

APPENDIX 4D – HALF YEAR FINANCIAL REPORT

AIC MINES LIMITED ACN 060 156 452 AND CONTROLLED ENTITIES

For the half year ended 31 December 2022

Results for Announcement to the Market

Key Information

	For the six months ended 31 December 2022 \$'000	For the six months ended 30 June 2022 \$'000	Up / (down)	
			\$'000	%
Revenues from contracts with customers	57,516	79,252	(21,736)	(27)
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	7,790	29,225	(21,435)	(73)
Statutory (loss) / profit before income tax	(6,861)	20,311	(27,173)	(134)
(Loss) / profit from ordinary activities after income tax attributable to the members	(5,199)	21,157	(26,356)	(125)

Dividend Information

No dividends have been paid or declared in the current period or the prior period.

Net Tangible Assets`

	For the six months ended 31 December 2022 \$	For the six months 30 June 2022 \$
Net tangible assets per share	0.50	0.40

Earnings Per Share

	For the six months ended 31 December 2022 \$	For the six months ended 30 June 2022 \$
Basic earnings per share	(0.016)	0.069
Diluted earnings per share	(0.015)	0.067

This Appendix 4D is given to the ASX in accordance with Listing Rule 4.2A

Additional information supporting the Appendix 4D disclosure requirements can be found in the notes to these financial statements and the Directors' Report attached thereto.

This report is based on the consolidated financial statements for half-year ended 31 December 2022 which have been audited by PricewaterhouseCoopers.

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Corporate Directory

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 (resigned 31 January 2023)
Jon Young, Non-Executive Director
Linda Hale, Non-Executive Director (appointed 1 February 2023)

COMPANY SECRETARIES

Audrey Ferguson (appointed 10 October 2022)
Linda Hale (resigned as Company Secretary 31 January 2023)

REGISTERED OFFICE

A8, 435 Roberts Road
Subiaco WA 6008
Tel: (08) 6269 0110

Email: 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

STOCK EXCHANGE

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

AUDITORS

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay, Barangaroo NSW 2000

INTERNET ADDRESS

www.aicmines.com.au

Directors' Report

The Directors present their report together with the consolidated financial statements for AIC Mines Limited ("AIC Mines" or the "Company") and the entities it controlled (together "the Group") at the end of, or during, the half-year ended 31 December 2022 ("the period") and the auditor's report thereto.

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 Company's directors in office during the period and until the date of this report are as follows. The directors were in office for the entire period unless otherwise stated.

Josef El-Raghy	Chairman
Aaron Colleran	Managing Director and Chief Executive Officer
Brett Montgomery	Non-Executive Director
Tony Wolfe	Non-Executive Director (resigned 31 January 2023)
Jon Young	Non-Executive Director
Linda Hale	Non-Executive Director (appointed 1 February 2023)

COMPANY SECRETARIES

Audrey Ferguson (appointed 10 October 2022)
Linda Hale (resigned 31 January 2023)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were exploration, mining, mineral processing and the sale of copper concentrate in Australia. The major asset of the Group is the Eloise Copper Mine ("Eloise") located 60 kilometres southeast of Cloncurry in North Queensland.

KEY HIGHLIGHTS FOR THE REPORTING PERIOD

Key highlights for the 6 month period ended 31 December 2022 ("period") include:

- Eloise produced 19,015 dry metric tonnes ("dmt") of concentrate containing 5,194t tonnes of copper.
- Eloise generated operating mine cash flow of \$17.7 million. Net mine cash flow was negative \$14.0 million as a result of significant capital investment of \$31.7 million.
- AIC Mines launched a takeover of Demetallica Ltd ("Demetallica"), with the aim to secure a contiguous 2,000 square kilometre tenement holding immediately surrounding Eloise. The key asset within the tenements is the Jericho copper-gold deposit located only 4 kilometres from the Eloise processing facility. Subsequent to the end of the period the takeover was completed in early January.
- Significant exploration success at Eloise with a new lens discovered (Lens 6). Lens 6 is within 150m of current development and has returned significant grades and widths. It is expected to add materially to the Eloise Mineral Resource in the next update.

FINANCIAL REVIEW

Profit and loss

- The Group recorded a consolidated loss after income tax of \$5.2 million for the period (30 June 2022 \$21.2 million profit). Net revenue from concentrate sales for the period decreased to \$57.5 million (30 June 2022: \$79.3 million).
- The basic and diluted earnings per share for the period totalled (\$0.016) and (\$0.015), respectively (30 June 2022: \$0.069 and \$0.067).

Balance Sheet

- At period end net assets of the Group were \$125.6 million (30 June 2022: \$90.2 million). Total assets increased during the period to \$163.4 million (30 June 2022: \$123.7 million) mainly due to the increase in exploration properties as a result of the Demetallica acquisition.
- The net carrying amount of property, plant and equipment increased by \$12.4 million in the period. This was primarily driven by the on-going construction of a new tailings dam facility and mobile and power generation equipment rebuilds, offset by

Directors' Report

depreciation at Eloise. Mine properties increased by \$9.8 million in the period, which was driven by the capitalisation of mining costs related to underground mine development activity at Eloise, offset by depreciation.

- Total liabilities for the Group increased by \$4.3 million during the period to \$37.8 million (30 June 2022 \$33.5 million). This was mainly due to the increase in the rehabilitation provision for Eloise totalling \$3.6 million.

Cash flow

- The net cash inflow from operating activities totalled \$10.6 million (30 June 2022: inflow \$26.5 million) and the cash balance at period end totalled \$19.3 million (30 June 2022: \$28.1 million).
- Net cash outflows from investment activities totalled \$19.4 million, a decrease of \$8.2 million from the prior period (30 June 2022: outflow \$27.6 million). Major items contributing to the reduction in outflows were the return of the cash backed performance bond as security for the rehabilitation obligation for Eloise, partially offset by the higher investment in the construction of the new tailings dam facility.
- Net cash inflows from financing activities were \$0.02 million for the period (30 June 2022: \$nil).

Taxation

- During the period, the Group made no income tax payments and recognised a \$1.7 million income tax benefit (30 June 2022: income tax benefit \$0.8 million).

Dividends

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

Operations Review

Eloise

Production for the period totalled 19,015 dmt of concentrate containing 5,194 tonnes of copper at an All-in-Sustaining Cost of A\$5.45/lb and All-in-Cost of A\$6.71/lb.

Ore mined for the period totalled 281,035 tonnes at an average grade of 1.86% copper. Underground development covered 1,691 metres. Ore processed totalled 290,718 tonnes at an average grade of 1.88% copper. Copper recovery of 95.1% was achieved for the period.

Operating mine cash flow for the period totalled \$17.7 million and net mine cash flow totalled negative \$14.0 million after capital investment of \$31.7 million. Realised copper price for the period averaged A\$12,212 per tonne (A\$5.54/lb) of copper sold.

The table below outlines the key operating metrics for Eloise during the 6 month periods to 31 December 2022 and 30 June 2022:

Summary of operating results	For the six months to	For the six months to
	31 December 2022	30 June 2022
Operating mine cash flow (\$'000)	17,736	38,859
Sustaining capital (\$'000)	(18,150)	(19,289)
All-in cost capital (\$'000)	(13,547)	(7,342)
Total capital (\$'000)	(31,697)	(26,631)
Net mine cash flow (\$'000)	(13,961)	12,228
Payable copper production (t)	5,004	5,660
All-in Sustaining Cost (A\$/lb)	5.45	4.55
All-in Cost (A\$/lb)	6.71	5.11

Exploration Review

Marymia Project

At the Marymia gold and copper exploration project, a total of 5,003 metres of drilling was completed during the period testing three targets: Copper Hills, Black Hills and Middle Island.

At Copper Hills a single deep diamond hole and six reverse circulation (RC) holes tested the 7 kilometre trend searching for higher grades of copper mineralisation in fresh rock from those intersected in 2021. The drilling intersected interbedded mafic and felsic schist altered by varying degrees by magnetite, carbonate and chlorite.

At the Black Hills and Middle Island gold targets, follow-up RC drilling intersected moderate to strong alteration.

Directors' Report

AIC Mines added to its tenement holding in the Marymia region, capturing a 25 kilometre (94 square kilometre) segment of the southern margin of the Plutonic-Marymia greenstone belt, between the Middle Island and the Black Hills targets, which contains advanced gold targets.

Lamil Project

At the Lamil copper-gold project, a total of 6,992 metres of drilling was completed during the period, testing five copper-gold targets and one zinc-lead target. A single diamond hole at the Goodenia zinc target returned the highest anomalous base metals results on the project to-date. RC drilling at the Sundew gold and Flame Pea copper-gold targets, located on the eastern side of the project also returned elevated results confirming the wider potential of the project. The follow-up drilling at the Lamil Dome Prospect however failed to improve on the tenor of copper results and will not be a priority target going forward.

In early July 2022, the Group met the expenditure requirement to earn a 50% interest in the Lamil Project from Rumble Resources Limited ("Rumble"). Rumble and AIC Mines subsequently elected to form a joint venture with each holding a 50% interest and contributing equally to exploration expenditure moving forward.

Delamerian Project

The project was granted in July 2022 with stakeholder engagement in progress. The project represents a belt-scale exploration opportunity prospective for multiple deposits styles – namely mafic-ultramafic intrusive related nickel-copper deposits, volcanogenic massive sulphide copper-zinc-lead deposits and felsic magmatic related copper-gold deposits. The Delamerian Orogen is a largely under-explored cratonic margin setting analogous to other highly endowed provinces in Australia, such as the Paterson Orogen and Albany-Fraser Orogen.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the nature of the activities of the Group during the period, other than those included in the Key Highlights.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Refer to Note 17 of the Consolidated Financial Statements for details of events occurring after the reporting period.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has agreements with each of the Directors and Officers of the Company 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 Company 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.

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.

AUDITOR INDEPENDENCE DECLARATION

Section 370C of the Corporations Act 2001 requires our auditors, PricewaterhouseCoopers to provide the directors of the Group with an Independence Declaration in relation to the review of the financial report. This Independence Declaration is disclosed on page 7 of this report and forms part of this Directors' Report for the period ended 31 December 2022.

Signed in accordance with a resolution of the directors.



Mr Aaron Collieran
Managing Director and CEO
22 February 2023



Auditor's Independence Declaration

As lead auditor for the review of AIC Mines Limited for the half-year ended 31 December 2022, I declare that 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'Marc Upcroft'.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
22 February 2023

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Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2022

		For the six months ended 31 December 2022	For the six months ended 30 June 2022
	Notes	\$'000	\$'000
Sales revenue	5(a)	57,516	79,252
Cost of sales	5(b)	(42,567)	(45,521)
		14,948	33,731
Other income / (expenses)	5(c)	(418)	(155)
Share based payment expense		(1,250)	(503)
Corporate and administration costs		(2,441)	(3,068)
Exploration and evaluation costs		(3,535)	(1,328)
Transaction and integration costs		(1,434)	(699)
Depreciation and amortisation expense	5(b)	(12,614)	(7,995)
Fair value profit / (loss) on financial assets		(121)	320
Profit on sale of plant & equipment		3	8
(Loss) / profit before income tax expense		(6,861)	20,311
Income tax benefit	6	1,662	845
Net (loss) / profit for the period after tax		(5,199)	21,157
Other comprehensive income		-	-
Total comprehensive (loss) / profit for the period		(5,199)	21,157
Total comprehensive income for the period is attributable to:			
Owners of AIC Mines Limited		(5,199)	21,157
Earnings per share		\$	\$
Basic earnings per share	15	(0.016)	0.069
Diluted earnings per share	15	(0.015)	0.067

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2022

		As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
	Notes		
Assets			
Current Assets			
Cash and cash equivalents		19,272	28,095
Prepayments		327	611
Trade and other receivables	7	2,823	1,144
Inventories		8,211	5,042
Right of use asset		323	-
Financial assets	8	6,100	16,510
Total Current Assets		37,055	51,402
Non-Current Assets			
Performance bond	13	-	6,799
Property, plant and equipment	9	38,584	26,141
Exploration properties	10	38,668	1,653
Mine properties	11	46,592	36,818
Deferred Tax Assets		2,508	845
Total Non-Current Assets		126,351	72,256
Total Assets		163,406	123,658
Liabilities			
Current Liabilities			
Trade and other payables	12	17,651	17,447
Provisions	13	2,534	2,374
Lease liabilities		248	-
Total Current Liabilities		20,433	19,821
Non-Current Liabilities			
Provisions	13	17,234	13,670
Lease liabilities		116	-
Total Non-Current Liabilities		17,350	13,670
Total Liabilities		37,783	33,491
Net Assets		125,623	90,167
Equity			
Issued capital	14	120,189	83,704
Equity to be issued	14	3,235	-
Share based payment reserve		1,864	1,339
Options reserve		409	-
Accumulated (losses) / profit		(75)	5,124
Total Equity		125,623	90,167

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash flows

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2022

		For the six months ended 31 December 2022 \$'000	For the six months ended 30 June 2022 \$'000
	Notes		
Cash flows from operating activities			
Receipts from customers		71,555	68,920
Payments to suppliers, employees and contractors	10	(59,645)	(41,668)
Payments for transaction and integration costs		(1,434)	(699)
Interest received		119	(77)
Net cash inflow from operating activities		10,595	26,476
Cash flows from investing activities			
Payments for property, plant and equipment	9	(14,036)	(8,955)
Payments for mine property	11	(17,773)	(17,940)
Payments for security deposits		(13)	-
Payments for exploration tenements	10	(75)	-
Cash acquired on acquisition of Demetallica	10	5,697	-
Proceeds from return of performance bond	13	6,799	-
Proceeds from sale of property, plant and equipment		3	8
Proceeds from disposal of listed investments		-	1,247
Payments for acquisition of Eloise Copper Mine		-	(2,000)
Net cash outflow from investing activities		(19,398)	(27,640)
Cash flows from financing activities			
Lease liability principal payments		(20)	-
Net cash outflow from financing activities		(20)	-
Net decrease in cash and cash equivalents		(8,823)	(1,163)
Cash and cash equivalents at beginning of the period		28,095	29,259
Cash and cash equivalents at end of the period		19,272	28,095

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2022

	Issued capital	Capital to be issued	Accumulated profit/(loss)	Options reserve	Share based payment reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022	83,689	-	(16,033)	-	850	68,507
<i>Profit or loss and other comprehensive income</i>						
Net profit for the period	-	-	21,157	-	-	21,157
Total comprehensive profit	-	-	21,157	-	-	21,157
<i>Transactions with owners</i>						
Issue of shares (note 14)	15	-	-	-	-	15
Share based payment expense	-	-	-	-	488	488
Balance at 30 June 2022	83,704	-	5,124	-	1,339	90,167
<i>Profit or loss and other comprehensive income</i>						
Net loss for the period	-	-	(5,199)	-	-	(5,199)
Total comprehensive (loss) / profit	-	-	(5,199)	-	-	(5,199)
<i>Transactions with owners</i>						
Issue of shares (note 14)	36,484	3,235	-	-	-	39,720
Recognition of share based payments	-	-	-	-	526	526
Issue of options	-	-	-	409	-	409
Balance at 31 December 2022	120,189	3,235	(75)	409	1,864	125,623

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2022

1. REPORTING ENTITY

AIC Mines Limited ("AIC Mines" 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 period comprise the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements were authorised in accordance with a resolution of the directors for issue on the 23 February 2023.

2. BASIS OF PREPARATION

a) Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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 periods except for changes arising from adoption of new accounting standards which have been separately disclosed. Comparative information is reclassified where appropriate to enhance comparability or in conformity with revised standards and interpretations.

b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis with the exception of investments at fair value through other comprehensive income (note 8).

3. SIGNIFICANT ACCOUNTING POLICIES

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

a) Depreciation and amortisation

The Company completed its annual life of mine planning process and identified that there are substantial future mine development costs expected to be incurred in order to extract the entire reserve base from the mine. To achieve a consistent amortisation rate throughout the life of the mine, such costs are amortised or unwound on a units of production basis resulting in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Future mine development costs will be revised with each annual life of mine plan. This represents a change in accounting policy applied prospectively from 1 July 2022 as the current method could not be applied to previous reporting periods without longer-term mine planning incorporating future mine development activities.

4. SEGMENT REPORTING

The Group operates in one geographical area being Australia and operates in the mining industry for the period ended 31 December 2022. 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 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

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2022

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.

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

	For the six months ended 31 December 2022 \$'000	For the six months ended 30 June 2022 \$'000
Mining		
Sales revenue	57,516	79,252
EBITDA	14,948	33,738
Exploration and Corporate		
EBITDA	(7,158)	(4,513)
Reconciliation of EBITDA to profit before income tax		
Mining segment - EBITDA	14,948	33,738
Exploration and corporate – EBITDA	(7,158)	(4,513)
Group EBITDA	7,790	29,225
Depreciation and amortisation	(12,614)	(7,995)
Transaction and integration costs	(1,434)	(699)
Interest and interest unwind	(604)	(220)
(Loss) / profit before income tax	(6,861)	20,311

5. REVENUE AND EXPENSES

	For the six months ended 31 December 2022 \$'000	For the six months ended 30 June 2022 \$'000
(a) Revenue from contracts with customers		
Concentrate Sales	58,084	81,448
Provisional Pricing Adjustment ¹	(568)	(2,195)
	57,516	79,252
(b) Expenses		
<u>Cost of sales</u>		
Mine Operating Costs	40,050	40,087
Royalty and transport costs	2,518	5,435
	42,567	45,522
<u>Depreciation and Amortisation</u>		
Mining Properties	11,020	4,636
Property Plant and Equipment	1,594	3,359
	12,614	7,995
(c) Other income / (expenses)		
Interest income	186	-
Interest expense	(603)	(155)
	(418)	(155)

¹Concentrate sales are provisionally priced at the initial revenue recognition (bill of lading) date, with the final settlement price based on a pre-determined quotation period.

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2022

6. INCOME TAX EXPENSE

	For the six months ended 31 December 2022 \$'000	For the six months ended 30 June 2022 \$'000
Current tax for the period	3,204	(2,317)
Deferred tax	(1,542)	(3,832)
Tax benefit related to recognising tax losses	-	6,994
	1,662	845
Reconciliation of tax expense to prima facie tax payable		
Profit / (loss) before income tax	(6,861)	20,311
Tax (expense) / benefit at the statutory income tax rate 30%	2,058	(6,093)
Non-deductible / non-assessable	(396)	(56)
Unrecognised tax losses now recognised	-	(6,994)
Income tax benefit	1,662	845

7. TRADE AND OTHER RECEIVABLES

	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
Trade debtors	-	150
Diesel fuel rebate	287	959
GST receivable	2,400	-
Security deposits	136	35
	2,823	1,144

8. FINANCIAL ASSETS

	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
Trade receivables at fair value through profit and loss	5,200	16,414
Fair value of listed shares in Rumble Resources Limited	250	-
Fair value of listed shares in Larvotto Resources Ltd	400	-
Fair value of unlisted investment in Lamil JV	250	-
Fair value of unlisted options over shares in KLL	-	96
	6,100	16,510

a) 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.

b) Unlisted options

The Group holds 5 million options to acquire shares in Kalium Lakes Limited with an exercise price of \$0.36 each and expiry on 30 June 2025 ("KLL Options"). A valuation review was undertaken using the Monte Carlo pricing method, which resulted in the value of the KLL Options being written down to \$nil at the end of the period.

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2022

9. PROPERTY, PLANT AND EQUIPMENT

	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
Cost	45,882	31,846
Accumulated depreciation	(7,299)	(5,705)
Net carrying amount	38,584	26,141
At beginning of year, net carrying amount	26,141	20,545
Additions – cost	14,036	8,955
Depreciation charge to profit and loss	(1,594)	(3,359)
Net carrying amount	38,584	26,141

10. EXPLORATION PROPERTIES

	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
Balance at the beginning of the period	1,653	1,653
Exploration property additions – Demetallica	36,940	-
Exploration property additions – other	75	-
	38,668	1,653

a) Net Assets Acquired for the Demetallica acquisition

The Group has accounted for the Demetallica acquisition as an asset acquisition. Transaction and integration costs relating to the acquisition of Demetallica totalling \$0.77 million, have been capitalised as part of the acquisition cost of the assets.

The assets and liabilities acquired as a result of the acquisition are set out below:

Net assets acquired 16 November 2022:	\$'000
Cash and cash equivalents net of payables and provisions ¹	2,246
Share investments	443
Property, plant & equipment	486
Exploration properties	36,940
Other	(42)
Fair value of net assets acquired	40,073

¹Cash and cash equivalents net of payables and provisions is the net amount of cash acquired from Demetallica at the acquisition date after paying \$3.4 million in trade payables and \$0.4 million in employee entitlements subsequent to the acquisition. The cash balance of \$5.7 million at acquisition date was subsequently reduced to \$2.2 million by period end.

11. MINE PROPERTIES

	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
Balance at beginning of the period	36,818	23,404
Mine development additions	20,795	18,050
Depreciation charge to profit and loss	(11,020)	(4,636)
	46,592	36,818

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2022

12. TRADE AND OTHER PAYABLES

	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
Trade payables	6,887	4,995
Accruals	10,764	11,777
GST payable	-	674
	17,651	17,447

13. PROVISIONS

	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
Current		
Employee benefits	2,534	2,374
	2,534	2,374
Non-current		
Employee benefits	42	75
Rehabilitation provision	17,192	13,595
	17,234	13,670

Rehabilitation provision

During the period, the performance bond totalling \$6.8 million used as security for the rehabilitation provision for Eloise was returned to the Company and was replaced and increased to equal the amount of the rehabilitation provision of \$17.2 million with a financial guarantee, at commercial interest rates, secured by Trafigura Asia Pte Ltd.

14. ISSUED CAPITAL

	Number	\$'000
Issued capital at beginning of period as at 1 January 2022	308,715,018	83,689
Shares issued on conversion of performance rights	50,000	15
Issued capital at end of year as at 30 June 2022	308,765,018	83,704
Shares issued for acquisition of 91.65% of Demetallica net of costs	76,023,340	35,511
Shares issued in relation to JV earn-in with Rumble resources	544,573	250
Shares issued on conversion of performance incentives	3,100,000	624
Shares issued under Employee Share Scheme	198,500	100
Issued capital at end of period as at 31 December 2022	388,631,431	120,189
Issued after 31 December 2022 for remaining Demetallica shares	6,926,294	3,235
	395,557,725	123,424

In addition to the issued capital, AIC Mines has 2,076,924 options on issue with an exercise price of \$0.4875.

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.

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2022

15. EARNINGS PER SHARE

	For the six months ended 31 December 2022	For the six months ended 30 June 2022
Basic earnings per share – cents per share	(0.016)	0.069
Diluted earnings per share – cents per share	(0.015)	0.067
Earnings per share used in the calculation of basic and diluted earnings per share		
Profit after tax attributable to the owners of the parent	(5,199,433)	21,516,734
Weighted average number of ordinary shares (basic)	323,789,106	308,742,366
Effect of dilutive securities ⁽¹⁾	12,771,415	7,454,144
Adjusted weighted average number of ordinary shares used in calculating the diluted earnings per share	336,560,521	316,196,510

⁽¹⁾The weighted average number of performance rights and options on issue 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.

16. COMMITMENTS

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 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.

	As at 31 December 2022 \$'000	As at 30 June 2022 \$'000
Within 1 year	2,518	2,862
After 1 year but not more than 5 years	19,878	14,469
	22,396	17,331

17. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the end of the period the Group had the following significant events.

- a) In February, AIC Mines launched an equity raising of \$30.0 million via a two tranche institutional placement comprising:
- the issue of approximately 56.3 million new fully paid ordinary shares to raise \$25.3 million, to be issued utilising the Company's available capacity under Listing Rule 7.1 (Tranche One); and
 - the issue of approximately 10.4 million new fully paid ordinary shares to raise \$4.7 million, subject to shareholder approval (Tranche Two).

The settlement of new shares under Tranche One completed on 15 February 2023 with \$24.1 million received after costs. The settlement of new shares under Tranche Two is expected to complete by 31 March 2023 subject to shareholder approval at a General Meeting. The new shares issued under the placement will rank pari passu with existing fully paid ordinary shares on issue.

- b) On 31 January 2023, Tony Wolfe retired from the Board of the Company and Linda Hale resigned as Company Secretary of the Company. Linda Hale was appointed to the Board on 1 February 2023.

No matters or circumstances outside of the above have arisen since the end of the period 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.

Director's Declaration

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

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 2022 and of its performance for the period 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 Group will be able to meet any obligations or liabilities to which they are or may become subject to.

This declaration has been made after receiving the declarations required to be made to the directors from the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the period ended 31 December 2022.

On behalf of the Board



Mr Aaron Collieran
Managing Director and CEO

22 February 2023



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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of AIC Mines Limited (the Company) and the entities it controlled from time to time during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of AIC Mines Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Marc Upcroft'.

Marc Upcroft
Partner

Sydney
22 February 2023