

APPENDIX 4D – HALF YEAR FINANCIAL REPORT
AIC MINES LIMITED ACN 060 156 452 AND CONTROLLED ENTITIES
For The Half Year Ended 31 December 2023

Results for Announcement to the Market

Key Information

	For the six months ended 31 December 2023	For the six months ended 31 December 2022	Up / (down)	
	\$'000	\$'000	\$'000	%
Revenues from contracts with customers	91,019	57,516	33,503	58%
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	24,712	7,790	16,922	217%
Statutory profit / (loss) before income tax	3,823	(6,861)	10,684	156%
Profit/(loss) from ordinary activities after income tax attributable to the members	2,228	(5,199)	7,427	143%

Dividend Information

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

Net Tangible Assets

	As at 31 December 2023	As at 30 June 2023
	\$	\$
Net tangible assets per share	0.44	0.50

Earnings Per Share

	For the six months ended 31 December 2023	For the six months ended 31 December 2022
	\$	\$
Basic earnings per share	0.005	(0.016)
Diluted earnings per share	0.005	(0.015)

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 2023 which have been reviewed by PricewaterhouseCoopers.

AIC Mines Limited FY24 Half Year Financial Report

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Corporate Directory

ABN: 11 060 156 452

DIRECTORS

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

COMPANY SECRETARY

Audrey Ferguson

REGISTERED OFFICE

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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 17
221 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 2023 ("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
Linda Hale	Non-Executive Director
Brett Montgomery	Non-Executive Director
Jon Young	Non-Executive Director

COMPANY SECRETARY

Audrey Ferguson

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were exploration, mine development and production, mine operations and the sale of copper concentrate in Australia.

KEY HIGHLIGHTS FOR THE REPORTING PERIOD

Key highlights for the 6 month period ended 31 December 2023 ("period") include:

- **Record copper production** – Eloise produced 26,657 dry metric tonnes ("dmt") of concentrate containing 7,161 tonnes of copper (31 December 2022: 19,015 dmt of concentrate and 5,194 tonnes of copper respectively), a half year record under AIC Mines ownership.
- **Record mill throughput** – Eloise achieved mill throughput of 359,192 tonnes of ore (31 December 2022: 290,718 tonnes), a half year record under AIC Mines ownership.
- Eloise generated operating mine cash flow of \$36.1 million. Net mine cash flow was \$12.9 million after \$23.2 million in capital investment (31 December 2022: \$17.7 million and negative \$14.0 million respectively).
- **New discovery at Swagman** – exploration drilling intersected a new high-grade shoot two kilometres along strike from the Jericho J2 Lens resource boundary.
- Jericho mining studies and Eloise processing plant expansion studies were advanced.

FINANCIAL REVIEW

Profit and loss

- The Group recorded a consolidated profit after income tax of \$2.2 million for the period (31 December 2022: \$5.2 million loss). Net revenue from concentrate sales for the period increased to \$91.0 million (31 December 2022: \$57.5 million).
- Earnings before interest tax and depreciation was \$24.7 million for the period a \$16.9 million increase on the prior period (31 December 2022: \$7.8 million)
- The basic and diluted earnings per share for the period totalled \$0.005 and \$0.005, respectively (31 December 2022: loss per share \$0.016 and \$0.015).

Balance Sheet

- At period end net assets of the Group were \$157.9 million (30 June 2023: \$154.3 million). Total assets increased during the period to \$202.4 million (30 June 2023: \$194.7 million) mainly due to the increase in exploration properties as a result of investments in the development of the Jericho deposit and an increase in property plant and equipment with investments at Eloise.
- The net carrying amount of property, plant and equipment increased by \$4.6 million in the period. This was primarily driven by the purchase of mobile and power generation equipment and equipment rebuilds, offset by depreciation at Eloise. Mine

Directors' Report

properties increased by \$0.8 million in the period, which was driven by the capitalisation of mining costs related to underground mine development activity at Eloise, offset by depreciation and the measurement of the rehabilitation provision.

- Total liabilities for the Group increased by \$4.1 million during the period to \$44.5 million (30 June 2023: \$40.4 million). This was mainly due to an increase in equipment leasing by \$4.9 million (net of repayments) and trade payables of \$0.6 million, partially offset by the decreasing in the rehabilitation provision for Eloise \$1.5 million due to higher forward interest rates reflected in the period.

Cashflow

- The net cash inflow from operating activities totalled \$24.3 million (31 December 2022: inflow \$10.6 million) and the cash balance at period end totalled \$26.7 million (30 June 2023: \$30.9 million).
- Net cash outflow from investment activities totalled \$33.3 million, an increase of \$13.9 million from the prior period (31 December 2022: outflow \$19.4 million). Payments for mine properties increased by \$1.6 million with further investment in mine development during the period. Payments for exploration properties increased by \$5.4 million reflecting the investment in the development of the Jericho deposit. Investments in property plant and equipment reduced by \$5.0 million as planned as the prior period included a large capital outlay for Tails Dam 5 construction. The prior period investing outflows were reduced by \$12.5 million due to the return of a cash backed rehabilitation bond and the cash acquired from the Demetallica acquisition.
- Net cash inflow from financing activities totalled \$4.8 million for the period, largely driven by \$5.5 million in drawdowns from the Group's equipment financing facility with NAB (31 December 2022: outflow \$0.02 million).

Taxation

- During the period, the Group made no income tax payments and recognised a \$1.6 million deferred income tax expense (31 December 2022: income tax benefit \$1.7 million).

Dividends

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

Operations Review

Eloise had an outstanding 6 months. Production delivered 26,657 dmt of concentrate containing 7,161 tonnes of copper at an All-in-Sustaining Cost of A\$4.89/lb and All-in-Cost of A\$5.08/lb.

Ore mined for the period totalled 344,882 tonnes at an average grade of 2.14% copper. Ore processed totalled 359,192 tonnes at an average grade of 2.11% copper. Copper recovery of 94.40% was achieved for the period.

Operating mine cash flow for the period totalled \$36.1 million and net mine cash flow totalled \$12.9 million after capital investment of \$23.2 million. Realised copper price for the period averaged A\$12,573 per tonne (A\$5.71/lb) of copper sold.

The table below outlines the key operating metrics for Eloise during the 6 month periods to 31 December 2023 and 31 December 2022:

Summary of operating results	For the six months to	For the six months to
	31 December 2023	31 December 2022
Operating mine cash flow (\$'000)	36,107	17,736
Sustaining capital (\$'000)	(20,141)	(18,150)
All-in cost capital (\$'000)	(3,026)	(13,547)
Eloise total capital (\$'000)	(23,167)	(31,697)
Net mine cash flow (\$'000)	12,940	(13,961)
Payable copper production (t)	6,894	5,004
All-in Sustaining Cost (A\$/lb)	4.89	5.45
All-in Cost (A\$/lb)	5.08	6.71

At the Jericho development project, 4km south of Eloise, baseline mining studies were completed providing a scope for how the project can be developed. In conjunction with the Jericho mining studies an Eloise processing plant expansion study was completed. This study quantified the capacity constraints in the current processing plant and upgrade design options to achieve a 1.1 million tonnes per annum throughput rate. The study concluded that the crushing, grinding and concentrate filtration circuits will require upgrade.

Directors' Report

Exploration Review

Eloise Regional Project

The extensive tenement package surrounding the Eloise Mine and encompassing the Jericho development project that was acquired as part of the Demetallica takeover, was systematically reviewed and priority targets identified during the period. This work was undertaken to focus on identifying opportunities to immediately add copper and gold resources to AIC Mines' growing resource base. Exploration drilling was completed at three targets: Jericho North, Sandy Creek and Artemis. Two holes were drilled into the Jericho North geophysical anomaly intersecting 9.8 metres (6.9m ETW) grading 2.1% copper from 491.15 metres. This discovery of a new plunging high-grade shoot (named Swagman) is situated between Jericho and Eloise and bodes well for future development. Further drilling to define the extent and geometry of the Swagman discovery will be completed in second half of FY24. For further details of the Jericho North drilling, including JORC Code 2012 Assessment and Reporting Criteria, see AIC Mines ASX announcement "High-Grade Copper Discovery at Jericho North" dated 19 September 2023.

Three exploration holes were drilled at the Sandy Creek deposit, located 20 kilometres west of Eloise. The drilling was successful in intersecting mineralisation a further 100 metres down plunge. At the nearby Artemis polymetallic prospect, a further three holes tested the extension of mineralisation down dip and down plunge. Lower grade mineralisation was intersected in two holes indicating further potential for a southerly plunging shoot continuing at depth, which remains untested. Further drilling will be planned at both prospects to better define extensions. For further details, including JORC Code 2012 Assessment and Reporting Criteria, see AIC Mines ASX announcement "Drilling Extends Mineralisation at Sandy Creek and Artemis Prospects" dated 12 January 2024

Pyramid Project

Located 120km southeast of Charter Towers, northeast Queensland, within the highly endowed Drummond Basin, the Pyramid project offers the potential to discover multimillion ounce gold deposits similar to other mines in the district, such as Mount Leyshon (>3.5 million ounces) and Pajingo/Vera Nancy (>3.0 million ounces). A 10 hole reverse circulation drill program tested several prospects, defined by induced polarisation geophysics and soil geochemistry anomalies, along an 8 kilometre trend associated with the northeast-trending regional-scale Gettysberg Fault. Anomalous gold, silver and base metals results, typical of epithermal gold systems, were returned from three prospects, all of which were previously untested. Given the results achieved in the maiden drilling program, further drilling will be planned. For further details, including JORC Code 2012 Assessment and Reporting Criteria, see AIC Mines ASX announcements "Drilling Results from the Pyramid Gold Project - Updated" dated 17 January 2024.

Delamerian Project

The project consists of three large exploration licences northeast and south of Broken Hill, western New South Wales. The project covers the northern extension of the immature Delamerian Orogen, termed the Koonenberry belt, and the Loch Lily Kars belt which lies 50 kilometres south of Broken Hill. Wide spaced geophysical surveys conducted by the various governments, along with associated research reports from minor historical drilling, has suggested the Koonenberry belt is prospective for mafic-ultramafic intrusive related Ni-Cu deposits. To aid with targeting of these systems under cover rocks, an 8,500 line kilometre Airborne and Radiometric survey was flown. The survey was successful in enhancing geological trends to focus the next stage of targeting. For further details, see AIC Mines ASX announcements "Exploration Update Pyramid and Delamerian Projects" dated 22 September 2023.

Marymia and Lamil Projects

At Marymia and Lamil, the results from the FY23 drilling and geophysical programs were assessed in terms of prospectivity compared to the larger AIC Mines exploration portfolio. Divestment pathways are now being sought for both projects.

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 19 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.

Directors' Report

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 8 of this report and forms part of this Directors' Report for the period ended 31 December 2023.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'A. Colleran', with a long, sweeping flourish extending to the right.

Mr Aaron Colleran
Managing Director and CEO
21 February 2024



Auditor's Independence Declaration

As lead auditor for the review of AIC Mines Limited for the half-year ended 31 December 2023, 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 blue ink, appearing to read 'M Upcroft', is written over a light blue horizontal line.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
21 February 2024

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2023

	Notes	For the six months ended 31 December 2023 \$'000	For the six months ended 31 December 2022 \$'000
Sales revenue	5(a)	91,019	57,516
Cost of sales	5(b)	(58,847)	(42,567)
		32,172	14,949
Depreciation and amortisation expense	5(b)	(20,358)	(12,614)
Corporate and administration costs		(2,972)	(2,441)
Exploration and evaluation costs		(2,854)	(3,535)
Share based payment expense		(1,373)	(1,250)
Transaction and integration costs		(8)	(1,434)
Interest expense - net	5(c)	(523)	(418)
Change to fair value loss on financial assets		(121)	(121)
Profit on sale of plant & equipment		(140)	3
Profit / (loss) before income tax expense		3,823	(6,861)
Income tax (expense) / benefit	6	(1,595)	1,662
Net profit / (loss) for the period after tax		2,228	(5,199)
Other comprehensive income		-	-
Total comprehensive profit / (loss) for the period		2,228	(5,199)
Total comprehensive income / (loss) for the period is attributable to:			
Owners of AIC Mines Limited		2,228	(5,199)
Earnings per share		\$	\$
Basic earnings per share	15	0.005	(0.016)
Diluted earnings per share	15	0.005	(0.015)

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2023

	Notes	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Assets			
Current Assets			
Cash and cash equivalents		26,650	30,888
Trade and other receivables	7	2,590	1,020
Inventories		9,499	10,834
Financial assets at fair value through profit and loss	8	9,605	6,864
Total Current Assets		48,344	49,606
Non-Current Assets			
Right of use assets		166	467
Performance bond		4,354	4,354
Property, plant and equipment	9	45,487	40,840
Exploration properties	10	45,372	39,972
Mine properties	11	58,091	57,274
Deferred tax assets		592	2,187
Total Non-Current Assets		154,062	145,094
Total Assets		202,406	194,700
Liabilities			
Current Liabilities			
Trade and other payables	12	15,390	14,768
Provisions	13	2,531	2,329
Interest bearing liabilities	17	2,572	826
Lease liabilities		167	261
Total Current Liabilities		20,660	18,185
Non-Current Liabilities			
Provisions	13	18,967	20,480
Interest bearing liabilities	17	4,808	1,609
Lease liabilities		82	136
Total Non-Current Liabilities		23,857	22,225
Total Liabilities		44,517	40,410
Net Assets		157,889	154,290
Equity			
Issued capital	14	152,027	151,932
Share based payment reserve		3,917	2,640
Options reserve		409	409
Accumulated profit/(losses)		1,536	(692)
Total Equity		157,889	154,290

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash flows

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2023

		For the six months ended 31 December 2023 \$'000	For the six months ended 31 December 2022 \$'000
	Notes		
Cash flows from operating activities			
Receipts from customers		87,930	71,555
Payments to suppliers, employees and contractors		(63,576)	(59,645)
Payments for transaction and integration costs		(8)	(1,434)
Interest (paid)/received		(86)	119
Net cash inflow from operating activities		<u>24,260</u>	<u>10,595</u>
Cash flows from investing activities			
Payments for property, plant and equipment	9	(9,069)	(14,036)
Payments for mine property	11	(19,346)	(17,773)
Payments for security deposits		-	(13)
Payments for exploration properties	10	(5,400)	(75)
Cash acquired on acquisition of Demetallica		-	5,697
Proceeds from return of performance bond		-	6,799
Proceeds from sale of property, plant and equipment		532	3
Net cash outflow from investing activities		<u>(33,283)</u>	<u>(19,398)</u>
Cash flows from financing activities			
Lease liability principal payments		(734)	(20)
Net proceeds from interest bearing liabilities		5,519	-
Net cash inflow / (outflow) from financing activities		<u>4,785</u>	<u>(20)</u>
Net decrease in cash and cash equivalents		(4,238)	(8,823)
Cash and cash equivalents at beginning of the period		<u>30,888</u>	<u>28,095</u>
Cash and cash equivalents at end of the period		<u>26,650</u>	<u>19,272</u>

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2023

	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 July 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 profit	-	-	(5,199)	-	-	(5,199)
<i>Transactions with owners</i>						
Issue of shares	36,484	3,235	-	-	-	39,720
Share based payment movement	-	-	-	-	526	526
Option reserve	-	-	-	409	-	409
Balance at 31 December 2022	120,189	3,235	(75)	409	1,864	125,623
Balance at 1 July 2023	151,932	-	(692)	409	2,640	154,290
<i>Profit or loss and other comprehensive income</i>						
Net profit for the period	-	-	2,228	-	-	2,228
Total comprehensive profit	-	-	2,228	-	-	2,228
<i>Transactions with owners</i>						
Issue of shares net of costs (note 14)	95	-	-	-	-	95
Share based payment expense	-	-	-	-	1,277	1,277
Balance at 31 December 2023	152,027	-	1,536	409	3,917	157,889

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2023

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 Suite 3, 130 Hay Street 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 dated 21 February 2024 for issue on the 22 February 2024.

2. BASIS OF PREPARATION

a) Statement of compliance

These general purpose consolidated interim financial report for the half-year period ended 31 December 2023 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.

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. A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis with the exception of financial assets at fair value through profit or loss (note 8).

3. MATERIAL 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 2023 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.

4. SEGMENT REPORTING

The Group operates in one geographical area being Australia and operates in the mining industry for the period ended 31 December 2023. 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 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.

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2023

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 2023	For the six months ended 31 December 2022
	\$'000	\$'000
Mining		
Sales revenue	91,019	57,516
EBITDA	32,032	14,948
Exploration and Corporate		
EBITDA	(7,320)	(7,158)
Reconciliation of EBITDA to profit before income tax		
Mining segment - EBITDA	32,032	14,948
Exploration and corporate – EBITDA	(7,320)	(7,158)
Group EBITDA	24,712	7,790
Depreciation and amortisation	(20,358)	(12,614)
Transaction and integration costs	(8)	(1,434)
Interest income / (expense)	(523)	(604)
Profit/(loss) before income tax	3,823	(6,861)

5. REVENUE AND EXPENSES

	For the six months ended 31 December 2023	For the six months ended 31 December 2022
	\$'000	\$'000
(a) Revenue from contracts with customers		
Concentrate Sales	93,887	58,084
Provisional Pricing Adjustment ¹	(2,868)	(568)
	91,019	57,516
(b) Expenses		
<u>Cost of sales</u>		
Mine Operating Costs	52,905	40,050
Royalty and transport costs	5,942	2,518
	58,847	42,567
<u>Depreciation and Amortisation</u>		
Mining Properties	16,572	11,020
Property Plant and Equipment	3,750	1,594
Right of use asset	36	-
	20,358	12,614
(c) Other income / (expenses)		
Interest income	445	186
Interest expense	(968)	(603)
	(523)	(418)

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

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2023

6. INCOME TAX EXPENSE

	For the six months ended 31 December 2023 \$'000	For the six months ended 31 December 2022 \$'000
Current tax for the period	-	3,204
Deferred tax for the period	(1,595)	(1,542)
Income tax (expense) / benefit	(1,595)	1,662
Reconciliation of tax expense to prima facie tax payable		
Profit / (loss) before income tax	3,823	(6,861)
Tax (expense) / benefit at the statutory income tax rate 30%	(1,147)	2,058
Non-deductible / non-assessable	(448)	(396)
Income tax (expense) / benefit	(1,595)	1,662

7. TRADE AND OTHER RECEIVABLES

	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Diesel fuel rebate / GST receivable	966	394
Prepayments	800	453
Equipment deposits	530	-
Rent receivable	152	125
Deferred consideration receivable ¹	5,696	5,696
Impairment of deferred consideration receivable ¹	(5,696)	(5,696)
Security deposits	142	48
	2,590	1,020

¹ The deferred consideration receivable of \$5.7 million (US\$4.0 million) owed to the Group by Vulcan Copper Limited ('Vulcan') relates to the sale of the Mumbwa and Kitumba copper projects located in Zambia, completed on 14 February 2019 for cash consideration of US\$5 million which has been impaired because Vulcan has failed to make any repayments of the deferred consideration to date. The Group continues to exhaust all avenues to recover value from this transaction. There have not been any developments during the period which would indicate any change in the decision to fully impair the value of the asset.

8. FINANCIAL ASSETS

	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Trade receivables at fair value through profit and loss	9,512	6,657
Fair value of listed shares in Rumble Resources Ltd	81	173
Fair value of unlisted options in Larvotto Resources Ltd	5	34
Fair value of listed shares in Power Nickel Inc	7	-
	9,605	6,864

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 period. Receivables still subject to price adjustments at balance date are measured at fair value.

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2023

b) Listed shares

The group holds 962,094 listed shares in Rumbles Resources Limited (ASX:RTR) with the closing share price as at the 31st of December 2023 quoted on the ASX used to determine the fair value at the end of the period.

c) Unlisted options

The Group also holds 703,013 options in Larvotto Resources Limited which have an exercise price of \$0.30 each and expire on 1 December 2024. A valuation of the options using the Black-Scholes pricing method calculated a value of \$5,037.

9. PROPERTY, PLANT AND EQUIPMENT

<u>At 1 July 2023</u>	<u>\$'000</u>
Cost	51,691
Accumulated depreciation	(10,851)
Net carrying amount	40,840
<u>Half-year ended 31 December 2023</u>	
At beginning of year, net carrying amount	40,840
Additions – cost	9,069
Disposals	(672)
Depreciation charge to profit and loss	(3,750)
Net carrying amount	45,487
<u>At 31 December 2023</u>	<u>\$'000</u>
Cost	58,470
Accumulated depreciation	(12,984)
Net carrying amount	45,487

10. EXPLORATION PROPERTIES

	For the six months ended 31 December 2023
	\$'000
At beginning of year, net carrying amount	39,972
Exploration property additions – Demetallica ¹	-
Exploration property additions – Other	5,400
Net carrying amount	45,372

¹ The group acquired Demetallica Limited in the prior financial year and accounted for this as an asset acquisition. The details of this were disclosed in note 15 of the group's annual financial statements for the year ended 30 June 2023.

11. MINE PROPERTIES

	For the six months ended 31 December 2023
	\$'000
At beginning of year, net carrying amount	57,274
Mine development additions	19,346
Remeasurement of rehabilitation asset	(1,957)
Depreciation charge to profit and loss	(16,572)
Net carrying amount	58,091

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2023

12. TRADE AND OTHER PAYABLES

	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Trade payables	6,144	5,177
Accruals	9,235	9,591
GST payable	11	-
	15,390	14,768

13. PROVISIONS

	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Current		
Employee benefits	2,531	2,329
	2,531	2,329
Non-current		
Employee benefits	57	41
Other	20	20
Rehabilitation provision	18,890	20,419
	18,967	20,480
	21,498	22,809

Rehabilitation provision

During the period, the Rehabilitation provision was remeasured and results in a decrease due to higher forward interest rates reflected in the period.

14. ISSUED CAPITAL

	Number	\$'000
Balance as at 1 July 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
Balance 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
Balance as at 1 July 2023	462,224,392	151,932
Shares issued under Employee Share Scheme	246,240	95
Issued capital at end of period as at 31 December 2023	462,470,632	152,027

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 2023

15. EARNINGS PER SHARE

	For the six months ended 31 December 2023	For the six months ended 31 December 2022
Basic earnings per share – cents per share	0.005	(0.016)
Diluted earnings per share – cents per share	0.005	(0.015)
Earnings per share used in the calculation of basic and diluted earnings per share		
Profit / (loss) after tax attributable to the owners of the parent	2,227,716	(5,199,433)
Weighted average number of ordinary shares (basic)	462,431,822	323,789,106
Effect of dilutive securities ⁽¹⁾	25,090,144	12,771,415
Adjusted weighted average number of ordinary shares used in calculating the diluted earnings per share	487,521,966	336,560,521

⁽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 2023 \$'000	As at 30 June 2023 \$'000
Within 1 year	4,524	4,080
After 1 year but not more than 5 years	14,741	12,782
	19,265	16,862

17. INTEREST BEARING LIABILITIES

	As at 31 December 2023 \$'000	As at 30 June 2023 \$'000
Current		
Bank loan	2,572	826
Non-current		
Bank loan	4,808	1,609
	7,380	2,435

Interest bearing liabilities are reflective of the amounts drawn under AIC Mines equipment financing facility with NAB.

18. RELATED PARTY TRANSACTIONS

During the period, the Group sold \$0.5 million of surplus mining equipment to FMR Investments Pty Ltd.

Notes to the Consolidated Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2023

19. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances 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 2023 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) 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

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 2023.

On behalf of the Board



Mr Aaron Colleran
Managing Director and CEO
21 February 2024



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 during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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, material accounting policy information and selected 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 2023 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 2023 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 blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'M Upcroft'.

Marc Upcroft
Partner

Sydney
21 February 2024