

ASX ANNOUNCEMENT

8 February 2023



ABOUT AIC MINES

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

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

AIC Mines is also advancing a portfolio of exploration projects that are prospective for copper and gold.

CAPITAL STRUCTURE

Shares on Issue: 395,557,725

+ New Shares: 66,666,667

BOARD MEMBERS

Josef El-Raghy

Non-Executive Chairman

Aaron Colleran

Managing Director & CEO

Linda Hale

Non-Executive Director

Brett Montgomery

Non-Executive Director

Jon Young

Non-Executive Director

Audrey Ferguson

Company Secretary

CORPORATE DETAILS

ASX: **A1M**

www.aicmines.com.au

ABN: 11 060 156 452

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Share Register:

Computershare Investor Services

Successful \$30M Placement to Commence Staged Expansion at the Eloise Copper Mine

AIC Mines Limited ("AIC Mines" or "the Company") (ASX: A1M) is pleased to advise that it has received firm commitments for \$30.0 million from institutional and sophisticated investors for a two-tranche placement of approximately 66.7 million new fully paid ordinary shares ("New Shares") at an issue price of \$0.45 per share ("Placement").

The Placement proceeds will be predominantly used to fund initial work related to the Jericho mine development and Eloise processing plant expansion, specifically:

- Jericho mining studies
- Eloise expansion studies
- Jericho resource definition drilling
- Jericho resource extension drilling
- Early works for new crusher and surface infrastructure upgrades

Managing Director of AIC Mines, Aaron Colleran commented:

"Development of the Jericho mine will be transformational for Eloise – increasing copper and gold production, decreasing operating costs and extending mine life. It is encouraging to have received such strong investor support to enable us to start advancing the development and expansion work to keep the timeline to production at Jericho as tight as possible."

Placement Details

An equity raising of \$30.0 million (before costs) via a two-tranche Placement. Approximately 66.7 million New Shares will be issued under the Placement, which represents 16.9% of AIC's existing issued capital.

The Placement will occur in two tranches as follows:

- an unconditional placement of 56.3 million fully paid ordinary shares, to raise approximately \$25.3 million, will be issued using the Company's available Listing Rule 7.1 capacity (Tranche 1); and
- a conditional placement of 10.4 million fully paid ordinary shares, to raise approximately \$4.7 million, to be issued subject to AIC Mines shareholder approval to be sought at an upcoming General Meeting expected to be held on or around 29 March 2023 (Tranche 2).

The Placement price of \$0.45 per New Share represents:

- an 8.2% discount to the last closing price of \$0.49 prior to the Placement
- a 7.5% discount to the 15-day VWAP prior to the Placement

As part of the Placement, and subject to shareholder approval, the Company has received commitments from existing substantial shareholder FMR Investments Pty Ltd to invest approximately \$1.0 million. Directors of AIC Mines have also applied for a further 2,380,846 shares under Tranche 2 of the Placement. New Shares issued under the Placement will rank pari passu with existing fully paid ordinary shares on issue.

Argonaut Securities Pty Ltd and Shaw and Partners acted as Joint Lead Managers to the Placement.

Indicative Timeline*

Event	Date
Announcement of Placement	Wednesday 8 February 2023
Settlement of New Shares issued under Tranche 1 of the Placement	Wednesday, 15 February 2023
Allotment and commencement of trading of New Shares issued under Tranche 1 of the Placement	Thursday, 16 February 2023
General Meeting to approve Tranche 2	Wednesday, 29 March 2023
Settlement of New Shares issued under Tranche 2 of the Placement	Thursday, 30 March 2023
Allotment and commencement of trading of New Shares issued under Tranche 2 of the Placement	Friday, 31 March 2023

*The timeline is indicative only and subject to change. AIC Mines reserves the right to amend any or all of these dates at their absolute discretion subject to the Corporations Act 2001 (Cth), ASX Listing Rules and any other applicable laws. The quotation of the New Shares is subject to approval from the ASX.

Jericho Development – Next Steps

Development of the Jericho deposit will be transformational for Eloise. It offers the potential to:

- increase annual production to more than 20,000t Cu and 10,000oz Au in concentrate (a 60% increase on the current production rate)
- reduce AISC through improved economies of scale
- increase mine life to more than 10 years
- reduce reliance on the Eloise Deeps thereby de-risking ore production

Environmental permitting work has commenced. This work is being led by specialist consultants Epic Environmental in partnership with Engeny.

Mining studies have recently commenced following the engagement of Orelogy.

A processing plant expansion optimisation study is due to commence shortly following the engagement of GR Engineering Services. The aim of the optimisation study is to decide the optimum processing plant expansion (from current 750ktpa capacity) which is expected to be in the range of 1.0 – 1.4Mtpa.

Current expectations are that development of the Jericho mine could commence early in CY24 with first ore accessed early in CY25. AIC Mines is however closely monitoring the current operating environment and cost inflation pressures to decide the best timing and strategy for developing the Jericho mine and expanding the Eloise processing plant.

A program of resource definition (infill) and extension drilling is being planned for Jericho. Resource definition drilling to upgrade Inferred Resources to Indicated Resources will provide a larger base for ultimate conversion to Probable Reserves. The Jericho deposit hosts a relatively shallow Mineral Resource of 9.8 million tonnes grading 1.8% Cu and 0.4g/t Au and remains open along strike and down-plunge. Extension drilling is expected to extend the known high-grade lenses at depth and drilling along strike has the potential to locate additional high-grade lenses. The Jericho resource is currently constrained by

drilling to a vertical depth of 550m below surface. This compares to the Eloise deposit which is known to extend to 1,800m below surface. There is approximately 7.8Mt of Mineral Inventory at Jericho (above a 1% Cu cut-off and within optimised stope shapes) that is insufficiently drilled to qualify as Inferred Resource. This inventory provides an excellent opportunity to extend the Jericho Mineral Resource with infill drilling.

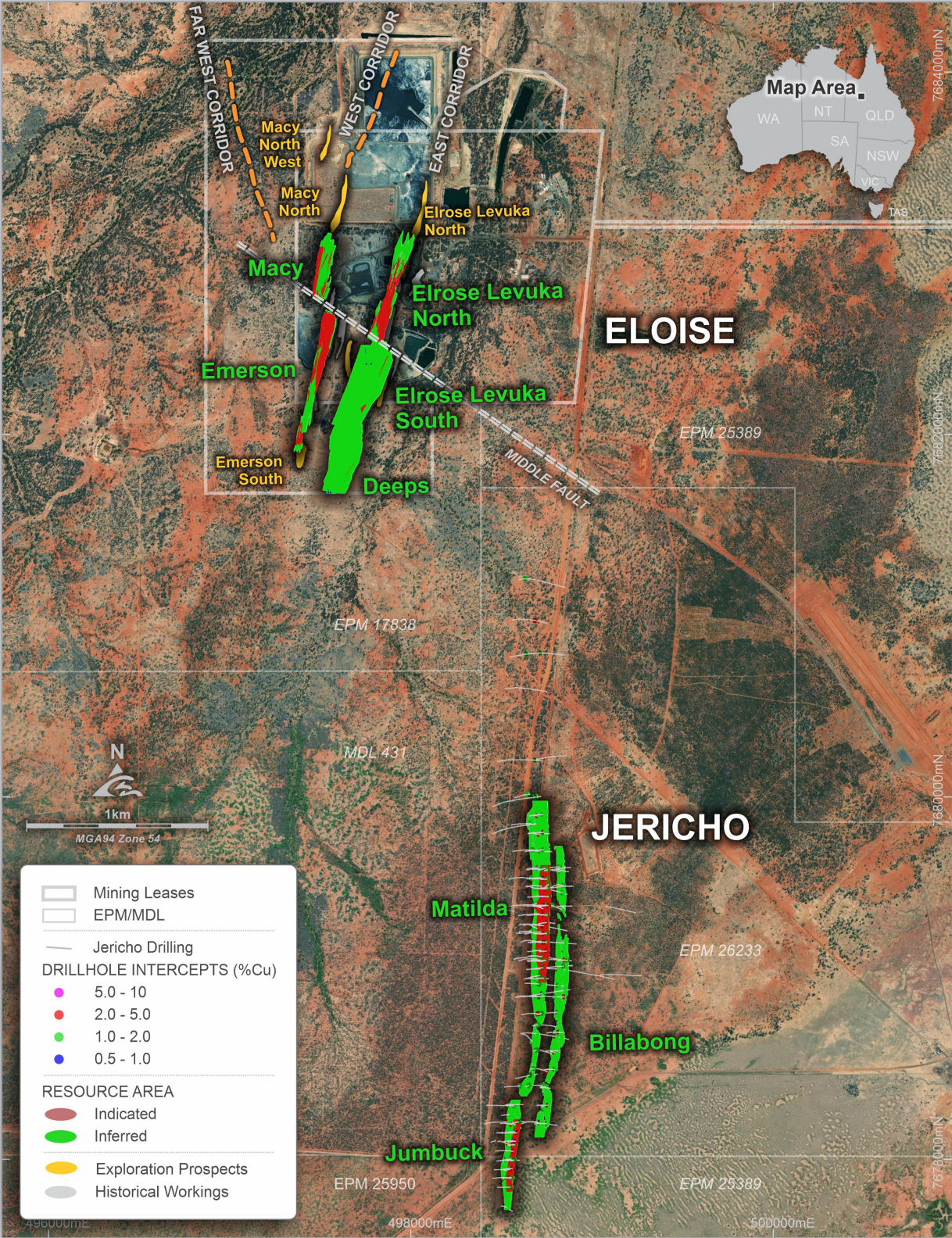


Figure 1. Plan showing relative location of Eloise and Jericho Mineral Resources

Authorisation

This announcement has been approved for issue by, and enquiries regarding this announcement may be directed to Aaron Colleran, AIC Mines Managing Director, via email info@aicmines.com.au.

About the Eloise Copper Mine

Eloise is a high-grade operating underground mine located 60 kilometres southeast of Cloncurry in North Queensland. It commenced production in 1996 and has since produced approximately 350,000t of copper and 175,000oz of gold. AIC is targeting annual production of approximately 12,500t of copper and 6,500oz of gold in concentrate.

Current operations consist of an underground mine accessed via decline. The upper levels of the mine (above 1,190m below surface) are extracted by longhole open stoping and the lower levels are extracted by sublevel caving.

Processing is via conventional crushing, grinding and sulphide flotation. Metallurgically the ore is very consistent as the ore mineralogy at Eloise is almost exclusively chalcopyrite. Processing achieves high copper recoveries (generally 94% - 95%) and produces a clean concentrate. The concentrate has significant by-product credits from gold and silver.

The Jericho copper-gold deposit is located approximately 4 kilometres south of the Eloise processing plant. It has similar host rocks, mineralogy and metallurgy to Eloise. The Jericho deposit hosts a relatively shallow Mineral Resource of 9.8 million tonnes grading 1.8% copper and 0.4g/t gold and remains open along strike and down-plunge.

AIC Mines plans to develop the Jericho deposit as an underground mine accessed by decline and process the ore at an expanded Eloise processing plant. Mining and processing studies are underway and early works to upgrade Eloise infrastructure are expected to commence in mid-2023.

Development of the Jericho deposit transforms Eloise into a cornerstone asset for AIC Mines as it continues building a new Australian mid-tier copper and gold miner through exploration, development and acquisition. Development of the Jericho mine and the related expansion of the Eloise processing plant is expected to:

- Increases annual production to over 20,000t Cu and 10,000oz Au in concentrate
- Lower mining costs at Jericho due to shallower ore
- Provide economies of scale to reduce processing costs
- Reduce reliance on the Eloise Deeps, de-risking ore production and mine plan

Combined Mineral Resources – Eloise and Jericho

Resource Category	Tonnes (t)	Cu Grade (%)	Au Grade (g/t)	Ag Grade (g/t)	Contained Copper (t)	Contained Gold (oz)	Contained Silver (oz)
Eloise Copper Mine – Mineral Resources as at 30 June 2022							
Measured	-	-	-	-	-	-	-
Indicated	2,668,000	2.5	0.7	10.6	65,900	59,600	912,500
Inferred	2,083,000	2.4	0.6	9.3	49,100	40,500	623,700
Sub Total	4,751,000	2.4	0.6	10.1	115,000	100,100	1,536,200
Jericho Copper Deposit – Mineral Resources as at 31 January 2023							
Measured	-	-	-	-	-	-	-
Indicated	2,629,000	2.0	0.4	2.3	52,400	31,400	191,600
Inferred	7,214,000	1.8	0.4	2.0	127,600	79,200	453,500
Sub Total	9,843,000	1.8	0.4	2.0	180,000	110,600	645,100
Total	14,594,000	2.0	0.6	4.6	295,000	210,700	2,181,300

Eloise Mineral Resources are estimated using a 1.1% Cu cut-off above 0mRL and 1.4% Cu below 0mRL.

Jericho Mineral Resources are estimated using a 1.0% Cu cut-off within optimised stope shapes.

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

Forward-Looking Statements

This Announcement includes “forward-looking statements” as that term within the meaning of securities laws of applicable jurisdictions. Forward-looking statements involve known and unknown risks, uncertainties and other factors that are in some cases beyond AIC Mines’ control. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this announcement, including, without limitation, those regarding AIC Mines’ future expectations. Readers can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “risk,” “should,” “will” or “would” and other similar expressions. Risks, uncertainties and other factors may cause AIC Mines’ actual results, performance, or achievements to differ materially from those expressed or implied by the forward-looking statements (and from past results, performance or achievements). These factors include, but are not limited to, the failure to complete the project in the time frame and within estimated costs currently planned; the failure of AIC Mines’ suppliers, service providers and partners to fulfil their obligations under supply and other agreements; unforeseen geological, physical or meteorological conditions, natural disasters or cyclones; changes in the regulatory environment, industrial disputes, labour shortages, political and other factors; the inability to obtain additional financing, if required, on commercially suitable terms; and global and regional economic conditions. Readers are cautioned not to place undue reliance on forward-looking statements. Although AIC Mines believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.