



# **Annual Report**

## **For the year ended 31 December 2021**

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# Corporate Directory

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**ABN: 11 060 156 452**

## **DIRECTORS**

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

## **COMPANY SECRETARY**

Linda Hale

## **REGISTERED OFFICE**

A8, 435 Roberts Road  
Subiaco WA 6008  
Tel: (08) 6269 0110  
Fax: (08) 6230 5176  
Email: [info@aicmines.com.au](mailto:info@aicmines.com.au)

## **BANKERS**

National Australia Bank  
100 St Georges Terrace  
Perth WA 6000

## **SHARE REGISTRY**

Computershare Investor Services Pty Limited  
Level 11  
172 St Georges Terrace  
Perth WA 6000  
Tel: 1300 850 505 (within Australia) or + 61 3 9415 4000 (outside Australia)  
[www.computershare.com/au](http://www.computershare.com/au)

## **STOCK EXCHANGE**

AIC Mines Limited shares are listed on the Australian Securities Exchange (ASX).  
ASX Code: A1M

## **AUDITORS**

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000

## **INTERNET ADDRESS**

[www.aicmines.com.au](http://www.aicmines.com.au)

# Chairman's Letter

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Dear Fellow Shareholders,

I am pleased to present the 2021 Annual Report to you and provide an overview of our production and exploration activities.

2021 was a transformational year for AIC Mines with the successful acquisition of the Eloise Copper Mine completed on 1 November 2021. The acquisition elevated us to copper producer and provides a source of strong cashflow from which to further grow the Group. In addition, we continued to progress our exploration activities at the Lamil and Marymia Projects in Western Australia and acquired a new exploration project in New South Wales, the Delamerian Project, through new tenement applications.

The Eloise Copper Mine is a low cost, cash generative asset with significant growth potential located in the prolific copper districts of Mt Isa and Cloncurry in Queensland. In the first two months of ownership the mine generated A\$11.7 million in operating cashflow and A\$4.7 million in net mine cashflow at a low all-in sustaining cost of A\$3.05/lb of copper sold.

We believe that there is an outstanding opportunity at Eloise to add value through exploration success, resource growth, operational reliability, and regional consolidation. Our exploration strategy at Eloise is focused on extending the known resource areas and discovery of new satellite lodes within the Eloise tenements, with a view to extend the mine life well beyond 5 years.

At Lamil, a second drilling program was completed during the year focused on the Lamil Main Dome target area, where anomalous copper-gold mineralisation was intercepted in the maiden drilling program in 2020 and also testing other copper-gold and zinc-lead targets. A total of forty-three holes for 8,800 metres of reverse circulation drilling was completed. The drilling intersected prospective lithologies and zones of alteration and associated sulphides, further advancing our understanding of the geological environment.

At Marymia, exploration for copper focused on the Copper Hills Belt where a total of nine holes for 1,820 metres of reverse circulation drilling was completed. Testing was conducted on wide spaced lines along the entire length of the approximately 7km long Copper Hills copper oxide trend. The drilling was successful in intersecting multiple metre zones of chalcopyrite in stringer veins. In addition to the copper exploration, gold exploration focused on four targets primarily within underexplored extensions of the Plutonic-Marymia greenstone belt. A total of thirty-two holes for 3,974 metres of reverse circulation drilling was completed at the Middle Island, DeGrussa North and Hermes North prospects and one diamond hole was drilled for 684 meters at the Stetson Prospect.

The Group also expanded its exploration portfolio through the staking of two applications of over 4,280 km<sup>2</sup> in the Delamerian Orogen in NSW. This early-stage project offers belt scale opportunities for copper, gold and nickel in an emerging region that is analogous to other highly endowed carton margin settings in Australia, such as the Paterson Province and Albany-Fraser Belt. It is an early-mover opportunity where government investment into unlocking the exploration potential is underway. We plan to leverage off the new regional datasets and mineral system knowledge that government bodies, like the state Geological Surveys and the MinEx Cooperative Research Centre, are now collecting.

We continue to assess opportunities to grow the Group through mergers and acquisitions. We are targeting late-stage gold and copper projects located in Australia where we can add value through exploration and development. We remain disciplined in our review of new projects.

I would like to thank shareholders for their ongoing support and the AIC Mines team for their ongoing commitment. We look forward with confidence to the year ahead.

Yours sincerely,



Josef El-Raghy  
Chairman

# Directors' Report

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The directors present their report together with the consolidated financial statements for AIC Mines Limited and the entities it controlled at the end of, or during, the year ended 31 December 2021 ('the Group', 'AIC') and the auditor's report thereon.

Items included in the directors' report and consolidated financial statements are presented in Australian dollars unless otherwise stated.

## DIRECTORS

The names and details of the Group's directors in office during the financial year and until the date of this report are as follows. The directors were in office for the entire period unless otherwise stated. No director has served as a director of any other ASX-listed company in the past 3 years unless mentioned below.

### Josef El-Raghy

#### Chairman - Appointed 18 April 2019

Mr El-Raghy has extensive experience in developing and managing gold companies. Most recently, Mr El-Raghy was Chairman of Centamin Plc, a gold mining company listed on the Main Board of the London Stock Exchange and the Toronto Stock Exchange. Mr El-Raghy joined Centamin as Managing Director in August 2002 and oversaw the Group's transition from junior explorer to successful gold miner before ceasing with the Group in June 2020. Mr El-Raghy was formerly a director of both CIBC Wood Gundy and Paterson Ord Minnett and had a ten-year career in stockbroking. In addition to his direct management experience of project development and operation, his time at Centamin has also provided him with deep experience with international capital markets.

### Aaron Colleran

#### Managing Director and CEO - Appointed 18 April 2019

Mr Colleran has extensive experience in public markets mergers and acquisitions and strategic planning. Prior to joining AIC, Mr Colleran was a founding member of the leadership team of Australian gold producer Evolution Mining Limited, having managed its business development and investor relations program from inception through to 2018. He was instrumental in the multiple merger and acquisition transactions that created Evolution Mining, now one of Australia's largest gold mining companies. Mr Colleran was previously a Non-Executive Director of Kidman Resources Limited (from January 2018 to September 2019) and Riversgold Limited (from February 2019 to August 2019).

### Brett Montgomery

#### Non-Executive Director - Appointed 18 April 2019

Mr Montgomery has extensive experience in public company management in both executive and non-executive roles. Mr Montgomery is currently a Non-Executive Director of Tanami Gold NL (commencing February 2013). He was previously Managing Director of Kalimantan Gold NL and a Director of Bard 1 Life Sciences Ltd (from November 2014 to June 2019), Grants Patch Mining Ltd, EZA Corporation Ltd and Magnum Gas and Power Ltd.

### Tony Wolfe

#### Non-Executive Director - Appointed 25 November 2016

Mr Wolfe has experience in asset management having managed event driven and special situations portfolios across the Asia-Pacific region. Mr Wolfe currently holds the position of Portfolio Manager for Brahman Capital Management Pte Ltd focusing on equity driven and special situation investments. Brahman Pure Alpha Pte Ltd, an entity controlled by Brahman Capital Management Pte Ltd is a substantial holder in AIC Mines. Previously, Mr Wolfe was a Portfolio Manager at Brummer & Partners AG, a multi-strategy hedge fund that manages over US\$15.0 billion in assets under management. Mr Wolfe has also held senior portfolio management roles at Pengana Capital and Rubicon Asset Management in Sydney.

### Jon Young

#### Non-Executive Director - Appointed 2 November 2021

Mr Young is Chairman of FMR Investments Pty Ltd, AIC Mines' largest shareholder, and is a Director of Wealth Management at Canaccord Genuity Financial Limited. Mr Young has over 30 years' experience in financial services and has been advising clients with Canaccord Genuity (formerly Patersons) since 2001. Mr Young holds a Bachelor of Commerce Degree from the University of Western Australia and is a member of the Chartered Accountants Australia and New Zealand. Mr Young is also a non-executive director of ASX-listed Greenstone Resources Limited and was previously a non-executive director of ASX-listed Breakaway Resources Limited.

# Directors' Report

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## OFFICERS

The names and details of the Group's officers in office during the financial year and until the date of this report are as follows. The officers were in office for the entire period unless otherwise stated.

### Linda Hale

#### Company Secretary - Appointed 20 February 2020

Ms Hale has over 20 years' experience in the mining, stockbroking, and financial service sectors. Previous roles have included Executive Director of Finance and Administration and Company Secretary for CIBC Eyres Reed. She has also consulted on organisational change with RBC Dexia and held project management roles with several stockbrokers. Ms Hale holds a Bachelor of Business and is a member of CPA Australia.

### Heidi Brown

#### Company Secretary - Appointed 20 May 2019 Resigned 9 August 2021

Ms Brown is a Fellow Chartered Secretary and a Graduate of the AICD Company Directors Course. She holds a Graduate Certificate of Applied Finance and Investment and a Diploma of Financial Advising from FINSIA. Ms Brown was the Group secretary of Centamin Plc from July 2004 until December 2012, during which time, she contributed to the Group's growth from a small exploration company to a multi-billion-dollar gold mining company.

### Michael Frame

#### Chief Financial Officer - Appointed 1 December 2021

Mr Frame has over 13 years' experience in commercial and financial functions with gold and copper mining companies. He has Profited significant experience from site-based roles in Australia and the Asia Pacific. Most recently he was the Group Finance Manager at Evolution Mining where he oversaw the statutory accounting, management reporting, shared services, and group wide payroll functions. Mr Frame holds a Bachelor of Commerce, a Bachelor of Economics, and a Graduate Diploma in Materials Science. He is a member of CPA Australia and a member of the AusIMM.

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were exploration, mine development, mine operations and the sale of copper concentrate in Australia. The main significant change to the Group's activities during the year related to the acquisition of the Eloise Copper Mine, effective 1 November 2021, resulting in the Group including mineral production activities to its existing exploration activities.

## KEY HIGHLIGHTS FOR THE YEAR

Key highlights for the year ended 31 December 2021 include:

### *Financial and Operations*

- The Group achieved a statutory net profit after tax of \$2.5 million for the year, a \$9.3 million increase on the prior year (31 December 2020 loss of \$6.8 million).
- In October 2021 the Group successfully completed a \$40.0 million capital raising to fund the Eloise Copper Mine acquisition, required operating working capital and exploration program.
- In November 2021, the acquisition of the Eloise Copper Mine was completed for total consideration of \$20.0 million in AIC shares, \$9.5 million in cash inclusive of working capital adjustments and equipment buyout, and a contingent payment of \$2.0 million should certain production milestones be achieved by 30 April 2022.
- In its first two months of ownership, the Eloise Copper Mine exceeded production expectations, producing 8,597dmt of concentrate containing 2,392t of copper at an all-in sustaining cost (AISC) of A\$3.05/lb of copper sold after by-product credits.
- The Eloise Copper Mine generated operating mine cashflow of \$11.4 million; and net mine cashflow of \$4.7 million for the year ended 31 December 2021 (two months of ownership).
- In December the Group announced a significant increase in the Mineral Resource estimate for the Eloise Copper Mine. The Mineral Resource was increased to 103,500 tonnes of contained copper and 93,300 ounces of contained gold, representing a 58% increase in copper and a 55% increase in gold compared to the previously reported Mineral Resource estimate.

### *Exploration*

- A number of copper and gold targets at the Marymia Project were drill tested during the year. Exploration for copper focused on the Copper Hills Belt where a total of nine holes for 1,820 metres of reverse circulation drilling was completed. Testing

# Directors' Report

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was conducted on wide spaced lines along the entire length of the approximately 7km long Copper Hills copper oxide trend. The drilling was successful in intersecting multiple metre zones of chalcopyrite in stringer veins. Exploration for gold focused on four targets primarily within underexplored extensions of the Plutonic-Marymia greenstone belt. A total of thirty-two holes for 3,974 metres of reverse circulation drilling was completed at the Middle Island, DeGrussa North and Hermes North prospects and one diamond hole was drilled for 684 meters at the Stetson Prospect.

- At Lamil, a second drilling program was completed during the year focusing on the Lamil Main Dome target area and also tested other copper-gold and zinc-lead targets. A total of forty-three holes for 8,800 metres of reverse circulation drilling was completed. The drilling intersected prospective lithologies and zones of alteration and associated sulphides, further advancing our understanding of the geological environment.
- In December 2021 the Group applied for two large exploration licenses 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.

## Financial Review

### *Profit and loss*

- The Group recorded a consolidated profit after income tax of \$2.5 million, for the year ended 31 December 2021 (31 December 2020: loss of \$6.8 million). Revenue for the year ended 31 December 2021 increased to \$25.0 million after revenue deductions of \$2.2 million (31 December 2020: \$0.0 million). Gross revenue comprised \$24.3 million of copper, \$2.4 million of gold and \$0.6 million of silver (31 December 2021: \$nil collectively).
- The basic and diluted earnings per share for the year ended 31 December 2021 totaled \$0.023 and \$0.021, respectively (31 December 2020: loss \$0.115).

### *Balance Sheet*

- As at 31 December 2021 the net assets of the Group were \$69.1 million (31 December 2020: \$8.7 million). Total assets increased during the year to \$94.4 million (31 December 2020: \$9.9 million). Cash and cash equivalents were \$29.3 million (31 December 2020 \$5.1 million) an increase of \$24.2 million compared to the prior period.
- The net carrying amount of property, plant and equipment increased to \$20.7 million primarily driven by the initial recognition in the accounts of the Eloise Copper Mine acquisition. Mine properties and exploration increased to \$18.8 million, which was due to additions at Eloise and the Group's exploration programs, partially offset by depreciation.
- Total liabilities for the Group increased to \$25.2 million at 31 December 2021, an increase of \$24.0 million on the prior period (31 December 2020 \$1.2 million). The key drivers of the increase were the initial recognition of the Eloise rehabilitation provision for \$7.6 million, initial recognition of the Eloise employee entitlements for \$3.6 million and the increase in trade and other payables of \$12.7 million.

### *Cash flow*

- The net cash inflow from operating activities totaled \$5.9 million (31 December 2020: outflow \$5.4 million) and the cash balance at year end totaled \$29.3 million (31 December 2020: \$5.1 million).
- Net cash outflows from investment activities totaled \$12.7 million, an increase of \$13.5 million from the prior period (31 December 2020: \$0.8 million inflow). Major items contributing to the change in outflows were the purchase of the Eloise Copper Mine and the investment in mine development and property plant and equipment.
- Net cash inflows from financing activities totaled \$31.0 million, an increase of \$26.8 million from the prior period (31 December 2020: \$4.2 million inflow). The key item contributing to the change in inflows was the capital raising of \$37.8 million net of costs to fund the acquisition of Eloise.

### *Taxation*

- During the year, the Group made no income tax payments and recognised a \$nil income tax expense (31 December 2020: \$nil).

### *Dividends*

- There was no dividend paid or declared during the year.

# Directors' Report

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## Operational Review

### *Eloise*

Eloise had an outstanding two months to 31 December 2021 with production totalling 8,597dmt of concentrate containing 2,392t of copper at an All-in Sustaining Cost of \$3.05/lb and All-in Cost of \$3.29/lb. The strong result was driven primarily from high grade ore being available from the Macy stopes and the high copper price achieved of \$13,346 per tonne (\$6.05/lb) of copper sold.

Operating mine cashflow for the year was strong at \$11.4 million and net mine cashflow of \$4.7 million was achieved post sustaining and all in cost capital of \$6.7 million.

Ore mined was 126.1 thousand tonnes at an average grade of 2.4% copper. Underground development was 626m. Ore processed was 105.2 thousand tonnes at an average grade of 2.4% copper. Copper recovery of 94.3% was achieved for the year.

The table below outlines the key operating metrics for Eloise for the two months of the Group's ownership during the period:

Summary of operating results	31 December 2021
Operating cash flow (\$'000)	11,353
Sustaining capital (\$'000)	(5,670)
All-in cost capital (\$'000)	(970)
Total capital (\$'000)	(6,640)
Net mine cash flow (\$'000)	4,712
Payable Copper production (t)	2,306
All-in Sustaining Cost (\$/lb)	3.05
All-in Cost (\$/lb)	3.29

## Exploration Projects Review

### *Marymia Project*

At Marymia, exploration for copper focused on the Copper Hills Belt where a total of 9 reverse circulation (RC) holes for 1,820m was completed on wide spaced lines tested for copper sulphides along the entire length of the approximately 7km long Copper Hills copper oxide trend. The drilling was successful in intersecting multiple metres zones of chalcopyrite in stringer veins. A complimentary airborne electromagnetic survey over the belt identified several conductors associated with the prospect and to the immediate southwest. While we await the results of assays, the next generation of targets are being developed by the exploration team following the extension of the belt to the northeast as a result of soil survey which defined two extensive zones of elevated copper in the Copper Hills north area.

Gold exploration focused on four targets primarily within the underexplored extensions of the greenstone belt where remanent mafic bodies are speculated within granite. A total of 32 RC holes for 3,974 metres were completed at the Middle Island, DeGrussa North and Hermes North prospects and 1 diamond hole for 684m at the Stetson Prospect. The programs confirmed our belief that mafic bodies are preserved within the granite and several holes in each target returned quartz veining and alteration. As a result of the Hermes North drilling the Group has spent \$1M (close to half of the required spend) to earn an 80% interest in the Doolgunna JV ground from Ausgold.

### *Lamil Project*

Following the successful maiden drilling program completed at the Lamil Project in the highly prospective Paterson Province in 2020, a second drilling program was completed focused on infilling the Lamil Main Dome target, where pathfinder elements were intercepted, and expanding to test another four Cu-Au and Zn-Pb targets. A total of 43 holes for 8,800m of reverse circulation (RC) drilling was completed on still wide spaced lines, confirming the presence of prospective lithologies, zones of alteration and associated sulphides. Unfortunately, an industry wide slowdown in the turnaround of assay results with full evaluations of the results expected to take pace in the first quarter of 2022.

Encouraged by these early indications of prospectivity, an extensive airborne electromagnetic survey was completed over the majority of the project, generating further anomalies. Further programs, including testing the Firebush target where the Group was awarded an EIS co-funding grant, are planned for 2022.

As a result of these programs AIC Mines has spent \$4.9 million as at 31 December 2021 of the \$6.0 million required to earn a 50% interest in the Lamil Project.



# Directors' Report

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## *Delamerian Project*

During the period the Group applied for two large exploration licences in western New South Wales that are prospective for both base and precious metals, together called 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. The orogen represents a largely under-explored cratonic margin setting, analogous to other highly endowed provinces in Australia, such as the Paterson Province and Albany-Fraser Belt. The mineral potential of the Delamerian Orogen is well recognised in the areas of outcrop – the Adelaide Fold Belt in South Australia, the Stavely 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 area.

## **MATERIAL BUSINESS RISKS**

The Group prepares its business plans using estimates of production and financial performance based on a range of assumptions and forecasts. There is uncertainty in these assumptions and forecasts, and risk that variation from them could result in actual performance being different to expected outcomes. The uncertainties arise from a range of factors, including the nature of the mining industry and general economic factors. The material business risks faced by the Group that may have an impact on the operating and financial prospects of the Group as at 31 December 2021 are:

### *COVID-19*

The COVID-19 pandemic continued throughout the year but did not cause material disruption to the Group's planned activities. There has been no material impact to the value of the Group's assets and therefore no adjustments have been made to the Group's result for 31 December 2021 for the impacts of COVID-19. At the date of this report the Group expects to be able to execute its operations as planned for 2022. However, the scale and duration of possible future Government measures to limit the spread of the COVID-19 virus, and their impact on the Group's operations and financial situation, necessarily remains uncertain. The Group's utmost priority remains the safety and wellbeing of our employees, our contractors and the local communities within which we operate.

### *Fluctuations in Commodity price and Australian dollar*

The Group's revenues are exposed to fluctuations in the copper, gold and silver prices and the Australian dollar exchange rate. Volatility in the copper, gold and silver prices and Australian dollar creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are maintained should the Australian dollar commodity price fall. Declining copper, gold and silver prices can also impact operations by requiring a reassessment of the feasibility of a particular exploration or development project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could cause delays and/or may interrupt operations, which may have a material adverse effect on our results of operations and financial condition.

### *Mineral Resources and Ore Reserves*

The Group's Mineral Resources and Ore Reserves are estimates, 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.

Market price fluctuations of copper, gold and silver as well as increased production and capital costs may render the Group's 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 reserves may have to be re-estimated based on actual production experience. Any of these factors may require the Group to reduce its Mineral Resources and Ore Reserves, which could have a negative impact on the Group's financial results.

### *Replacement of depleted Ore Reserves*

The Group must continually replace Ore Reserves depleted by production to maintain production levels over the long term. Ore Reserves can be replaced by discovering extensions to known ore bodies, discovering new deposits or acquiring new deposits. Exploration is highly speculative in nature. The Group's exploration projects involve many risks and are frequently unsuccessful. Once a site with mineralisation is discovered (or acquired), it may take several years from the initial phases of drilling until production is possible. There is no assurance that current or future exploration programs will be successful. There is a risk that depletion of Ore Reserves will not be offset by discoveries or acquisitions.

### *Mining risks and insurance risks*

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, unavailability of materials and equipment, pit wall failures, rock bursts, seismic events,

# Directors' Report

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cave-ins and weather conditions (including flooding and bush fires), most of which are beyond the Group's control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on the Group's financial performance, liquidity and results of operation.

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, underground access, ambient rock temperature, 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.

The Group maintains insurance to cover the most common of these risks and hazards. The insurance is maintained in amounts that are considered reasonable depending on the circumstances surrounding each identified risk. However, property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards.

## *Production and cost estimates*

The Group prepares estimates of future production, cash costs and capital costs of production for its operations. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on the Group's future cash flows, profitability, results of operations and financial condition. The Group's actual production and costs may vary from estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the Ore Reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; revisions to mine plans; risks and hazards associated with mining; natural phenomena such as inclement weather conditions, water availability and floods; and unexpected labour shortages or strikes. Costs of production may also be affected by a variety of factors including: changing waste-to-ore ratios, ore grade metallurgy, labour costs, cost of commodities, general inflationary pressures and currency exchange rates.

## *Environmental, health and safety, and permits*

The Group's mining and processing operations and exploration activities are subject to laws and regulations governing the protection and management of the environment, water management, waste disposal, worker health and safety, mine development and rehabilitation and the protection of endangered and other special status species. The Group's ability to obtain permits and approvals and to successfully operate may be adversely impacted by real or perceived detrimental events associated with the Group's activities or those of other mining companies affecting the environment, human health and safety of the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect the Group's operations, including its ability to continue operations.

The Group has implemented health, safety and community initiatives at its sites to manage the health and safety of its employees, contractors and members of the community. While these control measures are in place there is no guarantee that these will eliminate the occurrence of incidents which may result in personal injury or damage to property. In certain instances such occurrences could give rise to regulatory fines and/or civil liability.

## *Risk management*

The Group manages the risks listed above, and other day-to-day risks through an established management framework which conforms to Australian and international standards and guidance. The Group's risk reporting and control mechanisms are designed to ensure strategic, operational, legal, financial, reputational and other risks are identified, assessed and appropriately managed. These are reviewed by the Audit and Risk Committee, supported by Management review throughout the year. The financial reporting and control mechanisms are reviewed during the year by management, the Audit and Risk Committee and the external auditors.

The site leadership teams, the executive leadership team and the Board regularly review the risk portfolio of the business and the effectiveness of the Group's management of those risks.

## **INTERESTS IN THE SHARES AND INCENTIVES OF THE GROUP**

As at the date of this report, the interests of the directors in the shares of the Group were:

Name	Role	Ordinary Shares	Rights
Josef El-Raghy	Chairman	33,174,710	-
Aaron Colleran	Managing Director	8,000,000	6,500,000
Brett Montgomery	Non-Executive Director	1,167,858	-
Tony Wolfe	Non-Executive Director	-	-
Jon Young	Non-Executive Director	507,143	-

# Directors' Report

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## CORPORATE STRUCTURE

AIC Mines Limited is a company limited by shares that is incorporated and domiciled in Australia.

## CAPITAL STRUCTURE

As at the date of this report the Group had 308,715,018 fully paid ordinary shares (31 December 2020: 68,715,018), and 7,650,000 performance rights on issue (31 December 2020: 7,275,000).

## STATEMENT REGARDING USE OF CASH AND ASSETS

The following information is provided in accordance with Listing Rule 4.10.19: From the time of the AIC's reinstatement to quotation to the ASX until 31 December 2021, the Group has used the cash and assets in a form readily convertible to cash, that it had at the time of reinstatement to quotation, in a way that is consistent with its business objectives at that time.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 1 November 2021, the Group completed the acquisition of the Eloise Copper Mine, located 155km from Mt Isa in Queensland. With this acquisition the Group's activities have expanded to include production activities in addition to its existing exploration project in Western Australia, and another new exploration project in New South Wales.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group is actively continuing its search for suitable exploration/mining ventures.

## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Group has agreements with each of the Directors and Officers of the Group in office at the date of this report and former Directors indemnifying them to the extent permitted by law against all liabilities incurred in their capacity as officers of the Group and its controlled entities and all reasonable legal costs incurred by any of them in the defence of an action for a liability incurred by that officer. The indemnity continues to have effect when the Directors and Officers cease to hold office.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability as such disclosures are prohibited under the terms of the contract.

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

## ROUNDING

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## REMUNERATION REPORT (AUDITED)

The Directors of the Group present the Remuneration Report for the Group for the year ended 31 December 2021. The information provided in this report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth) ("Corporations Act") and forms part of the Directors' Report.

The Remuneration Report sets out information relating to the remuneration of the non-executive directors of the Group and the executive director and management personnel of the Group, collectively termed, "Key Management Personnel" or "KMP", who are the persons primarily accountable for planning, directing, and controlling the affairs of the Group.

The following were KMP of the Group at any time during the reporting period and unless otherwise indicated were KMP for the entire period.

# Directors' Report

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## Directors

Josef El-Raghy	Chairman
Aaron Colleran	Managing Director and CEO
Brett Montgomery	Non-Executive Director
Tony Wolfe	Non-Executive Director
Jon Young	Non-Executive Director (appointed 2 November 2021)

## Management

Matthew Fallon	Chief Development Officer
Michael Frame	Chief Financial Officer (appointed 1 December 2021)

Other than as detailed above there are no other key management personnel of the Group.

### 1. Remuneration Committee

The Remuneration and Nomination Committee is responsible for determining and reviewing compensation arrangements for the directors and executives, in accordance with the Remuneration and Nomination Committee Charter. The affected director or executive will not participate in the decision-making process.

### 2. Use of Independent Remuneration Consultants

During the year ended 31 December 2021, an external consultant The Reward Practice was engaged to perform executive remuneration benchmarking. The remuneration recommendations were provided to the Remuneration and Nomination Committee as an input into decision making only. The Remuneration and Nomination Committee considered the recommendations, along with other factors, in making its remuneration decisions. The Reward Practice was paid \$13,090 for the advice it provided to the Remuneration and Nomination Committee as an independent consultant and there was no undue influence from KMP members on the advice provided.

### 3. Remuneration Policy

It is the Group's objective to provide maximum stakeholder benefit from the retention of high-quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions.

Remuneration packages will be reviewed at least annually, and retirement benefits or termination payments (other than notice periods) will not be provided or agreed other than in exceptional circumstances.

### 4. Non-Executive Director Remuneration

#### 4.1 Fixed Remuneration

The aggregate remuneration to non-executive directors will not exceed the maximum approved amount of \$750,000 per annum (approved by shareholders on 3 March 2008). The board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable by shareholders. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers fees paid to non-executive directors of comparable companies when undertaking the annual review as well as the time commitment involved. The non-executive directors during the financial year received a salary of \$40,000 per annum plus superannuation, whilst the non-executive Chairman received a salary of \$60,000 per annum plus superannuation. From 1 January 2021 the non-executive director salary for the chairman of the audit committee increased from \$40,000 to \$45,000 per annum plus superannuation. Non-executive directors are encouraged to hold shares in the Group; these are to be purchased by the director on market. It is considered good corporate governance for directors to have a stake in the Group on whose board he or she sits. Remuneration of non-executive directors for the year ended 31 December 2021 is disclosed in the remuneration section of this report.

#### 4.2 Variable Remuneration – Short Term Incentives

Non-executive directors do not receive performance-based bonuses for their membership of subsidiary boards or committees.

#### 4.3 Variable Remuneration – Long Term Incentives

During the financial year, the Group had no contractual obligations to provide long term incentives to non-executive directors.

# Directors' Report

## 5. Executive Remuneration

The objectives of the Executive Remuneration Strategy are to:

- provide market competitive levels of remuneration having regard to the level of work and the impact executives can potentially have on the performance of the business;
- attract, motivate, reward and retain a workforce capable of delivering the business plan and substantially growing the business;
- align performance incentives for executives with shareholder interests; and
- comply with the Group's standards of Corporate Governance.

Remuneration packages will be reviewed at least annually and will be amended when deemed appropriate given the Group's position and performance at the time.

### 5.1 Company Performance

The table below shows the Company's financial performance over the last 2 years

Performance Summary <sup>(1)</sup>	31 December 2021	31 December 2020
Closing Share Price	\$0.53	\$0.40
Profit/(loss) after tax \$'000	2,496	(6,837)
Net tangible asset per share	0.31	0.14

1. AIC Mines comparison period is presented for the last 2 years due the reverse acquisition of AIC Resources in 2019

### 5.2 Fixed Remuneration

#### Base remuneration benefits

Base pay is structured as a total employment cost package that may be delivered as a combination of cash and salary sacrifice superannuation at the executive's discretion.

Executives are offered, via formal written contracts, a competitive base pay that comprises a fixed cash component. The Managing Director received \$300,000 per annum inclusive of superannuation. From the 1 January 2022 following external benchmarking the Managing Director's fixed remuneration has increased to \$500,000 per annum inclusive of superannuation.

Base pay for executive KMP's excluding the Managing Director is set at \$250,000 per annum inclusive of superannuation. KMP's and executives remuneration is reviewed annually to ensure executives' pay is competitive with the market. There are no guaranteed base pay increases included in any senior executive's contracts.

### 5.3 Variable Remuneration

#### Short Term Incentive Bonus (STI)

KMP's are eligible for an annual short term incentive bonus ("STI") based on a percentage of Base Remuneration. Calculation and payment of any STI is determined at the discretion of the Board and may include consideration of the KMP's and the Group's performance for each financial year, against criteria such as financial and share price performance and the executive meeting key objectives. The STI may be paid in part or in full depending on the executive meeting such criteria and objectives, as determined by the Remuneration and Nomination Committee following an annual performance review. During the period there were no specific targets set for directors and KMPs as the Group was a junior explorer until the recent acquisition of their first producing asset, the Eloise copper mine. Payment of any STI is at the absolute discretion of the Board and is subject to approval by the Board. The Managing Director is eligible for up to 100% of Base Remuneration. Following a transformational year for the Group the Board approved the discretionary STI awards of 85% and 50% of Base Remuneration for the Managing Director and Chief Development Officer, respectively. The STI award amounts were paid in December 2021 and are reflected in the cash bonus column of the remuneration table in section 6 of this report.

#### Long Term Incentive Plan (LTI)

On 31 May 2019, shareholders approved the AIC Mines Limited Equity Participation Plan. ("EPP"). Under the EPP, executives may be offered the opportunity to subscribe for long term incentives in the form of performance rights or share options ("LTI") in order to increase the range of potential incentives available to the Group and to strengthen links between the Group and its employees. The EPP is designed to provide long term incentives to employees and to recognise their contribution to the Group's success. Under the Group's current circumstances, the Directors consider that the LTI's are a cost effective and efficient incentive for the Group as opposed to alternative forms of incentives such as cash bonuses or increased remuneration.

# Directors' Report

The purpose of the EPP is to:

- assist in the reward, retention, and motivation of employees;
- link the reward of employees to performance and the creation of shareholder value;
- align the interests of employees more closely with the interests of shareholders by providing an opportunity for employees to receive an equity interest in the form of options, performance rights and shares;
- provide employees with the opportunity to share in any future growth in value of the Group; and
- provide greater incentive for employees to focus on the Group's longer-term goals.

Executives are eligible for an initial and annual grant of LTI's based on a percentage of Base Remuneration. Calculation and grant of any LTI will be based on both the executive's and the Group's performance for each financial year, against criteria such as financial and share price performance and the executive meeting key objectives. The LTI's will vest in accordance with the performance rights vesting share price being achieved. Grant of any LTI's is at the absolute discretion of the Board and is subject to approval by the Board.

The Managing Director (subject to shareholder approval) and KMPs are eligible for an annual grant of long-term incentives in the form of performance rights at up to 100% of Base Remuneration. During the period there were no specific targets set for directors and KMPs as the Group was a junior explorer until the recent acquisition of their first producing asset, the Eloise copper mine. During the period no LTI's were granted to KMP.

## 6. Remuneration of Directors and the Executive of the Group

Details of the remuneration of directors and other key management personnel of AIC Mines Limited for the year ended 31 December 2021 are set out in the following tables. Please refer to Note 23 of the consolidated financial report for further detail.

31 December 2021	Short-term employee benefits		Post-employment benefits	Long-term Entitlement	Share Based Payments	
Name	Salary and fees	Cash bonus	Superannuation	AL & LSL <sup>(5)</sup>	Performance Rights	Total
	\$	\$	\$			\$
<i>Non- Executive Directors</i>						
J El-Raghy	60,000	-	5,850	-	-	65,850
B Montgomery	45,000	-	4,388	-	-	49,388
T Wolfe	43,900	-	-	-	-	43,900
J Young <sup>(1)</sup>	6,667	-	666	-	-	7,333
<b>Sub-total NED</b>	<b>155,567</b>	<b>-</b>	<b>10,904</b>	<b>-</b>	<b>-</b>	<b>166,471</b>
<i>Executive Director</i>						
A Collieran <sup>(7)</sup>	277,369	255,000	22,631	23,773	112,222	690,995
<b>Other KMP</b>						
M Fallon <sup>(2)(8)</sup>	208,766	124,790	20,611	17,606	28,129	399,902
M Frame <sup>(3)</sup>	18,939	-	1,894	1,457	-	22,290
<b>Total<sup>(4)(6)</sup></b>	<b>660,641</b>	<b>379,790</b>	<b>56,040</b>	<b>42,836</b>	<b>140,351</b>	<b>1,279,658</b>

1. Jon Young was appointed to the Board on 2 November 2021
2. Matt Fallon was recognised as a KMP on 1 January 2021
3. Michael Frame was appointed to the Chief Financial Officer role on 1 December 2021
4. Premium for Director's liability insurance is not included in the remuneration table above
5. AL & LSL benefits represented the amounts of annual leave and long service leave accrued in the period
6. There were no termination payments paid during the year
7. Cash bonus of 85% of base salary awarded as STI and 40% as amortisation of share based payments
8. Cash bonus of 50% of base salary awarded as STI and 13% as amortisation of share based payments

Other than what is disclosed in the table above, no director or KMP received any additional compensation in the financial year ended 31 December 2021.

# Directors' Report

31 December 2020	Short-term employee benefits		Post-employment benefits	Share Based Payments	
Name	Salary and fees	Cash bonus	Superannuation	Performance Rights	Total
	\$	\$	\$		\$
<i>Non- Executive Directors</i>					
J El-Raghy	60,000	-	5,700	-	65,700
B Montgomery	40,000	-	3,800	-	43,800
T Wolfe	43,800	-	-	-	43,800
<b>Sub-total NED</b>	<b>143,800</b>	<b>-</b>	<b>9,500</b>	<b>-</b>	<b>153,300</b>
<i>Executive Director</i>					
A Colleran <sup>(3)</sup>	249,485	-	21,348	86,820	357,653
<b>Total <sup>(1)</sup></b>	<b>393,285</b>	<b>-</b>	<b>30,848</b>	<b>86,820</b>	<b>510,953</b>

1. Premium for Director's liability insurance is not included in the remuneration table above.
2. There were no termination payments paid during the year
3. No cash bonus was awarded and 35% of base salary was awarded as share based payments

Other than what is disclosed in the table above, no director or executive received any additional compensation in the financial year ended 31 December 2020.

## Rights held, awarded, vested, and lapsed during the year

There were no new performance rights granted, vested or lapsed during the current year for KMPs. The tables below disclose the number of performance rights held, granted, vested, or lapsed during the current and comparative periods.

Year ended 31 December 2021										
KMP	Incentives awarded	Award date	Fair value per incentive at award date	Vesting date (any time up until)	Vesting price <sup>(1)</sup> 60-day VWAP	Expiry date	# vested during the year	# lapsed during the year	Value of rights granted during the year	Value of rights exercised during the year
A Colleran	2,000,000	3 Jun 19	\$0.14	11 Feb 21	\$0.30	3 Jun 34	Vested 2019	-	-	-
	2,000,000	3 Jun 19	\$0.12	11 Feb 22	\$0.40	3 Jun 34	Vested 2019	-	-	-
	2,000,000	3 Jun 19	\$0.16	11 Feb 23	\$0.60	3 Jun 34	-	-	-	-
	500,000	21 Dec 20	\$0.29	1 Dec 23	\$0.60	1 Dec 23	-	-	-	-
M Fallon <sup>(2)</sup>	250,000	4 Oct 19	\$0.22	4 Oct 22	\$0.60	4 Oct 22	-	-	-	-
	100,000	21 Dec 20	\$0.29	1 Dec 23	\$0.60	1 Dec 23	-	-	-	-
<b>Total</b>	<b>6,850,000</b>									
Year ended 31 December 2020										
KMP	Incentives awarded	Award date	Fair value per incentive at award date	Vesting date (any time up until)	Vesting price <sup>1</sup> 60-day VWAP	Expiry date	# vested during the year	# lapsed during the year	Value of rights granted during the year	Value of rights exercised during the year
A Colleran	2,000,000	3 Jun 19	\$0.14	11 Feb 21	\$0.30	3 Jun 34	Vested 2019	-	-	-
	2,000,000	3 Jun 19	\$0.12	11 Feb 22	\$0.40	3 Jun 34	Vested 2019	-	-	-
	2,000,000	3 Jun 19	\$0.16	11 Feb 23	\$0.60	3 Jun 34	-	-	-	-
	500,000	21 Dec 20	\$0.29	1 Dec 23	\$0.60	1 Dec 23	-	-	\$73,500 <sup>(3)</sup>	-
<b>Total</b>	<b>6,500,000</b>								<b>\$73,500</b>	

1. Vesting price represents the share price that must be exceeded on 60-day VWAP basis, at which point the rights will vest with no fee payable to exercise vested rights.
2. Matt Fallon was recognised as a KMP on 1 January 2021.
3. This is the final value of the grant of rights post the Annual General Meeting held in 2021.

## Termination and redundancy

In the event of termination by the Group without cause the Group is required to provide the Managing Director 12 months notice of termination while for the Chief Development Officer this period is 12 weeks and for the Chief Financial Officer this period is 6 weeks.

## 6.1 Directors and Executive services agreements

The Group has entered into the following agreements with the Directors and Executives

Josef El-Raghy

- Letter of Appointment – Director fee (dated 18 April 2019) - \$60,000 + superannuation per annum

# Directors' Report

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- Deed of Access and Indemnity (dated 17 April 2019)

## Aaron Collieran

- Executive Service Agreement (dated 17 April 2019) - \$250,000 per annum including superannuation which increased to \$300,000 per annum including superannuation from 1 August 2020 and increasing to 500,000 from 1 January 2022 (see 5.2 in Directors' Report)
- Deed of Access and Indemnity (dated 17 April 2019)

## Brett Montgomery

- Letter of Appointment – Director fee (dated 18 April 2019) - \$40,000 + superannuation per annum (subsequently increased by Board Resolution to \$45,000 + superannuation per annum effective 1 January 2021)
- Deed of Access and Indemnity (dated 17 April 2019)

## Tony Wolfe

- Letter of Change to Non-Executive Director Fees – Director fee (dated 30 April 2019, effective 1 May 2019) - \$40,000 + superannuation per annum
- Deed of Access, Insurance and Indemnity (dated 15 November 2016)

## Jon Young

- Letter of Appointment - Director fee (dated 22 October 2021) - \$40,000 + superannuation per annum
- Deed of Access, Insurance and Indemnity (dated 22 October 2021)

## Matt Fallon

- Employment Contract (dated 6 September 2019) - \$200,000 per annum including superannuation increasing to \$250,000 from June 2021

## Michael Frame

- Employment contract (dated 30 November 2021) - \$250,000 per annum including superannuation

Apart from the details disclosed above, no director has entered into a material contract with the Group since the end of the financial period, and there were no material contracts involving directors' interests at period end.

## End of Remuneration Report



# Directors' Report

## Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director was as follows:

	Audit & Risk Committee		Remuneration & Nomination Committee		Board of Directors	
	A	B	A	B	A	B
Josef El-Raghy	2	2	1	1	7	7
Aaron Colleran	2	2	1	1	7	7
Brett Montgomery	2	2	1	1	7	7
Tony Wolfe	2	2	1	1	7	7
Jon Young	0	0	1	1	1	1

A = number of meetings attended.

B = number of meetings held during the time the Director held office during the year or was a committee member.

In addition, during the year the directors approved eleven (9) circular resolutions which were signed by all directors of the Group.

## Committee Membership

The role of the Audit and Risk, Remuneration and Nomination Committees are carried out in accordance with the appropriate charters. The Board considers that no efficiencies or benefits would be gained by establishing separate committees and therefore, at present these Committees currently comprise of the full board.

## Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of AIC Mines Limited support and have adhered to the principles of corporate governance. The Group's Corporate Governance Statement is contained in this annual report.

## Proceedings on behalf of the Group

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Group with leave of the court under section 237 of the Corporations Act 2001.

## Non-Audit Services

During the year, the Group's auditors, Ernst & Young, provided services in addition to the statutory audit, as disclosed in Note 27 to the financial statements. The directors are satisfied that the provision of the non-audit service is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, and that the nature of the non-audit service meant that auditor independence was not compromised.

No other non-audit services were provided by Ernst & Young during the year ended 31 December 2021.


## Auditor

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

## Auditor Independence

Section 370C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of the Group with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is disclosed on page 18 of this report and forms part of this Directors' Report for the year ended 31 December 2021.

Signed in accordance with a resolution of the directors.



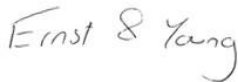
Mr Aaron Colleran  
Managing Director and CEO  
14 March 2022

## Auditor's Independence Declaration to the Directors of AIC Mines limited

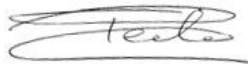
As lead auditor for the audit of the financial report of AIC Mines Limited for the financial year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AIC Mines Limited and the entities it controlled during the financial year.



Ernst & Young



Philip Teale  
Partner  
14 March 2022

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2021

		31 December 2021 \$'000	31 December 2020 \$'000
	Notes		
Sales revenue	6(c)	25,037	-
Cost of sales	6(c)	(10,651)	-
		<b>14,386</b>	-
Other income/(expense)	6(b)	(9)	252
Directors, employee and consultant benefits expense		(1,477)	(789)
Corporate and administration costs	6(c)	(1,240)	(760)
Exploration and evaluation costs	6(c)	(5,342)	(4,249)
Transaction costs	18	(2,321)	-
Integration and restructure		(315)	-
Depreciation and amortisation expense	6(b)	(2,410)	(35)
Fair value Profit/(loss) on financial assets	11	1,379	(1,136)
Profit on sale of plant & equipment	13	4	-
Share based payment expense	22	(159)	(120)
<b>Profit/(loss) before income tax expense</b>		<b>2,496</b>	<b>(6,837)</b>
Income tax expense / (benefit)	7	-	-
<b>Net Profit/(loss) for the year after tax</b>		<b>2,496</b>	<b>(6,837)</b>
			-
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>2,496</b>	<b>(6,837)</b>
<b>Total comprehensive income/(loss) for the year is attributable to:</b>			
Owners of AIC Mines Limited		<b>2,496</b>	<b>(6,837)</b>
<b>Earnings/(loss) per share</b>			
Basic earnings/(loss) per share	19	<b>0.023</b>	<b>(0.115)</b>
Diluted earnings/(loss) per share	19	<b>0.021</b>	<b>(0.115)</b>

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021

		31 December 2021	31 December 2020
	Notes	\$'000	\$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	29,259	5,066
Prepayments		280	243
Trade and other receivables	9	1,267	368
Inventories	10	10,329	-
Financial assets at fair value through profit and loss	11	7,024	2,566
<b>Total Current Assets</b>		<b>48,159</b>	<b>8,243</b>
<b>Non-Current Assets</b>			
Performance bond	12	6,799	-
Property Plant and equipment	13	20,657	39
Mine properties and exploration	14	18,754	1,653
<b>Total Non-Current Assets</b>		<b>46,210</b>	<b>1,692</b>
<b>Total Assets</b>		<b>94,369</b>	<b>9,935</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	15	13,755	1,083
Provisions	16	3,555	136
<b>Total Current Liabilities</b>		<b>17,310</b>	<b>1,219</b>
<b>Non-Current Liabilities</b>			
Provisions	16	7,867	-
<b>Total Non-Current Liabilities</b>		<b>7,867</b>	<b>1,219</b>
<b>Total Liabilities</b>		<b>25,177</b>	<b>1,219</b>
<b>Net Assets</b>		<b>69,192</b>	<b>8,716</b>
<b>Equity</b>			
Issued capital	17	83,689	25,868
Share based payment reserve		851	692
Accumulated losses		(15,348)	(17,844)
<b>Total Equity</b>		<b>69,192</b>	<b>8,716</b>

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2021

		31 December 2021	31 December 2020
	Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		18,608	-
Payments to suppliers, employees and contractors		(10,336)	(5,540)
Payments for transaction and integration costs		(2,636)	-
Interest received		16	32
Other income		242	100
Net cash inflow/(outflow) from operating activities	8	5,894	(5,408)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	13	(1,374)	(27)
Payments for mine property and exploration	14	(4,849)	-
Proceeds from sale of property, plant and equipment		3	-
Payments for acquisition of exploration properties	14	-	(10)
Proceeds from disposal of listed investments		3,020	845
Payments for acquisition of Eloise Copper Mine	18	(9,523)	-
Net cash (outflow)/inflow from investing activities		(12,723)	808
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	17	40,000	4,681
Payment of share issue costs	17	(2,179)	(328)
Payment to establish performance bond		(6,799)	-
Unclaimed shareholder monies held in trust		-	(109)
Net cash from financing activities		31,022	4,244
Net increase in cash and cash equivalents		24,193	(356)
Cash and cash equivalents at beginning of the year		5,066	5,422
<b>Cash and cash equivalents at end of the year</b>	8	<b>29,259</b>	<b>5,066</b>

The accompanying notes form part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2021

	Issued capital \$'000	Accumulated Profit/(loss) \$'000	Share based payment reserve \$'000	Total Equity \$'000
<b>At 1 January 2020</b>	21,515	(11,007)	572	11,080
<i>Profit or loss and other comprehensive income</i>				
Net (loss) for the period	-	(6,837)	-	(6,837)
Total comprehensive (loss)	-	(6,837)	-	(6,837)
<i>Transactions with owners</i>				
Issue of shares (note 17)	4,681	-	-	4,681
Share issue costs (note 17)	(328)	-	-	(328)
Share based payment expense	-	-	120	120
<b>Balance at 31 December 2020</b>	25,868	(17,844)	692	8,716
<i>Profit or loss and other comprehensive income</i>				
Net profit for the period	-	2,496	-	2,496
Total comprehensive Profit	-	2,496	-	2,496
<i>Transactions with owners</i>				
Issue of shares (note 17)	60,000	-	-	60,000
Share issue costs (note 17)	(2,179)	-	-	(2,179)
Share based payment expense	-	-	159	159
<b>Balance at 31 December 2021</b>	<b>83,689</b>	<b>(15,348)</b>	<b>851</b>	<b>69,192</b>

The accompanying notes form part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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## 1. REPORTING ENTITY

AIC Mines Limited ("AIC" or "the Company") is a for profit company domiciled in Australia and publicly listed on the Australian Stock Exchange (ASX). The Company was incorporated on 9 June 1993. The address of the Company's registered office is A8, 435 Roberts Road, Subiaco WA 6008. The nature of the operations and principal activities of the Company are described in the Directors' Report.

The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements were authorised for issue by the directors on 14 March 2022 in accordance with a resolution of the directors.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

This financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial report also complies with the International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board (IASB).

The financial report has been presented in Australian dollars and all values are rounded to the nearest \$1,000 (\$'000) unless otherwise stated. The accounting policies have been consistently applied by all entities included in the Group and are consistent with those applied in the prior year except for changes arising from adoption of new accounting standards which have been separately disclosed.

### (b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis with the exception of investments at fair value through profit or loss (note 11).

### (c) Functional and presentation currency

These financial statements are presented in Australian dollars \$, which is the Group's functional currency.

### (d) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AIC Mines Limited as at 31 December 2021 and the results of all subsidiaries for the year then ended. Subsidiaries are all those entities (including special purpose entities) over which the Group has control. Control over an entity exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through the power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised Profits on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (e) Going concern basis of preparation

The Group incurred a net profit after income tax of \$2.5 million for the year ended 31 December 2021 (2020: net loss after income tax of \$6.84 million) and a net cash inflow of \$24.19 million (2020: outflow of \$0.35 million). As at 31 December 2021, the Group had cash and cash equivalents of \$29.26 million (2020: \$5.07 million).

Given the strong financial position of the Group at the date of signing the financial report, the directors are satisfied that there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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## (f) Changes in accounting policies

There have been no significant changes to the accounting policies adopted by the Group in the preparation of the financial report. Certain new accounting standards became effective in the current period but they did not have a material impact on the Group. There are also new accounting standards and interpretations that were issued but are not yet applicable until future periods and are not expected to have a material impact on the entity in future reporting periods.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies detailed below have been consistently applied throughout the period presented, unless otherwise stated.

### a) Cash and cash equivalents

Cash comprises cash at bank and on hand and deposits held at call with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### b) Property Plant and Equipment

Property Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of operational assets is calculated using a diminishing value method based on production levels over the ore reserve life of the operation. Depreciation of other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment:	2 to 4 years
Computer equipment:	2 years

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profits and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

The directors have considered the economic life of plant and equipment with due regard to the physical life limitations. The estimated remaining useful life for all such assets is reviewed regularly with annual re-assessments being made for major items.

### c) Mining properties and exploration

#### *Mine properties*

Mine properties include aggregate expenditure in relation to mine construction, mine development, exploration and evaluation expenditure where a development decision has been made and acquired mineral interests.

Expenditure incurred in constructing a mine by, or on behalf of, the Group is accumulated separately for each area of interest in which economically recoverable reserves and resources have been identified. This expenditure includes direct costs of construction, drilling costs and removal of overburden to access the ore, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads.

Mine development represents expenditure in respect of near-mine exploration and evaluation, overburden removal based on underlying mining activities and related mining data and construction costs and development incurred by or on behalf of the Group previously accumulated and carried forward in relation to properties in which mining has now commenced. Such expenditure comprises direct costs and an appropriate allocation of directly related overhead expenditure.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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All expenditure incurred prior to commencement of production from each development property is carried forward to the extent to which recoupment out of future revenue from the sale of production, or from the sale of the property, is reasonably assured. When further development expenditure is incurred in respect of a mine property after commencement of commercial production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are reasonably assured, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of mine development being amortised

Stripping (waste removal) costs are incurred both during the development phase and production phase of operations. Stripping costs incurred during the development phase are capitalised as mines under construction. Stripping costs incurred during the production phase are generally considered to create two benefits:

- The production of ore inventory in the period - accounted for as a part of the cost of producing those ore inventories; or
- Improved access to the ore to be mined in the future - recognised under producing mines if the following criteria are met:
  - Future economic benefits (being improved access to the ore body) associated with the stripping activity are probable;
  - The component of the ore body for which access has been improved can be accurately identified; and
  - The costs associated with the stripping activity associated with that component can be reliably measured.

The amount of stripping costs deferred is based on the life of component ratio which is obtained by dividing the amount of waste tonnes mined by the quantity of copper tonnes contained in the ore for each component of the mine. Stripping costs incurred in the period are deferred to the extent that the actual current period waste to contained copper tonnes ratio exceeds the expected 'life of component' ratio.

A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity and is determined based on mine plans. An identified component of the ore body is typically a subset of the total ore body of the mine. Each mine may have several components, which are identified based on the mine plan.

The deferred stripping asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the ore within an identified component, plus an allocation of directly attributable overhead costs.

The deferred stripping asset is depreciated over the expected useful life of the identified component of the ore body that is made more accessible by the activity, on a units of production basis. Economically recoverable reserves are used to determine the expected useful life of the identified component of the ore body.

## ***Amortisation***

The Group uses the units of production basis when amortising mine development assets which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. The change in ore reserves and mineral resources driving the remaining life of mine production are accounted for prospectively when amortising existing mine development assets.

## ***Exploration and evaluation***

All greenfield exploration and evaluation costs incurred by or on behalf of the Group up to the establishment of a commercially viable mineral deposit (as approved by the Board) are expensed as incurred except for the cost of acquiring exploration properties (where the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale), and the near mine exploration costs at existing assets which are capitalised to mine properties.

### **d) Inventories**

Ore stockpiles, metal in circuit, metal in transit and concentrate are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods. If the stockpile is not expected to be processed within 12 months after reporting date, it is included in non-current assets.

Materials and supplies are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and a provision is made for any potential loss on their disposal.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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## e) Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered previous impairment are reviewed for possible reversal of the impairment at each reporting date.

## f) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid as at the balance sheet date. They are initially recognised at fair value and subsequently measured at amortised cost. The amounts are unsecured and are usually paid within thirty days of recognition.

## g) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

## h) Employees Benefits

### ***Wages and salaries, annual leave and sick leave***

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date, are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

### ***Long service leave***

The liability for long service leave expected to be settled within twelve months of the reporting date is recognised in the current provision for employee benefits and is measured in accordance with the above. The liability for long service leave expected to be settled more than twelve months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### ***Termination benefits***

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after reporting date are discounted to present value.

### ***Employee benefit on-costs***

Employee benefit on-costs, including payroll tax and contributions to the employee's defined contributions superannuation plan, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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## i) Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on a classification of current or non-current.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets not classified as current are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities not classified as current as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## j) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control over an entity exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through the power over the investee. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred; plus the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all assets acquired and all liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the Profit is recognised in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

## k) Share capital – transaction costs

Transaction costs of an equity transaction relating to the raising of new share capital or other transactions with owners of the Group such as the buyback of shares, or return of capital are accounted for as a deduction from equity, net of any recoverable income tax benefit applicable.

## l) Revenue and other income

### *Revenue recognition*

Revenue from the sale of goods, is recognised when there has been a transfer of risks and rewards to the customer and no further processing is required by the Group, the quality and quantity of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. The point at which risk and title passes for concentrate sales is generally upon receipt of the bill of lading when the commodity is delivered for shipment. Revenue is measured at the fair value of the consideration received or receivable.

The terms of metal in concentrate sales contracts with third parties, contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (quotation period).

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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Adjustments to the sales price occur based on movements in quoted marked prices up to the date of final settlement. The period between provisional invoicing and final settlement is typically between one and three months. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable.

## **Interest**

Interest revenue is recognised as it accrues using the effective interest method.

## **Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

## **Other income**

Other income includes the proceeds from the disposal of non-current assets and Profits resulting from non-recurring or non-standard transactions. Proceeds from the disposal of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The Profit or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs). A Profit is realised when there is a measurable increase in equity to the Group that arises from peripheral transactions not in the ordinary course of business.

## **m) Taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Any additional income tax expense that arises from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised.

The Group does not distribute non-cash assets as dividends to its shareholders.

AIC Mines Limited and its wholly owned Australian resident companies formed a tax consolidated group effective from 1 October 2010. Newly incorporated companies are added to the tax consolidated group. Consequently, all members of the tax consolidated group are taxed as a single entity from this point in time.

## **n) Financial assets**

### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

## ***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost;
- financial assets at fair value through OCI with recycling of cumulative Profits and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative Profits and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

The Group does not currently have any financial assets classified to either of the fair value through OCI categories.

## ***Financial assets at amortised cost***

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for the payment of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Profits and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables.

## ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminated, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed and unlisted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

## ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

## ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## **o) Financial Liabilities**

### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

In both the current and prior period, the Group's only financial liabilities were trade and other payables which are measured at amortised cost.

### ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

## **p) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

In valuing financial instruments, the Group uses the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

## **q) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax authority are classified as operating cash flows.

## **r) Earnings per share**

### ***Basic earnings per share***

Basic earnings per share is calculated by dividing the result attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

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## ***Diluted earnings per share***

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## **s) Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## **4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

### **(a) Significant accounting estimates and judgements**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities with the next annual reporting period are:

#### ***Net Realisable value of Inventory***

Net realisable value involves significant judgements and estimates in relation to the selling price in the ordinary course of business less estimates costs of completion and estimated costs necessary to make the sale.

#### ***Units of production method of amortisation***

The Group uses the units of production basis when amortising mine development assets which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions. The changes in ore reserves are accounted for prospectively when amortising existing mine development assets.

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

The Group estimates its Ore Reserves and Mineral Resources each year and reports based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources (JORC Code 2012). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying amount of mine development (including exploration and evaluation assets), the provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of amortisation charged to the statement of profit or loss.

#### ***Employee Benefits***

Management judgement is required in determining the future probability of employee departures and period of service used in the calculation of long service leave.

#### ***Impairment of capitalised exploration and evaluation expenditure***

The future recoverability of any capitalised exploration and evaluation expenditure (i.e., capitalised exploration and evaluation acquired or developed) is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

#### ***Impairment of deferred consideration receivable***

The future recoverability of all receivable balances is assessed at each period end. Refer to note 11 for further detail in relation to the deferred consideration receivable from Vulcan Copper Limited ("Vulcan"). Vulcan has failed to make any repayments since Feb 2019 and has not paid any of the interest due on the balance since 14 October 2019. AIC has been unable to resolve the non-payment through consultation with Vulcan but continues to consider remedial actions available to the Group.

During the year ended 31 December 2019, the Directors made the decision to fully impair the value of the asset given the failure of the counterparty to meet its payment obligations and uncertainty in relation to resolution of the matter. While AIC intends to

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FOR THE YEAR ENDED 31 DECEMBER 2021

exhaust all avenues to recover value from this transaction, there have not been any developments in the year ended 31 December 2021 which would indicate any change in the decision to fully impair the value of the asset.

## Deferred Tax

Judgement is required to determine whether deferred tax assets are recognised in the Balance Sheet. Management assesses the likelihood that the Group will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws. These assessments require the use of estimates such as commodity prices and operating performance over the life of the assets. To the extent that cash flows and taxable income differ significantly from estimates, the Group's ability to realise the deferred tax assets reporting could be impacted.

## 5. SEGMENT REPORTING

The Group operates in one geographical area being Australia and operates in the mining industry for the year to 31 December 2021. The Chief Operating Decision Makers are the Board of Directors and management of the Group. There are two operating segments identified being mining and exploration and corporate activities in Australia based on internal reports reviewed by the Chief Operating Decision Makers in assessing performance and allocation of resources. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements. The Group's operational mine site and exploration activities are each treated as individual operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. All of the revenue in the mining segment is the sale of concentrate to one customer (31 December 2020: nil).

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation (EBITDA) which is a non IFRS number.

	Mining \$'000	Exploration and Corporate \$'000
<b>Segment information for 31 December 2021</b>		
Sales revenue	25,037	-
EBITDA	14,165	(6,590)
	Mining \$'000	Exploration and Corporate \$'000
<b>Segment information for 31 December 2020</b>		
Sales revenue	-	-
EBITDA	-	(6,835)
	December 2021 \$'000	December 2020 \$'000
<b>Reconciliation of EBITDA to profit before income tax</b>		
EBITDA Mining segment	14,165	
EBITDA Exploration and corporate	(6,637)	(6,835)
Group EBITDA	7,528	(6,835)
Depreciation and Amortisation	(2,410)	(34)
Transaction and integration costs	(2,636)	-
Interest	14	32
Profit before income tax	<b>2,496</b>	<b>(6,837)</b>



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

## 6. REVENUE AND EXPENSES

	31 December 2021 \$'000	31 December 2020 \$'000
<b>(a) Revenue from contracts with customers</b>		
Concentrate Sales	27,263	-
Sale Deductions	(2,226)	-
	<b>25,037</b>	<b>-</b>
<b>(b) Other income/(expense)</b>		
Net Profit/(loss) on commodity price and currency exchange	(220)	-
All grants	127	220
Other	84	32
	<b>(9)</b>	<b>252</b>
<b>(c) Expenses</b>		
<u>Cost of Sales</u>		
Mine Operating Costs	9,229	-
All Royalty and transport costs	1,422	-
	<b>10,651</b>	<b>-</b>
<u>Exploration and Corporate Expenses</u>		
Exploration activities	3,240	1,778
Employees/contractors	1,352	2,050
Tenement costs (rates, rents, native title etc)	779	632
Compliance	499	297
Business development	68	183
Other	644	606
	<b>6,582</b>	<b>5,546</b>
<u>Depreciation and Amortisation</u>		
Mining Properties	900	-
Property Plant and Equipment	1,510	35
	<b>2,410</b>	<b>35</b>

## 7. INCOME TAX

	31 December 2021 \$'000	31 December 2020 \$'000
Current tax on profit for the period	(1,161)	-
Deferred tax	1,161	-
Adjustments for current tax of prior periods	-	-
	<b>-</b>	<b>-</b>
<b>Reconciliation of tax expense to prima facie tax payable</b>	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) before income tax	2,496	(6,837)
Tax (expense)/ benefit at the statutory income tax rate 30%	(749)	2,051
Adjustment for impact of non-temporary differences	(411)	(506)
Movement of income tax benefit not brought to account	1,160	(1,545)
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020
	\$'000	\$'000
<b>Deferred tax balances</b>		
Accruals	-	(18)
Mine properties and exploration	(3,423)	-
Employee provisions	1,160	-
Rehabilitation provision	2,266	-
Share issue costs	600	-
Transaction costs	557	-
Recognised tax losses	-	18
Deferred tax balances from temporary differences	1,160	-
Derecognising deferred tax assets	(1,160)	-
<b>Deferred tax assets / (liabilities)</b>	<b>-</b>	<b>-</b>

	31 December 2020	Recognised in profit & loss	Recognised in equity	Recognised on business combinations	31 December 2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Accruals	(18)	18			-
Mine properties and exploration		(439)		(2,984)	(3,423)
Employee provisions		442		718	1,160
Rehabilitation provision				2,266	2,266
Share issue costs		14	586		600
Transaction costs		557			557
Deferred tax not recognised	18	(592)	(586)		(1,160)
<b>Deferred tax assets / (liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Group has \$63.3 million (31 December 2020: \$62.9 million) in unrecognised gross revenue losses consisting of group losses of \$18.2 million (31 December 2020: \$22.0 million) and transferred losses subject to available fractions of \$45.1 million (31 December 2020: \$45.1 million). There are also \$198.4 million (31 December 2020: \$198.4 million) in available gross capital losses for income tax purposes. The aggregate deferred tax benefit for the losses has not been carried forward as an asset in the Statement of Financial Position yet as realisation of the benefit is not yet regarded as probable and will only be obtained if:

- (a) the Group derives future assessable income of a nature and amount sufficient to enable the benefit from the tax losses to be realised;
- (b) the Group continues to comply with the conditions for deductibility imposed by the tax law; and
- (c) no changes in tax legislation adversely affect the Group in realising the benefit from the tax losses.

## 8. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
	\$'000	\$'000
<b>(i) Cash and cash equivalents</b>		
Cash at bank and on hand	29,259	5,066
	<b>29,259</b>	<b>5,066</b>

The above figures are shown as cash and cash equivalents at the end of the financial year in the cash flow statement. Cash at bank includes interest-bearing amounts.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

## (ii) Reconciliation of Profit/(loss) after tax to net cash flows from operations

	31 December 2021 \$'000	31 December 2020 \$'000
Profit/(loss) for the year	2,496	(6,837)
<b>Adjustments to reconcile Profit/(loss) to net cash flows from operating activities:</b>		
Depreciation charge to profit and loss	2,410	35
(Profit)/loss on investments	(1,379)	1,136
Profit on sale of property, plant and equipment	(4)	-
Share based payment expense	159	120
Unclaimed shareholder monies returned	-	109
<b>Operating Profit/(loss) before changes in working capital and provisions</b>	<b>3,682</b>	<b>(5,437)</b>
Changes in operating assets & liabilities:		
Decrease/(increase) in prepayments	82	(51)
Increase in receivables	(894)	(313)
Increase in inventories (net of depreciation charge to inventory)	(2,999)	-
Increase in accrued revenue	(6,098)	-
Increase in trade and other payables	10,782	325
Increase in employee benefits	1,290	-
Increase in provisions	49	68
<b>Net cash flows used in operating activities</b>	<b>5,894</b>	<b>(5,408)</b>

## 9. TRADE AND OTHER RECEIVABLES

		31 December 2021 \$'000	31 December 2020 \$'000
Trade debtors		198	132
Diesel fuel rebate		656	-
GST receivable		413	234
Interest receivable		-	2
Deferred consideration receivable	9a	5,696	5,696
Impairment of deferred consideration receivable	9a	(5,696)	(5,696)
		<b>1,267</b>	<b>368</b>

Due to the short-term nature of the trade and other receivables, their carrying value is assumed to approximate their fair value.

### (a) Deferred consideration receivable

The deferred consideration receivable of \$5.7 million (US\$4.0 million) owed to the Group by Vulcan Copper Limited ('Vulcan') relates to the sale of the Mumbwa and Kitumba copper projects located in Zambia, completed on 14 February 2019 for cash consideration of US\$5 million.

Since 28 February 2019, Vulcan has failed to make any repayments of the deferred consideration and has not paid any of the interest due. During the year ended 31 December 2019 a decision was made by the Board to fully impair the value of the receivable and not to recognise the interest owing on the deferred consideration.

The Group continues to exhaust all avenues to recover value from this transaction. There have not been any developments in the year ended 31 December 2021 which would indicate any change in the decision to fully impair the value of the asset.

## 10. INVENTORIES

	31 December 2021 \$'000	31 December 2020 \$'000
Inventory stores	4,179	-
Ore stockpile inventory	3,119	-
Metal in circuit and finished goods	3,031	-
	<b>10,329</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

Ore stockpile inventory and metal in circuit and finished goods is physically measured and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods.

Inventory stores are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to stock items identified.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	31 December 2021 \$'000	31 December 2020 \$'000
Trade receivables at fair value through profit and loss	6,098	-
Fair value of listed shares in Kalium Lakes Limited (KLL)	-	975
Fair value of unlisted options over shares in KLL	96	282
Fair value of listed shares in Ausgold Resources Limited (AUC)	830	830
Fair value of listed shares in Rumble Resources Limited (RTR)	-	479
	<b>7,024</b>	<b>2,566</b>

The fair value movement of these financial assets held at fair value through profit and loss for the period was a Profit of \$1,379,000 (2020: loss of \$1,136,000) which included the sale of the group's holdings in KLL and RTR.

### a) Fair value hierarchy

The Group held the following financial instruments measured at fair value:

	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non- market observable inputs (Level 3)	Total
				\$'000
<b>Financial Assets at fair value through profit and loss</b>				
<b>31 December 2021</b>				
Trade receivables at fair value through profit and loss	-	6,098	-	<b>6,098</b>
Listed shares	830	-	-	<b>830</b>
Unlisted options	-	96	-	<b>96</b>
	<b>830</b>	<b>6,194</b>	-	<b>7,024</b>
<b>31 December 2020</b>				
Listed shares	2,284	-	-	2,284
Unlisted options	-	282	-	282
	2,284	282	-	2,566

### b) Unlisted options

The Group holds 5 million options to acquire shares (options) in KLL. The options have an exercise price of \$0.36 each and will expire on 30 June 2025.

The options were valued using the Monte Carlo pricing method, using 56% volatility (2020: 56%), the prevailing government interest rate reflecting the relevant term to maturity at each balance date, and no discount.

### c) Transfer between categories

There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement during the period.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

## d) Trade receivables at fair value through profit and loss

Trade receivables relate to concentrate sale contracts still subject to price adjustments where the final consideration to be received will be determined based on prevailing London Metals Exchange (LME) metal prices at the final settlement date. Receivables still subject to price adjustments at balance date are fair valued by estimating the present value of the final settlement price using the LME forward metals prices at balance date. The fair value takes into account relevant other fair value considerations including any relevant credit risk.

The table above illustrates the classification of the Group's financial instruments based on the fair value hierarchy. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

## 12. PERFORMANCE BOND

	31 December 2021 \$'000	31 December 2020 \$'000
Performance bond	6,799	-

The performance bond is in relation to the rehabilitation provision for Eloise copper mine (acquired through the year) and has been placed with Macquarie Bank.

## 13. PROPERTY PLANT AND EQUIPMENT

	31 December 2021 \$'000	31 December 2020 \$'000
Cost	23,182	227
Accumulated depreciation	(2,525)	(188)
<b>Net carrying amount</b>	<b>20,657</b>	<b>39</b>
At beginning of year, net carrying amount	39	46
Fair value of assets acquired through acquisition of Eloise Copper Mine (note 18)	21,590	-
Additions – cost	1,374	28
Disposals – cost	(10)	-
Disposals – accumulated depreciation	10	-
Depreciation charge to inventory	(836)	-
Depreciation charge to profit and loss	(1,510)	(35)
<b>At end of year, net carrying amount</b>	<b>20,657</b>	<b>39</b>

The useful life of the assets was estimated between 2 and 4 years for both 2021 and 2020.

## 14. MINE PROPERTIES AND EXPLORATION

	31 December 2021 \$'000	31 December 2020 \$'000
Balance at beginning of the period	1,653	1,643
Acquisition of tenements	-	10
Acquisition of Eloise Copper Mine (note 18)	13,760	-
Mine development additions	4,849	-
Depreciation charge to inventory	(608)	-
Depreciation charge to profit and loss	(900)	-
<b>Total mine properties and exploration</b>	<b>18,754</b>	<b>1,653</b>

For the current period no costs were capitalised for the acquisition of tenement rights. In the comparative period, \$10,000 was capitalised reflecting the payment made to acquire the tenement rights for E52/3768.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas. As at 31 December 2021 there are no indicators of impairment under AASB 6 related to Deferred Exploration Expenditure.

The Group also has farm-in and joint venture agreements in relation to the following projects: Doolgunna (refer ASX announcement 4 June 2018), Curara Well (refer ASX announcement 20 August 2020) and Lamil (refer ASX announcement 22 July 2019). Expenditure incurred under these agreements is recorded as exploration expenditure in the statement of comprehensive income, consistent with the accounting policy in relation to expenditure on exploration properties.

## 15. TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
	\$'000	\$'000
Trade payables	4,294	527
Accruals	6,822	533
GST payable	749	-
Contingent payment – Eloise acquisition (note 18)	1,890	-
Other creditors	-	23
	<b>13,755</b>	<b>1,083</b>

Trade payables and other creditors are non-interest bearing and are normally settled on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Accruals include stamp duty payable on the acquisition of Eloise to the Queensland Revenue Office, accrued royalty, goods and services received not yet invoiced audit and tax compliance services, and legal costs in relation to Canadian based litigation and resolution of the deferred consideration receivable.

## 16. PROVISIONS

	31 December 2021	31 December 2020
	\$'000	\$'000
<b>Current</b>		
Employee benefits	3,555	136
	<b>3,555</b>	<b>136</b>
<b>Non-current</b>		
Employee benefits	313	-
Rehabilitation provision	7,554	-
	<b>7,867</b>	<b>-</b>

### Employee benefits

The provision for employee benefits represents wages and salaries, annual leave and long service leave entitlements.

### Rehabilitation provision

As a result of the Eloise Copper Mine the Group has recognised the rehabilitation provision which includes the dismantling and removal of mining plant, equipment and building structures, waste removal and restoration, reclamation and revegetation of affected areas of the site in accordance with the requirements of the mining permits. No change in the rehabilitation amount has been incurred since acquisition.

A performance bond (note 12) totalling \$6.8 million is in relation to the rehabilitation provision for Eloise copper mine (acquired through the year) and has been placed with Macquarie Bank.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

## 17. ISSUED CAPITAL

	December 2021	
	Number	\$'000
<b>Issued capital at beginning of year as at 1 January 2021</b>	68,715,018	25,868
Issue of shares – capital raising <sup>1</sup>	160,000,000	40,000
Costs in relation to issue of shares – capital raising net of tax	-	(2,179)
Issue of shares – Eloise sale agreement (note 18)	80,000,000	20,000
<b>Issued capital at end of year as at 31 December 2021</b>	<b>308,715,018</b>	<b>83,689</b>

<sup>1</sup> Completion of the capital raising activities in relation to the issue of shares was outlined in an ASX announcement dated 26 October 2021

	December 2020	
	Number	\$'000
<b>Issued capital at beginning of year as at 1 January 2020</b>	52,000,272	21,515
Issue of shares <sup>2</sup>	16,714,746	4,681
Cost of Issue – acquisition shares	-	(328)
<b>Issued capital at end of year as at 31 December 2020</b>	<b>68,715,018</b>	<b>25,868</b>

<sup>2</sup> The capital raising activities in relation to the issue of shares was outlined in an ASX announcement dated 6 July 2020 and completed as follows:

- Private Placement, Tranche 1 - 6,785,714 fully paid ordinary shares at a price of \$0.28 per share, issued on 13 July 2020
- Entitlement Offer - 7,429,032 fully paid ordinary shares at a price of \$0.28 per share, 5,957,898 issued on 31 July 2020 and 1,471,134 issued on 5 August 2020
- Private Placement, Tranche 2 - 2,500,000 fully paid ordinary shares at a price of \$0.28 per share, issued on 5 August 2020

There were no other significant movements in equity after the 2021 reporting period until the lodgement of this report.

### Terms and conditions of contributed equity

#### Ordinary shares (including escrowed shares)

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. As per the *Corporations Act 2001*, the Group does not have authorised capital and ordinary shares do not have a par value.

## 18. BUSINESS COMBINATIONS

On 1 November the Group completed the acquisition of Eloise copper mine located 155km from Mt Isa, Queensland, from FMR Investments Ltd. The operation comprises an underground mine and processing plant.

Details of the purchase consideration and the net assets acquired are as follows:

	Purchase consideration
	\$
Shares issued to FMR Investments Ltd	20,000,000
Cash <sup>1</sup>	9,523,000
Contingent consideration <sup>2</sup>	1,890,000
	<b>31,413,000</b>

1. Cash paid comprised \$5.0 million for the initial acquisition and a working capital adjustment totalling \$5.4 million.
2. Contingent consideration payable of \$2.0 million (discounted at 12% to \$1.89 million) is payable should a concentrate production milestone be achieved by 30 April 2022, and this has been included in Trade and Other Payables (note 15).

Transaction costs relating to the acquisition of Eloise copper mine totalling \$2.3 million, incurred during the year have been expensed in the income statement.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

Costs incurred during the year in relation to the equity raising, used to fund the acquisition were capitalised and netted against the equity raised.

The assets and liabilities recognised as a result of the acquisition are recognised on a provisional basis and are as follows:

	Provisional purchase price allocation
Net assets acquired:	\$'000
Other receivables	123
Ore stockpile inventory	1,777
Inventory – stores	4,110
Property, plant & equipment	21,590
Mine properties and exploration	13,760
Employee provisions	(2,393)
Rehabilitation provision	(7,554)
<b>Fair value of net assets acquired</b>	<b>31,413</b>

Revenue and profit for the 2 months, November and December 2021 for Eloise copper mine totalled \$25.0 million and \$12.3 million, respectively. Eloise copper mine was acquired from FMR Investments Ltd (a private company) and based on the latest published audited financial statements for the 12 months ended 30 June 2021 (in substitution for 31 December 2021), the effects on revenue and profit for the Group would have been an additional \$132.0 million and \$18.9 million, respectively.

Pursuant to AASB 3, *Business Combinations*, all the initial accounting for the acquisition is determined only on a provisional basis at 31 December 2021 given the acquisition occurred near to year end. The Group will recognise any adjustments to those provisional values including any tax adjustments required as a result of completing the initial accounting within 12 months of the acquisition date.

## 19. EARNINGS/(LOSS) PER SHARE

	31 December 2021	31 December 2020
Basic earnings / (loss) per share – cents per share	0.023	(0.115)
Diluted earnings / (loss) per share – cents per share	0.021	(0.115)
<b>Earnings per share used in the calculation of basic and diluted earnings per share</b>		
Profit after tax / (loss) attributable to the owners of the parent	<b>2,496,000</b>	<b>(6,837,000)</b>
Weighted average number of ordinary shares (basic)	110,797,210	59,319,556
Effect of dilutive securities <sup>(1)</sup>	7,138,698	-
Adjusted weighted average number of ordinary shares used in calculating the diluted earnings per share	117,935,908	-

1. *Performance rights have been included in the determination of diluted earnings per share*

Basic earnings / (loss) per share is calculated by dividing the after-tax profit or net loss for the period by the weighted average number of ordinary shares outstanding during the period.

As at 31 December 2021 the Group had 7,150,000 unlisted performance rights (31 December 2020: 7,275,000) and no listed options (31 December 2020: Nil) on issue.

There have been no transactions involving ordinary shares or potential ordinary shares subsequent to the balance date that would significantly change the number of ordinary shares or potential ordinary shares outstanding for the reporting period.

## 20. COMMITMENTS

### (a) Exploration Expenditure Commitment

In order to maintain the Group's interest in mining tenements, the Group is committed to meet the minimum expenditure conditions under which the tenements were granted. These amounts change annually and are also based on whether extensions of term are granted for each tenement. The amounts disclosed below represent expenditure commitments for tenements owned



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

by the Group and those covered by earn in arrangements. The disclosure also assumes that all tenements will be renewed at the relevant milestone date.

	31 December 2021 \$'000	31 December 2020 \$'000
Within 1 year	2,348	2,611
After 1 year but not more than 5 years	12,895	12,300
	<b>15,243</b>	<b>14,911</b>

## **(b) Lease Expenditure Commitment**

The Group maintains some short-term leases that are less than twelve months and therefore applies the short-term exemption and records these leases over a straight-line basis in profit or loss.

There are no other known commitments or contingencies as at 31 December 2021.

## **21. FINANCIAL RISK MANAGEMENT**

The Group's principal financial instruments comprise of cash and short-term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 8, 9 and 11 to the financial statements.

The Group manages its exposure to a variety of financial risks: market risk (including commodity risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk in accordance with the approved Company policies. Primary responsibility for the identification and control of financial risks rest with the Board. The Board reviews and agrees policies for managing each of the risks identified.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through cash flow forecasting.

### **Price risk**

The Group is currently exposed to the risk of fluctuations in prevailing market commodity prices for copper, gold, and silver which are produced from its copper mine. The Group is also exposed to market share price movements on its equity investments at fair value.

The following table outlines the effect on the results and equity for 31 December 2021 of a 5% increase or decrease in the average achieved sales copper price of \$13,346/t for the Eloise Copper Mine in November and December 2021.

Effect on profit and equity or 31 December 2021	\$'000
5% increase in average sales copper price	1,213
5% decrease in average sales copper price	(1,213)

### **Interest rate risk**

The Group's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Board. The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss. During the financial year, the Group has managed its cash assets by entering into a fixed interest term deposits to maximise its cash balance.

### **Foreign currency risk**

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group is reviewing its procedures to manage their foreign exchange risk against their functional currency and is measured using sensitivity analysis and cash flow forecasting.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

## Credit risk

Credit risk arises in the event the counterparty will not meet its obligations under a financial instrument leading to financial losses. The Group is exposed to credit risk from its operating activities, financing activities including deposits with banks and receivables. The credit risk control procedures adopted by the Group is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets in the Statement of Financial Position.

## Credit Quality of Financial Assets

	S&P Credit rating				
	AAA	A1+	A1	A2	Unrated
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 31 December 2021</b>					
Cash and cash equivalents	29,259	-	-	-	-
Trade and other receivables at amortised cost					1,267
Trade and other receivables at fair value through P&L	-	-	-	-	6,098
<b>As at 31 December 2020</b>					
Cash and cash equivalents	5,066	-	-	-	-
Trade and other receivables	-	-	-	-	134

## Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The Group's liquidity needs can be met through a variety of sources, including cash generated from metal sales, interest accrued on cash balances, short- and long-term borrowings and issue of equity instruments. Alternatives for sourcing our future capital needs include our current cash position, future operating cash flow, project debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. As at 31 December 2021, the Group's financial liabilities have contractual terms of less than 6 months.

## Capital risk management

The Group's capital management objectives are:

- To safeguard the business as a going concern;
- To maximise potential returns for shareholders through minimising dilution; and
- To retain an optimal debt to equity balance in order to minimise the cost of capital.

The Group may issue new shares or sell assets to reduce debt in order to maintain the optimal capital structure.

## 22. SHARE BASED PAYMENTS

### Comparative period

On 13 February 2020, the Group awarded 250,000 performance rights to an eligible employee in conjunction with their employment agreement with AIC Mines. These performance rights will vest and convert to fully paid ordinary shares at any time up to 13 October 2023 when the 60-day VWAP of the Group's share price is \$0.60 or more.

On 21 December 2020, the Group awarded a further 775,000 performance rights to eligible employees as a result of annual performance reviews. These performance rights will vest and convert to fully paid ordinary shares at any time up to 1 December 2023 when the 60-day VWAP of the Group's share price is \$0.60 or more.

The performance rights were valued at each grant date using a Monte-Carlo simulation model (60% volatility and government interest rate relevant to the respective vesting periods) The value is amortised on a straight-line basis over the vesting period. Current period amortisation is recognised as share-based payment expense in the statement of comprehensive income.

The performance rights awarded on 21 December 2020 included 500,000 performance rights awarded to Aaron Collieran (MD/CEO) which were subject to shareholder approval at the next annual general meeting. In relation to Aaron's incentives pending shareholder approval, a preliminary valuation was performed at 31 December 2020. These performance rights are amortised over the service period from the award date of 21 December 2020, with current period amortisation being \$1,000.

# Notes to the Consolidated Financial Statements

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## Current period

The performance rights previously awarded to Aaron Colleran (MD/CEO) on 21 December 2020 received shareholder approval at the annual general meeting held on 21 May 2021. A revised valuation of these performance rights has been performed as of the approval date. This did not result in a material change in the valuation of the performance rights which continue to be amortised over the service period from the award date of 21 December 2020.

On 30 July 2021, the Group awarded 250,000 performance rights to a non-KMP in conjunction with their employment agreement with AIC Mines. These performance rights will vest and convert to fully paid ordinary shares at any time up to 30 July 2024 when the 60-day VWAP of the Group's share price is \$0.60 or more.

The performance rights were valued at grant date using a Monte-Carlo simulation model (60% volatility and government interest rate relevant to the respective vesting periods). The value is amortised on a straight-line basis over the vesting period. Current period amortisation is recognised as share-based payment expense in the statement of comprehensive income net of the tax effects (if applicable).

Award date	Incentives awarded	Fair value per incentive at award date	Vesting date (any time up until)	Vesting price 60-day VWAP	Expiry date	# vested during the year	Value of rights granted during the year
<b>31 December 2021</b>							
30-Jul-21	250,000	\$0.15	30-Jul-24	\$0.60	30-Jul-24	-	\$36,750
21-Dec-20	500,000	\$0.15	1-Dec-23	\$0.60	1-Dec-23	-	-
21-Dec-20	150,000	\$0.29	1-Dec-23	\$0.60	1-Dec-23	-	-
4-Oct-19	250,000	\$0.22	4-Oct-22	\$0.60	4-Oct-22	-	-
3-Jun-19	2,000,000	\$0.14	11-Feb-21	\$0.30	3-Jun-34	Vested 2019	-
3-Jun-19	2,000,000	\$0.12	11-Feb-22	\$0.40	3-Jun-34	Vested 2019	-
3-Jun-19	2,000,000	\$0.16	11-Feb-23	\$0.60	3-Jun-34	-	-
<b>Total</b>	<b>7,150,000</b>						<b>\$36,750</b>
<b>31 December 2020</b>							
21-Dec-20	775,000	\$0.20	1-Dec-23	\$0.60	1-Dec-23	-	\$152,975
13-Feb-20	250,000	\$0.16	13-Feb-23	\$0.60	13-Feb-23	-	\$38,750
4-Oct-19	250,000	\$0.22	4-Oct-22	\$0.60	4-Oct-22	-	-
3-Jun-19	2,000,000	\$0.14	11-Feb-21	\$0.30	3-Jun-34	Vested 2019	-
3-Jun-19	2,000,000	\$0.12	11-Feb-22	\$0.40	3-Jun-34	Vested 2019	-
3-Jun-19	2,000,000	\$0.16	11-Feb-23	\$0.60	3-Jun-34	-	-
<b>Total</b>	<b>7,275,000</b>						<b>\$191,725</b>

## 23. RELATED PARTY TRANSACTIONS

### (a) Parent entity

Parent entity disclosures in note 24 reflect AIC Mines Limited.

### (b) Subsidiaries

Interests in subsidiaries are set out in note 25. Disclosures within this note are also based on the corporate structure of the group from a legal perspective with AIC Mines Limited as the ultimate parent entity.

### (c) Key management personnel

Key management personnel (KMP) comprise the Board of Directors, the Managing Director, Chief Development Officer and Chief Financial Officer.

KMP compensation comprised the following:

	December 2021	December 2020
	\$	\$
Short term benefits	1,040,431	393,285
Post-employment benefits	56,040	30,848
Long term entitlements	42,836	-
Share based payments	140,351	86,820
	<b>1,279,658</b>	<b>510,953</b>

### (d) Share Based Payments

Refer to note 22 in relation to disclosure of share-based payments awarded to Aaron Colleran (MD/CEO). There have not been any share-based payments awarded to other related parties in either the current or comparative periods.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

Apart from the details disclosed in the Remuneration Report, no director or other related party has entered into a material contract with the Group since the end of the financial year, and there were no material contracts involving directors' interests at year end.

## (f) Agreement with shareholder

The Group has a contract with FMR Investments Pty Ltd for the provision of corporate services to assist with the transition of the Eloise Copper Mine following its acquisition from FMR Investments. This agreement is due to expire on 31 March 2022.

In addition, there has not been any other material change in related parties or related party transactions.

## 24. PARENT ENTITY DISCLOSURES

The parent entity for legal purposes is AIC Mines Limited.

	31 December 2021 \$'000	31 December 2020 \$'000
Profit / (loss) for the period	(7,480)	(3,598)
Other comprehensive income for the period	-	-
	<b>(7,433)</b>	<b>(3,598)</b>
<b>Financial position of the parent entity at period end</b>		
Current assets	30,195	6,763
Total assets	58,301	7,059
Current liabilities	2,635	1,202
Total liabilities	9,666	8,924
<b>Total equity of the parent entity comprising of:</b>		
Share capital	289,326	231,504
Accumulated losses	(241,542)	(234,062)
Share based payment reserve	851	693
Total equity	48,635	(1,865)
<b>Parent entity commitments</b>		
Within one year	514	476
One year or later and no later than five years	2,896	2,656
Total operating commitments	<b>3,410</b>	<b>3,132</b>

## 25. SUBSIDIARIES

	Country of Incorporation	31 December 2021	31 December 2020
African Investments Pty Limited	Australia	100%	100%
AIC Copper Pty Ltd <sup>1</sup>	Australia	100%	-
AIC Resources Limited	Australia	100%	100%
Blackthorn Resources Pty Limited	Australia	100%	100%
Emperor Mines Pty Limited	Australia	100%	100%
Nantou Mining Limited B.V.	Netherlands	100%	100%

1. Incorporated on 16 June 2021

## 26. DEED OF CROSS GUARANTEE

AIC Mines Limited, AIC Copper Pty Ltd and AIC Resources Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The companies identified above represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by AIC Mines Limited.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

The Consolidated Balance Sheet, Consolidated Statement of Profit or Loss and Other Comprehensive Income, and summary of movements in consolidated retained earnings for the year ended 31 December 2021 of the closed group is materially equal to the Consolidated Balance Sheet, Consolidated Statement of Profit or Loss and Other Comprehensive Income, and Consolidated Statement of Changes in Equity of the Group.

## 27. AUDITORS' REMUNERATION

	31 December 2021 \$	31 December 2020 \$
<b>Audit of statutory financial reports</b>		
Audit and review of AIC Mines Limited	187,200	42,640
<b>Fees for other services</b>		
Tax compliance and advice	43,000	22,012
<b>Total fees to auditor of the Group</b>	<b>230,200</b>	<b>64,652</b>

## 28. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

# Directors' Declaration

FOR THE YEAR ENDED 31 DECEMBER 2021

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In accordance with a resolution of the directors of AIC Mines Limited, I state that:

1. In the opinion of the directors:
  - (a) the financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year ended on that date; and
    - (ii) complying with Australian Accounting Standards) and the *Corporations Regulations 2001*;
  - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
  - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
  - (d) as at the date of this declaration, there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries
2. This declaration has been made after receiving the declarations required to be made to the directors from the chief executive and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2021.

On behalf of the Board



Mr Aaron Colleran  
Managing Director and CEO

14 March 2022

## Independent auditor's report to the members of AIC Mines Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of AIC Mines Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

## Valuation of trade receivables

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Note 12 of the financial report, concentrate sales are subject to a quotational pricing period at 31 December 2021. During the quotational pricing period, the consideration from the sale of concentrate is adjusted for changes in the commodity prices, with the final consideration determined based on the prevailing commodity price at the end of the quotational pricing period.</p> <p>As revenue is recognised prior to the completion of the quotational pricing period, trade receivables are subject to quotational pricing adjustments and are required to be measured at fair value through profit or loss under Australian Accounting Standards.</p> <p>In determining the fair value of trade receivables, a key input is the expected commodity prices at the completion of the quotational pricing period, which is based on market forward prices. Given changes in market forward prices can significantly impact the fair value of trade receivables and the unrealised price adjustment, being a gain or loss, recognised in the consolidated profit or loss statement, this was considered a key audit matter.</p>	<p>In completing our audit procedures, we:</p> <ul style="list-style-type: none"> <li>► Read the contract with the customer to understand the key terms.</li> <li>► Assessed the methodologies, inputs and assumptions used by the Group in determining the fair value of trade receivables subject to quotational pricing.</li> <li>► Compared observable inputs in the Group's valuation model, such as quoted prices, to externally available market data.</li> <li>► Agreed quantities sold to receiving reports from the customer to confirm delivery of goods.</li> <li>► Recalculated the fair value measurement of trade receivables still subject to quotational pricing adjustments as at 31 December 2021, using 31 December 2021 forward market prices.</li> <li>► Evaluated the adequacy of the disclosures within the financial report.</li> </ul>

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibilities of the directors for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report in the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of AIC Mines Limited for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in dark ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in dark ink that appears to read 'Philip Teale'.

Philip Teale  
Partner  
Perth  
14 March 2022

# ASX Company Information

**Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows.** The information is current as at 18 February 2022.

## SUBSTANTIAL SHAREHOLDER INFORMATION (HOLDING MORE THAN 5%)

The name of the substantial holder in the Group and the number of equity securities to which the substantial holder and the substantial holder's associates have a relevant interest, as disclosed in the substantial holding notices given to the Group as at 18 February 2022 and the directors' interest notices are as follows.

Substantial shareholders	Fully Paid Ordinary Shares	
Name	Shares	Percentage
FMR Investments Pty Ltd, Peter Mervyn Bartlett and Ronald George Sayers and their associates (FMR Group)	80,250,000	25.99%
Nordana Pty Ltd; El-Raghy Kriewaldt Pty Ltd; El-Raghy Pty Ltd and Mr Josef El-Raghy	33,174,710	10.75%
Brahman Pure Alpha Pte Ltd and Brahman Capital Management Pte Ltd	17,847,615	5.78%
<b>Total</b>	<b>131,272,325</b>	<b>42.52%</b>

## TOP 20 SHAREHOLDERS OF QUOTED SECURITIES

	Quoted Securities - Fully Paid Ordinary Shares	
Shareholder	Number	% Held
FMR INVESTMENTS PTY LIMITED	80,000,000	25.91
EL-RAGHY KRIEWALDT PTY LTD	25,746,138	8.34
CITICORP NIOMINEES PTY LIMITED	20,459,659	6.63
ABN AMRO CEARING SYNEY NOMINEES PTY LTD <CUSTODIAN A/C>	17,847,665	5.78
MCCUSKER HOLDINGS PTY LTD	13,375,000	4.33
HSB CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,810,771	3.83
NATIONAL NOMINEES LIMITED	9,924,168	3.21
GOLD ELEGANT (HK) INVESTMENT LIMITED	8,814,287	2.86
MR AARON MARK COLLERAN	8,000,000	2.59
NORDANA PTY LTD	7,428,572	2.41
UBS NOMINEES PTY LTD	7,073,850	2.29
BNP PARIBAS NOMS PTY LTD <DRP>	6,486,521	2.10
BMP CAPITAL LIMITED	6,000,000	1.94
WROXBY PTY LTD	6,000,000	1.94
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	5,960,788	1.93
AEGP SUPER PTY LTD <AEGP SUPERANNUATION FUND A/C>	4,150,000	1.34
PRECISION OPPORTUNITIES FUND LTD <INVESTMENT A/C>	3,000,000	0.97
GOLDCREST CORPORATION PTY LTD	2,600,000	0.84
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,000,000	0.65
GOLDRICH HOLDINGS PTY LTD <GOLDRICH INVESTMENT A/C>	2,000,000	0.65
<b>Total Top 20 holders of Ordinary Fully Paid Shares</b>	<b>248,677,419</b>	<b>80.55</b>

# ASX Company Information

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## DISTRIBUTION OF FULLY PAID SHARES

Range	No. of Holders	No. of Fully Paid Ordinary Shares	% Issued Capital
1 - 1,000	245	74,459	0.02
1,001 - 5,000	430	1,102,656	0.36
5,001 - 10,000	168	1,373,146	0.44
10,001 - 100,000	461	14,271,389	4.62
100,001 and over	121	291,893,368	94.55
<b>Total</b>	<b>1,425</b>	<b>308,715,018</b>	<b>100.00</b>

As at 18 February 2022, there were 215 shareholders with less than a marketable parcel of 747 fully paid shares.

## VOTING RIGHTS

Every holder of ordinary shares has the right to receive notices of, to attend and to vote at general meetings of the Group. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

## CANADIAN SHAREHOLDERS

The Group advises that is a designated foreign issuer as that term is defined in National Instrument 71-102 – Continuous Disclosure and other Exemptions Relation to Foreign Issuers and it is subject to the foreign regulatory requirements of the Australian Securities Exchange.

# Corporate Governance Statement

The Group has adopted appropriate systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Group's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Group's needs.

The information in this Statement is current as at 31 December 2021 and has been approved by the Board of the Group.

Unless otherwise disclosed, the Group has adopted the ASX Corporate governance Council's *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council (**Recommendations**) for the full year to 31 December 2021.

The Group's policies and charters were updated effective 1 January 2020 to take into account the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (4th Edition)*.

In light of the Group's size and nature, the Board considers that the current Board composition and structure is a cost effective and practical method of directing and managing the Group. As the Group's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed. The various Charters and Policies mentioned below can be found on the Group's website via the following link <https://www.aicmines.com.au/investors/corporate-governance/>.

In accordance with ASX Listing Rule 4.10.3, the Group is required to disclose the extent to which it has followed the Principles and Recommendations during the financial year. The Group's compliance with and departures from the Principles and Recommendations are set out below.

Principles and Recommendations		Compliance	Comment
1.	<b>Lay solid foundations for management and oversight</b>		
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Complies	The Board Charter (available on the Group's website at <a href="https://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a> ) adopted by the board outlines the role and responsibilities of the Board, as well as the role and responsibility of management. The board delegates responsibility for the day-to-day operations and administration of the Group to the Managing Director.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complies	The board has procedures in place to select suitable candidates with suitable experience to ensure a balanced and effective board. The Board Charter adopted by the board outlines the pre-appointment procedures undertaken when appointing new directors and undertakes to provide sufficient information to allow shareholders to make an informed decision on whether or not to elect or re-elect a director. Full details of current directors are outlined in the directors' report contained within this Annual Report.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	As per the Board Charter, new directors receive a Letter of Appointment which sets out the terms of their appointment. Senior executives are also presented with an Executive Service Agreement which sets out the terms, rights, responsibilities and any entitlements. Please refer to the Remuneration Report for the key terms of the agreements with directors and senior executive.
1.4	The company secretary of a listed entity should be accountable directly to the	Complies	All directors have access to the Group Secretary who is accountable directly to the board, through the Chair, on all matters to do with the proper

# Corporate Governance Statement

	board, through the chair, on all matters to do with the proper functioning of the board.		functioning of the board. Please refer to the Board Charter.												
1.5	<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	Complies	<p>A dedicated Diversity Policy has been adopted by the board. On 13 December 2021, the board set measurable objectives for achieving gender diversity. Below is a list of the objectives and the progress to 31 December 2021.</p> <table><tr><th>Measurable Objective</th><th>Progress</th></tr><tr><td>Adoption and promotion of a Formal Diversity Policy</td><td>✓ Adoption complete. Promotion ongoing.</td></tr><tr><td>To ensure Company policies are aligned with the goals of the Diversity Policy</td><td>✓ Complete.</td></tr><tr><td>To provide flexible work and salary arrangements to accommodate family commitments, study, cultural traditions and other personal choices of current and potential employees</td><td>✓ In place. Ongoing.</td></tr><tr><td>To provide professional development and training opportunities for all employees</td><td>✓ In place. Ongoing.</td></tr><tr><td>Actively review our job advertisements to remove gender bias</td><td>✓ In place. Ongoing.</td></tr></table> <p>The Group has not at this time, implemented measurable objectives regarding the proportion of females to be employed or appointed to Board positions. The Board will consider doing so when more appropriate to the size and nature of the Group's operations.</p> <p>As at 31 December 2021, the respective proportions of men and women were: -</p> <p>(a) On the board was 100% men and 0% women;</p> <p>(b) In senior executive positions was 83% men and 17% women (outside the board); and</p> <p>(c) Across the whole organization (including directors, contract geologists / field hands etc.) was 88% men and 12% women.</p>	Measurable Objective	Progress	Adoption and promotion of a Formal Diversity Policy	✓ Adoption complete. Promotion ongoing.	To ensure Company policies are aligned with the goals of the Diversity Policy	✓ Complete.	To provide flexible work and salary arrangements to accommodate family commitments, study, cultural traditions and other personal choices of current and potential employees	✓ In place. Ongoing.	To provide professional development and training opportunities for all employees	✓ In place. Ongoing.	Actively review our job advertisements to remove gender bias	✓ In place. Ongoing.
Measurable Objective	Progress														
Adoption and promotion of a Formal Diversity Policy	✓ Adoption complete. Promotion ongoing.														
To ensure Company policies are aligned with the goals of the Diversity Policy	✓ Complete.														
To provide flexible work and salary arrangements to accommodate family commitments, study, cultural traditions and other personal choices of current and potential employees	✓ In place. Ongoing.														
To provide professional development and training opportunities for all employees	✓ In place. Ongoing.														
Actively review our job advertisements to remove gender bias	✓ In place. Ongoing.														
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation</p>	Complies	<p>The Board is responsible for assessing its performance each year and examining ways of performing its duties more effectively. The process for evaluating the performance of the Board, its committees and individual directors during the year involved all board members in office for the full year completing a board performance assessment questionnaire, rating 62 statements out of five, about the Board's role, the people, the procedures</p>												

# Corporate Governance Statement

	has been undertaken in accordance with that process during or in respect of that period.		and practices, and the behaviours of the Board. The responses were combined, presented to the Board and discussed at a Remuneration and Nomination Committee meeting held 13 December 2021. Future technical Board membership requirements on the change in nature and scale of activities of the Group are being considered.
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	Complies	<p>Details of the principles used to determine executive remuneration and performance are set out in the Remuneration Report contained within this Annual Report.</p> <p>Performance evaluations were undertaken during the year, with an evaluation of all senior executives occurring in December 2021 in accordance with the process described.</p>
<b>2.</b>	<b>Structure the board to be effective and add value</b>		
2.1	<p>The board of a listed entity should:</p> <p>(a) Have a nomination committee which:-</p> <p>(1) Has at least three members, a majority of whom are independent directors; and</p> <p>(2) Is chaired by an independent director; and disclose</p> <p>(3) The charter of the committee;</p> <p>(4) The members of the committee; and</p> <p>(5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Does not comply	<p>The Group has a Remuneration and Nomination Committee made up of all five directors, none of which are considered independent.</p> <p>The Remuneration and Nomination Committee is chaired by Mr Tony Wolfe who is not the Chair of the board.</p> <p>The Remuneration and Nomination Committee Charter is available for review on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a></p> <p>Details of the number of meetings of the Remuneration and Nomination Committee are outlined in the directors' report contained within this Annual Report.</p>



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2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	Complies	<p>The board's composition and the experience and qualification of each board member is disclosed in the Directors' Report. With the Group's activities currently in the form of mining and mineral exploration, the Board considers that the key desired skillsets are mining, geological and technical expertise, and sound corporate management. The board is of the opinion that the skills and expertise provided by its current composition is appropriate. Future technical skillset requirements are being considered.</p> <p>The Board Charter adopted by the board defines the skills matrix of the board and senior management. In addition, management reviewed the internal Board Skills Matrix in December 2021. Below is a summary of the Board Skills Matrix.</p> <table><tr><th>Experience and Skills</th><th>Number of Directors (out of 5)</th></tr><tr><td><b>Industry knowledge / experience</b></td><td></td></tr><tr><td>Industry</td><td>4</td></tr><tr><td>Sector</td><td>5</td></tr><tr><td>Broad public policy direction</td><td>3</td></tr><tr><td>Government legislation/legislative process</td><td>2</td></tr><tr><td><b>Technical skills / experience</b></td><td></td></tr><tr><td>Accounting / Finance</td><td>5</td></tr><tr><td>Law</td><td>1</td></tr><tr><td>Marketing</td><td>5</td></tr><tr><td>Information technology</td><td>1</td></tr><tr><td>Public relations</td><td>4</td></tr><tr><td>Developing and implementing risk management systems</td><td>3</td></tr><tr><td>Human resource management</td><td>4</td></tr><tr><td>CEO / senior management</td><td>4</td></tr><tr><td>Strategy development and implementation</td><td>3</td></tr><tr><td><b>Governance competencies</b></td><td></td></tr><tr><td>Director – medium organisation (10 to 99 employees)</td><td>4</td></tr><tr><td>Director – large organisation (100+ employees)</td><td>3</td></tr></table>	Experience and Skills	Number of Directors (out of 5)	<b>Industry knowledge / experience</b>		Industry	4	Sector	5	Broad public policy direction	3	Government legislation/legislative process	2	<b>Technical skills / experience</b>		Accounting / Finance	5	Law	1	Marketing	5	Information technology	1	Public relations	4	Developing and implementing risk management systems	3	Human resource management	4	CEO / senior management	4	Strategy development and implementation	3	<b>Governance competencies</b>		Director – medium organisation (10 to 99 employees)	4	Director – large organisation (100+ employees)	3
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Financial literacy	4														
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Executive performance management – management of the CEO	2														
Governance related risk management experience	3														
Compliance focus	3														
Profile / reputation	3														
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Complies	<p>The board does not comprise of any independent directors. Each director has an interest, position, association or relationship of the type described in Box 2.3.</p> <p>The board considers that both its structure and composition are appropriate given the size of the Group and that the interests of the Group and its shareholders are well met.</p> <p>The board believes that the individuals on the board can make, and do make, quality and independent judgements in the best interests of the Group on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the board meeting before commencement of discussion on the topic.</p> <p>The names and length of service of the directors are detailed in the Directors Report contained within this Annual Report.</p>												
2.4	A majority of the board of a listed entity should be independent directors.	Does not comply	<p>The board does not comprise a majority of independent directors.</p> <p>The board considers that both its structure and composition are appropriate given the size of the Group and that the interests of the Group and its shareholders are well met.</p> <p>The board believes that the individuals on the board can make, and do make, quality and independent judgements in the best interests of the Group on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the board meeting before commencement of discussion on the topic.</p>												
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Does not comply	<p>Mr El-Raghy, who is not considered independent, currently holds the position of Non-Executive Chairman which does not comply with the Recommendations.</p> <p>While the board considers the importance of a division of responsibility and independence at the head of the Group, the existing structure is</p>												

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			considered appropriate and provides a unified leadership structure. Mr El-Raghy is an integral force behind the establishment of the Group and its current growth and direction. The board considers that, at this stage of the Group's development, he is able to bring quality and independent judgement to all relevant issues, and the Group benefits from his long-standing experience of its operations and business relationships.
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Complies	<p>As per the Board Charter, upon appointment, new Directors are subject to relevant induction procedures to provide the incoming individual with sufficient knowledge of the entity and its operating environment to enable them to fulfil their role effectively.</p> <p>In order to achieve continuing improvement in board performance, all directors are encouraged to undergo continuing professional development. However, the Group does not have a program for professional development for its directors. Members of the board are expected to provide for their own professional development.</p>
<b>3.</b>	<b>Instil a culture of acting lawfully, ethically and responsibly</b>		
3.1	A listed entity should articulate and disclose its values.	Complies	The board has adopted a Statement of Values. A copy of the Statement is available on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a>
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	Complies	The board has adopted a Code of Conduct for directors, senior executives and employees. The Code sets out the reporting procedure. A copy of the Code is available on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a> .
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Complies	The board has adopted a Whistle-blower Policy. The Policy sets out the reporting procedure. A copy of the Policy is available on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a>
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	Complies	The board has adopted an Anti-Bribery and Corruption Policy. The Policy sets out the reporting procedure. A copy of the Policy is available on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a>

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4.	Safeguard integrity in corporate reports		
4.1	<p>The board of a listed entity should:</p> <p>(a) Have an audit committee which:</p> <p>(1) Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) Is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) The charter of the committee;</p> <p>(4) The relevant qualifications and experience of the members of the committee; and</p> <p>(5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and rotation of the audit engagement partner.</p>	Does not comply	<p>The Group has an Audit and Risk Committee made up of all five directors, none of which are considered independent.</p> <p>The Audit and Risk Committee is chaired by Mr Brett Montgomery who is not the Chair of the board.</p> <p>The full board operates under the adopted Audit and Risk Committee Charter, which is available for review on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a> and carries out the functions delegated under that charter.</p> <p>The Board believes that the individuals on the Board can make, and do make, quality and informed judgements in the best interests of the Group on all relevant issues.</p> <p>External audit recommendations, internal control matters and any other matters that arise from half yearly reviews and the annual statutory audit will be discussed directly between the Board and the Audit Engagement Partner.</p> <p>The Board encourages contact between Non-Executive Directors and the Group's external auditors, independently of executive management.</p> <p>Details of the number of meetings of the Audit and Risk Committee are outlined in the Directors Report contained within this Annual Report.</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and</p>	Complies	<p>The board requires the Managing Director and CFO to provide such a declaration for the half year and annual financial accounts.</p>

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	fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Complies	The board requires a declaration from the Managing Director and CFO be provided to verify the integrity of periodic reports.
<b>5.</b>	<b>Make timely and balanced disclosure</b>		
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	Complies	<p>The board has a Continuous Disclosure Policy available on the Group's website at: <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a>.</p> <p>The board has designated the Group Secretary as the person responsible for overseeing and coordinating disclosure information to the ASX as well as communicating with the ASX. The Managing Director and Company Secretary are responsible for ensuring that the Group's announcements are made in a timely manner, are factual and do not omit material information.</p>
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Complies	The Group Secretary is responsible for ensuring the board receives copies of all material market announcements promptly after they have been made.
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Complies	The Group undertakes to release a copy of new and substantive investor or analyst presentation materials on the ASX Market Announcements Platform ahead of the presentation.
<b>6.</b>	<b>Respect the rights of security holders</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Group is committed to maintaining a company website with general information about the Group and its operations, details of the Group's corporate governance policies and procedures, and information specifically targeted at keeping the Group's shareholders informed about the Group.
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Complies	The board has established a formal Shareholder Communications Policy (available on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a> ) aimed at communicating effectively with shareholders. The Group seeks to inform investors of developments regularly by

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			<p>communicating through ASX announcements and by providing information on its website.</p> <p>Investors are encouraged to attend the Group's security holder meetings, and are able to contact management by email <a href="mailto:info@aicmines.com.au">info@aicmines.com.au</a> or by phone +61 8 6269 0110.</p>
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Complies	<p>All shareholders are notified in writing of general meetings and encouraged to attend and participate. The Group discloses how it facilitates and encourages participation at meetings of security holders within the Shareholder Communications Policy (available on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a>)</p>
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Complies	<p>The Group ensures that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands as set out in the Shareholder Communications Policy – section Meetings of the Group (available on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a>)</p>
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	<p>Shareholders may communicate via electronic means with the Group's share registry and may register to access personal shareholding information and receive electronic information. Details of how to access the communications are available on the website <a href="http://www.aicmines.com.au">www.aicmines.com.au</a> and requests can be emailed via <a href="mailto:info@aicmines.com.au">info@aicmines.com.au</a>.</p>
<b>7.</b>	<b>Recognise and manage risk</b>		
7.1	<p>The board of a listed entity should:</p> <p>(a) Have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> <li>(1) Has at least three members, a majority of whom are independent directors; and</li> <li>(2) Is chaired by an independent director, and disclose:</li> <li>(3) The charter of the committee;</li> <li>(4) The members of the committee; and</li> <li>(5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> <p>(b) If it does not have a risk committee or committees</p>	Does not comply	<p>The Group has an Audit and Risk Committee made up of all five directors, none of which are considered independent.</p> <p>The Audit and Risk Committee is chaired by Mr Brett Montgomery who is not the Chair of the board.</p> <p>The Committee operates under the Audit and Risk Committee Charter and in accordance with the Risk Management Policy (adopted on 31 May 2019 - both available on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a>).</p> <p>Under the Risk Management Policy, responsibility and control risk management is delegated to the appropriate level of management within the Group with the Managing Director, supported by the senior executive team, having ultimate responsibility to the Board for the implementation of the risk management and control framework.</p> <p>Details of the number of meetings of the Audit and Risk Committee are outlined in the directors' report contained within this Annual Report.</p>

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	that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.		
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Complies	<p>The full board is ultimately responsible for approving and overseeing the risk management system. The Group's risk management systems and control frameworks include the ongoing monitoring of management and operational performance, a comprehensive system of budgeting, forecasting and reporting to the board, approval procedures for expenditure above threshold levels, and regular communication between directors on compliance and risk.</p> <p>The Risk Management framework was reviewed during the year and presented to the Board at a meeting dated 13 December 2021. It was agreed a further analysis would be undertaken 2022.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) If it has an internal audit function, how the function is structure and what role it performs; or</p> <p>(b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Complies	<p>The board believes that the Group is not of a size or complexity that justifies having an internal audit function.</p> <p>The Group's risk management systems and control frameworks include the ongoing monitoring of management and operational performance, a comprehensive system of budgeting, forecasting and reporting to the board, approval procedures for expenditure above threshold levels, and regular communication between directors on compliance and risk.</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies	<p>The board does not believe it has any material exposure to economic, environmental and social sustainability risks not otherwise disclosed to the market. Due to the size and scale of operations, the Group does not publish a sustainability report. To reduce risks, the Group has in place an experienced Board, regular Board meetings, and a financial audit or review six-monthly. The board is of the view that its risk management systems promote informed and measured decision making on risk issues based on a systematic approach to risk identification, assessment, control, review and reporting.</p> <p>At a Board meeting held 13 December 2021 the board adopted a Sustainability Policy with the commitments defined to be integrated into the business planning and decision-making process.</p>
<b>8.</b>	<b>Remunerate fairly and responsibly</b>		
8.1	<p>The board of a listed entity should:</p> <p>(a) Have a remuneration committee which:</p> <p>(1) Has at least three members, a majority of</p>	Does not comply	<p>The Group has a Remuneration and Nomination Committee made up of all five directors, none of which are considered independent.</p> <p>The Remuneration and Nomination Committee is chaired by Mr Tony Wolfe who is not the Chair of the board.</p> <p>The Remuneration and Nomination Committee</p>

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	<p>whom are independent directors; and</p> <p>(2) Is chaired by an independent director, and disclose:</p> <p>(3) The charter of the committee;</p> <p>(4) The members of the committee; and</p> <p>(5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		<p>Charter is available for review on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a></p> <p>The Committee meets to consider both the level and structure of remuneration and incentive policies for the Executive directors and key executives within the Group and decides on the Group's remuneration policies. The level of remuneration is established by comparison with peer companies.</p> <p>No Director or Executive is involved in discussing their own remuneration.</p> <p>Details of the number of meetings of the Remuneration and Nomination Committee are outlined in the directors' report contained within this Annual Report.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	<p>The Group has separate policies relating to the remuneration of non-executive directors and that of executive directors and senior executives. This information is detailed in the Remuneration Report which forms part of the Directors' Report in this Annual Report.</p> <p>The Group's constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting (currently \$750,000 pa – approved by shareholders on 3 March 2008).</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) Disclose that policy or a summary of it.</p>	Complies	<p>The Group introduced an equity-based remuneration scheme on 31 May 2019 when shareholders approved the Employee Incentive Plan (the Plan) at the AGM of the Group. The Group has a Share Trading Policy (available on the Group's website at <a href="http://www.aicmines.com.au/investors/corporate-governance/">www.aicmines.com.au/investors/corporate-governance/</a>) which outlines restrictions on trading in the Group's securities.</p>