

QUARTERLY REPORT

17 October 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: 462,470,632

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

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ABN: 11 060 156 452

E: info@aicmines.com.au

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Subiaco, WA, 6008

Share Register:

Computershare Investor Services

Quarterly Activities Report for the Period Ending 30 September 2023

HIGHLIGHTS

Eloise Copper Mine

- **Record production** – 12,565 dmt of concentrate containing 3,402t of copper at an AISC of A\$4.94/lb Cu – the highest quarterly production achieved at Eloise since AIC Mines took ownership in November 2021.
- **Record throughput** – significant improvement in truck availability over the past 6 months has seen a sustained improvement in mine production. Mill throughput achieved a record¹ of 179.5kt for the Quarter, including a record¹ of 62.5kt in the month of September.
- **Cashflow positive** – sales of 3,360t of copper, 1,906oz of gold and 34,354oz of silver generated net revenue of \$46.2 million, operating cashflow of \$19.2 million and net mine cashflow of \$8.2 million (up \$14.6 million QOQ) after capital.

Growth

- **Exceptional drilling results from Lens 6** – including 19.5m (17.9m ETW) grading 8.2% Cu and 1.6g/t Au. Recent results have extended the high-grade zone up plunge and are expected to drive a material increase in resources and reserves at Lens 6. Development to access Lens 6 has commenced.
- **Excellent results from Jericho drilling** – resource extension and definition drilling at Jericho successfully extended the known high-grade shoots and identified new high-grade shoots between the main Jumbuck and Matilda shoots.
- **Jericho baseline mining and processing studies completed** – the project can be progressively developed to reduce the upfront capital requirement. AIC Mines is taking a cautious approach to the development of Jericho given the current inflationary environment.

Exploration

- **New discovery at Swagman** – drilling intersected a new high-grade shoot – 9.8m (6.9m ETW) grading 2.1% Cu – two kilometres along strike from the Jericho J2 Lens resource boundary and 200m along strike of a historical exploration hole which intersected 4.0m grading 2.8% Cu.

Corporate

- At 30 September 2023, AIC Mines held \$29.0 million in cash at bank.
- Strong initial expressions of interest received from copper concentrate traders and resource lenders to provide debt funding for the Jericho project.

1. Since AIC Mines took ownership on 1 November 2021.

PRODUCTION

Eloise Copper Mine

The Eloise Mine is located 60 kilometres southeast of Cloncurry in North Queensland. 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. Eloise is an owner-miner operation with a mining contractor used for underground development and drilling.

Processing is via conventional crushing, grinding and sulphide flotation with capacity to treat up to 725,000tpa. Metallurgically, the ore is very consistent as the ore mineralogy at Eloise is almost exclusively chalcopyrite. Processing achieves high copper recoveries and produces a clean concentrate. The concentrate has significant by-product credits from gold and silver.

Safety and Environment

The Total Recordable Injury Frequency Rate (12 month moving average) at 30 September 2023 was 10.5 (30 June 2023 – 16.8) per one million hours worked. There were no recordable injuries during the Quarter. Areas of focus included updating our safety management systems, associated management plans and critical risk management plans.

Pre-wet season inspections were completed by the regulator without issue during the Quarter. With the completion of the new tailings storage facility (TD5) in May 2023, Eloise is well positioned for the coming wet season.

There were no environmental incidents during the Quarter.

Sustainability

An important sustainability initiative was completed during the Quarter with commissioning of the Eloise powerhouse automation system. The system enables the automatic variable generation of electricity through a load detection system and is designed to reduce diesel consumption, and thereby carbon emissions, by up to 5%. This equates to a saving of approximately \$1Mpa and a reduction in carbon emissions of 1.5Mtpa.

The Eloise team also remained active within the local community. Key members of the management team attended the Meeting of the Mines conference hosted by the Cloncurry Shire Council. We also sponsored and sent volunteers to the local Sedan Dip Outback Carnival.

Production and Costs

Eloise had an excellent Quarter, producing 12,565dmt of concentrate containing 3,402t of copper at an AISC of A\$4.94/lb Cu sold after by-product credits. This is the highest quarterly production achieved at Eloise since AIC Mines took ownership in November 2021 and 18% higher than the previous Quarter.

The production improvement was driven by higher ore production and higher throughput. Driving this was improved fixed and mobile plant availability, improved drill and blast performance and the availability of multiple ore sources. All of these improvements are a direct result of investment and operational changes made in FY23.

Mine development during the Quarter focussed on the Deeps z355 level and the Eloise-Levuka North 1090 level (see AIC Mines ASX announcement “Eloise Remnant Mining Strategy” dated 18 July 2023). Production is on track to commence in these areas in the March 2024 Quarter. Recent resource definition drilling on Lens 6 has intersected very high-grade copper over large widths – highlighting the clear opportunity to increase copper production and decrease AISC. Accordingly, access to Lens 6 has been fast-tracked. Development on the z305 level has commenced with the aim of bringing Lens 6 online in the June 2024 Quarter.

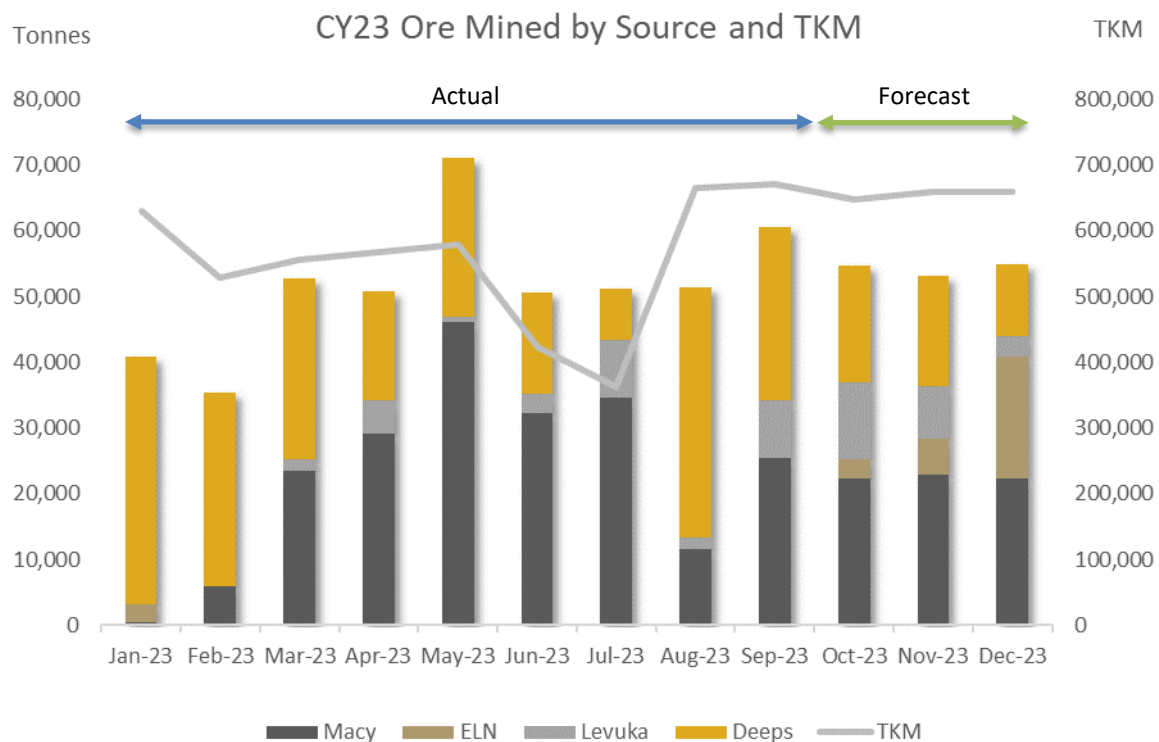


Chart 1. Ore production location and TKM (tonnes of material trucked multiplied by distance trucked)

With good progress now made on operational reliability, focus will shift to reducing operating costs. An immediate area of focus is the replacement of hired equipment with owned equipment. We have noticed an improvement in availability of good quality second-hand equipment recently and have taken the opportunity to acquire a rebuilt underground loader (commissioned), underground haul truck (commissioned), underground grader (commissioned) and integrated tool carrier (due for delivery October 2023).

Recapitalisation of the mining fleet continued during the Quarter with purchase of:

- a new ROM loader – commissioned in September 2023
- a new charge vehicle – due for delivery December 2023
- a new integrated tool carrier – due for delivery December 2023

Truck 25 is undergoing a rebuild and is due to return to site in November 2023 lifting the fleet to 8 trucks. Recapitalisation of the mining fleet is almost complete. The only remaining equipment replacement required is another underground loader and a water truck.

Increased concentrate production was a result of both increased throughput and improved plant reliability – achieved through a coordinated program of preventative maintenance, debottlenecking and short-interval control. The processing bottleneck has now shifted downstream to the mill discharge pumps and cyclones. Optimisation of the grind size and flow rates in these areas is underway.

An automation system on the powerhouse was commissioned during the Quarter. It provides for better matching of power generation with power draw and hence reduced diesel usage. Performance to date has shown a 5% reduction in diesel usage per kW/hr. This equates to a cost saving of approximately \$1Mpa.

| Eloise Production and Cost Metrics | Units | March 2023 Qtr | June 2023 Qtr | September 2023 Qtr |
|--|--------------------|-------------------|------------------|-----------------------|
| Underground development - capital | m | 468 | 601 | 655 |
| Underground development - operating | m | 311 | 212 | 263 |
| Total development | m | 779 | 812 | 918 |
| Ore mined | kt | 129 | 173 | 165 |
| Copper grade mined | % | 2.06% | 1.96% | 2.07% |
| Tonnes processed | kt | 123 | 160 | 179 |
| Copper grade processed | % | 2.14% | 1.98% | 2.02% |
| Copper recovery | % | 93.7% | 91.2% | 94.0% |
| Concentrate produced | dmt | 9,295 | 11,197 | 12,565 |
| Copper in concentrate | t | 2,475 | 2,890 | 3,402 |
| Payable copper produced | t | 2,382 | 2,778 | 3,276 |
| Gold produced | oz | 1,136 | 1,515 | 1,820 |
| Silver produced | oz | 23,344 | 28,584 | 34,344 |
| Copper sold | t | 2,467 | 2,654 | 3,360 |
| Achieved copper price | A\$/t | 13,435 | 11,888 | 13,118 |
| Achieved copper price | A\$/lb | 6.09 | 5.39 | 5.95 |
| Gold sold | oz | 1,228 | 1,406 | 1,906 |
| Achieved gold price | A\$/oz | 2,684 | 2,772 | 3,028 |
| Silver sold | oz | 23,419 | 26,540 | 34,354 |
| Achieved silver price | A\$/oz | 29 | 31 | 38 |
| Cost Summary | | | | |
| Mining | A\$/lb prod | 2.09 | 2.05 | 1.81 |
| Processing | A\$/lb prod | 1.27 | 1.19 | 1.13 |
| Site admin and transport | A\$/lb prod | 0.67 | 0.57 | 0.52 |
| TC/RC and shipping | A\$/lb prod | 0.67 | 0.67 | 0.68 |
| Ore stockpile adjustments | A\$/lb prod | (0.09) | (0.16) | 0.14 |
| By-product credits | A\$/lb prod | (0.76) | (0.82) | (0.95) |
| C1 Cash Cost | A\$/lb prod | 3.86 | 3.50 | 3.32 |
| C1 Cash Cost | A\$/lb sold | 3.73 | 3.66 | 3.24 |
| Royalties | A\$/lb sold | 0.26 | 0.31 | 0.28 |
| Metal in circuit and finished goods | A\$/lb sold | 0.15 | (0.15) | 0.10 |
| Reclamation and other adjustments | A\$/lb sold | 0.05 | 0.05 | 0.06 |
| All-in Sustaining Capital ¹ | A\$/lb sold | 1.58 | 1.76 | 1.26 |
| All-in Sustaining Cost | A\$/lb sold | 5.76 | 5.63 | 4.94 |
| All-in Capital ² | A\$/lb sold | 0.36 | 0.53 | 0.22 |
| All-in Cost | A\$/lb sold | 6.12 | 6.16 | 5.16 |
| Depreciation & Amortisation ³ | A\$/lb prod | 1.41 | 1.37 | 0.98 |

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

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

3. Depreciation & Amortisation information is preliminary and subject to FY23 year-end review

Outlook

Production of approximately 3,000t – 3,200t Cu and 1,500oz Au in concentrate is targeted in the December 2023 Quarter. Planned ore sources for the December 2023 Quarter are:

- 41% from Macy North (4.6km haul to ROM)
- 28% from Deeps (12.5km haul to ROM)
- 14% from Levuka (8.4km haul to ROM)
- 17% from Elrose Levuka North (1.2km haul to ROM)

Eloise is currently on track to deliver its full year production target of approximately 12,500t of copper and 5,000oz of gold in concentrate at an AISC of approximately A\$5.00/lb Cu and AIC of A\$5.20/lb Cu.

Eloise Exploration and Resource Drilling

Resource extension and definition drilling during the Quarter focused on the Deeps, Lens 6 and Macy North areas.

Deeps exploration drilling continues to show the strength of the Eloise mineralisation at depth:

- ED318 – 11.8m (10.9m ETW) grading 2.5% Cu and 1.0g/t Au
- ED319 – 8.1m (7.5m ETW) grading 2.4% Cu and 0.4g/t Au
- ED319 – 2.6m (2.4m ETW) grading 2.7% Cu and 0.8g/t Au

For further details of Deeps drilling see Appendix 1 (Table 1) and AIC Mines ASX announcement “Drilling Results from Eloise Deeps” dated 24 June 2022.

Lens 6 resource definition drilling returned better than expected results (particularly ED329 and ED357) during the Quarter, confirming the high-grade zone up and down plunge:

- ED314 – 7.2m (5.5m ETW) grading 3.4% Cu and 0.9g/t Au – Lens 6
- ED315 – 8.9m (5.0m ETW) grading 2.4% Cu and 0.5g/t Au – Lens 6
- ED329 – 8.5m (7.0m ETW) grading 2.3% Cu and 0.9g/t Au – Lens 6
- ED329 – 6.4m (6.0m ETW) grading 6.1% Cu and 3.1g/t Au – Lens 7
- ED341 – 19.3m (17.1m ETW) grading 2.0% Cu and 0.4g/t Au – Lens 6
- ED353 – 5.8m (5.7m ETW) grading 2.7% Cu and 0.6g/t Au – Lens 6
- ED353 – 3.7m (3.7m ETW) grading 1.9% Cu and 0.6g/t Au – Lens 7
- ED354 – 2.6m (2.6m ETW) grading 2.3% Cu and 0.4g/t Au – Lens 6
- ED355 – 3.8m (3.7m ETW) grading 1.8% Cu and 0.5g/t Au – Lens 6
- ED357 – 19.5m (17.9m ETW) grading 8.2% Cu and 1.6g/t Au – Lens 6

For further details see Appendix 1 (Table 2) and AIC Mines ASX announcement “Lens 6 Discovery” dated 30 September 2022.

Macy North drilling continued to define mineralisation up plunge beyond the current Mineral Resource limits. Significant intercepts received during the Quarter include:

- MA304 – 2.4m (2.1m ETW) grading 3.8% Cu and 0.2g/t Au – Lens 5
- MA304 – 2.0m (1.9m ETW) grading 2.2% Cu and 0.6g/t Au – Lens 1
- MA305 – 3.5m (3.3m ETW) grading 3.2% Cu and 0.4g/t Au – Lens 1
- MA309 – 11.0m (9.8m ETW) grading 3.4% Cu and 3.7g/t Au – Lens 1
- MA311 – 4.8m (4.4m ETW) grading 1.7% Cu and 0.7g/t Au – Lens 1
- MA331 – 1.9m (1.6m ETW) grading 3.0% Cu and 1.6g/t Au – Lens 5
- MA331 – 10.0m (8.6m ETW) grading 1.9% Cu and 0.4g/t Au – Lens 1

For further details of Macy North drilling see Appendix 1 (Table 3) and AIC Mines ASX announcement “Drilling Results from Macy Deposit” dated 3 August 2022.

PROJECT DEVELOPMENT

Jericho Mine Development and Eloise Processing Plant Expansion

The Jericho copper deposit is located 4 kilometres south of the Eloise processing plant and has similar geology, mineralisation and metallurgy to Eloise. Staged development of the Jericho mine and expansion of the Eloise processing plant will lift production to over 20,000tpa copper and 7,500ozpa gold. It will reduce operating costs through economies of scale and de-risk production by increasing the number of available ore sources. Development of Jericho transforms Eloise into a cornerstone asset.

Jericho Exploration and Resource Drilling

A diamond and RC drilling program targeting extensions to the Jericho resource and infill of high-priority areas of the Jericho resource (see AIC Mines ASX announcement “Drilling Commences at the Jericho Copper Deposit” dated 17 May 2023) was completed during the Quarter. A total of 38 diamond holes for 9,334m and 42 reverse circulation (RC) holes for 7,357m were completed.

The aim of the drilling was to:

- Convert higher-grade areas of the Inferred Resources above the -100mRL to Indicated Resource category via a drill spacing of 50m by 50m
- Investigate strike extensions, both north and south, along the J1 and J2 Lenses
- Test the down-plunge continuation of the high-grade Jumbuck shoot
- Test the Jericho North target

Initial results indicate that all of these aims were successfully achieved. The results will be used to update the Jericho Mineral Resource and Ore Reserves estimates (for release with the March 2024 Quarterly Report) and also further optimise the current mine plan.

Drilling on the **J1 Lens** (Jumbuck and Matilda shoots) also returned better than expected results (released during the Quarter) and successfully extended the high-grade zones (see Figure 1):

- JERC001 – 6.0m (4.0m ETW) grading 2.1% Cu, 0.33g/t Au and 2.4g/t Ag from 101.0m.
- JERC011 – 6.0m (4.2m ETW) grading 5.9% Cu, 0.8g/t Au and 7.0g/t Ag from 62.0m
- JERC012 – 6.0m (4.2m ETW) grading 2.5% Cu, 0.3g/t Au and 3.8g/t Ag from 176.0m

Drilling between the Jumbuck and Matilda shoots, in a zone of inferred resources, also delineated two high-grade shoots that remain open at depth. Significant intercepts include:

- JERC009 – 2.0m (1.4m ETW) grading 2.0% Cu and 1.5g/t Ag from 100m
- JEDD019 – 6.35m (4.4m ETW) grading 3.2% Cu, 1.1g/t Au and 3.4g/t Ag from 52.65m
- JEDD020 – 1.6m (1.1m ETW) grading 3.9% Cu, 3.4g/t Au and 5.1g/t Ag from 98.4m

Of note was hole JEDD003, which intersected 5.8m (4.2m ETW) grading 2.8% Cu, 0.75g/t Au and 3.3g/t Ag from 158.2m in the J1 Lens and an additional interval of mineralisation *between* the J1 and J2 Lenses:

- JEDD003 – 12.4m (8.5m ETW) grading 1.1% Cu, 0.17g/t Au and 1.2g/t Ag from 171.0m
 - Including 0.7m (0.5m ETW) grading 7.8% Cu, 0.46g/t Au and 7.7g/t Ag from 172.7m

This additional interval suggests that smaller discrete lenses of mineralisation may exist between the main lenses.

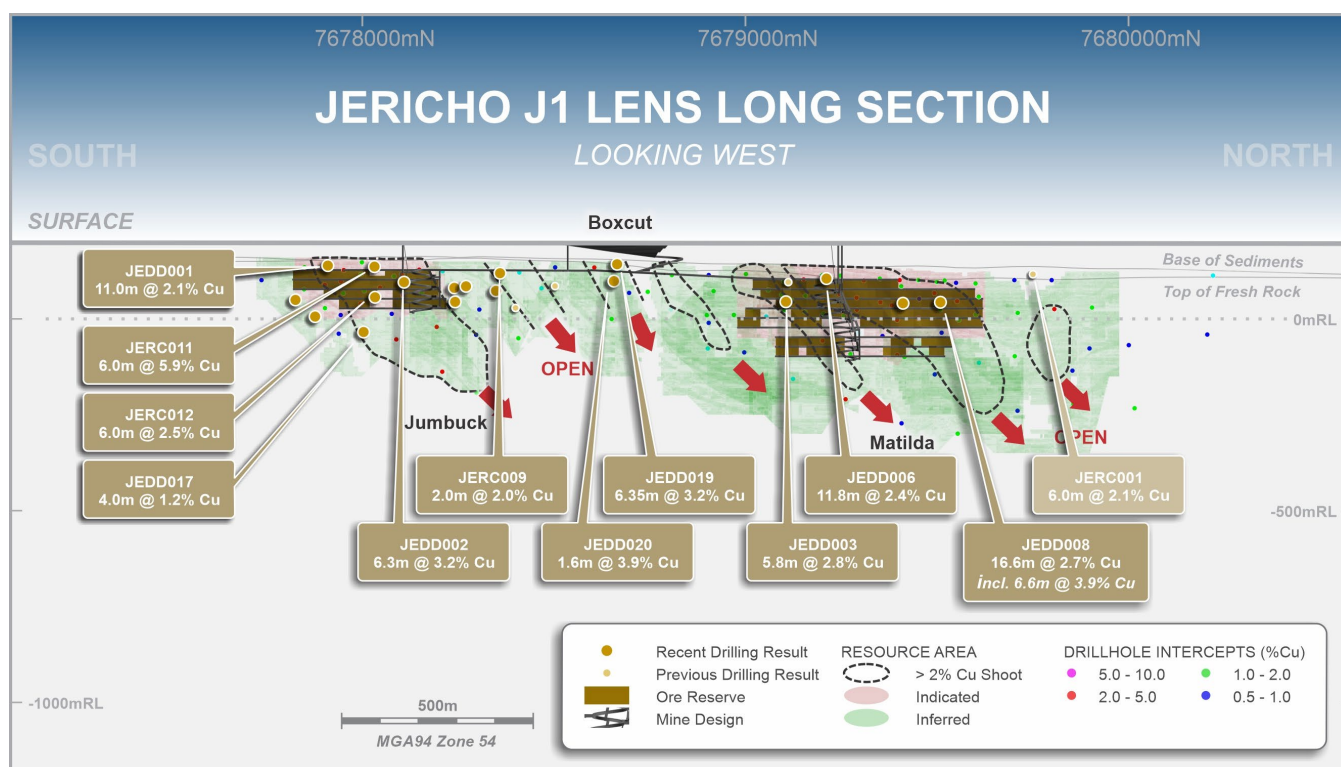


Figure 1. Long section showing Mineral Resource location and pierce points of assay results (J1 Lens).

Drilling on the **J2 Lens** extended the resource 200m to the south and it remains open to the south. Drilling into the central high-grade shoot returned excellent results as did the drilling defining the **Billabong** shoot, both of which are untested at depth (see Figure 2). Drilling of the **J2 Lens** returned the following significant intercepts (released during the Quarter), including two of the best intercepts ever drilled into the J2 Lens:

- JEDD004 – 11.1m (7.0m ETW) grading 3.4% Cu, 0.13g/t Au and 3.1g/t Ag from 134.8m
 - including 2.4m (1.2m ETW) grading 11.0% Cu, 0.18g/t Au and 9.5g/t Ag from 139.3m
- JEDD004 – 2.7m (1.2m ETW) grading 3.8% Cu, 0.16g/t Au and 4.3g/t Ag from 156.8m
- JEDD005 – 7.3m (4.1m ETW) grading 2.6% Cu, 0.45g/t Au and 2.1g/t Ag from 172.3m
- JEDD012 – 3.0m (1.8m ETW) grading 1.8% Cu, 0.90g/t Au and 2.7g/t Ag from 189.9m
- JEDD014 – 6.8m (4.5m ETW) grading 1.5% Cu, 0.2g/t Au and 1.1g/t Ag from 104.2m
- JEDD019 – 6.0m (4.2m ETW) grading 4.2% Cu, 0.2g/t Au and 4.2g/t Ag from 264.45m
- JERC003 – 10.0m (7.0m ETW) grading 2.4% Cu, 0.7g/t Au and 3.2g/t Ag from 188.0m

The impressive results from JEDD004 and JEDD005 extend a zone of >2% Cu in the Billabong shoot above the 0mRL to the unconformity (see Figure 2), improving the width and extent of the zone. The zone remains open at depth and further drilling as part of this program will test the down dip component.

A diamond drill hole to test a geophysical conductor in the **Jericho North** target area (see Figure 2) has returned an exceptional result:

- JEDD015 – 9.8m (6.9m ETW) grading 2.1% Cu from 491.15m

The intercept is two kilometres along strike from the Jericho J2 resource boundary and 200m along strike of an historical exploration hole EL18D40 which intersected 4.0m grading 2.8% Cu from 516.0m (see Minotaur Exploration Ltd ASX announcement “Eloise JV Steps Up for Stellar 2019 Field Season” dated 18 December 2018). The occurrence of two +2% Cu intercepts and their relative location to the core of a 300m long geophysical conductor suggests the presence of a high-grade shoot, now referred to as **Swagman**.

The position of the intercept potentially correlates with an along strike extension of the J2 lens but could also be defining a new more easterly lens. Only one other hole (EL18D40) tests this lens position between Swagman and the J2 resource boundary (1.8 kilometres). Follow-up drilling is planned at Swagman in the December 2023 Quarter following completion of drilling that is currently underway at the Sandy Creek prospect, weather permitting.

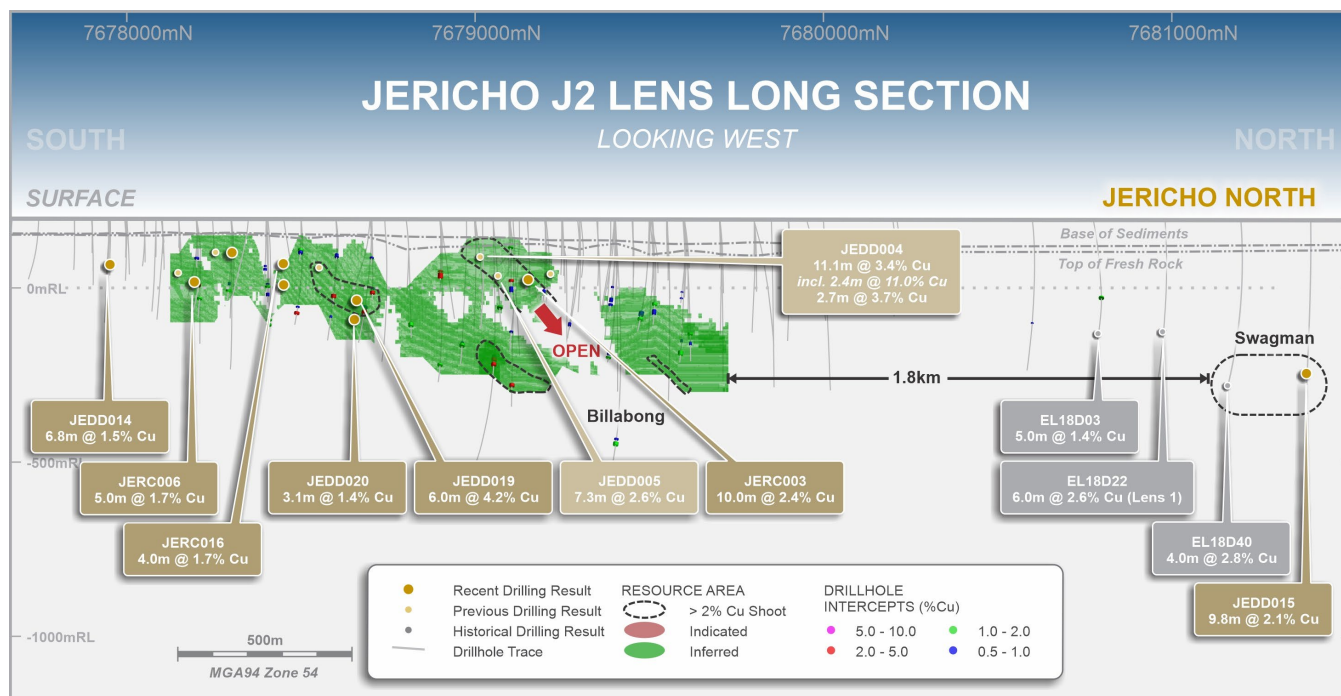


Figure 2. Long section showing Mineral Resource and pierce points of assay results – highlighting relative location of the Swagman Shoot (J2 Lens).

For further details of the Jericho drilling, including JORC Code 2012 Assessment and Reporting Criteria, see AIC Mines ASX announcements “Jericho Drilling Program Intersects High-Grade Copper” dated 23 August 2023 and “High-Grade Copper Discovery at Jericho North” dated 19 September 2023.

Jericho Mining Studies

Baseline mining studies have now been substantially completed. These studies provide a scope for how the project can be developed.

Jericho ore will be accessed via a boxcut and portal from surface. Geotechnical data indicates that the boxcut will need to be excavated to a depth of 40m prior to commencement of the underground access decline. The boxcut will be excavated over a 4-month period (Months 1 – 4) and the access decline will then take approximately 12 months to reach first ore (Month 16).

Ore will be mined using a longhole open stope retreat method on 25m level spacings, similar to the Upper Levels at Eloise. Pre-production capital for the boxcut and portal is estimated at \$14.0 million, ventilation at \$15.0 million and underground development at \$25.0 million. Construction cost for a dedicated haul road between Jericho and Eloise is estimated at \$5.0 million for a total mine establishment capital cost of \$59.0 million over two years. The average underground mining cost is estimated at approximately \$74.5/t ore and post-production capital development at approximately \$10.0 million per annum.

Mining will commence in the high-grade Jumbuck shoot (averaging 1.9% Cu and 0.3g/t Au). Mining on the southern decline will ramp up to 35,000tpm of ore production (achieved in Month 24). Development will then head northwards to provide access to the Matilda and Billabong shoots (see Figures 3 and 4).

It is expected that the first northern decline will be brought online approximately 13 months after the southern decline and ore production will then step up to 50,000tpm (achieved in Month 45). Under this scenario, over the same period Eloise ore production is forecast to fall to approximately 40,000tpm providing combined ore production of 1.1Mtpa.

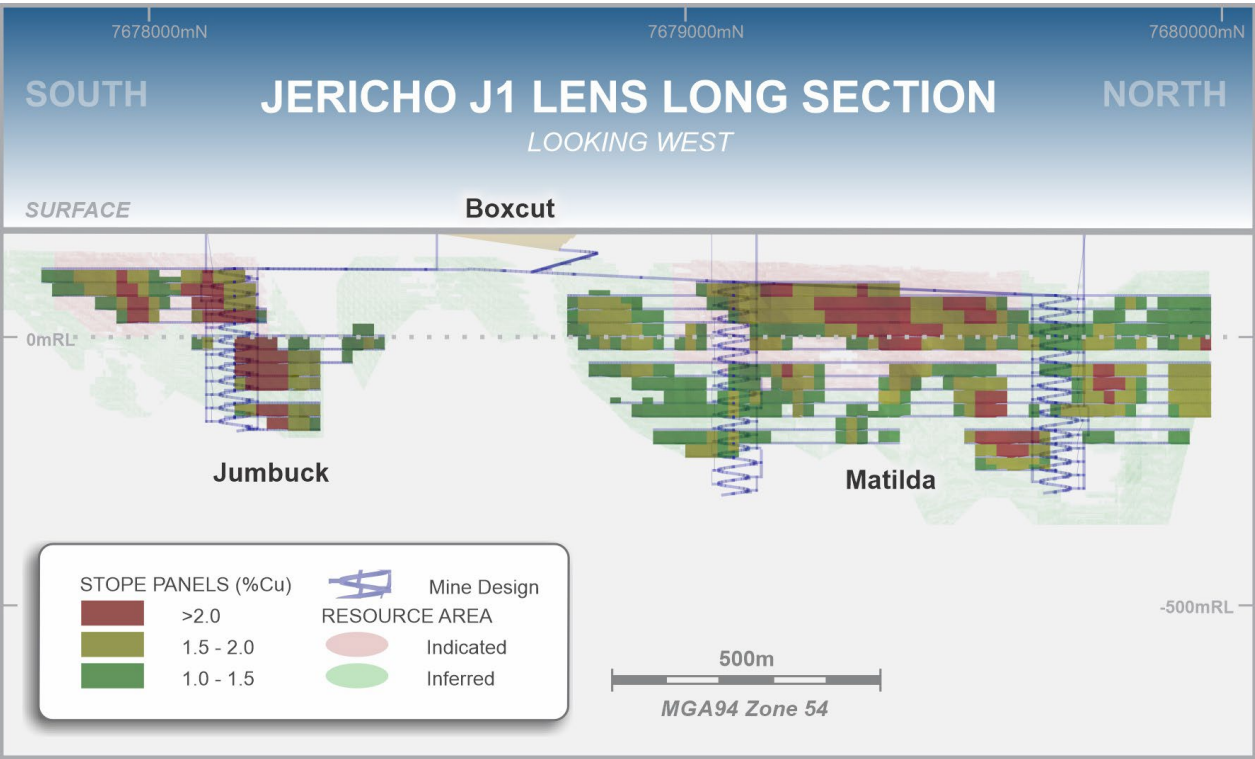


Figure 3. Long section showing baseline development and stoping plan for Jericho J1 Lens.

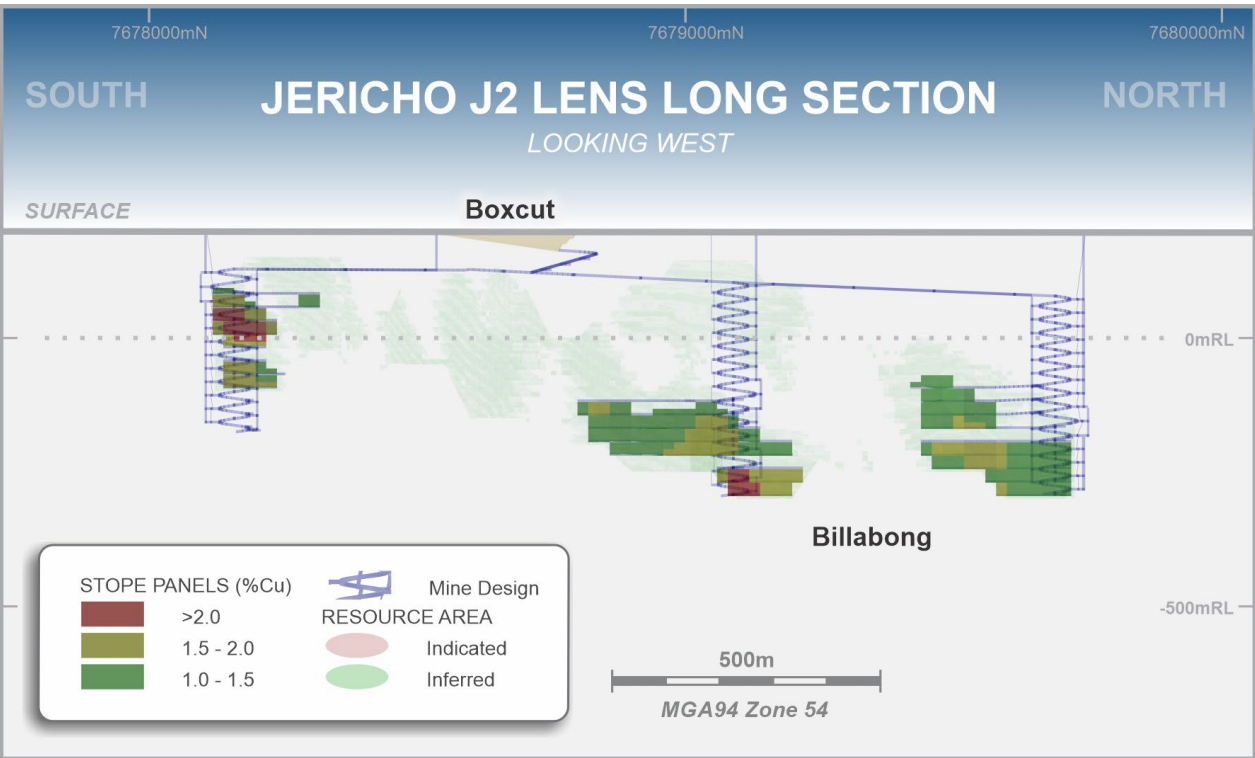


Figure 4. Long section showing baseline development and stoping plan for Jericho J2 Lens.

Eloise Processing Plant Expansion Studies

A plant expansion study has been completed. This study has quantified capacity constraints in the current plant and upgrade design options to achieve a 1.1Mtpa throughput rate. The crushing, grinding and concentrate filtration circuits require upgrade.

At the increased throughput rate of 1.1Mtpa the combined Eloise-Jericho operation will produce 20,000tpa of copper and 7,500ozpa of gold in concentrate.

Initial capital cost estimates for the plant expansion to 1.1Mtpa indicate a total cost of \$60.0 million over two years based on replacement of the current crushing circuit with a completely new circuit. The new crushing circuit makes up the majority of the capital cost. Using contract crushing over (at least) the 45-month mining ramp-up period reduces the capital cost by up to \$30.0 million and is the current go-forward scenario. Evaluation of bulk batch and particle ore sorting is also underway as it has the potential to provide a similar reduction in capital cost.

The grinding circuit upgrade requires additional ball milling capacity and design trade-off considers a new single stage ball mill to replace the existing primary and secondary ball mills or the addition of a larger secondary ball mill. In both scenarios, the existing secondary ball mill will be repurposed for concentrate regrind duty.

The existing flotation circuit will involve circuit debottlenecking rather than major upgrade installations. Concentrate filtration upgrade involves the installation of a concentrate filter feed tank and new plate and frame pressure filter to replace the existing vacuum filters.

Jericho Development Approvals

The public notification period for the Jericho Mining Lease and Environmental Authority applications opened during the Quarter. If no objections are received, the initial Mining Lease and Environmental Authority are expected to be approved in the March 2024 Quarter allowing construction of surface infrastructure at Jericho to commence.

Appointment of Debt Funding Advisor

With completion of the baseline mining studies and the plant expansion study, AIC Mines has appointed independent corporate advisory firm amicaa Advisors Pty Ltd (“amicaa”) to secure debt funding for the Jericho project development.

AIC Mines has received strong initial expressions of interest from concentrate traders and debt providers to provide funding for the Jericho project. A range of debt structures are under consideration.

Amicaa is undertaking a strategic review of AIC Mines’ funding proposals and financing options to identify a preferred funding pathway for the Company. This will be followed by a financing process to secure financier(s) that will meet the Company’s funding and timeline objectives. It is expected that a formal process will commence in January 2024.

AIC Mines is taking a cautious approach to the development of Jericho given the current inflationary environment and is determined to fully optimise the project prior to committing to the development.

EXPLORATION

AIC Mines holds a pipeline of copper, gold and base metal exploration projects capturing extensive land positions in well-endowed mineral sub-provinces across Australia. We are currently looking to rationalise the exploration portfolio through sale or joint venture.



Eloise Regional Project (AIC Mines 100%)

The Eloise Regional project consists of approximately 2,000km² of tenure immediately surrounding the Eloise mine (see Figure 5). The area contains a strong pipeline of targets from early-stage prospects along the same trend as Jericho (e.g. Bagdad to St Louis) to advanced exploration prospects (e.g. Artemis) to known resources at Sandy Creek.

Subsequent to the end of the Quarter a 3,000m of diamond drilling program commenced at the Sandy Creek Copper-Gold Prospect and the Artemis Polymetallic Prospect. Both prospects are within trucking distance of the Eloise processing plant and are part of the Company's strategy to extend the life of the Eloise mine through a hub and spoke approach to regional development.

At Sandy Creek, approximately 1,300m of drilling will target resource growth through wide spaced step-out holes along strike and down plunge of the known mineralisation. Drilling at the nearby Artemis Prospect will test for extensions to the copper-zinc mineralisation along strike to the north, south and down dip. The objective of this drilling is to complete a maiden resource estimate for the deposit. For further details of the drilling program see AIC Mines ASX announcements "Drilling Commences at Eloise Regional Copper Prospects" dated 10 October 2023

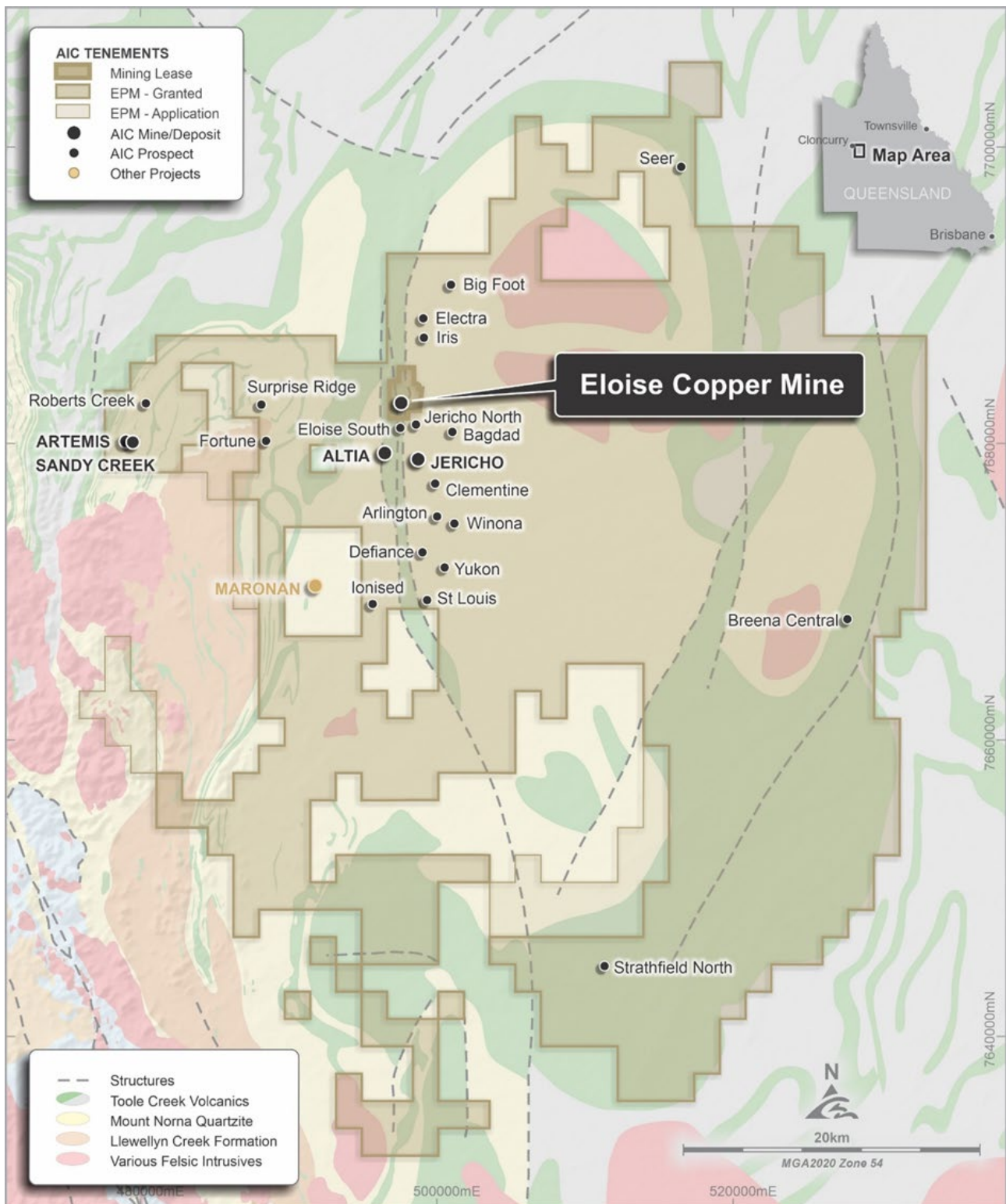


Figure 5. Eloise regional exploration tenure showing identified prospects

Pyramid Project (AIC Mines 100%)

The Pyramid Project consists of 176km² of tenure within the highly endowed Drummond Basin in NE Queensland. The project contains the advanced Gettysberg epithermal gold target which is similar in style to the multimillion-ounce Pajingo and Mount Leyshon deposits, which occur within 100km of the project. Previous exploration focussed solely on the Gettysberg target, leaving several other targets untested.

During the Quarter, 10 RC holes for 1,586m of drilling were completed at five targets along the West Pyramid Range – Gettysberg South, Khufu, Marrakesh, Djoser and Pradesh (Figure 6). The drilling tested coincident gold soil geochemistry and IP chargeability anomalies associated with mapped alteration and major faults and splays off the Gettysberg Fault. Silica-carbonate veining and alteration was associated with disseminated sulphide zones elevated in Ag, As, Zn, Pb and Sb (determined from pXRF) in holes from Gettysberg South, Pradesh, Djoser and Khufu. Assay results are awaited. For further details of the drilling program see AIC Mines ASX announcements “Exploration Update Pyramid and Delamerian Projects” dated 22 September 2023

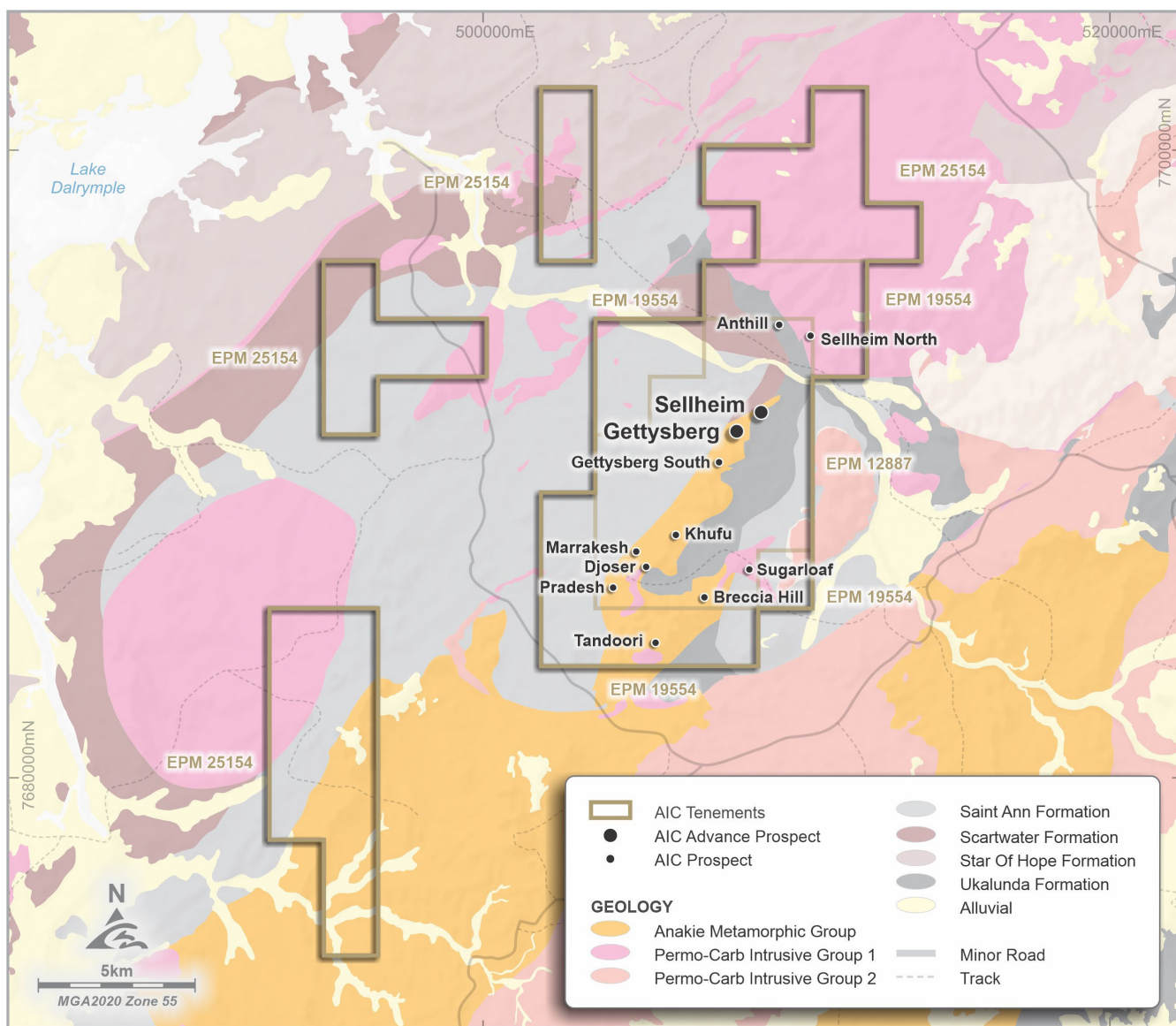


Figure 6. Pyramid Project gold prospects, including those drilled this Quarter, over geology.

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Financial Performance

Eloise produced 3,276t of payable copper and sold 3,360t of copper during the Quarter at an average price of A\$13,118/t (10% increase from the June 2023 Quarter: A\$11,888/t) generating \$46.2 million in metal sales post TC/RC deductions and including gold and silver by-product credits. Operating cashflow for the Quarter was \$19.2 million and after capital investment of \$11.0 million, net mine cashflow was positive \$8.2 million.

The net mine cashflow of \$8.2 million was a marked improvement on prior Quarters and was driven by increased ore production and improvements in mobile equipment and mill reliability. This translated into record mill throughput and concentrate sales, resulting in a reduction in the AIC by A\$1.0/lb of copper sold (a 16% reduction) in the Quarter. The reduction in the AIC to A\$5.16/lb meant a margin of A\$0.79/lb (or A\$1,742/t) of copper sold in the Quarter.

Pleasingly, with the increased production and mill throughput, unit rates for mining, processing and sales related costs all decreased during the Quarter.

Sustaining capital expenditure for the Quarter (captured in AISC) included:

- \$1.5 million on resource definition drilling at Eloise
- \$1.3 million on equipment purchases and financing costs – an underground loader with remote guidance system, a ROM loader and underground grader arrived on site during the quarter.
- \$0.3 million on diesel generator rebuilds and automation of the powerhouse.
- \$6.5 million on sustaining mine development.

Major project capital expenditure for the Quarter (captured in AIC) included:

- \$1.6 million on decline development in the Deeps.

\$3.7 million was invested during the Quarter at Jericho and the Eloise expansion project. This investment mainly consisted of:

- \$3.0 million on reserve definition and hydrology drilling at Jericho.
- \$0.3 million on environmental and mining lease approvals process.
- \$0.2 million on processing plant upgrade and mining studies.

AIC Mines finished the Quarter with \$29.0 million in cash at bank (30 June 2023: \$30.9 million) and approximately 937dmt of concentrate containing 252 tonnes of copper, with a notional value of \$3.2 million, awaiting sale.

AIC Mines' creditor position (trade and other payables) was in line with the previous Quarter at \$15.2 million (30 June 2023: \$14.8 million).

The table on the following page summarises AIC Mines' cash movements for the Quarter.

| Cashflow (A\$ Millions) | March 2023 Qtr | June 2023 Qtr | September 2023 Qtr |
|---|-------------------|------------------|-----------------------|
| Metal sales (net of TC/RC) ¹ | 33.6 | 32.2 | 46.2 |
| Mine operating costs | (22.6) | (25.1) | (27.0) |
| Operating Mine Cashflow | 11.0 | 7.0 | 19.2 |
| Total capital | (10.5) | (13.4) | (11.0) |
| Net Mine Cashflow | 0.5 | (6.4) | 8.2 |
| Corporate and exploration | (2.9) | (2.4) | (2.8) |
| Jericho | - | (1.0) | (3.7) |
| Net interest and other income | 0.2 | (0.1) | 0.1 |
| Working capital movement | (3.3) | 3.1 | (3.7) |
| Group Cashflow | (5.6) | (6.7) | (1.9) |
| Cash backed bond for TD5 | - | (4.4) | - |
| Cash received from raising | 24.1 | 4.5 | - |
| Acquisition and integration costs | (0.1) | (0.1) | - |
| Net Group Cashflow | 18.4 | (6.8) | (1.9) |
| Opening Cash Balance 1 Jan 2023 | 19.3 | | |
| Opening Cash Balance 1 Apr 2023 | | 37.7 | |
| Opening Cash Balance 1 July 2023 | | | 30.9 |
| Closing Cash Balance | 37.7 | 30.9 | 29.0 |

1. Metals sales information is preliminary and subject to FY24 half year-end review

Authorisation

This Quarterly Activities Report has been approved for issue by, and enquiries regarding this report may be directed to Aaron Colleran, Managing Director, via email at info@aicmines.com.au.

Exploration and Mineral Resource Information Extracted from ASX Announcements

This report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (“2012 JORC Code”). These announcements are listed below.

Further details, including 2012 JORC Code reporting tables where applicable, can be found in the following announcements lodged on the ASX by AIC Mines:

- | | |
|--|-------------------|
| • Drilling Results from Eloise Deepes | 24 June 2022 |
| • Drilling Results from Macy Deposit | 3 August 2022 |
| • Lens 6 Discovery - Eloise Copper Mine | 30 September 2022 |
| • Drilling Commences at the Jericho Copper Deposit | 17 May 2023 |
| • Eloise Remnant Mining Strategy | 18 July 2023 |
| • Jericho Drilling Program Intersects High-Grade Copper | 22 August 2023 |
| • High-Grade Copper Discovery at Jericho North | 19 September 2023 |
| • Exploration Update Pyramid and Delamerian Projects | 22 September 2023 |
| • Drilling Commences at Eloise Regional Copper Prospects | 10 October 2023 |

These announcements are available for viewing on the Company’s website www.aicmines.com.au under the Investors tab.

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

Competent Person’s Statement – Eloise Drilling Results

The information in this announcement that relates to Eloise drilling results is based on information, and fairly represents information and supporting documentation compiled by Matthew Thomas who is a member of the Australasian Institute of Mining and Metallurgy and Angus Cunningham who is a member of the Australasian Institute of Geoscientists. Mr Thomas and Mr Cunningham have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the JORC Code. Mr. Thomas and Mr. Cunningham are full-time employees of AIC Copper Pty Ltd and are based at the Eloise Mine. Mr Thomas and Mr Cunningham consent to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Competent Person’s Statement – Jericho Drilling Results

The information in this announcement that relates to the Jericho drilling results is based on information, and fairly represents information and supporting documentation compiled by Mike Taylor who is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the JORC Code. Mr. Taylor is a full-time employee of AIC Mines Ltd. Mr. Taylor consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

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

Appendix 1

Table 1: Eloise Mine – Deeps Drilling – Drill Hole Locations and Anomalous Intercepts

JORC Code 2012 Assessment and Reporting Criteria for these holes is included in AIC Mines ASX announcement “Drilling Results from Eloise Deeps” released on 24 June 2022.

| Hole ID | Hole Type | Northing Local (m) | Easting Local (m) | Elevation Local (m) | Hole Length (m) | Dip Local | Azi Local | From (m) | To (m) | Downhole Interval (m) | ETW (m) | Copper Grade % | Gold Grade g/t | Lens Number |
|---------|-----------|--------------------|-------------------|---------------------|-----------------|-----------|-----------|---------------|----------------|-----------------------|------------|----------------|----------------|-------------|
| ED318 | DD EXP | 81,710.8 | 97,406.7 | -339.9 | 307.8 | -24.1 | 152.0 | 178.2 | 190.0 | 11.8 | 10.9 | 2.5 | 1.0 | 4 |
| ED319 | DD EXP | 81,713.5 | 97,406.5 | -339.0 | 291.1 | -20.3 | 119.8 | 96.4 107.7 | 104.5 110.4 | 8.1 2.6 | 7.5 2.4 | 2.4 2.7 | 0.4 0.8 | 3 3 |
| ED341 | DD EXP | 81,848.4 | 97,502.8 | -181.5 | 297.1 | -32.8 | 58.6 | 5.0 | 8.0 | 3.0 | 2.5 | 1.5 | 0.2 | 1 |

Data aggregation method uses length weighting averaging technique with:

- minimum grade truncation comprises of copper assays greater than 1.5% Cu
- no upper assay cuts have been applied to copper or gold grades
- minimum width of 1.5 metres downhole
- maximum internal dilution of maximum of 3 metres downhole containing assays below 1.0% Cu

Downhole intervals are rounded to one decimal place

ETW – Estimated True Width

DD EXP – Diamond drillhole exploration

DD RD – Diamond drillhole resource definition

NSA – No significant assays

Table 2: Eloise Mine – Deeps Lens 6 Drilling – Drill Hole Locations and Anomalous Intercepts

JORC Code 2012 Assessment and Reporting Criteria for these holes is included in AIC Mines ASX announcement “Lens 6 Discovery” released on 30 September 2022.

| Hole ID | Hole Type | Northing Local (m) | Easting Local (m) | Elevation Local (m) | Hole Length (m) | Dip Local | Azi Local | From (m) | To (m) | Downhole Interval (m) | ETW (m) | Copper Grade % | Gold Grade g/t | Lens Number |
|---------|-----------|--------------------|-------------------|---------------------|-----------------|-----------|-----------|----------|--------|-----------------------|---------|----------------|----------------|-------------|
| ED314 | DD RD | 81,713.8 | 97,406.5 | -339.8 | 290.0 | -40.4 | 113.6 | 215.8 | 223.0 | 7.2 | 5.5 | 3.4 | 0.9 | 6 |
| ED314 | | | | | | | | 226.0 | 230.0 | 4.0 | 3.1 | 2.8 | 0.6 | 6 |
| ED315 | DD RD | 81,714.0 | 97,406.6 | -340.0 | 360.0 | -50.7 | 106.5 | 319.5 | 328.4 | 8.9 | 5.0 | 2.4 | 0.5 | 6 |
| ED329 | DD RD | 81,848.8 | 97,502.6 | -181.3 | 342.1 | -25.6 | 49.8 | 210.4 | 218.9 | 8.5 | 7.9 | 2.3 | 0.9 | 6 |
| ED329 | | | | | | | | 258.6 | 265.0 | 6.4 | 6.0 | 6.1 | 3.1 | 7 |
| ED341 | DD RD | 81,848.4 | 97,502.8 | -181.5 | 297.1 | -32.8 | 58.6 | 203.0 | 222.3 | 19.3 | 17.1 | 2.0 | 0.4 | 6 |
| ED353 | DD RD | 81,744.1 | 97,545.2 | -305.3 | 110.9 | -11.2 | 56.1 | 55.0 | 57.8 | 2.8 | 2.7 | 8.8 | 1.0 | 5/6 |
| ED353 | | | | | | | | 61.2 | 67.0 | 5.8 | 5.7 | 2.7 | 0.6 | 6 |
| ED353 | | | | | | | | 87.7 | 91.4 | 3.7 | 3.7 | 1.9 | 0.6 | 7 |
| ED354 | DD RD | 81,743.3 | 97,545.7 | -305.3 | 98.1 | -7.2 | 79.8 | 48.2 | 50.7 | 2.6 | 2.6 | 2.3 | 0.4 | 5/6 |
| ED355 | DD RD | 81,742.1 | 97,546.3 | -305.4 | 92.4 | -8.6 | 103.8 | 46.3 | 50.1 | 3.8 | 3.7 | 1.8 | 0.5 | 6 |
| ED357 | DD RD | 81,744.3 | 97,545.1 | -305.7 | 118.1 | -22.8 | 51.0 | 72.4 | 91.9 | 19.5 | 17.9 | 8.2 | 1.6 | 6 |

See footnotes to Table 1.

Table 3: Eloise Mine – Macy North Drilling – Drill Hole Locations and Anomalous Intercepts

JORC Code 2012 Assessment and Reporting Criteria for these holes is included in AIC Mines ASX announcement “Drilling Results from Macy Deposit” dated 3 August 2022.

| Hole ID | Hole Type | Northing Local (m) | Easting Local (m) | Elevation Local (m) | Hole Length (m) | Dip Local | Azi Local | From (m) | To (m) | Downhole Interval (m) | ETW (m) | Copper Grade % | Gold Grade g/t | Lens Number |
|---------|-----------|--------------------|-------------------|---------------------|-----------------|-----------|-----------|----------|--------|-----------------------|---------|----------------|----------------|-------------|
| MA304 | DD RD | 82,883.0 | 97,462.5 | 762.8 | 158.6 | 26.5 | 268.1 | 74.7 | 77.1 | 2.4 | 2.1 | 3.8 | 0.2 | 5 |
| MA304 | | | | | | | | 116.3 | 125.0 | 8.7 | 8.0 | 1.6 | 0.2 | 2 |
| MA304 | | | | | | | | 131.0 | 133.0 | 2.0 | 1.9 | 2.2 | 0.6 | 1 |
| MA305 | DD RD | 82,884.5 | 97,462.2 | 762.8 | 155.6 | 23.825 | 302.1 | 106.0 | 108.0 | 2.0 | 1.8 | 1.2 | 0.6 | 4 |
| MA305 | | | | | | | | 142.4 | 145.9 | 3.5 | 3.3 | 3.2 | 0.4 | 1 |
| MA307 | DD RD | 82,883.1 | 97,462.7 | 763.1 | 95.8 | 31.48 | 256.0 | 90.4 | 92.5 | 2.1 | 1.8 | 1.7 | 0.2 | 5 |
| MA308 | DD RD | 82,883.8 | 97,462.6 | 763.3 | 34.6 | 34.6 | 281.0 | NSA | | | | | | |
| MA309 | DD RD | 82,884.1 | 97,462.6 | 763.2 | 155.2 | 30.7 | 291.8 | 138.0 | 149.0 | 11.0 | 9.8 | 3.4 | 3.7 | 1 |
| MA310 | DD RD | 82,884.7 | 97,462.5 | 763.0 | 100.5 | 29.8 | 305.9 | NSA | | | | | | |
| MA311 | DD RD | 82,885.1 | 97,462.7 | 762.8 | 172.4 | 26.5 | 310.9 | 99.1 | 104.0 | 4.9 | 4.5 | 1.1 | 0.4 | 5 |
| MA311A | DD RD | 82,885.1 | 97,462.7 | 762.8 | 115.0 | 26.6 | 310.9 | 157.2 | 162.0 | 4.8 | 4.4 | 1.7 | 0.7 | 1 |
| MA312 | DD RD | 82,885.5 | 97,463.3 | 762.6 | 101.5 | 20.6 | 319.5 | NSA | | | | | | |
| MA313 | DD RD | 82,882.8 | 97,462.8 | 763.9 | 134.3 | 44.2 | 245.8 | NSA | | | | | | |
| MA314 | DD RD | 82,883.4 | 97,462.6 | 764.5 | 114.0 | 48.5 | 266.9 | NSA | | | | | | |
| MA316 | DD RD | 82,884.7 | 97,462.9 | 763.9 | 133.9 | 42.8 | 313.4 | NSA | | | | | | |
| MA327 | DD EXP | 82,701.9 | 97,663.3 | 1,081.9 | 643.8 | -19.6 | 325.5 | NSA | | | | | | |
| MA331 | DD RD | 82,883.9 | 97,462.3 | 763.1 | 157.0 | 31.8 | 280.3 | 81.1 | 83.0 | 1.9 | 1.6 | 3.0 | 0.6 | 5 |
| MA331 | | | | | | | | 122.2 | 124.9 | 2.7 | 2.3 | 1.8 | 0.1 | 3 |
| MA331 | | | | | | | | 136.8 | 146.9 | 10.0 | 8.6 | 1.9 | 0.4 | 1 |

See footnotes to Table 1.