agreement;
- they are not insolvent;
- they are the sole legal owner of the assets and the assets will be unencumbered at completion except for certain permitted encumbrances;
- the tenements are valid, subsisting and in good standing and they have not done anything which could cause the tenements to be cancelled or forfeited;
- they have paid all tenement rents and rates and complied with all minimum expenditure conditions;
- no party other than the Company has any right to explore or mine for minerals on the tenement land;
- they have not received notice of an act or omission which could cause the tenement to be cancelled or cause a term or condition to be amended or varied in a way that restricts enjoyment of the rights conferred by the tenements;
- there are no royalty agreements applicable to any tenement and the tenements are not subject to orders or notices issued by a government agency;
- there are no circumstances affecting the tenements which could adversely affect the rights of the Company;
- there are no disputes, claims or circumstances known to FMR that may give rise to the same against or in relation to the tenements or rights granted under the agreement;
- they have complied with obligations and laws in respect of the tenements;
- each item of plant and equipment contained within the agreement is in the physical possession of FMR;
- as far as FMR is aware, there are no proposals by any competent authority which would adversely affect the tenements;
- they have complied with all contracts and arrangements entered into with respect to the assets and business;
- all security held by FMR and included in the assets subject to the agreement are valid and enforceable by FMR against the provider of that security in accordance with the terms of the security;
- they have obtained, maintained in force and complied in all material respects with all approvals, licences, consents, authorities or permits required to conduct the business and to own, use, operate and receive the benefit of the assets;

- they have maintained insurance in connection with the business and assets against all material risks in accordance with ordinary business practice;
- there are no royalties or net profit interests payable in respect of the assets or the business, except to government agencies and as disclosed; and
- the information provided by FMR in the agreement is accurate in all material respects and has been provided in good faith.

FMR makes no warranty or representation to the Company concerning the following:

- any matter in connection with native title (including the determination of any registered native title claim or future native title claim, or the consequences of such a determination being made by consent or otherwise), or any matter in connection with heritage or sacred sites (or the determination of such sites) under any legislation or otherwise in respect of any of the tenements;
- the state of repair or maintenance or serviceability of any item of plant and equipment, or the ability of the plant and equipment to operate as an entire unit or the correspondence of any item of plant and equipment to the description in the agreement, or compliance with any requirements or applicable law concerning the use or operation of any plant and equipment, or the safety of any item of plant and equipment;
- the ability to operate or use the assets (or any part of them) as a going concern, or FMR' rights or the value of the rights in respect to the assets, or the financial return from the use of the assets, or costs, profit or similar forecasts with respect to the assets, or the sufficiency of the assets to run the business;
- whether or not the copper resources and reserves in or under the tenement can be feasibly and/or economically mined using any mining or production method;
- the likelihood or otherwise of the tenement or any mining tenement being granted over the tenement being renewed;
- the regulation of the mining industry and other industries (and the relationship of such other industry regulation to the regulation of the mining industry);
- the principles to be applied by government agencies with respect to the regulation of the mining industry or any part of it and, in particular, matters affecting production, revenue, prices, royalties and charges and service levels; or
- the grant or non-grant of any consent or approval by any Government Agency.

#### **Limitations of Liability**

The agreement expressly excludes liability for indirect and consequential loss or damage, and the parties remain bound by their general obligation at law to mitigate any loss or damage.

FMR will not be liable to the Company for any claim under or in relation to the agreement if:

- the Company does not comply with the prescribed notice and/or third party claim requirements;
- the claim results from an act of the Company after completion;
- the claim is the result of legislation not in force at the date of completion;
- the claim arises from an increase in taxation after completion;
- the claim results from change in accounting standards after completion;
- the claim arises or is increased by an action taken or not taken by FMR in consultation with and with prior written approval of the Company;

- the provision has been made in the completion statement for the circumstances giving rise to the claim;
- the circumstances were properly and fairly disclosed to the Company; or
- except to the extent warranted, the claim relates to a forecast, forward looking statement made by FMR or its representatives.

FMR's maximum liability for loss or damage is an aggregated amount of \$12,500,000, or if relating to unencumbered title in respect of the assets then the Purchase Price.

The Company may not make any claim under the agreement including for a breach of warranty unless full details of the Claim have been notified to FMR within 12 months from the Completion Date.

### **Default**

A default will arise under the agreement where:

- a party fails to complete, other than as a result of default by the other party, which allows the non-defaulting party to issue a notice requiring completion; and
- if the completion is not subsequently carried out within the period specified in the notice, then the non-defaulting party may seek specific performance of the agreement or terminate, and seek damages for the default.

### **Guarantee and indemnity**

AIC provided a guarantee for the Company's compliance with obligations in connection with the agreement, including monetary obligations, and acknowledged that if the Company does not comply then AIC will comply with the obligations on demand from FMR.

The terms of the guarantee are customary for an agreement of this nature.

AIC indemnifies FMR against any liability or loss arising from, and any costs, charges or expenses it incurs, if an obligation is unenforceable against, or a monetary obligation cannot be recovered from, AIC under the guarantee or from the Company under the agreement.

**APPENDIX 2**

**Eloise Copper Mine – Mineral Leases to be Acquired**

<b>Tenement</b>	<b>Status</b>	<b>Current Ownership</b>	<b>AIC Ownership Interest on Acquisition Completion</b>
ML 90064	Active	FMR Investments Ltd	100%
ML 90086	Active	FMR Investments Ltd	100%
ML 90155	Active	FMR Investments Ltd	100%
ML 90080	Active	FMR Investments Ltd	100%

## APPENDIX 3

### Key Risks of the Transaction

There are various risks associated with investing in AIC, as with any stock market investment. This section sets out:

- Risks specific to AIC's proposed acquisition of Eloise;
- Existing business and operational risks for AIC – these risks are generally common to precious and base metal exploration companies operating in Australia and therefore will be risks to which AIC will continue to be exposed including if it acquires Eloise; and
- Share investment risks

The occurrence of any of these risks could have an adverse impact on AIC and Eloise's future cash flows, profitability, results of operations and financial condition.

Potential investors should consider whether the securities offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. AIC has implemented appropriate strategies, actions, systems and safeguards for known risks; however, some are outside its control.

While some common risk factors are set out below, it is not possible to produce an exhaustive list. The AIC Directors recommend that potential investors consult their professional advisers before making any investment decisions. If you are unsure about subscribing for New Shares, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The following sets out a summary of some of the key risks relevant to the Company and its operations.

#### TRANSACTION RISKS

##### Shareholder Approvals

A notice of meeting seeking shareholder approval for resolutions required to give effect to the Transaction will be sent to AIC shareholders in due course. It is expected that AIC will convene a general meeting to facilitate shareholder approval for matters in respect of the Transaction. These approvals will include:

- (a) the change in scale and nature of the Company's activities;
- (b) the issue of AIC shares to FMR (Item 7, section 611 approval); and
- (c) the issue of AIC Shares in connection with the Capital Raising.

##### Re-Quotation of Shares on ASX

Trading in AIC's securities is likely to be suspended from the date of this Announcement and will continue to be suspended until completion of the Transaction, the Capital Raising, re-compliance by AIC with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions the ASX imposes on such reinstatement.

##### Completion Risk

The Mine Sale Agreement is conditional on a number of items being completed before the acquisition can proceed. A number of these conditions involve cooperation by third parties, or the exercise of discretion by third parties, and are therefore not entirely within the control of AIC or FMR. There is a risk that the conditions precedent cannot be fulfilled and, in turn, that the Transaction does not complete.

### **Termination Risk**

The Mine Sale Agreement is also subject to termination rights. This includes an automatic termination if the conditions are not fully satisfied by 31 December 2021 (unless a later date is mutually agreed by the parties).

The early termination of the agreement, for any reason, will mean that the Transaction cannot proceed, which will adversely affect the growth prospects, operating results and financial performance of the Company.

### **Integration Risk**

The integration of the Eloise Copper Mine carries risk, including potential delays or costs in implementing necessary changes, and difficulties in integrating various operations. The success of the Transaction, and the ability to realise the expected benefits of the Transaction, is dependent on the effective and timely integration of the Eloise Copper Mine into AIC's existing business operations. A failure to fully integrate the Eloise Copper Mine, or a delay in the integration process, could impose unexpected costs that may adversely affect the financial performance and position of AIC.

A failure to expand AIC's management capacity and capability to effectively operate the Eloise Copper Mine, or a delay in expanding this capacity and capability, could impact production or impose unexpected costs that may adversely affect the financial performance and position of AIC.

The Transaction may consume a large amount of management time and attention, and the Transaction may fail to meet strategic objectives, or achieve expected financial and operational performance.

### **Due Diligence Risk**

AIC has undertaken financial, operational, business and other analyses of whether to pursue the Transaction. There is a risk that such analyses, and the estimates and assumptions made by AIC during the course of the analyses, leads to conclusions or forecasts that are inaccurate or which will not be realised in due course. To the extent that the actual results achieved by AIC differ from those indicated by AIC's analysis of the Transaction, there is a risk the profitability and future earnings of the operations of AIC may differ from the estimates and forecasts made by AIC.

There is a risk that the due diligence conducted has not identified issues that would have been material to the decision to enter into the Transaction. A material adverse issue which was not identified prior to the completion of the Transaction could have an adverse impact on the financial performance or operations of Eloise.

The due diligence process undertaken by AIC identified a number of risks associated with the Transaction. The mechanisms that AIC will use to manage these risks included in certain circumstances the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by AIC may be insufficient to mitigate the risk, or that the materiality of these risks may have been underestimated, and hence they may have a material adverse impact on AIC's earning and financial position.

The due diligence process relied in part on the review of financial and operational information provided by FMR. Despite making reasonable efforts, AIC has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. If any of the data or information provided to and relied upon by AIC in its due diligence process proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of AIC may be materially different to the financial position and performance expected by AIC.

The information reviewed by AIC includes forward looking information. While AIC has been able to review some of the foundations for the forward-looking information relating to Eloise, forward looking information is inherently unreliable and based on assumptions that may change in the future.

### **FMR Shareholding**

The main consideration payable by AIC to FMR under the Transaction is new shares in AIC. As a result, FMR will have an interest in AIC of approximately 28-30% if the Transaction and Capital Raising are completed.

Although FMR will not control AIC as a result of the Transaction, it will be able to vote the AIC Shares it holds (subject to applicable laws) in relation to matters requiring shareholder approval, including the election of directors, significant corporate transactions and certain issues of equity securities. In this regard FMR's interests may not always be aligned with those of other shareholders in AIC. FMR's interest in AIC may also mean that its support for any proposal by a third party to acquire all of the shares in AIC may potentially be important for that proposal to be successful.

### **Historical Liabilities**

If the Transaction completes, AIC may become directly or indirectly liable for any liabilities that FMR has incurred at the Eloise Copper Mine in the past, including liabilities which were not identified during its due diligence or which are greater than expected, for which insurance may not be adequate or available, and for which AIC may not have post-closing recourse under the Mine Sale Agreement. These could include liabilities relating to environmental claims or breaches, contamination, regulatory actions and health and safety claims. Such liabilities may adversely affect the financial performance or position of AIC.

### **Counterparty and Contractual Risk**

The ability of AIC to achieve its stated objectives will depend on the performance by the parties of their obligations under the Mine Sale Agreement and other agreements related to the Transaction. If any party defaults in the performance of their obligations, it may be necessary for AIC to approach a court to seek a legal remedy, which can be costly.

If the Transaction completes, there can be no guarantee as to the ongoing financial capacity of FMR. In these circumstances, if a warranty or other claim was made under an agreement in respect of the Transaction, there is a risk that funds may not be available to meet that claim. Any inability to recover amounts claimed could materially adversely affect AIC's financial position and distributions.

The existing contractual arrangements entered into by FMR in relation to Eloise may be subject to the consent of third parties being obtained to novate or transfer those contractual arrangements to AIC. No assurance can be given that any such required consent will be forthcoming. Failure by AIC to obtain such consent may result in AIC not being able to carry on all of its planned business and other activities or proceed with its rights under any of the relevant contracts requiring such consent.

### **Employees**

AIC will make offers of employment to all FMR employees at Eloise to transfer to AIC on terms and conditions that are the same or substantially similar to and, considered on an overall basis, no less favourable than the terms and conditions of their employment with FMR. AIC will also put in place a process to ensure that it engages with employees prior to completion of the Transaction in order to facilitate the acceptance of offers of employment. However, there is a risk that not all employees will accept the offers of employment from AIC and there could be an associated workforce shortage at Eloise.

### **Ability to Utilise Tax Losses**

AIC has a total carried forward tax loss balance of \$61,316,667 and carried forward capital losses of \$198,676,404 as at 31 December 2019. These tax losses are subject to Australian tax loss recoupment rules and there is no guarantee that the Company will be able to utilise these tax losses.

### **Operational and Cost Risk**

If the Transaction completes, AIC will become a producer of copper concentrate which is sold under commercial contract. The Company's immediate plans and objectives are dependent upon a continuation of such production generating operating surpluses to assist the Company in funding its planned expenditure programs. Whether it can do so will depend largely upon an efficient and successful, operation and exploitation of the resources and associated business activities and management of commercial factors.

Ultimate success depends on the discovery and delineation of economically recoverable mineral resources, establishment of efficient exploration operations, obtaining necessary titles and access to projects, as well as government and other regulatory approvals.

The mining and exploration activities of the Company may be affected by a number of factors, including but not limited to geological conditions; force majeure events; power outages; adverse/seasonal weather patterns; critical equipment failures; continued availability of the necessary technical equipment, plant and appropriately skilled and experienced technicians; labour shortages; industrial and other accidents; improper, defective and negligent use of technical plant and equipment; improper, defective and negligent conduct by employees, consultants and contractors; adverse changes in government policy or legislation; and access to the required level of funding and unforeseen cost changes beyond the control of the Company can negatively impact on the Company's activities, thereby affecting its profitability and the value of its securities.

There is a risk that unforeseen geological and geotechnical difficulties may be encountered when developing and mining Ore Reserves, such as unusual or unexpected geological conditions, pit wall failures, rock bursts, seismicity and cave ins. Unforeseen geological and geotechnical difficulties could impact production and/or require additional operating or capital expenditure to rectify problems and thereby have an adverse effect on the Company's financial and operational performance.

### **Product Sales and Commodity Price Risk**

If the Transaction completes, AIC will derive revenues mainly from the sale of copper and to a lesser extent gold and silver. Consequently, AIC's potential future earnings, profitability and growth are likely to be closely related to the demand for and price of copper, gold and silver. The long-term price of these commodities may rise or fall.

Additionally, AIC's prospects and perceived value will be influenced from time to time by the prevailing short-term prices of the commodities it produces. Commodity prices fluctuate and are affected by factors including supply and demand for mineral products, hedge activities associated with commodity markets, the costs of production and general global economic and financial market conditions. These factors may cause volatility which in turn, may affect the Company's ability to finance its future activities.

AIC may enter into hedging arrangements from time to time to partially protect against changes in commodity prices.

### **Production and Cost Estimates**

The ability of AIC to achieve production targets or meet operating and capital expenditure estimates on a timely basis cannot be assured. The Eloise Mine, as with other mines, is subject to uncertainty with ore tonnes, grade, metallurgical recovery, ground conditions, operational environment, funding for development, regulatory changes, accidents, other unforeseen circumstance such as unplanned mechanical failure of plant or equipment.

AIC has prepared estimates of future production and associated operating and capital costs for the Eloise Mine. No assurance can be given that such estimates will be achieved. Costs of production may also be affected by a variety of factors, including: ore grade; metallurgy; labour and other input costs; general inflationary pressures and currency exchange rates. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on AIC's future cash flows, profitability, results of operations and financial condition.

### **Ore Reserves and Mineral Resources**

The Eloise Ore Reserves and Mineral Resources are estimates only and are expressions of judgement based on industry practice, experience and knowledge. Estimates of Ore Reserves and Mineral Resources are necessarily imprecise and depend to some extent on interpretations which may prove inaccurate. No assurance can be given that the estimated Ore Reserves and Mineral Resources are accurate or that the indicated level of copper, gold or any other mineral will be produced. Such estimates are, in large part, based

on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralisation or geological conditions may be different from those predicted. No assurance can be given that any or all of the Eloise Mineral Resources constitute or will be converted into Ore Reserves. Actual Ore Reserves and Mineral Resources may differ from those estimated, which could have a positive or negative effect on AIC's financial performance.

Commodity price fluctuations as well as increased production and capital costs may render the Eloise Ore Reserves unprofitable to develop at a particular site or sites for periods of time or may render Ore Reserves containing relatively lower grade mineralisation uneconomic. Estimated Ore Reserves may have to be recalculated based on actual production experience. Any of these factors may require AIC to reduce its Ore Reserves and Mineral Resources, which could have a negative impact on AIC's financial results and the expected operating life of Eloise.

### **Replacement of Ore Reserves**

AIC will need to continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. There is a risk that depletion of reserves will not be offset by discoveries or acquisitions. There is no assurance that current or future exploration programs will be successful. Also, if a discovery is made, it may take several years from the initial phases of drilling until production is possible.

## APPENDIX 4

### Eloise Copper Mine – Mineral Resource and Ore Reserve Statement

#### Material Information Summary

Material Information Summaries are provided for the Eloise Mineral Resources and Ore Reserves pursuant to ASX Listing Rules 5.8 and 5.9 and the Assessment and Reporting Criteria in accordance with JORC Code 2012 requirements.

#### Location and Tenure

Cloncurry is located in the northwest Queensland, 770km west of Townsville via the Flinders Highway. The town lies adjacent to the Cloncurry Reiver. The Eloise Copper - Gold deposit is located approximately 60km southeast of Cloncurry and is accessible by the sealed Landsborough Highway to within 12km west of the mine. Access to Eloise is via a well maintained dirt access road.

The operation is located on four mining leases:

- ML90064 (expiry 31 August 2025)
- ML90080 (expiry 31 December 2021, renewal lodged)
- ML90086 (expiry 31 March 2022)
- ML90155 (expiry 31 October 2026)

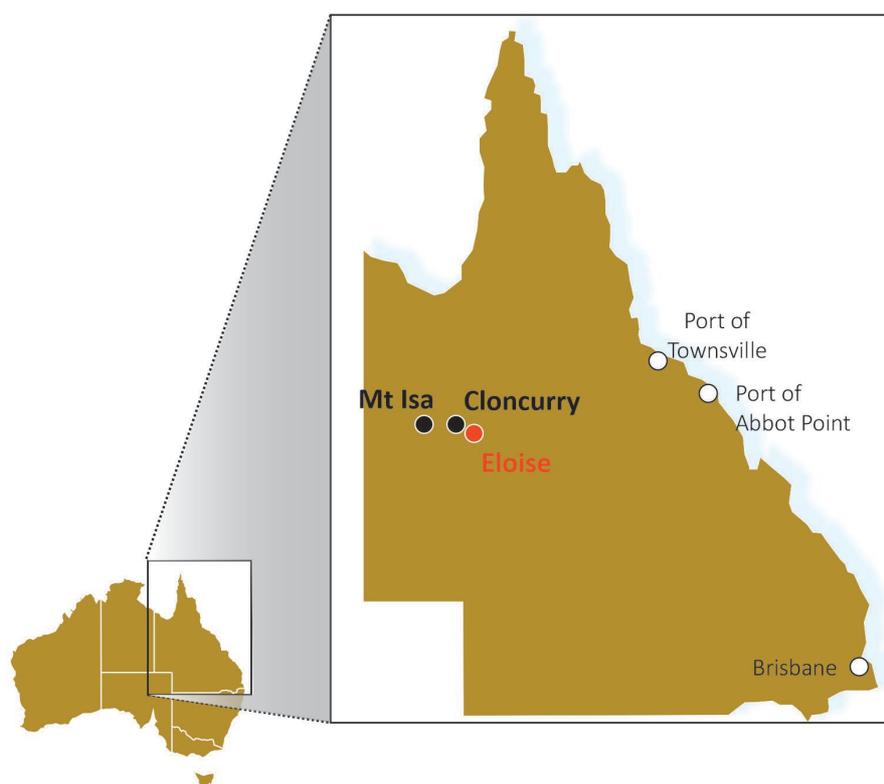
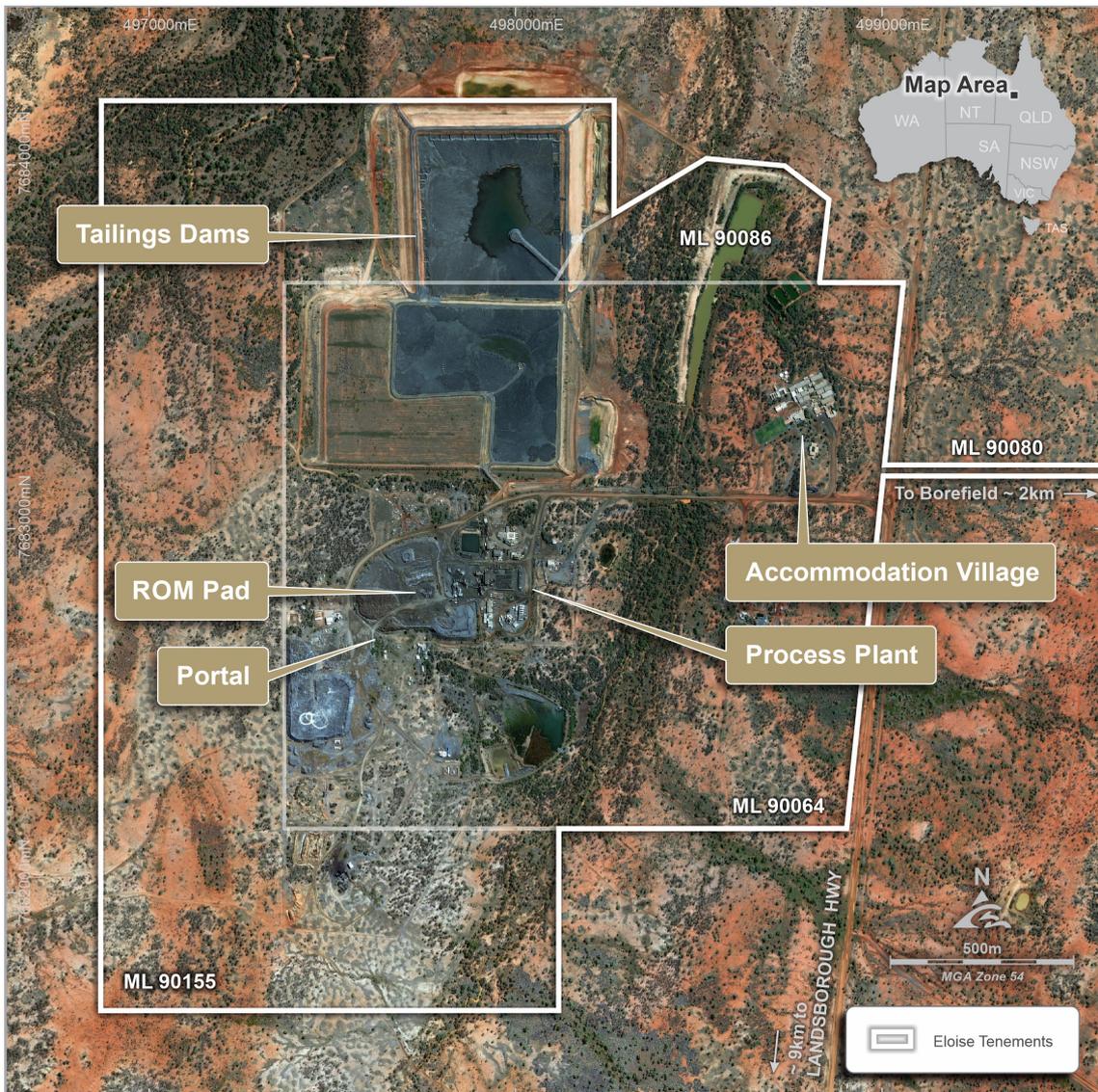


Figure 1. Eloise location plan.



**Figure 2. Eloise site layout and tenements.**

## Eloise Mineral Resources

### *Geology and the Geological Interpretation*

The Eloise copper-gold deposit lies within Early-Middle Proterozoic rocks of the Cloncurry-Selwyn zone, of the Eastern Fold Belt, of the Mount Isa Inlier (see Figure 3). The lithologies have been tentatively assigned to the Table Creek Volcanics and Mount Norma Quartzite members of the Soldiers Gap Group.

At Eloise, this sequence comprises north-south striking arenitic meta-sediments and ortho-amphibolite's located on the sub-vertical eastern limb of the Middle Creek Anticline, coincident with a regional northerly trending shear zone, the "Levuka Shear". The deposit is located under 60 metres of Mesozoic sediment cover of the Eromanga Basin.

Mineralisation is hosted within a strongly foliated meta-sedimentary sequence comprising arenites and schists (see Figure 3). The metasediment sequence also contains a coarse-grained amphibolite body possibly representing an early intrusion of gabbroic composition. Mineralised zones occur as steeply plunging lenticular bodies with strike lengths between 100 m and 200 m and attaining a maximum width of 25 m. The

main zone of mineralisation (Levuka-Eloise Deeps) demonstrates continuity down plunge over 1,500 m and remains open at depth.

Post-mineralisation faulting has severely dislocated the orebodies, resulting in a complex arrangement of fault bounded ore blocks. These faults display considerable variability in regard to strike, dip and amount and direction of movement.

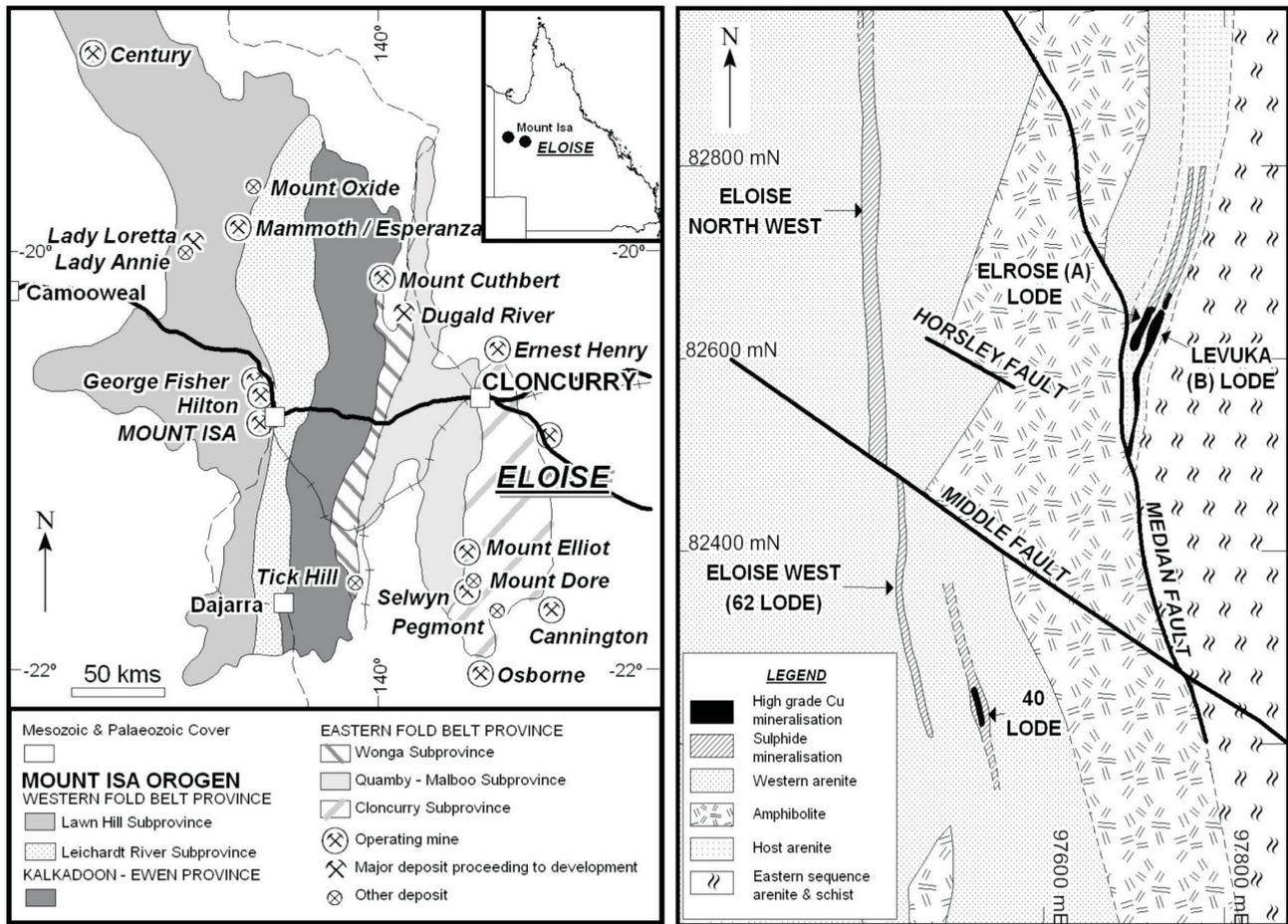


Figure 3. Regional geology (after Blake, 1997) and local geology (Hodkinson et al., 2003).

The main controls to the Eloise mineral system are structural, and mineralisation occurs as a series of en echelon sub vertical lodes. The known structural framework has been defined from underground face and development mapping, visual observation and core logging. The interpretation is represented a series of continuous wireframed domains. A nominal 1% Cu cut-off grade is used to interpret the mineralised boundaries, although some intercepts below 1% Cu have been included for continuity purposes.

Up to five separate lodes or zones are interpreted within each resource area. Post-mineralisation faulting has created a series mineralised compartments, approximately 400m x 400m in size. The five ore zones are interpreted and continued into each fault block compartment.

The framework for the Eloise Mineral Resources comprised of 8 domains, modelled between 81,500m N and 82,850m N. The dip extent extends from 1,150m RL to -450m RL. The lenses have variable strike and dip continuity. The plan width of the lenses varies between approximately 2m and 40m.

### Sampling and Sub-sampling

Samples used in the Mineral Resources Estimate were obtained through diamond drilling methods collected from campaigns completed since 1986. The sampling methodology has been consistent at the mine since

recommencement of operations in 2011, and prior to 2011, the methodology is considered to have been industry standard.

Sampling intervals are selected by an FMR geologist and a drillhole sampling sheet is completed. Diamond drill sample intervals are generally of 1 m lengths, with some occasional changes varying from 0.5m to 1.2m in length to honour geological zones of interest (lithology or grade). Sample intervals do not cross zones of core loss, which are infrequent.

Core is cut longitudinally using an Almonte core saw, with half-core sampled for multi element analysis. Waste samples both before and after the mineralised intercept are also half-core sampled. Where a trend is obvious in the mineralisation the core is cut at an appropriate orientation to gain an unbiased sample. The remaining half-core is retained in the drill tray. All drillholes are stored onsite for future reference.

Half core samples (3–5 kg) or whole core samples are placed into calico bags. These are then inserted into polyweave sacks which are labelled with the laboratory name, sample numbers and the number of the polyweave sack in the sequence. The sample sequence is routinely checked by core shed staff and supervising geologists to identify any potential sampling issues. The polyweave sacks are then transported to the Principal Laboratory, ALS Mt Isa for sample preparation.

At the Principal Laboratory, all primary samples are subjected to industry standard processes for particle size reduction and sub sampling. In the first sub sampling stage, the core samples are passed through a Boyd crusher and reduced to a nominal particle size of 70% of samples passing <2 mm. The crushed sample is passed through a rotary splitter and a catch weight of approximately 1 kg is collected. Between each half-core sample, the crusher and associated trays are cleaned with compressed air to minimise cross contamination. In the second sub sampling stage, approximately 1 kg of retained sample is then placed into a LM2 pulveriser, and the particle size is reduced to approximately 85% passing 75 µm. In the final sampling stage, a 200 g Master Pulp subsample is collected from this pulverised sample for ICP/AES analyses. Also a separate 60 g subsample is collected and dispatched to ALS Global (Townsville) for the fire assay analysis for gold.

### *Sample Analysis Methods*

The assaying and laboratory procedures are consistent with industry best practice. The sample analyses are undertaken using a total digestion of a sub sample of the primary pulps.

Determination for Cu, As, Ag and Fe is undertaken utilising the ICP-AES (ALS Global – ME-ICP41) method, where a 0.50g of primary sub sample is digested in aqua regia solution (ALS – GEO-AR01), followed by dilution and mixing in 12.5 mL of de-ionized water. Any high grade copper samples, in particular Cu >5%, are rediluted and reanalysed using ALS Global methods ASY-AR01 and ME-OG46.

Gold analysis is undertaken at the ALS Global (Townsville) laboratory where a 30 g fire assay charge is used with a lead flux in the furnace. The prill is totally digested in an aqua regia solution of HCL and HNO<sub>3</sub> acids before AAS determination for gold analysis (Au-AA25).

The primary laboratories, ALS Global (Mount Isa and Townsville) conduct their own QAQC protocol, including grind size, standards and duplicates, and all QAQC data is made available to the mine via the ALS Global Webtrieve website.

QAQC comprises of the submission of CRMs and blanks to monitor accuracy and carry-over contamination throughout the course of the resampling program.

### *Drilling Techniques*

Drilling data used in the Mineral Resources Estimate were obtained through diamond drilling methods collected from multiple drilling campaigns completed since 1986. Historical surface drilling used a combination of HQ and NQ size diamond core and underground diamond drilling is undertaken with LM90

skid-based rig and mobile carrier rig with LM90 drill attachment. Drillhole core size collected since 2011 has been NQ2. Drillhole lengths vary between 40m and 500m with an average depth of 150m.

Drilling from 1986 through 1992 was completed by BHP-UTAH/BHP Minerals. MIM Exploration completed drilling in 1992 and Amalg Resources completed drilling from 1994 through 2002. Breakaway Resources completed drilling in 2003 and Barmarco/FMR Investments Pty Ltd (FMR) have completed drilling from 2004 through 2021.

The geological database contains a total of 1,150 diamond drill holes for 166,770m.

### *Estimation Methodology*

All geological modelling, statistical analysis and grade estimation were completed using Surpac software.

Grade estimation for Cu, Au and Ag and Fe were undertaken using an ordinary kriged algorithm into eight (8) wireframe domains. A 5mE x 10mN x 5mRL parent block size was used with sub-celling to 1.25m for E,N and RL. The sub block size was selected to provide sufficient wireframe – block fill resolution. All sub cells were assigned the grade of the parent block. The inputs for the estimation including nugget, sill, ranges, direction and anisotropy were determined using the Surpac variography module.

The drillhole data spacing is variable but approximates 25 m to 50 m along strike (north-south) by 25 m to 50 m down-dip. The block size represents approximately half of the drill spacing in the more densely drilled areas of the deposit.

The wireframes have been used as hard boundaries for the interpolation of the ore lenses, this is to ensure only grades within each wireframe have been used to estimate the block inside the same wireframe. Outside of the ore lenses, a background waste estimation was undertaken. The raw assay data was composited to one (1) intervals and this was used for the classical statistical analysis, variography analysis and ordinary kriged estimation.

The coefficient of variation (COV), histograms and probability plots were reviewed for Cu and Au to understand the distribution of grades and assess the requirement for top cuts for each estimation domain. Top cutting was deemed necessary where the COV was high (>1.2) and individual high-grade samples were deemed to potentially result in biased block model results.

Copper grades were not cut. Gold grades were cut according to:

- Macy: WF1 & 2 - 6 g/t, WF3 - 21 g/t, WF5 - 25g/t, WF6 - 18 g/t Au
- Eloise North: WF1 - 6 g/t, WF2 - 26 g/t, WF3 - 10g/t,
- Eloise South: WF1 - 7 g/t, WF2 - 15 g/t, WF3 - 35 g/t, WF4 - 20 g/t, WF5 - 15 g/t.

A four-pass search ellipse strategy was adopted. The search ellipse distances were progressively increased from 30, 60, 120 and 400 metres. A summary of the estimation parameters is shown below:

Cu	Samples	Distance	Azimuth	Plunge	Dip	Nugget Co	Sill c1	Range A1	Anisotropy Major/Semi	Anisotropy Major/Minor
Minimum	5	30	181.26	-69.41	50.26	0.10	0.69	59.30	1.08	15
Maximum	20	400	194.74	-19.84	89.46	0.45	1.74	176.85	3.22	15

Due to the wide spaced drilling below the z330mRL, an upper cut of 2.4% Cu was applied to all blocks below this level.

For density, a relatively strong relationship between Fe and Fe + Cu and density was observed. Based on this analysis, it was decided that the most optimal manner to assign density to the block model was to apply a regression formula whereby density is calculated based on interpolated Fe and Cu grades. The regression was based on 2,878 water immersion records with associated Cu and Fe data. Density was calculated using the formula below, established from historical density measurements.

- Density=0.0265\*(Cu%+Fe%) +2.6401 with a 3.3t/m<sup>3</sup> top cut

No assumptions have been made regarding recovery of by-products. Fe and As were estimated however are not considered to represent issues for the mine given the long history of producing a saleable concentrate.

No assumptions were made regarding selective mining units.

Drillhole grades were initially visually compared with cell model grades. Domain drillhole and block model statistics were then compared. Swath plots were also created to compare drillhole grades with block model grades for easting, northing, and elevation slices throughout the deposit. The block model reflected the tenor of the grades in the drillhole samples both globally and locally.

Monthly reconciliation is undertaken to measure the performance of the mined portion of the Resource model relative to the reconciled Mill production.

### *Resource Classification*

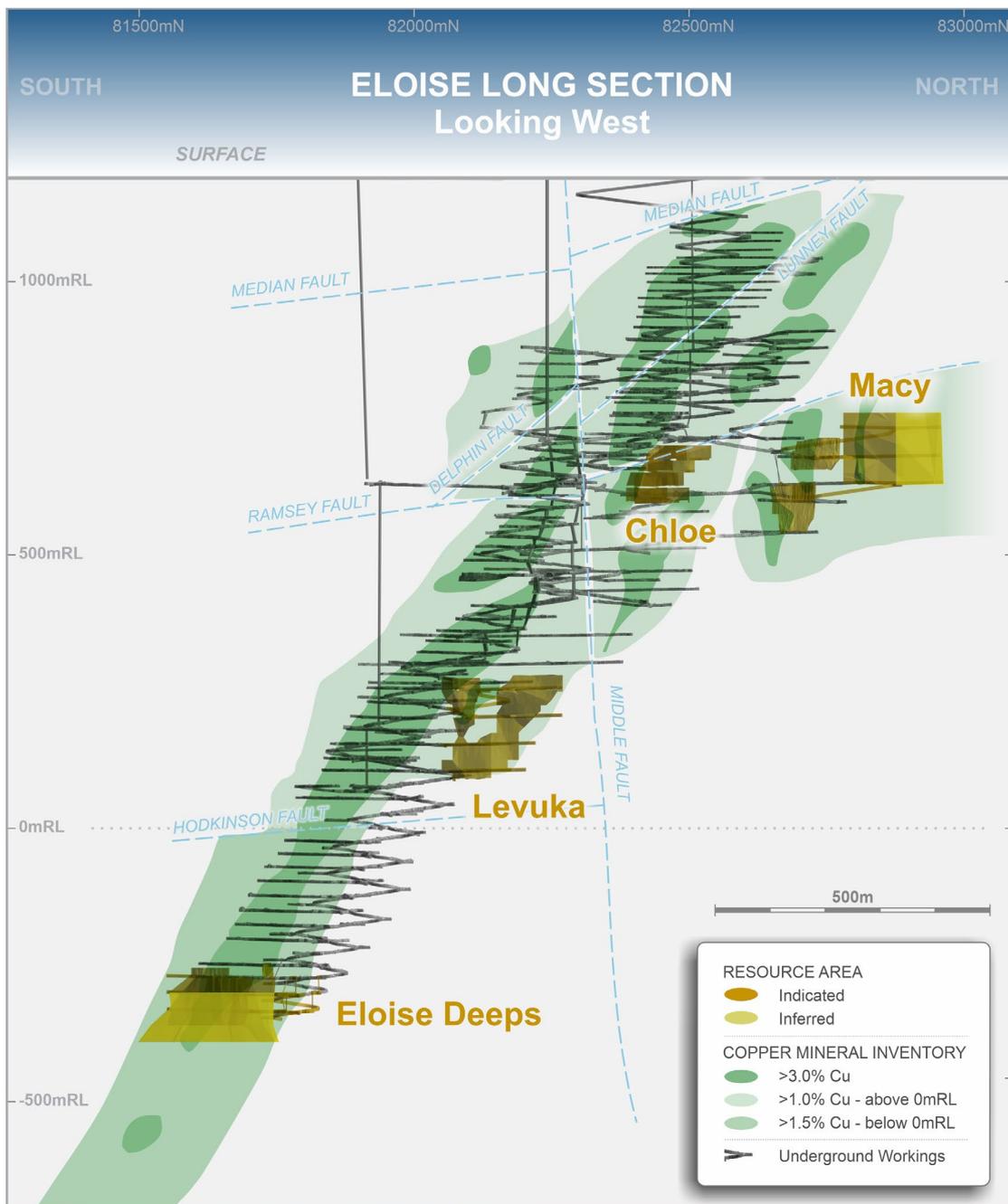
Consideration was given to data quality, grade estimation quality and geological continuity relative to the areas of historical mining. In each resource area, the site geologists assigned a class and resource category number using a combination of search pass and slope of regression (SOR). The limits were checked by visualising the distribution of SOR and then applying various cut-offs until the result aligned with expectations against the drill data spacing. Estimation parameters are shown in the table below:

Class	Res_Cat_No	SOR	Pass
MEA	1	>= 0.8	1
IND	2	>=0.5 AND <0.8	1
IND	2	>=0.8	2
INF	3	>=0.0 AND <0.5	1
INF	3	>=0.5 AND <0.8	2
INF	3	>=0.8	3
UNC	4	ALL OTHERS	ALL OTHERS

The use of slope of regression for Resource classification has resulted in “spotty” and discontinuous classification zones. This is exemplified by inferred blocks located near drilling or within stoped out zones.

The Competent Person adopted a three step process for classification by i) applying a filter based on slope of regression and estimation pass; ii) digitising a smoothed and final boundary string; and iii) assigning a final Resource classification inside the boundary string.

Indicated generally had a drill spacing of at least 25m to 25 m. All other modelled areas were generally classified as Inferred with a drill spacing up to 100m. Only continuous areas were classified to avoid the “spotted dog effect”. The resource classification was constrained by economic considerations. Remnant resources have not been included at this time.



**Figure 4. Long section (looking west) showing Indicated and Inferred Resource inside the LOM Design. The Mineral Inventory (green shading) for the entire deposit is also displayed outside the Mineral Resource limits.**

### *Cut-off Grade*

Cut-off grades applied within this estimate are based on current mining methods, forecast mining and processing costs and a copper price of A\$9,000/t. Copper represents roughly 90% of the value of the concentrate produced at Eloise.

The MRE is reported above a 1% Cu cut-off grade in the Upper Zone (above the 0mRL) and above a 1.5% Cu cut-off grade in the Lower Zone (below 0mRL, 1,190mBSL).

### *Mining and Metallurgical methods, parameters and other modifying factors considered to date*

In selecting the reporting cut-off grades, consideration has been given to the mining method and Reasonable Prospects for Eventual Economic Extraction. The MRE was restricted to the mineralisation located within the June 2021 Life of Mine (LOM) design. All areas outside of the LOM design have been excluded, are considered as mineral inventory.

The Indicated and Inferred Mineral Resource are reported excluding any mining modifying factors, hence the MRE is undiluted.

Metallurgical and operational test work has confirmed Eloise contains and produces a high-quality concentrate with very low contaminants. Hence no areas have been excluded from the Mineral Resources Estimate based on metallurgy.

### **Eloise Mineral Resources as at 30 June 2021.**

<b>Resource Category</b>	<b>Tonnes</b>	<b>Cu Grade %</b>	<b>Au Grade (g/t)</b>	<b>Ag Grade (g/t)</b>	<b>Contained Copper (t)</b>	<b>Contained Gold (oz)</b>	<b>Contained Silver (oz)</b>
Measured	-	-	-	-	-	-	-
Indicated	1,308,000	2.5	0.7	9.6	32,500	28,500	405,400
Inferred	1,388,000	2.4	0.7	11.4	33,000	31,500	509,400
<b>Total</b>	<b>2,696,000</b>	<b>2.4</b>	<b>0.7</b>	<b>10.6</b>	<b>65,500</b>	<b>60,100</b>	<b>914,900</b>

*Note: The Mineral Resources Estimate is inclusive of Ore Reserves. There is no certainty that Mineral Resources not included in Ore Reserves will be converted to Ore Reserves. The Mineral Resources Estimate is reported using a 1% Cu cut-off (above 0mRL) and 1.5% Cu (below 0mRL). Tonnages have been rounded to the nearest 1,000 tonnes.*

### **Eloise Ore Reserves**

#### *Material Assumptions for Ore Reserves*

As part of Eloise's operational procedure, a Life of Mine (LOM) study including design, schedule and evaluation was completed as part of the annual budget and LOM planning process. The Ore Reserves estimation analysis addresses the key technical and economic parameters to an appropriate level of confidence to meet the production requirements of the mine.

To comply with the JORC (2012) Code, only the Indicated Mineral Resources located within the June 2021 LOM design were considered for reporting as Probable Ore Reserve. All areas outside of the LOM design have been excluded, are considered as mineral inventory. The Ore Reserves are contained within the mine design and are viable. A portion of the Probable Ore Reserves are currently being mined and processed.

The Ore Reserves have been designed based on the current operating practices and procedures at the mine. The Eloise Ore Reserve is based on several assumptions including:

- current minimum mining widths,
- geotechnical similarities to current mining areas,
- historical costs base for estimation of operating and capital costs,
- historical metallurgical performance.

The following material assumptions apply to the Ore Reserves:

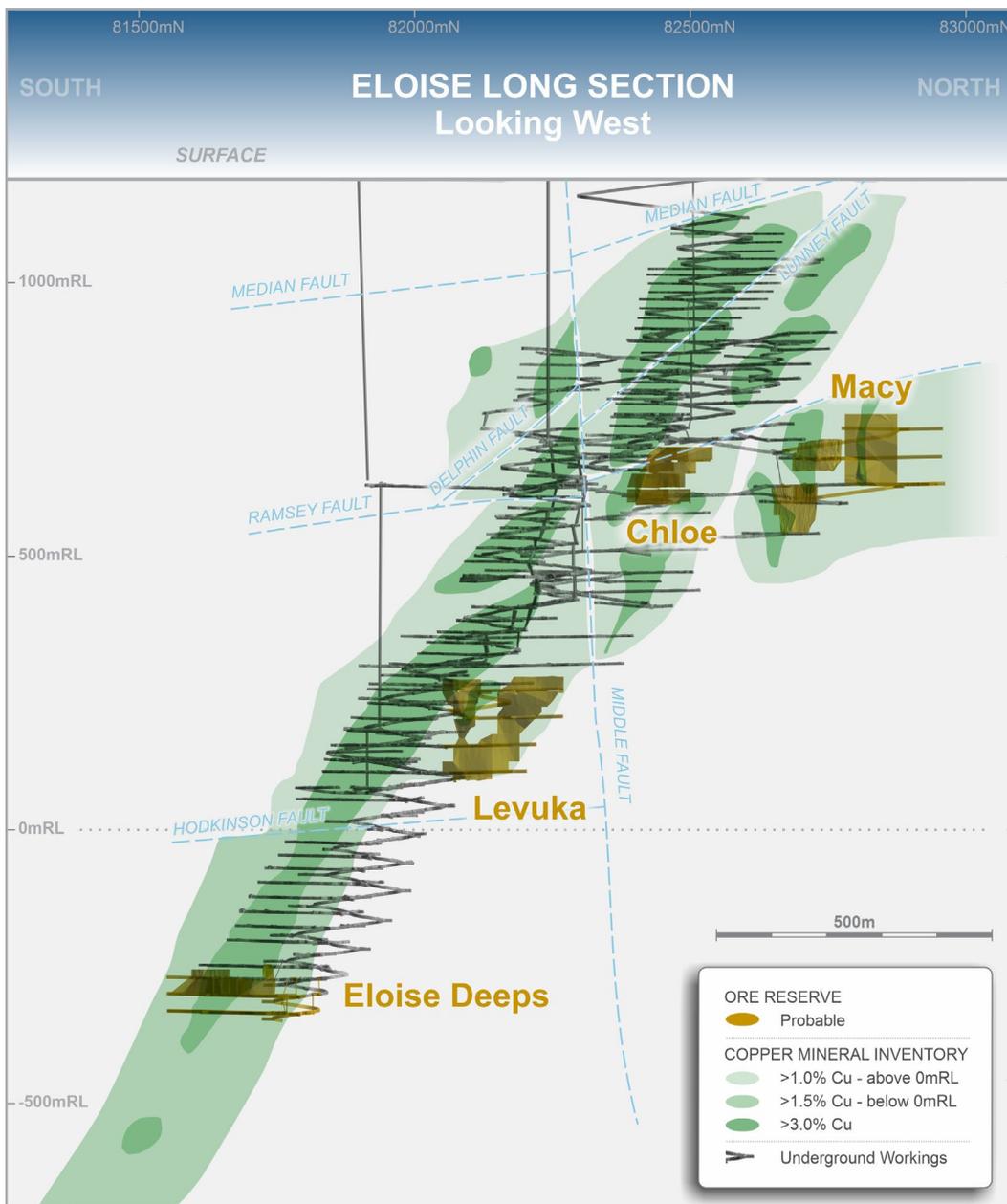
- The copper price used in the LOM plan and Ore Reserves estimation is A\$9,000/t.
- Minimum mining width of 3 metres.
- Mining dilution in the Upper Zone is applied at 15% and in the Lower Zone is applied at 20%.
- Mining recovery factors in the Upper Zone is applied at 95% and in the Lower Zone at 90%.
- Sub level spacing ranging between 25m (single lift) to 50m (double lift).
- Metallurgical recovery is a function of feed grade, and historically reports at ≥ 95% Cu, 50% Au and 83.5% Ag.

Previous mine performance has demonstrated that the current mining methods are technically achievable and economically viable. The modifying factors are based on historical data utilising a similar mining method.

**Eloise Ore Reserves as at 30th June 2021.**

Reserve Category	Tonnes	Cu Grade %	Au Grade (g/t)	Ag Grade (g/t)	Contained Copper (t)	Contained Gold (oz)	Contained Silver (oz)
Proved	-	-	-	-	-	-	-
Probable	1,424,000	2.1	0.6	8.3	30,300	26,700	378,400
<b>Total</b>	<b>1,424,000</b>	<b>2.1</b>	<b>0.6</b>	<b>8.3</b>	<b>30,300</b>	<b>26,700</b>	<b>378,400</b>

Note: The Ore Reserves Estimate is reported using a 1% Cu cut-off (above 0mRL) and 1.5% Cu (below 0mRL). Tonnages have been rounded to the nearest 1,000 tonnes.



**Figure 5. Long section (looking west) showing Probable Ore Reserves. The Mineral Inventory (green shading) for the entire deposit is also displayed outside the Mineral Resources limits.**

### *Ore Reserve Classification*

Indicated Mineral Resources that are within the LOM designed mining blocks and are above cut-off grade, have been converted to Probable Ore Reserves. The Competent Person considers this classification to be appropriate.

### *Mining Method*

Eloise is mined by both contractor (development) and FMR (stopping). All underground development is undertaken by Pybar mining contractors utilising two jumbos and all production drilling and stopping activities are completed by FMR. Ore is hauled up a 1:7 decline from a (current) maximum depth of 1,500m.

Ore is extracted using longhole open stoping (LHOS) and sub level caving (SLC) techniques. In the Upper Zone (surface to the 0mRL, 1,190m below surface level) ore is mined using LHOS and in the Lower Zone (below 0mRL) ore is mined using SLC.

Ground conditions are good in the upper levels (<650mBSL), however seismic activity occurs in the Deeps (>0mRL). The stress fracturing and strain bursting is managed by increased ground support and limiting the advance rate to 25 vertical metres (one level of the SLC) per year. Ambient rock temperatures can exceed 55 degrees Celsius below 1,000m in depth and a bulk air cooling system is utilised to maintain operating temperatures within acceptable limits. The vent system is sufficient to support and sustain mining to a depth of 2,000m at a production rate of approximately 60,000t/month.

### *Processing Method*

Eloise operates a conventional flotation circuit to produce a high-grade copper concentrate with gold and silver credits.

The mill can sustain a rate up to 750,000 dry metric tonnes per annum. The plant operates a three-stage crushing facility capable of producing a -12 mm product at 120 tonnes per hour. This is comprised of a primary jaw crusher and two-stage cone crushing in closed circuit with a screening plant. Comminution is via a two-stage grinding circuit achieving a P80 particle size of 125µm.

The flotation circuit comprises rougher and scavenger flotation cells and a bank of cleaner and recleaner cells. Concentrate thickening and American disc filtering produces cake with moisture content of about 13%. The concentrate is sun dried to about 8–9% moisture content ready for transport and shipment.

The final product is a concentrate comprising approximately 27% Cu, 4.4 g/t Au and 100 g/t Ag. Eloise has a long history of producing and selling concentrate with no material issues from deleterious elements.

### *Cut-off Grade*

Cut-off grades for the Ore Reserves were derived using an iterative process of mine design, scheduling and economic analysis. Inputs included operating and capital costs, mill recoveries, transport costs, smelting - refining costs, royalty payments and commodity prices. The cut-off grade calculations also considered the depth of the Ore Reserves below the surface.

The cut-off grade calculated for the Upper Zone longhole open stopes was 1.0% Cu; and the Lower Zone sub level cave was 1.5% Cu.

### *Estimation Methodology*

Estimation of the Ore Reserve involve the steps of evaluation, mine design, development and production scheduling and financial modelling. Mineable stope shapes have been created and mining dilution and

recovery factors have been applied. All operating and capital costs have been estimated and applied in the financial model. The Ore Reserves returns a positive NPV and is most sensitive to copper price, grade and metallurgical recovery.

### *Material Modifying Factors*

The modifying factors are based on current and historic operational experience. Ore boundaries have been defined to reflect the grades and tonnage of smallest mining units within the Resource model at values above the cut-off grade. A LOM design has been generated and scheduled to an appropriate level of confidence.

Mining dilution in the Upper Zone is applied at 15% and in the Lower Zone is applied at 20%. Mining Recovery Factors in the Upper Zone is applied at 95% and in the Lower Zone at 90%. The Mining Modifying factors are based on recent reconciliation performance.

The metallurgical recovery is a function of feed grade, and historically reports at  $\geq 95\%$ . Eloise has a long history of producing and selling concentrate with no material issues from deleterious elements.

The modifying factors applied are those that have been in use at Eloise for many years. Ongoing reconciliation has demonstrated that they are appropriate and are in line with the relative accuracy expected at a feasibility study level or better. Confidence in the mine design and schedule are high as mining rates and modifying factors are based on actual site performance. Mine design is consistent with industry practice and is effective at the operation. The approach applied has been deemed appropriate by the Competent Person.

Eloise is an operating mine and the infrastructure to support the mining operations is in place.

All necessary regulatory approvals licenses and agreements are current and in place.

Contracts for concentrate offtake and transportation to market are in place.

## **Eloise Life of Mine Plan**

### *Life of Mine Plan and Financial Model*

As part of Eloise's operational procedure, a Life of Mine (LOM) study including design, schedule and evaluation was completed as part of the annual budget and LOM planning process. A Financial Model overlay was completed to understand the operations cashflow, profitability and areas of sensitivity. The Financial Model has shown that at a copper price of A\$10,000/t the mine is cashflow positive throughout the LOM Plan period, produces a robust profit and an acceptable return on invested capital.

Total scheduled production is 2.9 Mt averaging 2.06% Cu, including 1.5 Mt at 2.0% Cu of Mine Inventory, providing a mine life of approximately 4.5 years.

Using assumed long-term project metal prices of US\$7,500/t for Cu, US\$1,650/oz for Au and US\$20/oz for Ag, LOM project revenue is driven predominantly by copper (87%) with gold (10%) and silver (3%) as valuable by-product credits.

### *Mining and Mine Schedule*

Planned production is 60,000 wmt/month at a head grade of 2% copper. Production is to be sourced, two thirds, from long hole open stopes located between 500 and 1,000mbs and one third from sub-level cave stopes located at the base of the mine at approximately 1,500mbs.

Ore is currently transported from the production locations to the surface using 60t capacity trucks via a ramp. The planned production rate is consistent with that achieved over the last twelve months.

Underground access requires over 7,000 metres of decline, accesses and ore drives to be developed between June 2021 and January 2024. This will be completed utilising the mining contractor’s development fleet which is currently in place.

**Eloise LOM Production Schedule as at 30th June 2021.**

LOM Production	Tonnes	Cu Grade %	Au Grade (g/t)	Ag Grade (g/t)	Contained Copper (t)	Contained Gold (oz)	Contained Silver (oz)
Probable Reserve	1,424,832	2.13	0.6	8.3	30,300	26,700	378,400
Mining Inventory	1,500,164	1.99	0.6	9.5	29,800	28,500	459,700
<b>Total</b>	<b>2,924,996</b>	<b>2.06</b>	<b>0.6</b>	<b>8.9</b>	<b>60,100</b>	<b>55,200</b>	<b>838,100</b>

*Processing*

The LOM Plan is based on processing 652,525dmt per year, well within the throughput capacity of the current plant. Processing factors used in the LOM Plan align with recent production history. Concentrate grades between 27% and 28% Cu are consistently achieved with Cu recoveries of typically 94% to 95%.

Contracts for concentrate offtake and transportation to market are in place.

**Eloise LOM Processing Schedule as at 30th June 2021.**

Units	LOM Total / Average	2022 Processed	2023 Processed	2024 Processed	2025 Processed	2026 Processed
Tonnes (dmt)	2,924,996	652,525	652,525	652,525	652,525	314,895
Grade Cu %	2.06	2.02	2.23	2.03	1.99	1.99
Grade Au g/t	0.59	0.62	0.56	0.58	0.59	0.59
Grade Ag g/t	8.91	8.53	8.03	9.26	9.53	9.53
Metal Cu (t)	60,179	13,151	14,538	13,259	12,975	6,260
Metal Au (oz)	55,205	12,902	11,662	12,262	12,397	5,983
Metal Ag (oz)	838,137	178,952	168,523	194,195	199,967	96,500

*Workforce, Health and Safety*

The workforce is stable and has an appropriate level of skill. Mine development activity has been outsourced to a mining contractor.

Occupational Health and Safety systems are in place and management has recently implemented a renewed focus on site safety.

*Infrastructure*

Eloise is a long-established operation with appropriate infrastructure in place. This includes workshops, offices, warehouses, fuel storage, road access for transport, the processing plant, diesel power generation, surface water management, underground mining infrastructure, ROM stockpiles, and waste dumps.

*Approvals and Permitting*

The Eloise project operates under an established permitting framework and has developed a range of management plans and related instruments to support compliance with regulatory requirements. All necessary regulatory approvals, licenses and agreements are in place.

### Operating Costs

Budgeted operating costs for 2022 are based on several years of operating a similar mix of production stopes and processing, and thus are well supported. The operating costs forecast in the LOM Plan include mining, geology, administration, powerhouse, processing, transport, marketing, insurance, refining and Queensland State mineral royalties. Forecast total operating costs average \$160/t ore before gold and silver by-product credits.

Operations over recent years provide a good guide to future operating costs. Future costs will be impacted by:

- completion of development in 2024 for required for scheduled stope production
- increased trucking costs for increasing depth of mining and volumes from the Deeps
- increased depth of technical, OH&S and environmental staff.

#### ***Eloise Operations – Recent Production and Operating Costs***

	Units	FY20	FY21
Ore Mined	t	519,074	662,775
Ore Milled	t	499,719	622,795
Cu feed grade	%	1.74	1.88
Au head grade	g/t	0.49	0.54
Concentrate Produced	dmt	30,315	40,089
Concentrate Cu grade	%	27.4	27.5
Concentrate Au grade	g/t	4.8	4.9
Cu produced in concentrate	t	8,321	11,038
Au produced in concentrate	oz	4,632	6,314
C1 Cash Costs	A\$/lb	3.85	3.32
All-in Sustaining Costs	A\$/lb	4.79	3.92

### Capital Costs and Future Capital Works

The LOM Plan provides for sustaining capital expenditure for mining and processing, tailings dam construction and closure costs.

Forecast Mining sustaining capital: \$10.7 M scheduled LOM sustaining capital expenditure is made up of \$5.4M fixed plant and \$5.2M mobile plant. Mobile plant expenditure includes \$3.3M truck re-builds.

Forecast Mining non-sustaining: \$12.1M scheduled LOM non-sustaining capital expenditure includes \$4.5M for primary ventilation circuit extension, \$1M electrical distribution extension, \$1.5M Deeps infrastructure and \$5.1M infill resource drilling (Inferred to Indicated).

Processing plant capital: \$5.6M scheduled LOM sustaining capital includes \$1.6M for tailings dam wall lift and capping. Non-sustaining project capital includes construction cost of a new tailings dam for \$6.3M.

The LOM Plan further includes costs for total rehabilitation and closure costs of \$11.3M. This includes costs for capping of tailings dams, surface water management, site demolition, earthworks and rehabilitation of the complete site.

***AIC will convene a General Meeting of shareholders to obtain the shareholder approvals necessary to complete the Transaction. A Notice of Meeting and Explanatory Statement will be sent to shareholders that will include further detail about the Transaction and the Eloise Copper Mine including an Independent Expert Report and a Technical Specialist Report.***

## JORC Code, 2012 Edition – Table 1

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>• Samples used in the Mineral Resources Estimate (MRE) were obtained through diamond drilling methods collected from campaigns completed since 1986.</li> <li>• The sampling methodology described below has been consistent at the mine since recommencement of operations in 2011, and prior to 2011, the methodology is considered to have been industry standard.</li> <li>• Diamond drill core is transferred to core trays for logging and sampling, the core is metre marked in preparation for logging.</li> <li>• Diamond drill sample intervals are generally of 1 m lengths, with some occasional changes varying from 0.3 m to 1.5 m in length to honour geological zones of interest (lithology or grade) as identified by the mine geologist.</li> <li>• Resource drilling is half core samples and grade control drilling spaced less than 25m is full core sampled.</li> <li>• Core is cut longitudinally using an Almonte core saw, with half-core sampled for analysis. Waste samples both before and after the mineralised intercept are also sampled half-core. Where a trend is obvious in the mineralisation the core is cut at an appropriate orientation to gain an unbiased sample.</li> <li>• The remaining half-core is retained in the drill tray, with all drillholes remaining onsite for future reference.</li> <li>• Core samples placed in calico bags. The sample sequence is routinely checked by core shed staff and supervising geologists to identify sampling issues and sent to a commercial laboratory, ALS Global, Mount Isa, for analysis.</li> <li>• ALS Global, Mount Isa, on receipt of the samples again checks the sample sequence to ensure all samples have been received and then allocate a bar code number to each sample for tracking through the analytical process.</li> <li>• Drill core samples (at a nominal interval of 1 m) are analysed for copper, silver, arsenic, and iron using aqua regia digestion followed by determination by inductively coupled plasma-atomic emission spectroscopy (ICP-AES). Additional elements have occasionally been analysed including bismuth, cadmium, cobalt, mercury, nickel, lead, antimony, titanium, zinc, calcium, and manganese.</li> <li>• All work throughout the project's history has been completed at either the Townsville or Mount Isa laboratory of ALS Global.</li> <li>• Gold is determined by 30-gram fire assay with determination by atomic absorption spectroscopy (AAS) methods. All work has been completed at ALS Global's Townsville laboratory.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>• Drilling has taken place over numerous periods since 1986. Drilling from 1986 through 1992 was completed by BHP-UTAH/BHP Minerals. MIM Exploration completed drilling in 1992 and Amalg Resources completed drilling from 1994 through 2002. Breakaway Resources completed drilling in 2003 and Barmenco/FMR Investments Pty Ltd (FMR) have completed drilling from 2004 through 2021.</li> <li>• Historical surface drilling used a combination of HQ and NQ size diamond core.</li> <li>• Underground diamond drilling is undertaken with LM90 skid-based rig and mobile carrier rig with LM90 drill attachment. Drillhole size is currently NQ2. This core size has been consistent since 2011.</li> <li>• The geological database contains a total of 1,150 DDH holes for 166,770m.</li> </ul>

Criteria	Commentary
<b><i>Drill sample recovery</i></b>	<ul style="list-style-type: none"> <li>• Drill core is pieced together, and the length of drill core is measured and compared with the theoretical interval from the depths written on the core blocks. Recovery is then recorded as a percentage calculated from measured core versus drilled interval.</li> <li>• The host rocks and mineralised intervals are generally very competent, with core recovery very high, in excess of 95%. Some core loss occurs when drillholes pass through post-mineralisation faults. Any zones of identified core loss are noted and excluded from recorded sampling intervals.</li> <li>• No specific study has been conducted to determine a relationship between sample recovery and grade, however as core recoveries are generally very high, the potential for bias is considered low.</li> </ul>
<b><i>Logging</i></b>	<ul style="list-style-type: none"> <li>• All diamond drill core is geologically/geotechnically logged on site. Qualitative measures include lithology, sulphide habit, alteration, colour, grainsize, structure type, and mineral form. Quantitative measures include strength of alteration, structural intensity, and visually estimated sulphide content.</li> <li>• All core is photographed (wet and dry).</li> <li>• Logging is generally qualitative in nature. All stored drill core has been photographed wet and dry.</li> <li>• All diamond core has been geologically logged, therefore 100% of the relevant intersections have been logged</li> </ul>
<b><i>Sub-sampling techniques and sample preparation</i></b>	<ul style="list-style-type: none"> <li>• Core is longitudinally cut in half with an Almonte core saw. NQ2 sized diamond core is considered a representative sample of the in-situ material.</li> <li>• Sampling intervals are selected by an FMR geologist and a drillhole sampling sheet is completed. Sample intervals do not cross zones of core loss, which are infrequent. Samples are usually 1 m in length and are only occasionally sampled to geological contacts.</li> <li>• Core (which weigh approximately 3–5 kg) and full core samples are placed in calico bags which are then inserted into polyweave sacks which are labelled with the laboratory name, sample numbers and the number of the polyweave sack in the sequence. Polyweave sacks are then transported to the laboratory.</li> <li>• All samples are subjected to the same industry standard sample preparation regime: <ul style="list-style-type: none"> <li>• Half-core samples are passed through a Boyd crusher with nominal 70% of samples passing &lt;2 mm. Between each half-core sample, the crusher and associated trays are cleaned with compressed air to minimise cross contamination.</li> <li>• The crushed sample is then passed through a rotary splitter and a catch weight of approximately 1 kg is retained. Between crushed samples the splitter is cleaned with compressed air to minimise cross contamination.</li> <li>• Approximately 1 kg of retained sample is then placed into a LM2 pulveriser, where approximately 85% of the sample passes 75 um. An approximate 200 g Master Pulp subsample is taken from this pulverised sample for ICP/AES analyses, with a 60 g subsample also taken and dispatched to ALS Global (Townsville) for the FA analysis for gold (Au-AA25).</li> <li>• All pulps are inserted in a box along with one blank, one standard and two random duplicate samples. Quality control (QC) results are checked by ALS Global prior to release to FMR.</li> </ul> </li> <li>• A check sampling program consisting of field, crush and pulverised duplicates was systematically undertaken to support this MRE – refer QC section below.</li> <li>• Sample sizes are considered appropriate to the grain size of the material being sampled.</li> </ul>

**Quality of assay  
data and  
laboratory tests**

- The assaying and laboratory procedures used are consistent with industry good practice.
- From the 200 g master pulp, approximately 0.5 g of pulverised material is digested in aqua regia (ALS – GEO-AR01). The solution is diluted in 12.5 mL of de-ionized water, mixed, and analysed by ICP-AES (ALS Global – ME-ICP41) for the following elements: Cu, As, Ag and Fe. Over range samples, in particular Cu >5% are reanalysed (ALS Global methods ASY-AR01 and ME-OG46) to account for the higher metal concentrations.
- Gold analysis is undertaken at ALS Global (Townsville) laboratory where a 30 g fire assay charge is used with a lead flux in the furnace. The prill is totally digested by HCL and HNO3 acids before AAS determination for gold analysis (Au-AA25).
- Sample analyses are based upon a total digestion of the pulps.
- ALS Global (Mount Isa and Townsville) conduct their own QAQC protocol, including grind size, standards, and duplicates, and all QAQC data is made available to the mine via the ALS Global Webtrieve website.
- Until June 2018, the mine site did not have an appropriate external QAQC protocol in place. Since June 2018, the mine has developed a protocol of inserting certified reference material (CRM) and blanks on a ratio of 1:30 samples. Three copper CRMs and one gold CRM were purchased from Geostats Pty Ltd. Blank material was sourced from Townsville and this material matches what is currently used by ALS Global in Mount Isa.
- FMR inserted CRM and blank material results are reviewed monthly. If multiple failures occur within a single submission batch, then the entire batch may be re-assayed.
- Pulps are maintained by ALS Global laboratory in Mount Isa for 90 days to give adequate time for re-analysis and are then disposed.
- To address the lack of QAQC prior to June 2018, a set of drillholes which lie within the area informing the 2018 MRE were selected for a program of half-core sampling (duplicate sampling) with an appropriate number of CRMs and blanks. Selection of these holes were considered representative of the mineralised zones in terms of spatial context and time of initial sample submission.
- A separate analytical study was undertaken with a selection of available pulps submitted to an umpire laboratory to monitor inter-laboratory precision.
- No results from geophysical studies were used in the preparation of the MRE.
- QC samples have not been routinely inserted by the various owners of the project. The following work program was completed to support reporting an MRE in accordance with the JORC Code in 2018:
  - Inspection of the principal laboratory (ALS Global in Mount Isa) has been conducted by FMR geologists and external consultants.
  - Review of all available internal (laboratory) QC data, including blanks, duplicates, and CRM results.
  - Submission of a broad selection of remaining half-core samples from the Mineral Resources area to the same primary laboratory along with submission of CRMs and blanks to monitor accuracy and carry-over contamination throughout the course of the resampling program. The program was designed to provide confirmatory geochemical analysis to support reporting a Mineral Resource in accordance with the JORC Code.
  - Submission of a selection of pulps to an umpire laboratory as a further check on the analytical accuracy of the laboratory.
  - Following completion of the work program above, review of all data collection procedures and inspection of both the core processing facility and laboratory, the Competent Person considered that sufficient confidence can be placed in the dataset to support reporting an MRE in accordance with the JORC Code.

Criteria	Commentary
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>• All mineralisation intersections, both significant and anomalous are verified by the Mine Geologists during the drillhole validation process.</li> <li>• All data are stored and validated within the site Microsoft Access database. Records of primary location, downhole deviation, logging, and sample results are filed for each hole and retained onsite, historically in hard copy and more recently in electronic copy only.</li> <li>• Assay results are received in csv format and loaded into the database by the mine/supervising geologist who then checks the results have been entered correctly.</li> <li>• For the MRE, the database was isolated and subjected to manual validation of drillholes relevant to the Mineral Resources estimation focusing primarily on the assay data but also collar location and downhole surveying.</li> <li>• The Competent Person and FMR geologists verify the significant intersections during monthly and resource reporting.</li> <li>• No twinning has been completed.</li> <li>• Templates have been set up to facilitate geological logging. The templates provide some validation of imputed data. Prior to the import into the central database, logging data is validated for conformity and overall systematic compliance by the geologist.</li> <li>• No adjustments were made to the analytical data, other than replacing below detection results with a value equal to half the detection limit or zero.</li> </ul>
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>• Historical drill holes have been setup and surveyed using a variety of methods and survey equipment. This includes survey markup of collars and string lines for azimuth, clinometer for dip, and more recently the Azi Aligner north seeking Gyro technology.</li> <li>• Downhole surveys have used a variety of single and multishot techniques with magnetic tools such as the Eastman single-shot camera, Reflex Ez-Trac tool and the strain based (non-magnetic) Downhole Survey Deviflex tool.</li> <li>• Current process is for survey markup of the collar position if required, setup using the Reflex TN-14 North seeking gyro, and downhole survey with the Reflex Sprint IQ Gyro. 30m single shot tacking surveys are taken during drilling, with a 3m interval end of hole multishot final survey.</li> <li>• The final collar position is surveyed by mine surveyors after the completion of drilling.</li> <li>• All data generated is based on a mine grid.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>• The drill spacing varies along strike and down dip. The drillhole density is denser than 25 m by 25 m in some areas, extending out to 50–75m by 50–100 m in less drilled areas.</li> <li>• The Competent Person believes the mineralised lenses have sufficient geological and grade continuity to support the classification applied to the Mineral Resources given the current drill pattern.</li> <li>• Sample composting was applied prior to geostatistical analysis and grade interpolation.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>• The data spacing is irregular. Holes have been drilled at different azimuths, primarily to test different structures and due to access limitations, that exist in the underground environment.</li> <li>• Eloise is an underground mining operation; drill positions are limited to available mine openings/headings. Where possible, drillholes are designed to be drilled perpendicular to mineralised zones.</li> <li>• However, due to drill position availability, drilling can at times be orientated oblique to mineralisation. Where this occurs, preferential weighting is given to spatial information generated from development mapping and long-hole drill samples in proximity to the diamond hole. Conflicts may occur between data sets, where this happens, the oblique diamond drill data is modified to conform to the spatially higher confidence data.</li> <li>• The Competent Person considers that the orientation of the sampling is unlikely to have caused biased sampling.</li> <li>• No bias based on hole orientation is known to exist.</li> </ul>

Criteria	Commentary
<b>Sample security</b>	<ul style="list-style-type: none"> <li>Chain of custody is managed by FMR and the principal laboratory ALS Mt Isa.</li> <li>Core is delivered daily by FMR drillers to the core yard, where it is laid on racks for logging and sampling. All core is photographed when marked up for a permanent record. On completion of logging, samples are tied and bagged for transport to Mount Isa by commercial courier.</li> <li>Pulps are stored at the ALS Global laboratory in Mount Isa for a period of 90 days before being discarded. From July 2017 to May 2021 pulps were returned to site but without appropriate storage facilities they deteriorated rapidly and there was little benefit.</li> <li>Assay results are currently received from the laboratory in digital format. Once data is finalised, it is transferred to a Microsoft Access database. There are no security measures in place to protect the database from malicious or accidental edits of data except for routine backup.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>External consultants and FMR have completed audits of the Principal Laboratory, ALS Mount Isa, and reviewed all drill core handling, logging, and sampling processes. All equipment was found to be well-maintained and the laboratory was found to be clean and well-organised. Management had a sound understanding of sample preparation and analytical methods.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>Eloise is located on contiguous mining leases: <ul style="list-style-type: none"> <li>ML90064 (expiry date 31 August 2025)</li> <li>ML90080 (expiry date 31 December 2021) Renewal submitted</li> <li>ML90086 (expiry date 31 March 2022)</li> <li>ML90155 (expiry date 31 October 2026).</li> </ul> </li> <li>All mining leases are current and in good standing. Mining leases are expected to be renewed on expiry without modification.</li> <li>The mining leases are currently owned by FMR Investments Pty Ltd and on successful completion of the sale to AIC Mines Ltd will be transferred to AIC Copper Pty Ltd a wholly owned of AIC Mines Limited.</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>The deposit was discovered by BHP in 1986 targeting magnetic highs identified from aeromagnetic surveys. The deposit was evaluated between 1992 and 1998. In 1993, MIM evaluated the deposit through drilling and structural interpretation of core under an option agreement. Amalg Resources NL (Amalg) purchased the deposit in 1994 and commenced decline development in 1995, first ore was mined in April 1996.</li> <li>The mine was acquired by Barmenco Investments in January 2004 with subsequent name change to FMR Investments Pty Ltd in 2011.</li> <li>Various academic studies have contributed to the knowledge and understanding of the deposit, including: <ul style="list-style-type: none"> <li>Baker, T., 1996; The Geology and genesis of the Eloise Cu-Au deposit, Cloncurry District, NW Queensland. Unpublished PhD Thesis James Cook University.</li> <li>Fellows, J.C., 2001; Metamorphism and metasomatism at the Eloise Cu-Au deposit, Cloncurry District: Metamorphic history and a Metasomatic Origin for Biotite Schists. Unpublished MSc Thesis James Cook University.</li> </ul> </li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>The deposit lies within Early-Middle Proterozoic rocks of the Cloncurry-Selwyn zone in the Eastern Fold Belt, of the Mount Isa Inlier. The lithologies have been tentatively assigned to the Table Creek Volcanics and Mount Norma Quartzite members of the Soldiers Gap Group.</li> </ul>

Criteria	Commentary
	<ul style="list-style-type: none"> <li>At Eloise, this sequence comprises north-south striking arenitic meta-sediments and ortho-amphibolite's located on the sub-vertical eastern limb of the Middle Creek Anticline, coincident with a regional northerly trending shear zone, the "Levuka Shear". The deposit is located under 60 m of Mesozoic sediment cover of the Eromanga Basin.</li> <li>Mineralisation is hosted within a strongly foliated meta-sedimentary sequence comprising arenites and schists. The metasediment sequence also contains a coarse-grained amphibolite body possibly representing an early intrusion of gabbroic composition. Mineralised zones occur as steeply plunging lenticular bodies with strike lengths between 100 m and 200 m and attaining a maximum width of 25 m. The main zone of mineralisation (Levuka-Eloise Deeps) demonstrates continuity down plunge over 1,500 m and remains open at depth.</li> <li>Post-mineralisation faulting has severely dislocated the orebodies, resulting in a complex arrangement of fault bounded ore blocks. These faults display considerable variability in regard to strike, dip and amount and direction of movement.</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>Not applicable – exploration results are not being reported.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>Not applicable – exploration results are not being reported.</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>Not applicable – exploration results are not being reported.</li> <li>Lodes strike north-south and are sub-vertical. Holes have been drilled at various dips and azimuths and therefore intersect the lodes at variable angles. An attempt has been made to drillholes as close as possible to orthogonal to the lodes; however, holes that are oblique to the trend of the mineralisation are quite common.</li> </ul>
<b>Diagrams</b>	All relevant diagrams included above in Material Information Summary.
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>Not applicable – exploration results are not being reported.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>Not applicable – exploration results are not being reported.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>Diamond drilling is ongoing, with drilling infilling and testing the along strike potential of the Macy, Emerson, and Deeps lodes. When the full strike extent of the Macy and Emerson lodes has been defined, exploration drilling will target the down plunge and potential fault offset of the Emerson mineralisation.</li> <li>The Deeps mineralisation beneath the Z305 RL development will be evaluated once a drill position has been established off the decline at that level.</li> </ul>

### Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Commentary
<b>Database integrity</b>	<ul style="list-style-type: none"> <li>• Core logging is completed by the site geologists at the site core yard using project-specific logging codes. Data is entered directly into a Toughbook. Data is then loaded directly into the site database. Assay results are currently received from the laboratory in digital format. Once data is finalised it is transferred to a Microsoft Access database. There are no security measures in place to protect the database from malicious or accidental edits of data except for routine backup.</li> <li>• FMR systematically checks the drillhole files for the following errors prior to Mineral Resource estimation:               <ul style="list-style-type: none"> <li>• Absent collar data</li> <li>• Multiple collar entries</li> <li>• Questionable downhole survey results</li> <li>• Absent survey data</li> <li>• Overlapping intervals</li> <li>• Negative sample lengths</li> <li>• Sample intervals which extended beyond the hole depth defined in the collar table.</li> </ul> </li> </ul>
<b>Site visits</b>	<ul style="list-style-type: none"> <li>• The Competent Person is based on site and an external Resource estimation consultant conducted a site visit for the 2018 MRE. Items discussed and inspected include:               <ul style="list-style-type: none"> <li>• Procedures related to the Mineral Resources,</li> <li>• Planning and supervision of all diamond drilling and sampling activities,</li> <li>• Inspection and quality control of logging, photography, sampling, and sample submission of diamond core.</li> <li>• Monitoring of laboratory sample preparation, assaying and internal QAQC activities, including audits of the principal laboratory at Mt Isa,</li> <li>• Internal QAQC protocols including analysing the performance of CRM's, blanks, replicates and duplicates.</li> <li>• Geological data collection, management, and sectional interpretation of the deposit.</li> </ul> </li> <li>• The principal assay laboratory at Mt Isa was also inspected. All equipment was found to be well maintained and the laboratory was found to be clean and well organised. Management had a sound understanding of sample preparation and analytical methods.</li> <li>• The outcome of the visits concluded the drillhole planning, core logging, sampling, assaying, QAQ, data management are consistent with industry good practice. Furthermore, geological controls to the mineralisation were sufficiently understood to enable a Mineral Resource to be reported in accordance with the JORC Code.</li> </ul>

Criteria	Commentary
<b>Geological interpretation</b>	<ul style="list-style-type: none"> <li>• Geological interpretation was completed by the site Mine Geologists.</li> <li>• The main controls to the mineralisation are structural, and mineralisation occurs as a series of lenses.</li> <li>• The known structural framework was used to guide mineralisation interpretation. Up to five separate lodes or zones are interpreted within each resource area. The post-mineralisation faulting has created a series mineralised compartments, approximately 400 x 400m in size.</li> <li>• After 15 years of diamond drilling and underground mining the continuity and grade characteristics of the lode systems are well understood by the site geologists.</li> <li>• Based on visual observation and logging, all ore bodies were interpreted as a series of en echelon sub vertical lodes that are practically represented by continuous wireframed domains.</li> <li>• A nominal 1% Cu cut-off grade is used to interpret the mineralised boundaries, although some intercepts below 1% Cu have been included for continuity purposes.</li> <li>• No material assumptions have been made which effect the MRE reported herein.</li> <li>• Alternative geological interpretations are not likely to materially impact on the MRE.</li> </ul>
<b>Dimensions</b>	<ul style="list-style-type: none"> <li>• The deposit has multiple lenses in the current resource models that have been modelled between 81,354 m N and 83,018 m N. The dip extent extends from 1,150 m RL to -695 m RL. The lenses have variable strike and dip continuity. The plan width of the lenses varies between approximately 2 m and 40 m.</li> </ul>
<b>Estimation and modelling techniques</b>	<ul style="list-style-type: none"> <li>• All geological modelling, statistical analysis and grade estimation were completed using Surpac software.</li> <li>• Grade estimation for Cu, Au and Ag and Fe were undertaken using an ordinary kriged algorithm into eight (8) wireframe domains.</li> <li>• A 5mE x 10mN x 5mRL parent block size was used with sub-celling to 1.25m for E, N and RL. The sub-block size was selected to provide sufficient wireframe – block fill resolution. All sub cells were assigned the grade of the parent block.</li> <li>• The inputs for the estimation including nugget, sill, ranges, direction and anisotropy were determined using the Surpac variography module.</li> <li>• The drillhole data spacing is variable but approximates 25 m to 50 m along strike (north-south) by 25 m to 50 m down-dip. The block size represents approximately half of the drill spacing in the more densely drilled areas of the deposit.</li> <li>• The wireframes have been used as hard boundaries for the interpolation of the ore lenses, this is to ensure only grades within each wireframe have been used to estimate the block inside the same wireframe. Outside of the ore lenses, a background waste estimation was undertaken.</li> <li>• The raw assay data was composited to one metre intervals. The composited data was used for classical statistical analysis, variography analysis and ordinary kriged estimation.</li> <li>• The coefficient of variation (COV), histograms and probability plots were reviewed for Cu and Au to understand the distribution of grades and assess the requirement for top cuts for each estimation domain. Top cutting was deemed necessary where the COV was high (&gt;1.2) and individual high-grade samples were deemed to potentially result in biased block model results.</li> <li>• Top cuts were applied to gold, Cu grades were not cut. Top cuts applied for gold include: <ul style="list-style-type: none"> <li>○ Macy: WF1 &amp; 2 - 6 g/t, WF3 - 21 g/t, WF5 - 25g/t, WF6 - 18 g/t Au</li> <li>○ Eloise North: WF1 - 6 g/t, WF2 - 26 g/t, WF3 - 10g/t,</li> <li>○ Eloise South: WF1 - 7 g/t, WF2 - 15 g/t, WF3 - 35 g/t, WF4 - 20 g/t, WF5 - 15 g/t.</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>A four-pass search ellipse strategy was adopted. The search ellipse distances were progressively increased from 30, 60, 120 and 400 metres. A summary of the estimation parameters is shown below.</li> </ul> <table border="1"> <thead> <tr> <th>Cu</th> <th>Samples</th> <th>Distance</th> <th>Azimuth</th> <th>Plunge</th> <th>Dip</th> <th>Nugget C<sub>0</sub></th> <th>Sill c1</th> <th>Range A<sub>1</sub></th> <th>Anisotropy Major/Semi</th> <th>Anisotropy Major/Minor</th> </tr> </thead> <tbody> <tr> <td>Minimum</td> <td>5</td> <td>30</td> <td>181.26</td> <td>-69.41</td> <td>50.26</td> <td>0.10</td> <td>0.69</td> <td>59.30</td> <td>1.08</td> <td>15</td> </tr> <tr> <td>Maximum</td> <td>20</td> <td>400</td> <td>194.74</td> <td>-19.84</td> <td>89.46</td> <td>0.45</td> <td>1.74</td> <td>176.85</td> <td>3.22</td> <td>15</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Due to the wide spaced drilling below the z330mRL, an upper cut of 2.4% Cu was applied to all blocks below this level.</li> <li>The previous MRE was completed and reported by an external consultant in February 2019, comprising of:</li> </ul> <table border="1"> <thead> <tr> <th>Feb-19 Mineral Resources</th> <th>Tonnes (kt)</th> <th>Cu % Grade</th> <th>Contained Copper (t)</th> <th>Au g/t Grade</th> <th>Contained Gold (oz)</th> <th>Ag g/t Grade</th> <th>Contained Silver (oz)</th> </tr> </thead> <tbody> <tr> <td>Measured</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Indicated</td> <td>3,147</td> <td>2.4</td> <td>77,000</td> <td>0.7</td> <td>69,000</td> <td>11.0</td> <td>1,146,000</td> </tr> <tr> <td>Inferred</td> <td>2,258</td> <td>3.3</td> <td>75,000</td> <td>0.9</td> <td>69,000</td> <td>14.0</td> <td>1,011,000</td> </tr> <tr> <td><b>Total</b></td> <td><b>5,404</b></td> <td><b>2.8</b></td> <td><b>152,000</b></td> <td><b>0.8</b></td> <td><b>137,000</b></td> <td><b>13.0</b></td> <td><b>2,178,000</b></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>A significant amount of drilling and mining has been completed since the 2019 MRE, hence much of the current MRE represents new and additional areas compared to the previous MRE.</li> <li>In 2021, the MRE was undertaken by the Competent Person with input from an external consultant. Some of the grade estimation procedures have been updated since the 2018 MRE.</li> <li>No assumptions have been made regarding recovery of by-products. Fe and As were estimated however are not considered to represent issues for the mine given the long history of producing a saleable concentrate.</li> <li>No assumptions were made regarding selective mining units.</li> <li>Drillhole grades were initially visually compared with cell model grades. Domain drillhole and block model statistics were then compared. Swath plots were also created to compare drillhole grades with block model grades for easting, northing, and elevation slices throughout the deposit. The block model reflected the tenor of the grades in the drillhole samples both globally and locally.</li> </ul>	Cu	Samples	Distance	Azimuth	Plunge	Dip	Nugget C <sub>0</sub>	Sill c1	Range A <sub>1</sub>	Anisotropy Major/Semi	Anisotropy Major/Minor	Minimum	5	30	181.26	-69.41	50.26	0.10	0.69	59.30	1.08	15	Maximum	20	400	194.74	-19.84	89.46	0.45	1.74	176.85	3.22	15	Feb-19 Mineral Resources	Tonnes (kt)	Cu % Grade	Contained Copper (t)	Au g/t Grade	Contained Gold (oz)	Ag g/t Grade	Contained Silver (oz)	Measured	-	-	-	-	-	-	-	Indicated	3,147	2.4	77,000	0.7	69,000	11.0	1,146,000	Inferred	2,258	3.3	75,000	0.9	69,000	14.0	1,011,000	<b>Total</b>	<b>5,404</b>	<b>2.8</b>	<b>152,000</b>	<b>0.8</b>	<b>137,000</b>	<b>13.0</b>	<b>2,178,000</b>
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<b>Cut-off parameters</b>	<ul style="list-style-type: none"> <li>Cut-off grades applied by FMR and within this estimate are 1.0% Cu (&gt;0mRL) for the Upper Zone and 1.5% Cu (&lt;0mRL greater than 1190m BSL) for the Lower Zone.</li> </ul>																																																																									
<b>Mining factors or assumptions</b>	<ul style="list-style-type: none"> <li>In selecting the reporting cut-off grade, the mining method and Reasonable Prospects for Eventual Economic Extraction have been considered.</li> <li>Some internal dilution exists within the interpreted mineralisation boundaries, but this material was not modelled. Further drilling is required to ascertain if these zones are continuous and can therefore be selectively removed during mining.</li> </ul>																																																																									

Criteria	Commentary
<b>Metallurgical factors or assumptions</b>	<ul style="list-style-type: none"> <li>Eloise operates a conventional flotation circuit to produce a high-grade copper concentrate with gold and silver credits. The mill can sustain a rate up to 750,000 dry metric tonnes per annum. The plant operates a three-stage crushing facility capable of producing a -12 mm product at 120 tonnes per hour. This is comprised of a primary jaw crusher and two-stage cone crushing in closed circuit with a screening plant. Comminution is via a two-stage grinding circuit achieving a P80 particle size of 125µm. The flotation circuit comprises rougher and scavenger flotation cells and a bank of cleaner and recleaner cells. Concentrate thickening and American disc filtering produces cake with moisture content of about 13%. The concentrate is sun dried to about 8–9% moisture content ready for transport and shipment.</li> <li>The final product is a concentrate comprising approximately 27% Cu, 4.4 g/t Au and 100 g/t Ag.</li> <li>The mine has a long history of producing and selling a concentrate by flotation methods with no material issues from deleterious elements.</li> <li>Metallurgical and operational test work has confirmed Eloise produces a high-quality concentrate with very low contaminants. Hence no areas have been excluded from the Mineral Resources Estimate.</li> </ul>
<b>Environmental factors or assumptions</b>	<ul style="list-style-type: none"> <li>The mine is currently in operation and operates with an environmental management plan to meet its operational licence conditions. The site is regularly visited by Queensland Department of Environment and Science officers who inspect the environmentally relevant activities and audit for compliance to the licence conditions.</li> </ul>
<b>Bulk density</b>	<ul style="list-style-type: none"> <li>A volume displacement method was adopted from 1997 to 2002. This method was used routinely on diamond core before being dispatched to the laboratory. The method involved weighing drill core and then measuring the volume displacement of the core. The density was calculated as the weight divided by the volume.</li> <li>The water immersion method was used from 2007 through 2008. Diamond core samples dispatched to ALS Global for analysis and were subject to specific gravity determinations by the laboratory. The method adopted the common method of measuring the weight of the core in air and then in water, with the specific gravity calculated by dividing the weight in air by the weight in air minus the weight in water.</li> <li>A total of 6,925 volume displacement and 2,878 water immersion records were available, however all measurements were taken outside the modelled lenses in previously mined areas. A regression approach was therefore adopted (see below).</li> <li>The host rocks and mineralisation have extremely low porosity, hence it is not considered an issue with the determinations.</li> <li>The relationship between density, Fe and Cu was reviewed through regression analysis. A relatively strong relationship between Fe and Fe + Cu and density was observed. Density is calculated based on interpolated Fe and Cu grades as follows: <ul style="list-style-type: none"> <li>Density = 0.0265 x (Cu%+Fe%) +2.6401</li> </ul> </li> <li>After the above regression formula was applied, calculated values above 3.3 t/m<sup>3</sup> were reset to 3.3 t/m<sup>3</sup> following feedback from site.</li> </ul>

**Criteria****Commentary****Classification**

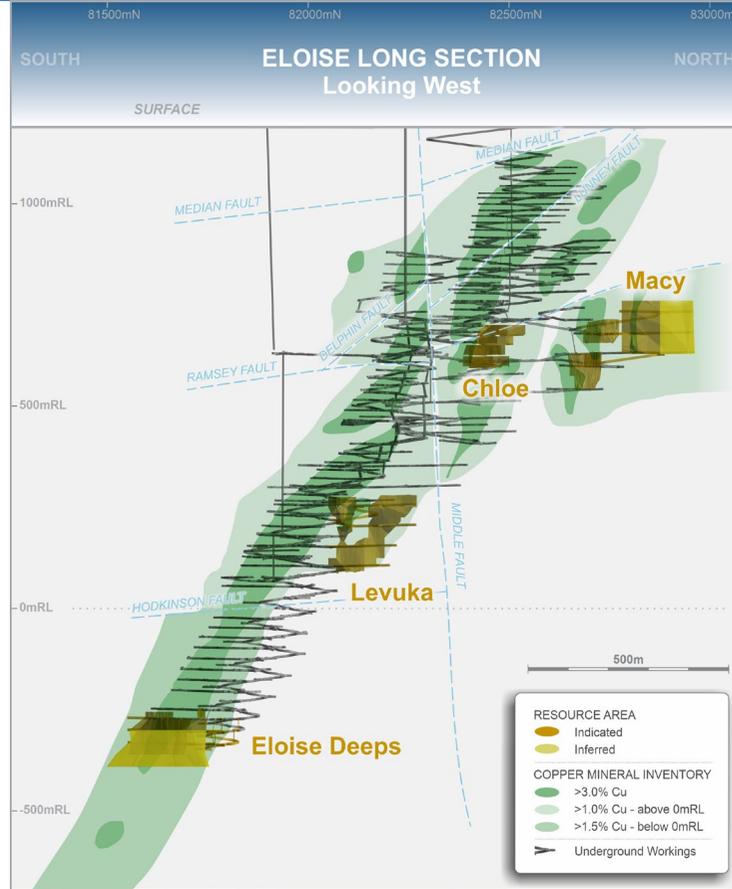
- Consideration was given to data quality, grade estimation quality and geological continuity relative to areas of historical mining.
- In each block model, the site geologists assigned a class and resource category number using a combination of search pass and (SOR) slope of regression (see table). The limits were checked by visualising the distribution of SOR and then applying various cut-off s until the result aligned with expectations against the drill data spacing.

Class	Res_Cat_No	SOR (Cu_cd_bis)	Pass
MEA	1	>= 0.8	1
IND	2	>=0.5 AND <0.8	1
IND	2	>=0.8	2
INF	3	>=0.0 AND <0.5	1
INF	3	>=0.5 AND <0.8	2
INF	3	>=0.8	3
UNC	4	ALL OTHERS	ALL OTHERS

- The use of slope of regression for Resource classification has resulted in “spotty” and discontinuous classification zones. This is exemplified by inferred blocks located near drilling or within stoped out zones. The Competent Person adopted a three step process for classification by i) applying a filter based on slope of regression and estimation pass ii) digitizing a smoothed and final boundary string iii) assigning a final Resource classification inside the boundary string.
- Indicated generally had a drill spacing of at least 25m to 25 m. All other modelled areas were generally classified as Inferred with a drill spacing up to 100m. Only continuous areas were classified to avoid the “spotted dog effect”. The resource classification was constrained by economic considerations. Remnant resources however have not been included at this time.
- Appropriate account has been taken of all relevant criteria including data integrity, data quantity, geological continuity, and grade continuity. This includes restricting and reporting the Mineral Resources to an area located within FMR’s June 2021 LOM design. All mineralisation outside the LOM design was excluded and is considered mineral inventory.
- The MRE appropriately meets reflects the Competent Person’s views of the deposit.

Criteria

Commentary



Long section (looking west) showing Indicated and Inferred Resource inside the LOM design. The Mineral Inventory (green shading) for the entire deposit also displayed outside the Mineral Resource limits.

**Audits or reviews**

- The current model has been subject to FMR’s an internal peer review processes. The performance of the MRE is reviewed each month as part of the end-of-month (EOM) reconciliation reporting process. In Q2 2021, the design grade tracks closely to the reconciled mill grade.
- These reviews have verified the technical inputs, methodology, parameters, and results of the estimate. The relative accuracy and confidence of the Mineral Resources is based on the extents of the Indicated and Inferred Resource boundaries. All material outside of the June 2021 LOM design is excluded and has not been classified.

Criteria	Commentary																																								
<b>Discussion of relative accuracy/confidence</b>	<ul style="list-style-type: none"> <li>The Competent Person considers the Mineral Resources classification to comply with the accuracy requirements in accordance with the JORC Code, 2012. The Mineral Resources Estimate relates to a global tonnage and grade estimate. Grade estimates have been made for each block in the model.</li> <li>The Indicated and Measured Mineral Resource are reported excluding any mining modifying factors.</li> <li>The Mineral Resources Estimate have been effectively employed for mine design and mining and is reconciling within acceptable limits.</li> </ul> <table border="1"> <thead> <tr> <th>Resource Category</th> <th>Tonnes</th> <th>Cu Grade %</th> <th>Au Grade (g/t)</th> <th>Ag Grade (g/t)</th> <th>Contained Copper (t)</th> <th>Contained Gold (oz)</th> <th>Contained Silver (oz)</th> </tr> </thead> <tbody> <tr> <td>Measured</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Indicated</td> <td>1,308,000</td> <td>2.5</td> <td>0.7</td> <td>9.6</td> <td>32,500</td> <td>28,500</td> <td>405,400</td> </tr> <tr> <td>Inferred</td> <td>1,388,000</td> <td>2.4</td> <td>0.7</td> <td>11.4</td> <td>33,000</td> <td>31,500</td> <td>509,400</td> </tr> <tr> <td><b>Total</b></td> <td><b>2,696,000</b></td> <td><b>2.4</b></td> <td><b>0.7</b></td> <td><b>10.6</b></td> <td><b>65,500</b></td> <td><b>60,100</b></td> <td><b>914,900</b></td> </tr> </tbody> </table>	Resource Category	Tonnes	Cu Grade %	Au Grade (g/t)	Ag Grade (g/t)	Contained Copper (t)	Contained Gold (oz)	Contained Silver (oz)	Measured	-	-	-	-	-	-	-	Indicated	1,308,000	2.5	0.7	9.6	32,500	28,500	405,400	Inferred	1,388,000	2.4	0.7	11.4	33,000	31,500	509,400	<b>Total</b>	<b>2,696,000</b>	<b>2.4</b>	<b>0.7</b>	<b>10.6</b>	<b>65,500</b>	<b>60,100</b>	<b>914,900</b>
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#### Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	Comment																																
<b>Mineral Resource estimate for conversion to Ore Reserves</b>	<ul style="list-style-type: none"> <li>The parameters used for the Mineral Resources are described in Section 3 and only the Indicated Resource has been considered for conversion to Probable Ore Reserve.</li> <li>The Probable Ore Reserve was estimated by only evaluating the Indicated Resource and applying the mining modifying factors.</li> <li>The Mineral Resources are reported as inclusive of Ore Reserves</li> </ul> <table border="1"> <thead> <tr> <th>Reserve Category</th> <th>Tonnes</th> <th>Cu Grade %</th> <th>Au Grade (g/t)</th> <th>Ag Grade (g/t)</th> <th>Contained Copper (t)</th> <th>Contained Gold (oz)</th> <th>Contained Silver (oz)</th> </tr> </thead> <tbody> <tr> <td>Proved</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Probable</td> <td>1,424,000</td> <td>2.1</td> <td>0.6</td> <td>8.3</td> <td>30,300</td> <td>26,700</td> <td>378,400</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,424,000</b></td> <td><b>2.1</b></td> <td><b>0.6</b></td> <td><b>8.3</b></td> <td><b>30,300</b></td> <td><b>26,700</b></td> <td><b>378,400</b></td> </tr> </tbody> </table>	Reserve Category	Tonnes	Cu Grade %	Au Grade (g/t)	Ag Grade (g/t)	Contained Copper (t)	Contained Gold (oz)	Contained Silver (oz)	Proved	-	-	-	-	-	-	-	Probable	1,424,000	2.1	0.6	8.3	30,300	26,700	378,400	<b>Total</b>	<b>1,424,000</b>	<b>2.1</b>	<b>0.6</b>	<b>8.3</b>	<b>30,300</b>	<b>26,700</b>	<b>378,400</b>
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<b>Site visits</b>	<ul style="list-style-type: none"> <li>The Competent Person for the Ore Reserves is the Site Senior Executive who is a qualified Mining Engineer and a full-time employee of FMR based at Eloise.</li> </ul>																																
<b>Study status</b>	<ul style="list-style-type: none"> <li>The Eloise Copper Mine has been in production since 1996. The Modifying Factors used in the conversion of Mineral Resources to Ore Reserves are based on current and historic operational experience and are in line with the relative accuracy expected at a feasibility study level or better.</li> <li>As part of the operational procedure a Life of Mine (LOM) study including design, schedule and evaluation was completed. This work was undertaken as part of the annual budget and LOM planning process. The type and level of study is suitable to convert the Mineral Resources to Ore Reserves. The LOM study was reviewed by Independent consultants in July 2021, who considered the study to meet the JORC(2012) and operational requirements.</li> <li>The Ore Reserve reported within the LOM plan includes Indicated Resource only. Inferred Resource have been excluded from the reported Ore Reserve.</li> <li>The parameters used to estimate modifying factors and the subsequent Ore Reserve are based on existing operations and actual performance.</li> </ul>																																

Criteria	Comment
	<ul style="list-style-type: none"> <li>The Ore Reserves are contained within a mine design and are viable. A portion of the Ore Reserve is currently being mined and processed.</li> <li>Material Modifying Factors have been considered and used for the Ore Reserves Estimate.</li> <li>The Ore Reserve analysis addresses the key technical and economic parameters relating to the deposit to an appropriate level of confidence to meet the production requirements of the mine.</li> </ul>
<b><i>Cut-off parameters</i></b>	<ul style="list-style-type: none"> <li>Copper only cut-off grades have been calculated and applied as economic cut-offs in the determination of the underground Ore Reserves. These are based on current and forecasted costs, revenues, mill recoveries, modifying factors and depth of Reserves below the surface.</li> <li>Cut-off grade assessments consider grade of copper only (i.e. does not consider gold or silver).</li> <li>The cut-off values for the: <ul style="list-style-type: none"> <li>Upper Zone (LHOS) is 1.0% Cu (Surface to the 0mRL, 1,190m below surface level), and</li> <li>Lower Zone (SLC) is 1.5% Cu (below the 0mRL, deeper than 1,190m BSL).</li> </ul> </li> </ul>
<b><i>Mining factors or assumptions</i></b>	<ul style="list-style-type: none"> <li>Underground Ore Reserves have been estimated by generating detailed mining shapes for all areas that contain Indicated Mineral Resource as well as access development. Internal stope dilution has been designed into the mining shapes and interrogated. External stope dilution and mining recovery factors have been applied post geological block model interrogation to generate final mining diluted and recovered ore tonnage and grade.</li> <li>Eloise is an active mining operation and modifying factors are based on existing practice and analysis of performance.</li> <li>Stopes to be mined in the short term are assessed on an individual basis using all related local mining, geological and geotechnical experience to date. This includes data gathered from back-analysis of stopes mined to date in adjacent or similar areas. Reserve stope blocks employ geotechnical parameters derived from area mining experience and / or diamond drill core.</li> <li>A LOM design has been generated and scheduled to an appropriate level of confidence.</li> <li>Minimum mining width of 3 metres. Sub level spacing ranging between 25m (single lift) to 50m (double lift).</li> <li>Mining dilution factors in the Upper Zone, longhole stope areas is applied at 15% and in the Lower zones the sub level cave (SLC) dilution is applied at 20%.</li> <li>Mining Recovery Factors in the Upper Zone is applied at 95% and in the Lower Zone at 90%. The mining recovery factors are based on historical reconciliation performance of the Upper Zone LHOS and Lower Zone SLC.</li> <li>Eloise is an operating mine and the infrastructure to support the mining operations is in place. This includes workshops, offices, warehouses, fuel storage, road construction for transport and access, the processing plant, diesel power generation, surface water management, underground mining infrastructure, ROM stockpiles, and waste dumps.</li> </ul>
<b><i>Metallurgical factors or assumptions</i></b>	<ul style="list-style-type: none"> <li>Eloise operates a conventional flotation circuit to produce a high-grade copper concentrate with gold and silver credits. The mill can sustain a rate of 750,000 dry metric tonnes per annum. The plant operates a three-stage crushing facility capable of producing a -12 mm product at 120 tonnes per hour. This is comprised of a primary jaw crusher and two-stage cone crushing in closed circuit with a screening plant. Comminution is via a two-stage grinding circuit achieving a P80 particle size of 125µm. The flotation circuit comprises rougher and scavenger flotation cells and a bank of cleaner and recleaner cells. Concentrate thickening and American disc filtering produces cake with moisture content of about 13%. The concentrate is sun dried to about 8–9% moisture content ready for transport and shipment.</li> <li>The metallurgical recovery is a function of feed grade, and historically reports at ≥ 95% Cu, 50% Au and 83.5% Ag.</li> <li>The final product is a concentrate comprising approximately 27% Cu, 4.4 g/t Au and 100 g/t Ag.</li> <li>The mine has a long history of producing and selling a concentrate with no material issues from deleterious elements.</li> </ul>
<b><i>Environmental</i></b>	<ul style="list-style-type: none"> <li>The mine is currently in operation and operates with an environmental management plan to meet its operational licence conditions.</li> <li>The site is regularly visited by QLD DES officers who inspect the environmentally relevant activities (ERAs) and audit for compliance to the licence</li> </ul>

Criteria	Comment
	conditions.
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>The mine is currently in operation and has all necessary infrastructure in place.</li> </ul>
<b>Costs</b>	<ul style="list-style-type: none"> <li>Eloise is an operating mine and capital costs are generally limited to that required to sustain the operation.</li> <li>Operating costs are based on current contracts and historical averages. All costs are estimated in Australian dollars.</li> <li>Eloise produces a high quality concentrate and does not attract any penalties for deleterious elements (see Market Assessment).</li> <li>Queensland government royalty of between 2.50% and 5.00% (depending on average metal prices) is payable on the gross value of the mineral after deducting certain permitted expenses. There are no applicable private royalties.</li> <li>Transportation costs are based on contract rates from site to the Port of Townsville.</li> <li>Copper concentrate treatment, refining charges and ocean freight are based on offtake agreement contract rates with a third party commodity trading firm.</li> </ul>
<b>Revenue factors</b>	<ul style="list-style-type: none"> <li>All metal prices and revenues are estimated in Australian dollars.</li> <li>Revenue is generated from the sale of concentrate under a Life of Mine offtake agreement with a third party commodity trading firm.</li> <li>The assumed copper price used in the Ore Reserves estimation is A\$9,000/t.</li> <li>Eloise produces a high quality concentrate and does not attract any penalties for deleterious elements.</li> </ul>
<b>Market assessment</b>	<ul style="list-style-type: none"> <li>The world market for copper concentrate is large compared to production from the mine. The copper concentrate is a clean product with low impurities and demand for this product from copper smelters is expected to remain high.</li> <li>All copper concentrate is sold under a Life of Mine offtake agreement with a third party commodity trading firm.</li> <li>The Competent Person is satisfied that the market assessment is appropriate to support the Ore Reserves Estimate.</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>Eloise is an operating mine with a focus on operating cash margins.</li> <li>The mine plan generates positive annual free cash flow based on the long run commodity price assumptions.</li> <li>Project economics are most sensitive to metal price assumptions and grade assumptions.</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>The mine is currently in operation and has all necessary licences.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>No material naturally occurring risks have been identified that could impact on the estimation or classification of the Ore Reserves.</li> <li>Eloise is currently compliant with all legal and regulatory requirements and valid marketing arrangements are in place.</li> </ul>
<b>Classification</b>	<ul style="list-style-type: none"> <li>The Ore Reserves have been derived from a mine plan considering all mining, metallurgical, social, environmental and financial aspects of the project.</li> <li>The Probable Ore Reserve Estimate were derived from the conversion of Indicated Mineral Resource.</li> <li>Classification of the Ore Reserves appropriately reflects the Competent Person's view of the deposit based on the application of the modifying factors and economic parameters.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The Ore Reserves were peer reviewed internally and were found to comply with accepted industry practice.</li> </ul>
<b>Discussion of relative accuracy/confidence</b>	<ul style="list-style-type: none"> <li>Ongoing mining experience, underground diamond drilling, Mineral Resource Estimation improvements, mining studies and a maturing operation have continued to combine to improve understanding of the geological and mining aspects of the underground.</li> <li>The relative accuracy of the parameters used to estimate the Ore Reserves are deemed to be appropriate and meet industry standards as these have been based on current and historical performance of the similar operations and correlated to the achieved parameters.</li> </ul>