

# QUARTERLY REPORT

25 January 2022



## ABOUT AIC MINES

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

AIC Mines owns the Eloise Copper Mine, a high-grade operating underground mine located SE of Cloncurry in North Queensland.

AIC Mines also has significant gold, copper and nickel exploration projects in Western Australia and New South Wales.

## CAPITAL STRUCTURE

Shares on Issue: 308.7m

## CORPORATE DIRECTORY

**Josef El-Raghy**

Non-Executive Chairman

**Aaron Collieran**

Managing Director & CEO

**Brett Montgomery**

Non-Executive Director

**Tony Wolfe**

Non-Executive Director

**Jon Young**

Non-Executive Director

**Linda Hale**

Company Secretary

## CORPORATE DETAILS

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Share Register:

Computershare Investor Services

## Quarterly Activities Report for the Period Ending 31 December 2021

### HIGHLIGHTS

#### Eloise Copper Mine

- **An exceptional first two months of ownership** – production totalled 8,597dmt of concentrate containing 2,392t of copper at an AISC of A\$3.05/lb and AIC of A\$3.29/lb for November and December 2021.
- **Immediate strong cashflow** – sales of 1,818t Cu, 945oz Au and 19,654oz Ag generated net revenue of \$25.0 million and operating cashflow of \$11.4 million for November and December 2021.
- **Major increase to the Mineral Resource** – 58% increase in contained copper and 55% increase in gold:
  - 4.4 million tonnes grading 2.3% copper and 0.7g/t gold containing 103,500 tonnes of copper and 93,300 ounces of gold
- **Significant exploration success** – resource extension drilling in the Levuka area returned excellent results outside the current Mineral Resource:
  - Hole ES141 - 6.5m (4.6m ETW) grading 2.83% Cu and 1.15g/t Au
  - Hole ES142 - 10.2m (4.8m ETW) grading 2.27% Cu and 1.06g/t Au

#### Marymia Project

- 3,860m of RC drilling was completed at Copper Hills (Cu), DeGrussa North (Au) and Hermes North (Au) prospects and 684m of diamond drilling was completed at Stetson (Au).
- Wide-spaced drilling at Copper Hills intersected sulphides (chalcopyrite and pyrite) over multiple metres associated with quartz veining within a mafic schist.
- Drilling at DeGrussa North was successful in intersecting previously unrecognised mafic greenstone over considerable widths (+20m) within granite.
- Drilling at Hermes North intersected sulphides (pyrite-pyrrhotite) in quartz veining associated with major faulting beneath a previously untested surface geochemistry anomaly.

#### Lamil Project

- 4,062m of RC drilling was completed at Lamil NE (Cu-Au) and Hovea (Cu-Au).

#### Corporate

- At 31 December 2021, AIC held \$29.3 million in cash plus \$6.8 million on account for the Eloise performance bond and \$0.8 million in listed investments.

*\* All \$ amounts in this report refer to A\$ unless otherwise stated.*

## **PRODUCTION**

### **Eloise Copper Mine**

AIC Mines Limited (“AIC Mines” or “the Company”) took ownership of Eloise on 1 November 2021. 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 up to 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. Metallurgically the ore is very consistent as the ore mineralogy at Eloise is almost exclusively chalcopyrite. Processing achieves high copper recoveries and produces a clean concentrate. The concentrate has significant by-product credits from gold and silver.

### **Safety and Environment**

The Total Recordable Injury Frequency Rate (12 month moving average) as at 31 December 2021 was 12.3 per one million hours worked. There was one recordable injury during the Quarter; a hand laceration requiring sutures. The safety focus during the quarter was on a seamless transition through the ownership change and identification of improvement opportunities.

COVID-19 did not impact operations during the Quarter however the increase in cases throughout Queensland and the highly transmissible nature of the Omicron variant could impact labour availability moving forward. AIC Mines has implemented preventative measures at Eloise to reduce the risk of exposure to COVID-19 and to limit its spread.

There were no environmental incidents during the Quarter. The environmental focus during the Quarter was primarily on wet season preparedness, namely the capping of Tails Dam 4 and commencing an improvement program on general site water management.

An application was lodged with the Queensland Department of Environment and Science in December 2021 for an Environmental Authority Amendment to conduct an upstream lift on the current tailings storage facility (TD 1-2).

### **Production and Costs**

In the two months of AIC Mines ownership, Eloise exceeded production expectations, producing 8,597dmt of concentrate containing 2,392t of copper at an AISC of A\$3.05/lb of copper sold after by-product credits. The mine generated significant free cashflow:

- Operating cashflow of \$11.4 million; and
- Net mine cash flow of \$4.7 million for the two months.

Better than expected grade from the Macy stope saw production exceed forecast for the December 2021 Quarter. The average mined grade of 2.41% copper in the Quarter is expected to more closely match the reserve grade of 2.1% in the March 2022 Quarter.

Stoping continued to be focused on the upper levels, with Macy and Chloe orebodies providing quality ore near surface. Sublevel caving operations in the Deeps are in the development phase and remain on track for production in the March 2022 Quarter.

A total of 46kt of ore at an estimated grade of 2.1% Cu was stockpiled on the surface as either crushed or ROM stock at the end of the December 2021 Quarter. This stockpiled ore will enable the mill to manage any grade fluctuations when commencing the new stoping blocks in Levuka and the Deeps during the March 2022 Quarter.

December 2021 Quarter (1 Nov – 31 Dec)	Units	Eloise
Underground development - capital	m	400
Underground development - operating	m	226
Total development	m	626
Ore Mined	kt	126
Copper grade mined	%	2.41%
Tonnes processed	kt	105,203
Copper grade processed	%	2.41%
Copper Recovery	%	94.3%
Concentrate produced	dmt	8,597
Copper in concentrate	t	2,392
<b>Payable copper produced</b>	<b>t</b>	<b>2,306</b>
Gold produced	oz	1,220
Silver produced	oz	23,782
<b>Copper sold</b>	<b>t</b>	<b>1,818</b>
<b>Achieved copper price</b>	<b>A\$/t</b>	<b>13,346</b>
Achieved copper price	A\$/lb	6.05
Gold sold	oz	945
Achieved gold price	A\$/oz	2,508
Silver sold	oz	19,654
Achieved silver price	A\$/oz	32
<b><u>Cost Summary</u></b>		
Mining	A\$/lb prod	1.18
Processing	A\$/lb prod	0.86
Site Admin and transport costs	A\$/lb prod	0.40
Ore stockpile adjustments	A\$/lb prod	(0.36)
By-product credits	A\$/lb prod	(0.59)
<b>C1 Cash Cost</b>	<b>A\$/lb prod</b>	<b>1.49</b>
C1 Cash Cost	A\$/lb sold	1.89
Royalties	A\$/lb sold	0.32
Metal in Circuit and finished goods	A\$/lb sold	(0.58)
All-in Sustaining Capital <sup>1</sup>	A\$/lb sold	1.41
<b>All-in Sustaining Cost</b>	<b>A\$/lb sold</b>	<b>3.05</b>
All-in Capital <sup>2</sup>	A\$/lb sold	0.24
<b>All-in Cost</b>	<b>A\$/lb sold</b>	<b>3.29</b>

1. All-in Sustaining Capital includes PPE, Resource Definition and 80% of underground mine development capital

2. All-in Capital includes major project capital and 20% of underground mine development capital

## Mineral Resource Estimate

During the Quarter AIC completed a surveying program to accurately map all the underground workings at the mine. This work was used to build an accurate void model of the underground workings. This model upgraded the mineral inventory within the Macy, Levuka North and South resource areas to Inferred Mineral Resource status.

The requirement to complete the survey program was identified by AIC Mines in its initial due diligence at Eloise and is a normal part of calculating Mineral Resources. The former owner of Eloise, a private company, had not kept the surveying up to date because it did not operate under the JORC Code (2012) reporting requirement.

The updated Mineral Resource (see below) totals 4,442,000 tonnes contains 103,500 tonnes of copper and 93,300 ounces of gold representing a significant upgrade on the previous estimation. The Mineral Resources are reported and classified in accordance with the JORC Code (2012).

#### Updated Eloise Mineral Resource as at 30 June 2021

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	3,134,000	2.3	0.6	71,000	64,800
<b>Total</b>	<b>4,442,000</b>	<b>2.3</b>	<b>0.7</b>	<b>103,500</b>	<b>93,300</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 0mRL) and 1.5% Cu (below 0mRL).*

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

The upgrade has increased the footprint of Mineral Resource that will be evaluated for future mining. This provides significant opportunity to convert the large Inferred Resource to Indicated status and potentially Probable Reserves by infill drilling these areas.

For further details see AIC Mines ASX announcement “Significant Increase in Mineral Resources at Eloise Copper Mine” dated 14 December 2021.

#### Exploration and Resource Drilling

Underground drilling conducted in the December 2021 Quarter focused on resource extension drilling in the Levuka area and infill definition drilling in the Deeps z305 Level.

A resource extension drilling program consisting of 8 holes for a total of 1,385.8m, on 75m spacing, was completed on the 150m Level in the Levuka development area (1000mBSL). The objective of the program was to test for high-grade mineralised lenses outside of the current Mineral Resource limits. The results have confirmed high grade mineralisation 150m to 250m north and down dip of the current Mineral Resource area. Infill drilling is now underway.

The Levuka drilling program returned the following significant intercepts:

- Hole ES136 – 3.1m (2.3m ETW) grading 1.75% Cu and 0.20g/t Au
- Hole ES137 – 3.1m (2.3m ETW) grading 2.70% Cu and 0.3g/t Au
- Hole ES139 - 2.8m (2.8m ETW) grading 1.96% Cu and 0.62g/t Au
- Hole ES141 - 6.5m (4.6m ETW) grading 2.83% Cu and 1.15g/t Au
- Hole ES142 - 10.2m (4.8m ETW) grading 2.27% Cu and 1.06g/t Au
- Hole ES151 - 14.4m (6.9m ETW) grading 1.47% Cu and 0.27g/t Au

For further details see AIC Mines ASX announcement “Drilling Results from Eloise – Levuka Lens” dated 24 January 2022.

An infill definition drilling program consisting of 10 holes for a total of 2,285.6 metres, on a 25m x 25m spacing, was completed on the z305 Level, at the base of the Sublevel Cave (SLC) (1500mBSL). The

objective of the program was to infill wide-spaced resource drilling and to use the information for final mine design, scheduling and grade estimation of the SLC. The results have confirmed the widths and grades intersected in the initial resource drilling and have extended the high-grade mineralisation in the hanging wall lode to the south.

The z305 Level drilling program returned the following significant intercepts:

- Hole ED162 – 12.9m (12.2m ETW) grading 4.6% Cu and 1.0g/t Au
- Hole ED163 – 12.2m (11.6m ETW) grading 5.9% Cu and 1.9g/t Au
- Hole ED163 – 7.1m (6.7m ETW) grading 2.5% Cu and 0.4g/t Au
- Hole ED164 – 29.4m (27.9m ETW) grading 4.0% Cu and 0.7g/t Au
- Hole ED164 – 4.2m (4m ETW) grading 4.4% Cu and 0.8g/t Au
- Hole ED165 – 28.9m (27.4m ETW) grading 2.2% Cu and 0.6 g/t Au
- Hole ED165 – 7.8m (7.4m ETW) grading 6.8% Cu and 0.9 g/t Au
- Hole ED167 – 2m (1.9m ETW) grading 4.1% Cu and 9.6 g/t Au
- Hole ED167 – 5.8m (5.5m ETW) grading 2.7% Cu and 2.1 g/t Au

For further details see AIC Mines ASX announcement “Drilling Results from Eloise Deeps” dated 22 November 2021.

### **Geophysics**

A down hole electromagnetic survey was completed on a hole defining the down dip extent of mineralisation at the Macy Far North trend. Two conductive plates correlated to sulphide intercepts indicate the potential for mineralisation to extend several hundred metres above and to the south.

A moving loop electromagnetic survey was completed on 200m spaced lines over the eastern portion of the property. A conductive feature was detected near the south-eastern edge of the survey area.



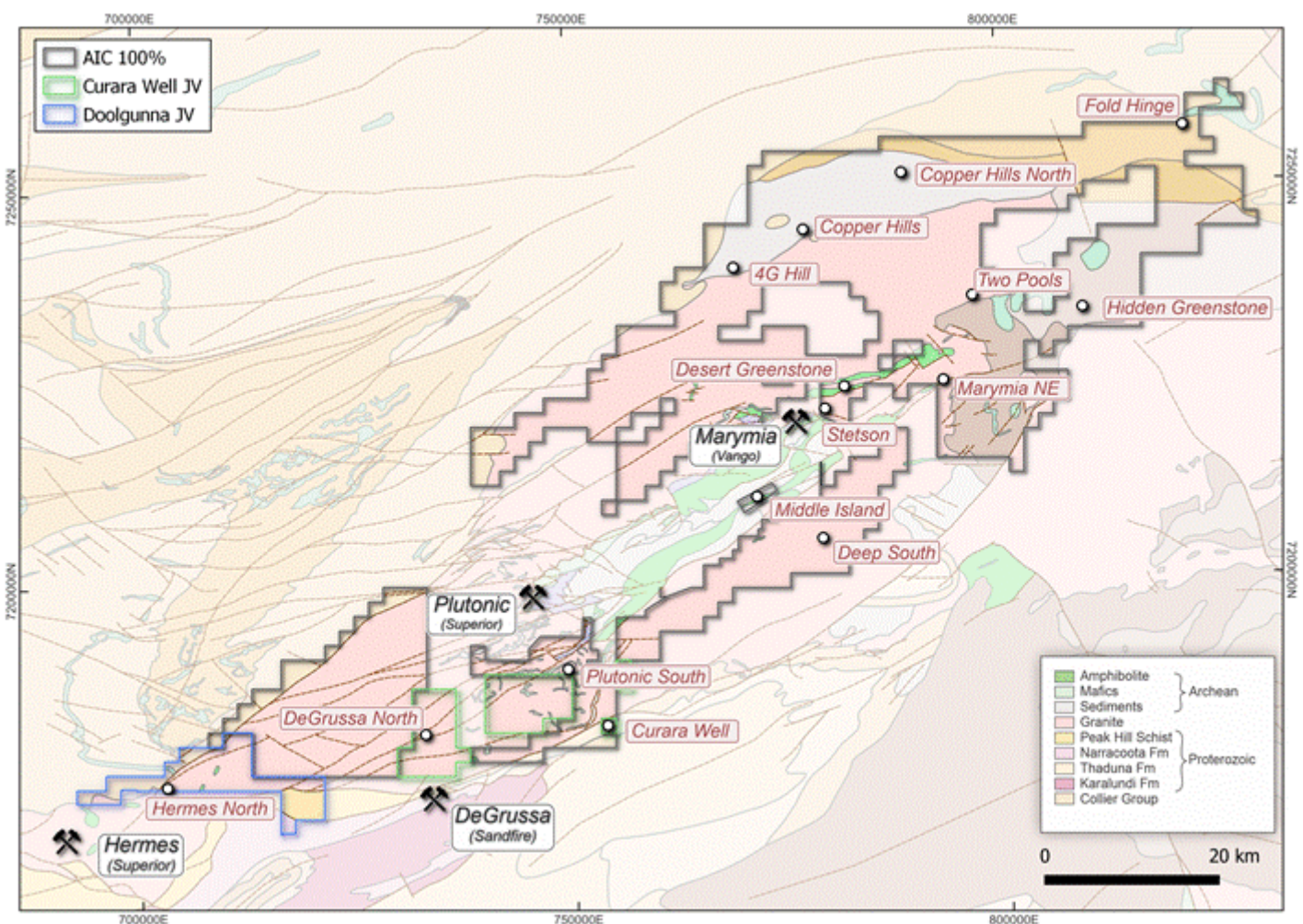
## EXPLORATION

AIC Mines has three exploration projects:

- **Marymia Project** in which it holds a 100% interest in the majority of the tenements, located in Western Australia and is prospective for gold and copper
- **Lamil Joint Venture** in which it is earning an initial 50% interest, located in Western Australia and is prospective for gold and copper.
- **Delamerian Project** in which it holds a 100% interest in tenement applications, located in western New South Wales and is prospective for gold, copper and nickel.

### Marymia Project (predominantly 100% owned tenements)

AIC Mines holds a very large area of tenements located about 790km northeast of Perth on the northern margin of the Yilgarn Craton. The project includes joint ventures with Ausgold Limited (ASX: AUC) and Venus Metals Corporation Limited (ASX: VMC) (Figure 1).



**Figure 1. Marymia Project Location**

The Marymia Project is prospective for both gold and copper deposits. It is strategically located within trucking distance of the Plutonic Gold Mine and the DeGrussa Copper Mine.

## Drilling

A reverse circulation (RC) drilling program that commenced in September 2021 was completed during the December 2021 Quarter. In total, 30 holes for 4,671m was drilled across four prospects. During the December 2021 Quarter, 25 holes for 3,860m were completed at the DeGrussa North, Copper Hills and Hermes North prospects. Due to significant delays being experienced across all Western Australian laboratories no assays were returned in the December 2021 Quarter.

The Copper Hills Belt (100% AIC Mines) is interpreted as a preserved portion of Paleoproterozoic basin rocks, equivalent to the Bryah, Yerrida or Padbury basins, accreted to the northern margin of the Archean Marymia Inlier. It hosts the Copper Hills Prospect where oxide copper mineralisation associated with discontinuous stringers of malachite and azurite was discovered in the 1970's (for further details see AIC Mines' ASX announcement "Marymia Project Exploration Update" dated 24 June 2020).

Nine RC holes for 1,820m tested the **Copper Hills Prospect** (100% AIC Mines) on 1km spaced lines along the approximately 7km trend of surficial copper oxide mineralisation defined by both soil geochemistry and sporadic historic shallow drilling. The drilling intersected sulphides (chalcopyrite and pyrite) over multiple metres associated with quartz veining hosted within a mafic schist. Assay results are expected to be received during February 2022.

At the **DeGrussa North Prospect** (80% AIC Mines), five RC holes for 917m tested a 1km by 800m gold-in-soil anomaly (+15ppb Au) that is coincident with the intersection of a regionally significant magnetic lineament interpreted to represent a major fault zone. The drilling was successful in intersecting previously unrecognised mafic greenstone over considerable widths (+20m) within the much broader granite. Assay results are expected to be received during February 2022.

The DeGrussa North Prospect is located on tenement E52/3068 within the Curara Well Joint Venture between AIC Mines' wholly owned subsidiary AIC Resources Limited and Venus Metals Corporation ("Venus") (Figure 1). AIC Resources secured an 80% interest in the project in August 2020 in accordance with an earn-in agreement. Venus holds a 20% interest and is free-carried to a decision to mine.

At the **Hermes North Prospect** (AIC Mines earning up to 80% from Ausgold Limited), a total of 11 holes for 1,123m of RC drilling was completed on four lines spaced 600m apart with holes on 300m centres. The aim of the program was to cover a 6km by 2km area proximal to the Neoproterozoic and Archean contact associated with a gold-in-soil anomaly. Drilling intersected several metre thick intervals of mafic within a granite host analogous to the nearby Hermes deposit. Several holes returned sulphides (pyrite-pyrrhotite) of up to 20% associated with quartz veining, carbonate alteration and major faulting. Assay results are expected to be received during March 2022.

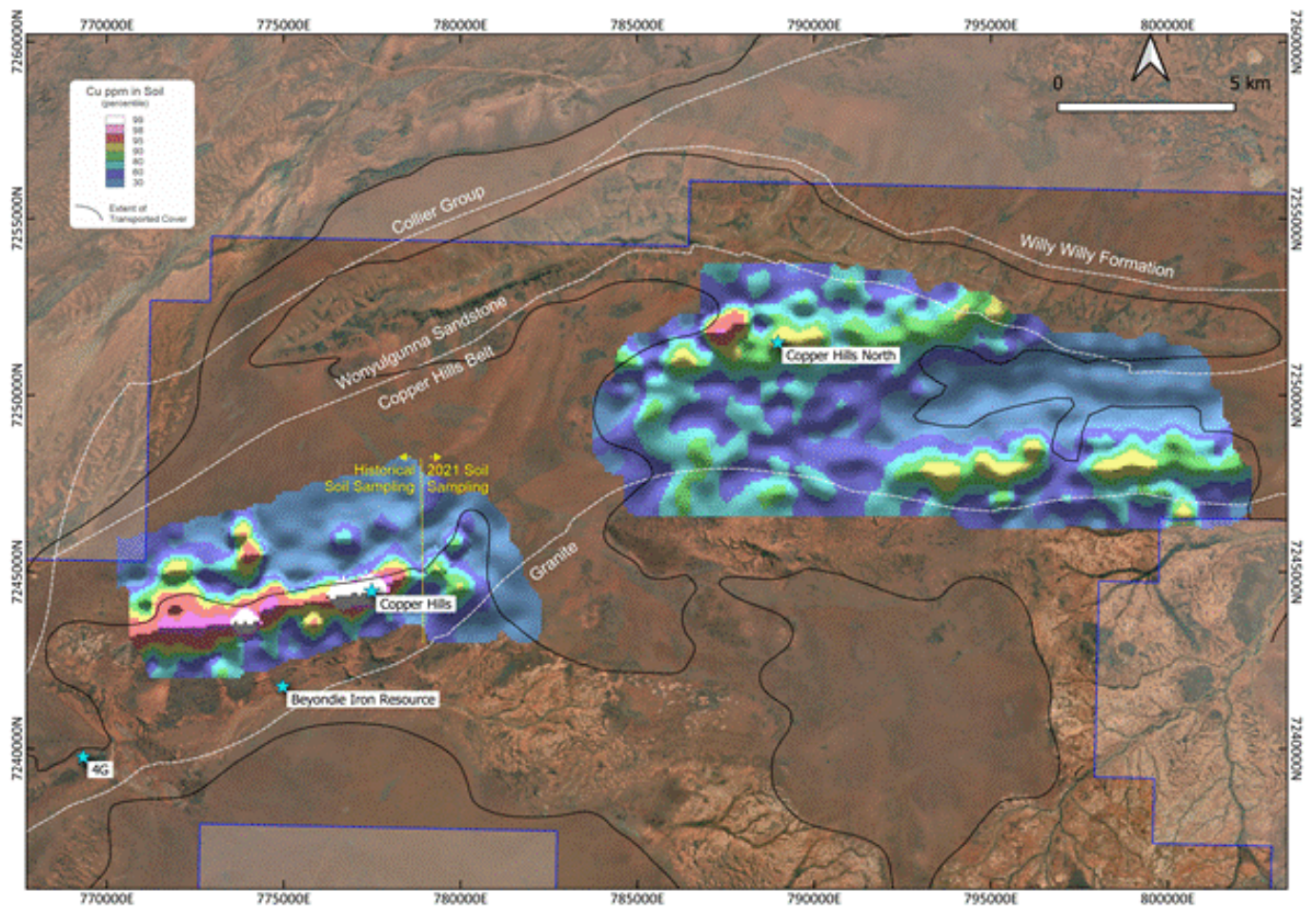
A single diamond drillhole was completed to a depth of 684.4m at the **Stetson Prospect** (100% AIC Mines) testing the hypothesis of greenstone beneath granite. The hole intersected increasing volumes of mafic/ultramafic 'rafts' intercalated within granite. Metre thick zones of quartz veining were intersected in both the mafic and granite units. Assays are expected to be received during April 2022.

Drilling of Stetson target was co-funded by a \$150,000 drilling grant from the Western Australian Government Exploration Incentive Scheme.

## Geochemistry

Soil sampling of the Copper Hills belt was successful in extending the Copper Hill oxide anomaly by another 2km to the east as well as defining two extensive zones of elevated copper in the Copper Hills North area (see Figure 2).





**Figure 2. Copper Hills Belt soil geochemistry (image Cu data gridded) overlying major regolith and interpreted geology**

### Geophysics

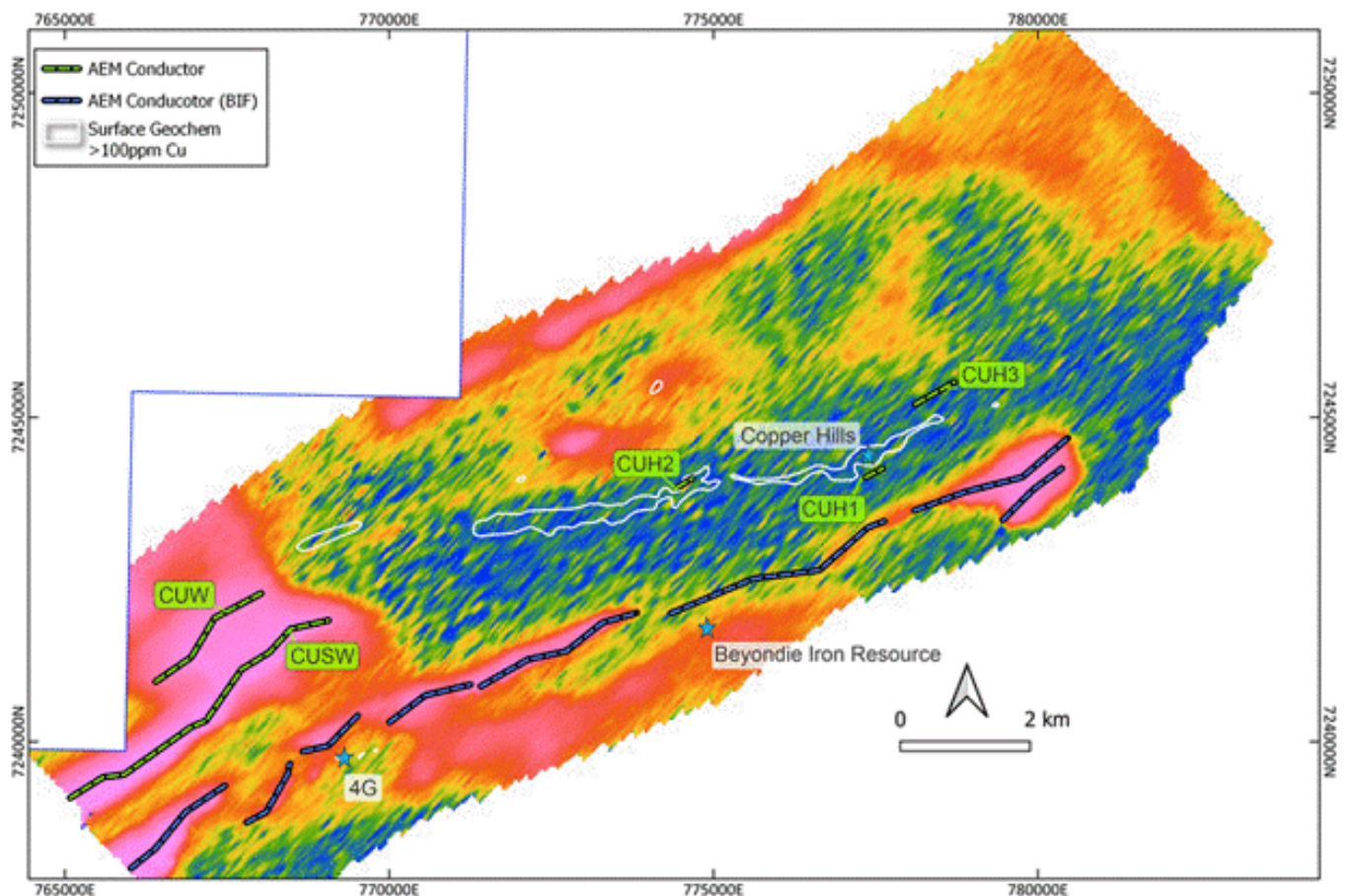
Final processing of the airborne electromagnetic survey over the Copper Hills belt identified at least three discrete conductive anomalies within the footprint of the Copper Hills Prospect, plus several longer strike length conductive trends southwest of the prospect (see Figure 3).

### Next Steps – Marymia Project

Appraisal of the 2021 drilling programs has been delayed by the slow turnaround on assay results, currently an industry-wide problem. Results are expected to be received during February and March 2022.

Detailed logging of the Stetson diamond hole and sampling for analysis will be completed in the March 2022 Quarter.



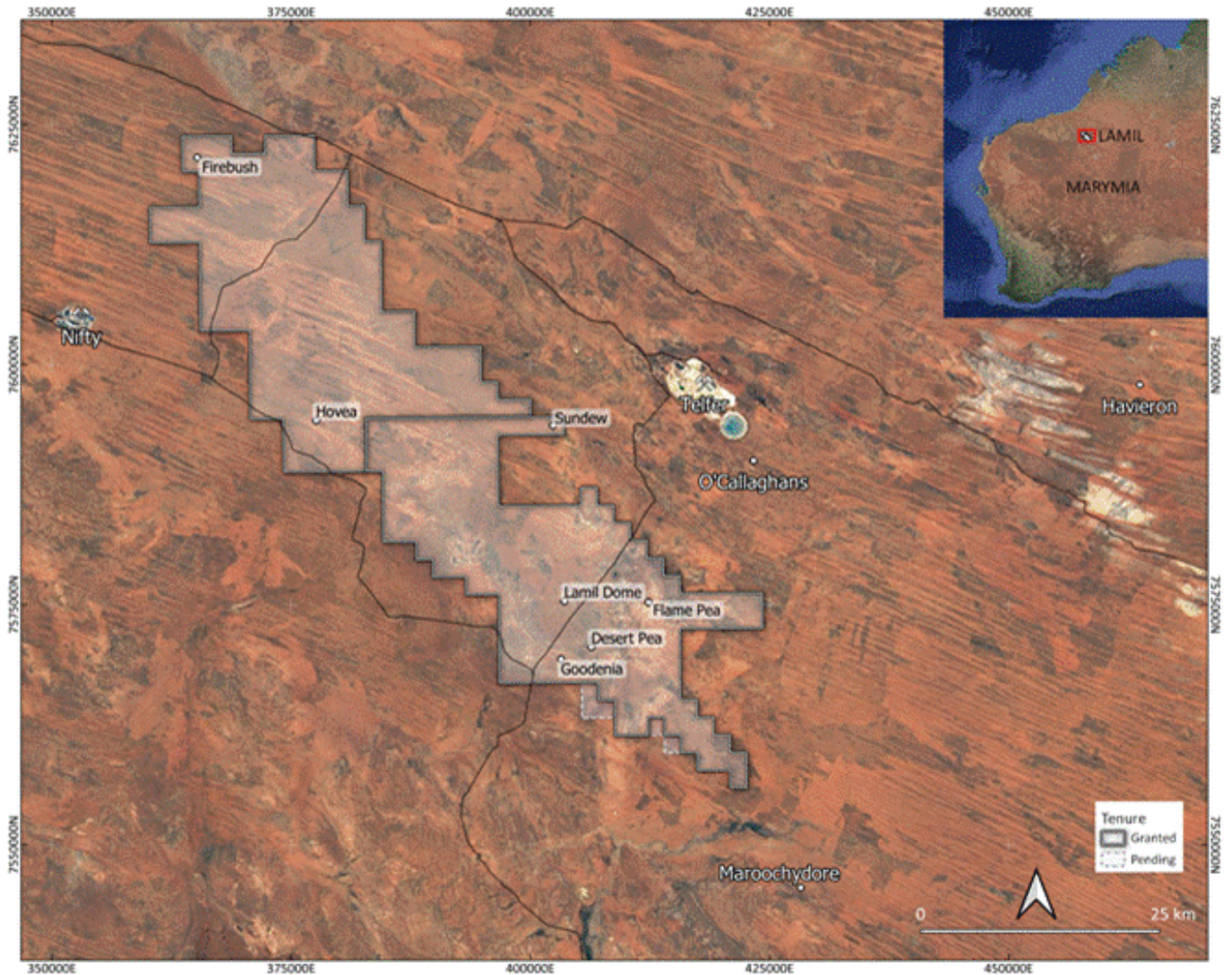


**Figure 3. Copper Hills Belt airborne electromagnetic survey (B field Z component channel 35) showing conductive trends**

### **Lamil Joint Venture (AIC Mines earning up to 65%)**

The Lamil Gold-Copper Project is located in the Paterson Province in the northwest of Western Australia, 500km east of Port Hedland. Under the terms of the earn-in and exploration joint venture agreement with Rumble Resources (ASX: RTR) ("Rumble"), AIC Mines can earn a 50% interest by spending \$6 million over four years. Thereafter AIC Mines can earn a further 15% by spending \$4 million over one year if Rumble elects not to commence contributing. The key terms of the earn-in and exploration joint venture agreement are described in the Company's ASX announcement dated 22 July 2019. AIC Mines has spent approximately \$4.9 million at the Lamil Project to 31 December 2021.

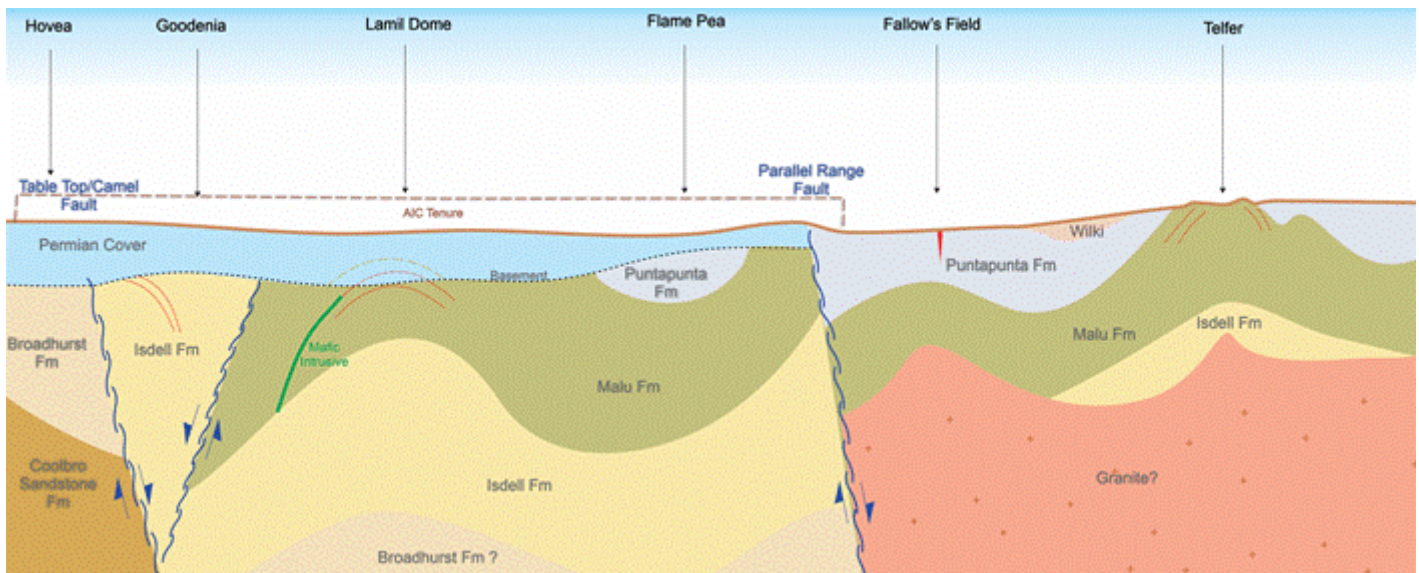
The Paterson Province is one of the most highly endowed yet under-explored mineral provinces in Australia. It hosts the world-class Telfer Gold-Copper Mine and the Nifty Copper Mine. The Lamil Project, which covers an area of 1,280km<sup>2</sup>, is situated midway between these two mines. Discoveries by Rio Tinto at Winu and by the Newcrest-Greatland Gold JV at Haverton have confirmed the prospectivity of the region.



**Figure 4. Lamil Project Tenements E45/5270 and E45/5271 (AIC Mines earning up to 65%) and Applications E45/5909, E45/5914 and E45/5919 (AIC Mines 100%), with Key Target Areas**

The Lamil Project captures a covered belt of Yeneena Supergroup rocks (which host mineralisation at both the Telfer and Nifty mines) bound by two deep penetrating, belt parallel NNW trending structures. In the southern tenement (E45/5271) the project is also influenced by regionally important NW orientated faults, and a series of major NE trending cross faults that are mappable across the entire belt. All these structural features are considered important in the development of major mineral deposits in the Paterson Province as they represent critical vertically accretive plumbing systems for circulating and trapping mineralising fluids. A schematic cross section through the project illustrating geological architecture and Key Target Area locations is shown below in Figure 5.





**Figure 5. Schematic cross section showing relative positions of Key Target Areas and interpreted geology**

## Drilling

A total of 20 RC holes for 4,062m were completed during the Quarter. This follows 23 RC holes for 4,738m completed in the September 2021 Quarter. In total, AIC Mines completed 43 RC holes for 8,800m across five key target areas in 2021.

Thirteen holes were drilled at the **Lamil NE** target, which was partially tested in the 2020 program. Cover again ranged considerably, from 170m in the west through to about 50m toward the Lamil Dome area. Interbedded fine grained carbonaceous siltstones and sandstones were intersected often hosting narrow quartz-carbonate veins with pyrite although no chalcopyrite was observed. Assay results are expected in February 2022.

Three holes were drilled at the **Hovea** target; the first drilling ever conducted in the northern tenement. The aim was to determine both the depth of cover and the nature of a coincident magnetic and gravity feature (see Quarterly Activities Report for the Period Ending 30 September 2021). Three holes were completed to the limit of the rig capacity in each hole, with the deepest hole going to 327m. All holes remained in Permian cover. The magnetic data collected from this drilling will be used to constrain the modelling and help determine more accurately the depth of cover in this region.

During the Quarter AIC Mines was awarded an EIS co-funding grant to drill the Firebush target, a coincident magnetic and gravity anomaly, in 2022.

## Next Steps – Lamil Project

The focus in the March 2022 Quarter will be finalisation and integration of all the data collected in 2021 – including airborne EM and geochemistry data. This work has been delayed by the slow turnaround time on assaying. All assay results from the 2021 drilling program are expected to be received by early February 2022. Integration of all datasets will aid preliminary planning for the 2022 program.

## Delamerian Project (tenement applications 100% AIC Mines)

During the Quarter AIC Mines applied for two large exploration licences in western New South Wales that are prospective for both base and precious metals (the “Delamerian Project”). The applications offer belt-scale exploration opportunities in an emerging and under-explored province – the Delamerian Orogen.

The Delamerian Orogen comprises Late Neoproterozoic to Ordovician rock sequences stretching from eastern South Australia, through western New South Wales and Victoria to western Tasmania (Figure 6). The orogen represents a largely under-explored cratonic margin setting, analogous to other highly endowed provinces in Australia, such as the Paterson Orogen and Albany-Fraser Orogen. The mineral potential of the orogen is well recognised in the areas of outcrop – the Adelaide Fold Belt in South Australia, the Stavelly Belt in Victoria, and the Mount Read Volcanics in Tasmania – however large portions of the orogen covered by younger basins, such as the western margin of the Murray Basin, has historically deterred exploration and thus limited realising the full mineral potential of the orogen.



**Figure 6. Delamerian Orogen with Project Location**

The Koonenberry application (ELA 6413) captures approximately 80 kilometres of strike of a covered extension of Late Neoproterozoic Kara Formation which hosts primitive mafic igneous intrusives of the Mt Arrowsmith Volcanics. The presence of extensive mafic/ultramafic sill complexes in craton margin sediments is considered analogous to settings that host large Ni-Cu -PGE sulphide systems globally (e.g. Albany Fraser Belt in Western Australia and the Circum-Superior Belt in Canada). The southern application (ELA6414) covers approximately 150 kilometres of strike of the Loch Lilly-Kars Belt under the shallowing margins of the Murray Basin. The belt is interpreted as consisting of sequences formed in a back-arc basin setting known to host Volcanogenic Massive Sulphide (VMS) deposits. There is also evidence of felsic intrusions, often associated with magmatic related copper deposits, and mafic intrusive complexes providing Ni-Cu-PGE potential.

For further details see AIC Mines' ASX announcement "New Exploration Project" dated 18 January 2022.



## CORPORATE

### Eloise Copper Mine Acquisition

During the Quarter, AIC Copper Pty Ltd (a wholly owned subsidiary of AIC Mines) completed the acquisition of the Eloise Copper Mine from FMR Investments Pty Ltd ("FMR"). An equity capital raising of \$40.0 million to fund the acquisition as well as hold sufficient capital for working capital movements, accelerated exploration expenditure and environmental performance bonds was successfully completed on 25 October 2021. Further information is provided in the Company's Prospectus released on 29 September 2021, available at the Company's website.

Payments to acquire the Eloise Copper Mine consisted of:

- \$20.0 million in AIC Mines Shares – completed 25 October 2021
- \$5.0 million cash payment – completed 1 November 2021
- Store inventory adjustment on closing resulting in a payment of \$0.3 million – completed 19 November 2021
- ROM stock adjustments on closing resulting in a payment of \$1.2 million – completed 19 November 2021
- A contingent payment of \$2.0 million is payable six months after completion of the acquisition if certain production milestones are achieved. These milestones are currently expected to be achieved.

As a result of the acquisition, the former owner of the Eloise Copper Mine, FMR, is now AIC Mines' largest shareholder with a holding of 26.0% of the issued capital of AIC Mines. Jon Young, the Chairman of FMR, was appointed as a Non-Executive Director of AIC Mines on 2 November 2021.

### Financial Performance

#### Cashflow

Of the 2,306t of payable copper produced, 1,818t of copper was sold in the Quarter at an average price of A\$13,436/t generating \$25.0 million in revenue post revenue deductions and including gold and silver by-product credits. Operating and net mine cash flow for just two months of ownership was exceptional at \$11.4 million and \$4.7 million respectively – especially given that only 1,818t of copper was sold of the 2,306t produced (due to lag time related to transport to smelter).

An AISC of A\$3.05/lb Cu was pleasing and represents a robust operating margin of A\$3.00/lb based on the realised copper price of A\$6.05/lb for the Quarter.

Capital investment at Eloise in the Quarter of \$6.7 million mainly related to:

- \$5.7 million in sustaining capital focused on the tails dam lift for TD2, underground mine development in the Macy and Chloe orebodies and near mine exploration and resource definition drilling; and
- \$1.0 million in project capital focused mainly on underground mine development in the Eloise Deeps.

Exploration investment in the quarter of \$1.2 million mainly related to exploration drilling at the Marymia and Lamil projects.

At 31 December 2021, AIC Mines held \$29.3 million in cash in the bank (30 September 2021: \$3.1 million), \$6.8 million in cash on account for the Eloise performance bond and a further \$0.84 million in listed investments (predominantly shares in Ausgold Limited) (30 September 2021: \$0.65 million).

The table below summarises AIC Mines' cashflow movements during the Quarter.

Cashflow (A\$ Millions)	December 2021 Quarter
Operating mine cashflow	11.4
Total capital	(6.7)
<b>Net Mine Cashflow</b>	<b>4.7</b>
Corporate and exploration	(2.6)
Net Interest and other income	(0.0)
Working capital movement	3.1
<b>Group Cashflow</b>	<b>5.2</b>
Equity raised (net of costs)	37.6
Eloise purchase (including adjustments)	(6.5)
Rehab bond (cash-backed)	(6.8)
Acquisition and integration costs	(0.4)
Mining fleet lease buy-out	(3.0)
<b>Net Group Cashflow</b>	<b>26.2</b>
<b>Opening Cash Balance 1 October 2021</b>	<b>3.1</b>
<b>Closing Cash Balance 31 December 2021</b>	<b>29.3</b>

## Other

### Anderson Litigation

AIC Mines is named as a defendant in civil legal proceedings in the Supreme Court of British Columbia. These proceedings relate to AIC Mines' predecessor company Intrepid Mines Limited and the disputed sale of shares in a listed Canadian company in October 2017. The plaintiff (Anderson) has filed a breach of contract claim which AIC Mines is defending. A trial scheduled for January 2022 was recently adjourned and has been rescheduled for May 2023.

### Kitumba Sale Agreement

AIC Mines' predecessor company Intrepid Mines Limited completed a share sale agreement with Vulcan Copper Limited ("Vulcan") and its parent Consolidated Mining and Investments Ltd ("CMI") in respect of the sale of 100% of the share capital in Intrepid Mines Zambia Limited on 14 February 2019 ("Kitumba Sale Agreement"). The main asset of Intrepid Mines Zambia Limited is the Kitumba copper project located in the Republic of Zambia. Payments and accumulated interest owed to AIC of approximately US\$5.7 million remains outstanding from this sale. AIC Mines is continuing to pursue payment of the outstanding amount.

Further details regarding the Kitumba Sale Agreement are contained in the Notice of Extraordinary General Meeting released to the ASX by Intrepid Mines Limited on 18 October 2018.

### Authorisation

This Quarterly Activities Report has been approved for issue by, and enquiries regarding this report may be directed to:

#### Aaron Colleran

Managing Director

Email: [info@aicmines.com.au](mailto:info@aicmines.com.au)

### **Competent Person's Statement – Exploration Results**

The information in this report that relates to Exploration Results is based on, and fairly represents information compiled by Michael Taylor who is a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Michael is a full-time employee of AIC Mines Limited. Michael consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

### **Competent Person's Statement – Eloise Drilling Results**

The information in this announcement that relates to Eloise drilling results 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 AIC Copper 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.

### **Competent Person's Statement – Eloise Mineral Resources**

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 AIC Copper 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.

### **Exploration Information Extracted from ASX Announcements**

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details, including 2012 JORC Code reporting tables where applicable, can be found in the following announcements lodged on the ASX:

- |   |                   |
|---|-------------------|
| • Drilling Commences at the Lamil Gold-Copper Project             | 6 September 2021  |
| • Drilling Commences at Marymia Project                           | 29 September 2021 |
| • Drilling Results from Eloise Deepes                             | 22 November 2021  |
| • Significant Increase in Mineral Resources at Eloise Copper Mine | 14 December 2021. |
| • New Exploration Project   | 18 January 2022   |
| • Drilling Results from Eloise – Levuka Lens                      | 24 January 2022   |

These announcements are available for viewing on the Company's website [www.aicmines.com.au](http://www.aicmines.com.au) under the Investors tab.

AIC Mines confirms that it is not aware of any new information or data that materially affects the information included in any original ASX 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.