

QUARTERLY REPORT

23 January 2023



ABOUT AIC MINES

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

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

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

CAPITAL STRUCTURE

Shares on Issue: 395,557,725

BOARD MEMBERS

Josef El-Raghy

Non-Executive Chairman

Aaron Collieran

Managing Director & CEO

Brett Montgomery

Non-Executive Director

Tony Wolfe

Non-Executive Director

Jon Young

Non-Executive Director

Linda Hale

Joint Company Secretary

Audrey Ferguson

Joint Company Secretary

CORPORATE DETAILS

ASX: A1M

www.aicmines.com.au

ABN: 11 060 156 452

E: info@aicmines.com.au

A: A8, 435 Roberts Rd,
Subiaco, WA, 6008

Share Register:

Computershare Investor Services

Quarterly Activities Report for the Period Ending 31 December 2022

HIGHLIGHTS

Eloise Copper Mine

- **Production** – 9,187dmt of concentrate produced containing 2,565t of copper at an AISC of A\$5.54/lb Cu and AIC of A\$6.51/lb Cu.
- **Improved Operating Cashflow** – sales of 2,529t Cu, 1,255oz Au and 22,870oz Ag generated net revenue of \$34.0 million (up 25% QOQ) and operating cashflow of \$11.5 million (up 85% QOQ).
- **Improved Outlook** – as Macy North stoping comes on-line in the March 2023 Quarter. The high-grade of the Macy North deposit and the high-productivity mining method to be used is expected to increase production.
- **Lens 6 Discovery** – continued to produce exceptional drilling results as mineralisation was extended at depth:
 - ED231A – 26.4m (19.8m ETW) grading 6.12% Cu and 1.2g/t Au
 - ED233 – 17.2m (12.9m ETW) grading 3.03% Cu and 0.9g/t Au
 - ED234 – 10.5m (7.9m ETW) grading 2.33% Cu and 0.5g/t Au
 - ED234 – 7.4m (5.5m ETW) grading 3.37% Cu and 0.8g/t Au

Growth

- Development of the Jericho deposit will be transformational for Eloise. It offers the potential to increase annual production to over 20,000t Cu in concentrate, reduce AISC through economies of scale and materially extend the mine life.
- Environmental permitting work and mining studies for the Jericho copper project have commenced with the aim of bringing the project into production as quickly as possible. An Eloise processing plant expansion study will commence in the March 2023 Quarter.

Exploration

- **Marymia** – additional tenements acquired covering the southern margin of the Plutonic Greenstone belt. The new tenements capture areas of known gold mineralisation at Far North and Goldfish.
- **Lamil** – anomalous intervals of zinc and lead mineralisation were returned from drilling at the Goodenia prospect and anomalous copper results were returned from drilling at the Sundew prospect.

Corporate

- The takeover offer for Demetallica closed successfully on 5 December 2022 and the compulsory acquisition process completed on 12 January 2023. Demetallica is now wholly owned by AIC Mines.
- At 31 December 2022, AIC Mines held \$19.3 million in cash at bank.

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, together producing up to 700,000tpa ore. Eloise is an owner-miner operation with a mining contractor used for underground development.

Processing is via conventional crushing, grinding and sulphide flotation with capacity to treat up to 750,000tpa. 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) as at 31 December 2022 was 15.3 per 1 million hours worked. Of particular concern was an incident involving a contract electrician. The electrician was working on a distribution board that was not fully isolated and received an electrical shock. Remedial action was taken. Additional focus is being placed on situational awareness and safe behaviour culture.

There were no reportable environmental incidents during the Quarter.

Sustainability

Sustainability initiatives during the Quarter included:

- Consentium Australia Pty Ltd, a leading national environmental consultancy with specialist areas including ESG and Environmental and Planning approval and assurance in the mining and energy sectors, was engaged during the Quarter to draft a Sustainability Plan for AIC Mines. The plan will be a publicly accessible document outlining the Company's approach to sustainability.
- Annual regulated dam inspection and annual update to the site water management plan was completed.
- The Resources Training Council and the University of Queensland Learning Lab visited Eloise to gather information for their "what good looks like" initiative and information to support training for the resources sector.

Production and Costs

Eloise produced 9,187dmt of concentrate containing 2,565t of copper at an AISC of A\$5.54/lb of copper sold after by-product credits in the December 2022 Quarter. Production was slightly lower than the previous quarter due to lower ore tonnes mined. Grade improved during the Quarter and has continued to improve into January 2023 as production from the Deeps increased.

Mine production was again impacted by low mobile equipment availability. A truck rebuild program is currently underway and during this process the mine was supplementing the trucking fleet with short-term hire equipment. Disappointingly, this equipment has not performed to an acceptable standard and the hire agreements have recently been terminated. To address the truck availability issue, the underground development contractor will now also haul development material and will mobilise two trucks to site. This will free up the AIC Mines truck fleet to focus solely on production ore movement. This change will come into effect at the end of January 2023.

AIC Mines' Truck 21 returned to site in November 2022 following a full rebuild and has performed well. Truck 24 is currently undergoing a rebuild and is expected to return to site late in February 2023. Truck 23 will then leave site for rebuild.

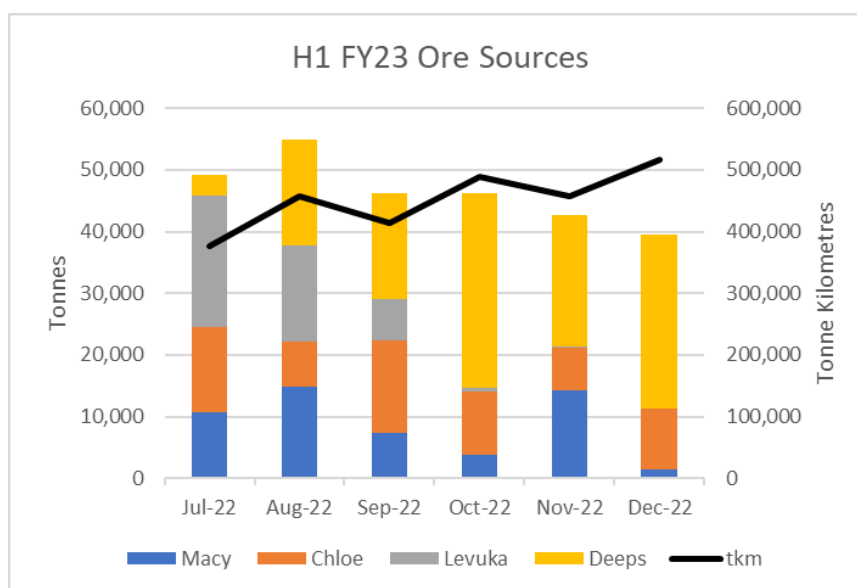
Unit costs were similar to the prior quarter. Importantly the All-in Cost reduced quarter-on-quarter following substantive completion of the new tailings dam (TD5). The construction of TD5 which has been ongoing over the last three quarters gives Eloise approximately five years of tailings storage before a tailings dam lift is required. Final approvals to commence deposition into TD5 are expected in the March Quarter 2023.

Production in the first half of FY23 has been below the annualised rate implied by the FY23 production target however second half production is expected to improve significantly, predominantly as a result of access to the high-grade Macy North deposit (average grade of 2.3% Cu) and the high-productivity mining method to be used at Macy North. The planned introduction of independent firing in the Deeps is also expected to improve productivity in the Deeps going forward.

Production was particularly reliant on the Deeps in the first half of FY23, particularly in the December 2022 Quarter (see Chart 1). Low truck availability is exacerbated in the Deeps given the long haul distance. In the first half of FY23 ore was sourced:

- 43% from Deeps (12.1km haul to ROM)
- 23% from Chloe (5.5km haul to ROM)
- 19% from Macy (5.0km haul to ROM)
- 16% from Levuka (8.4km haul to ROM)

Chart 1. Ore production location in the first half of FY23



With access to Macy North now established, Eloise will be less reliant on ore from the Deeps. Planned ore sources in the second half of FY23 are:

- 49% from Macy North (4.6km haul to ROM)
- 36% from Deeps (12.1km haul to ROM)
- 12% from Levuka (8.4km haul to ROM)
- 2% from Chloe (5.5km haul to ROM)

The production forecast for the second half of FY23 indicates that the FY23 production target for Eloise of approximately 12,500t Cu and 6,000oz Au in concentrate should be achieved within 5% of target.

Eloise Production and Cost Metrics	Units	December 2022 Quarter	September 2022 Quarter
Underground development - capital	m	490	485
Underground development - operating	m	237	480
Total development	m	727	964
Ore mined	kt	131	150
Copper grade mined	%	1.98%	1.75%
Tonnes processed	kt	137	153
Copper grade processed	%	1.97%	1.80%
Copper recovery	%	95.0%	95.2%
Concentrate produced	dmt	9,187	9,828
Copper in concentrate	t	2,565	2,629
Payable copper produced	t	2,473	2,530
Gold produced	oz	1,263	1,305
Silver produced	oz	23,317	22,349
Copper sold	t	2,529	2,334
Achieved copper price	A\$/t	12,970	11,389
Achieved copper price	A\$/lb	5.88	5.17
Gold sold	oz	1,255	1,203
Achieved gold price	A\$/oz	2,766	2,692
Silver sold	oz	22,870	18,632
Achieved silver price	A\$/oz	34	33
Cost Summary			
Mining	A\$/lb prod	1.92	1.45
Processing	A\$/lb prod	1.32	1.38
Site admin and transport	A\$/lb prod	0.65	0.72
TC/RC and shipping	A\$/lb prod	0.56	0.58
Ore stockpile adjustments	A\$/lb prod	0.04	(0.03)
By-product credits	A\$/lb prod	(0.81)	(0.64)
C1 Cash Cost	A\$/lb prod	3.67	3.45
C1 Cash Cost	A\$/lb sold	3.59	3.74
Royalties	A\$/lb sold	0.23	0.24
Metal in circuit and finished goods	A\$/lb sold	(0.03)	(0.28)
Reclamation and other adjustments	A\$/lb sold	0.01	0.0
All-in Sustaining Capital ¹	A\$/lb sold	1.73	1.65
All-in Sustaining Cost	A\$/lb sold	5.54	5.35
All-in Capital ²	A\$/lb sold	0.97	1.58
All-in Cost	A\$/lb sold	6.51	6.93
Depreciation & Amortisation ³	A\$/lb prod	1.15	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 H1 FY23 review

Exploration and Resource Drilling

Resource definition drilling in the **Macy** area continues to confirm the continuity of high-grade mineralisation. Significant intercepts received during the Quarter include:

- MA227A – 4.1m (3.6m ETW) grading 3.02% Cu and 0.7g/t Au
- MA228 – 3.3m (2.9m ETW) grading 5.72% Cu and 0.7g/t Au,
- MA232 – 5.3m (4.8m ETW) grading 6.19% Cu and 3.9g/t Au
- MA233 – 5.1m (4.6m ETW) grading 3.26% Cu and 1.4g/t Au
- MA236 – 10.1m (9.1m ETW) grading 2.75% Cu and 1.1g/t Au
- MA239 – 13.8m (12.4m ETW) grading 4.09% Cu and 1.3g/t Au
- MA241 – 4.3m (3.9m ETW) grading 4.18% Cu and 0.8g/t Au
- MA280 – 2.2 m (1.9m ETW) grading 3.27% Cu and 1.3g/t Au
- MA280 – 3.6 m (3.2m ETW) grading 4.61% Cu and 0.2g/t Au

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

Underground exploration drilling at the new **Lens 6** discovery continued during the Quarter, extending the mineralisation at depth and along strike to the northeast. It remains open up and down dip. Lens 6 is shaping up to be an important new deposit. It 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. Significant intercepts received during the Quarter include:

- ED231A – 26.4m (19.8m ETW) grading 6.12% Cu and 1.2g/t Au
- ED233 – 3.3m (2.5m ETW) grading 3.56% Cu and 1.5g/t Au
- ED233 – 3.7m (2.8m ETW) grading 3.10% Cu and 0.5g/t Au
- ED233 – 17.2m (12.9m ETW) grading 3.03% Cu and 0.9g/t Au
- ED234 – 10.5m (7.9m ETW) grading 2.33% Cu and 0.5g/t Au
- ED234 – 7.4m (5.5m ETW) grading 3.37% Cu and 0.8g/t Au
- ED234 – 3.3m (2.5m ETW) grading 1.75% Cu and 2.5g/t Au

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

Surface exploration drilling at the **Macy North** target intersected copper mineralisation up to 250m north of the Macy Mineral Resource limits and within 100m of current underground development. Significant intercepts include:

- MAE001A – 4.0m grading 2.52% Cu and 0.5g/t Au from 462m
- MAE001A – 3.6m grading 1.14% Cu and 0.1g/t Au from 509.4m
- MAE001A – 2.3m grading 1.20% Cu and 0.1g/t Au from 533m
- MAE002 – 5.4m grading 1.45% Cu and 0.4g/t Au from 420.5m
- MAE002 – 2.0m grading 1.31% Cu and 0.2g/t Au from 436m
- MAE003 – 1.0m grading 2.23% Cu and 0.5g/t Au from 465.8m

The drilling has confirmed that the Macy mineralisation is open to the north. Additional step-out and infill drilling is now being planned to define the extents of the mineralisation. For further details see AIC Mines ASX announcement “Exploration Extends Macy Ore Lenses” dated 13 October 2022.

Jericho Development

Subsequent to the end of the Quarter, AIC Mines successfully completed the takeover of Demetallica Ltd (ASX:DRM) (“Demetallica”), securing a contiguous 2,000km² tenement holding immediately surrounding the Eloise mine.

The key asset within the new tenements is the **Jericho copper-gold deposit** located only 4 kilometres from the Eloise processing facility. Demetallica released a Mineral Resource estimate for Jericho on 24 October 2022 of 14.1Mt grading 1.46% Cu and 0.29g/t Au (see below and Demetallica ASX announcement “Jericho Mineral Resource Delivers 62% Increase in Contained Copper” dated 24 October 2022). AIC Mines is conducting an independent review of the Jericho Resource and will re-estimate the resource at a higher cut-off grade and within stope constraints to better reflect the planned mining method. An updated resource estimate will be completed in the March 2023 Quarter.

Table 1. Jericho Mineral Resource Estimate October 2022 (Demetallica).

Resource Category	Tonnes (Mt)	Cu %	Au g/t	Ag g/t	Contained Cu (t)	Contained Au (oz)	Contained Ag (oz)
Indicated	3.8	1.41	0.28	1.6	54,000	34,000	198,000
Inferred	10.3	1.47	0.29	1.6	151,000	95,000	546,000
Total	14.1	1.46	0.29	1.6	205,000	129,000	744,000

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

- increase mine life to over 10 years
- increase annual production to over 20,000t Cu and 10,000oz Au in concentrate (a 60% increase on current production rate)
- reduce AISC through economies of scale

Environmental permitting work and mining studies for Jericho have commenced. A processing plant expansion study will commence in the March 2023 Quarter.

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

EXPLORATION

Prior to the completion of the takeover offer for Demetallica, AIC Mines held three exploration projects:

- **Marymia Project** – prospective for gold and copper. AIC Mines holds a 100% interest in the majority of the tenements.
- **Lamil Joint Venture** – prospective for gold and copper. AIC Mines holds a 50% interest.
- **Delamerian Project** – prospective for gold, copper and nickel. AIC Mines holds a 100% interest in the tenements.

Following completion of the takeover offer for Demetallica, subsequent to the end of the Quarter, AIC Mines has added a number of important new exploration projects to its portfolio.

- **Pyramid Project** – prospective for gold. AIC Mines holds a 100% interest in the project.
- **Peake and Denison Project** – prospective for gold and copper. The project is a joint venture with OZ Minerals who can earn an initial 51% interest in the project by sole funding \$4 million of exploration expenditure over three years. OZ Minerals can earn an additional 19% interest by sole funding a further \$6 million of expenditure over the subsequent three years.
- **Windsor Project** – prospective for base metals. AIC holds a 100% interest in the project.
- **Cannington Project** – prospective for base metals. AIC holds a 100% interest in the project.
- **Lake Purdilla Project** – prospective for gypsum. AIC expects to divest the project.

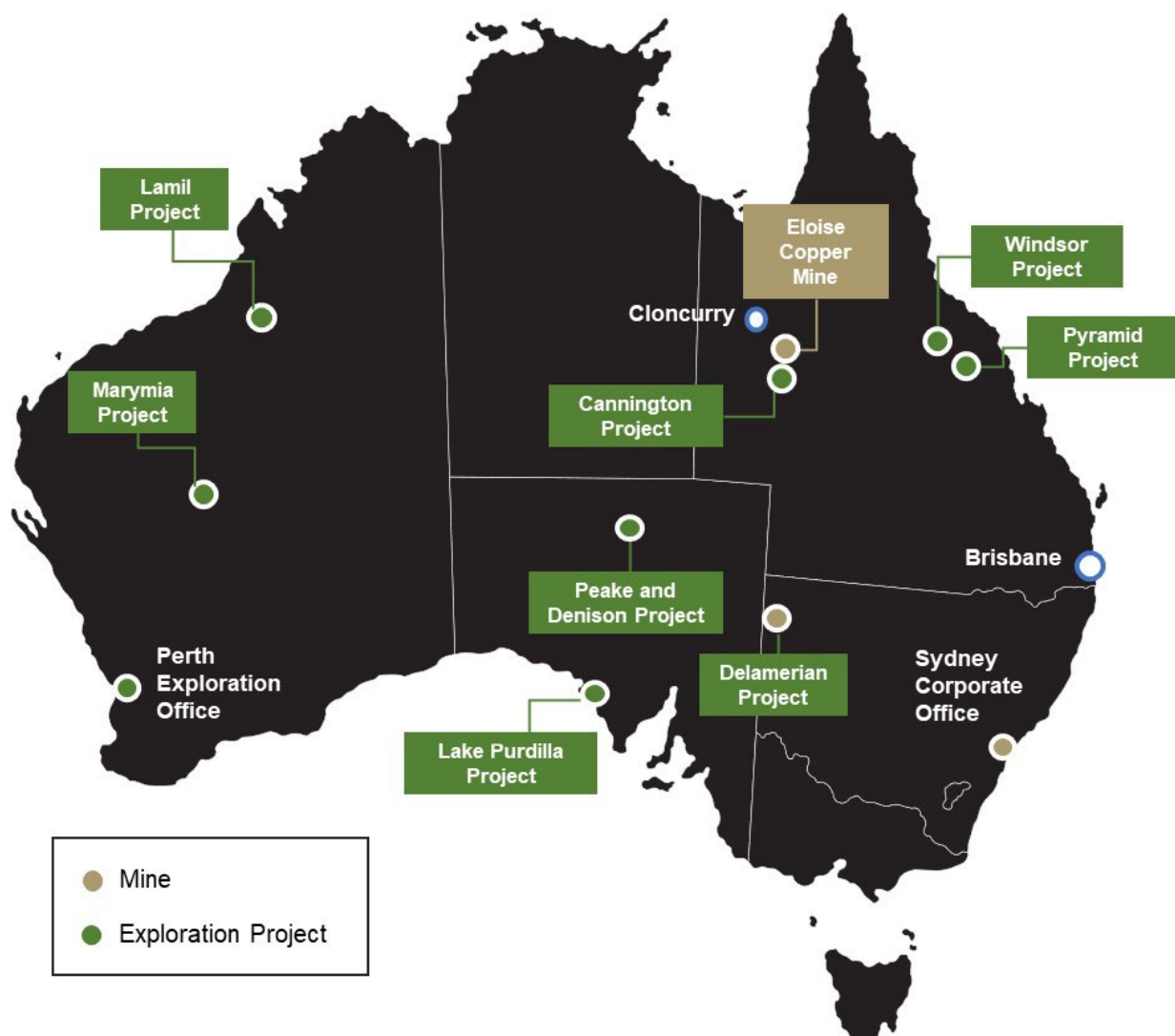


Figure 1. Location of AIC Mines assets – all assets located in Australia in mining friendly jurisdictions

Marymia Project (predominantly 100% owned tenements)

Background

AIC Mines holds a large area of tenements (approximately 2,190km²) located about 790km northeast of Perth on the northern margin of the Yilgarn Craton. The project includes a joint venture with Venus Metals Corporation Limited (ASX: VMC), the Curara Well JV (Figure 2).

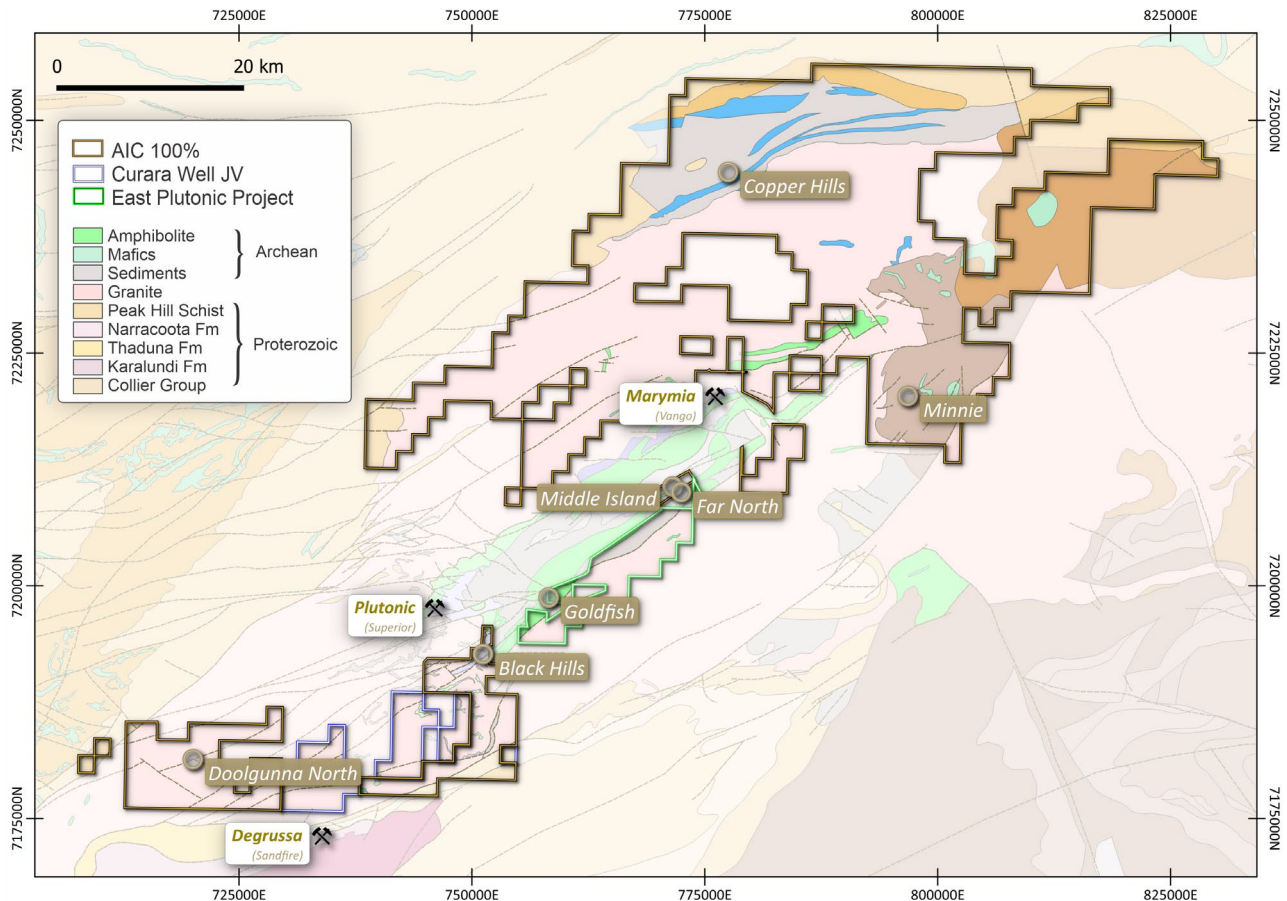


Figure 2. Marymia Project Location with East Plutonic Project (green)

Drilling

At Copper Hills, 6 reverse circulation (RC) drill holes for 2,103m were completed to infill wide-spaced holes drilled in 2021 and looking for extensions to the trend to the northeast. Drilling intersected interbedded mafic and felsic schist altered by varying degrees by magnetite, carbonate and chlorite. Metre thick zones of sulphide mineralisation, both copper sulphide and zinc sulphide, is associated with the alteration. The extensive nature of the mineralisation, style and appearance of other base metals is similar to other VHMS style occurrences in the Bryah Basin.

For further details on the drilling programs see AIC Mines' ASX announcement "Drilling Commences at the Marymia Gold and Copper Project" dated 15 September 2022.

East Plutonic Project

An endowed portion of the southern margin of the Plutonic Marymia Greenstone belt was captured through a combination of staking and purchase of tenements from Sandfire Resources (Figure 2). The East Plutonic project tenure adjoins AIC Mines' Middle Island tenement and extends SW to the Black Hills target. The new tenements include advanced targets with known gold intercepts that are open at depth at Far North and Goldfish.

Next Steps – Marymia Project

Assay results from the drilling programs were not received in the December 2022 Quarter as expected and will now be reported early in the March 2023 Quarter.

Lamil Joint Venture (AIC Mines 50%)

Background

The Lamil Gold-Copper Project is located in the Paterson Province in the northwest of Western Australia, 500km east of Port Hedland. The Paterson Province is one of the most highly endowed yet under-explored mineral provinces in Australia. It hosts the world-class Telfer Gold-Copper Mine and the Nifty Copper Mine. The Lamil Project, which covers an area of 1,280km², is situated midway between these two mines. Discoveries by Rio Tinto at Winu and by the Newcrest-Greatland Gold JV at Havieron have confirmed the prospectivity of the region.

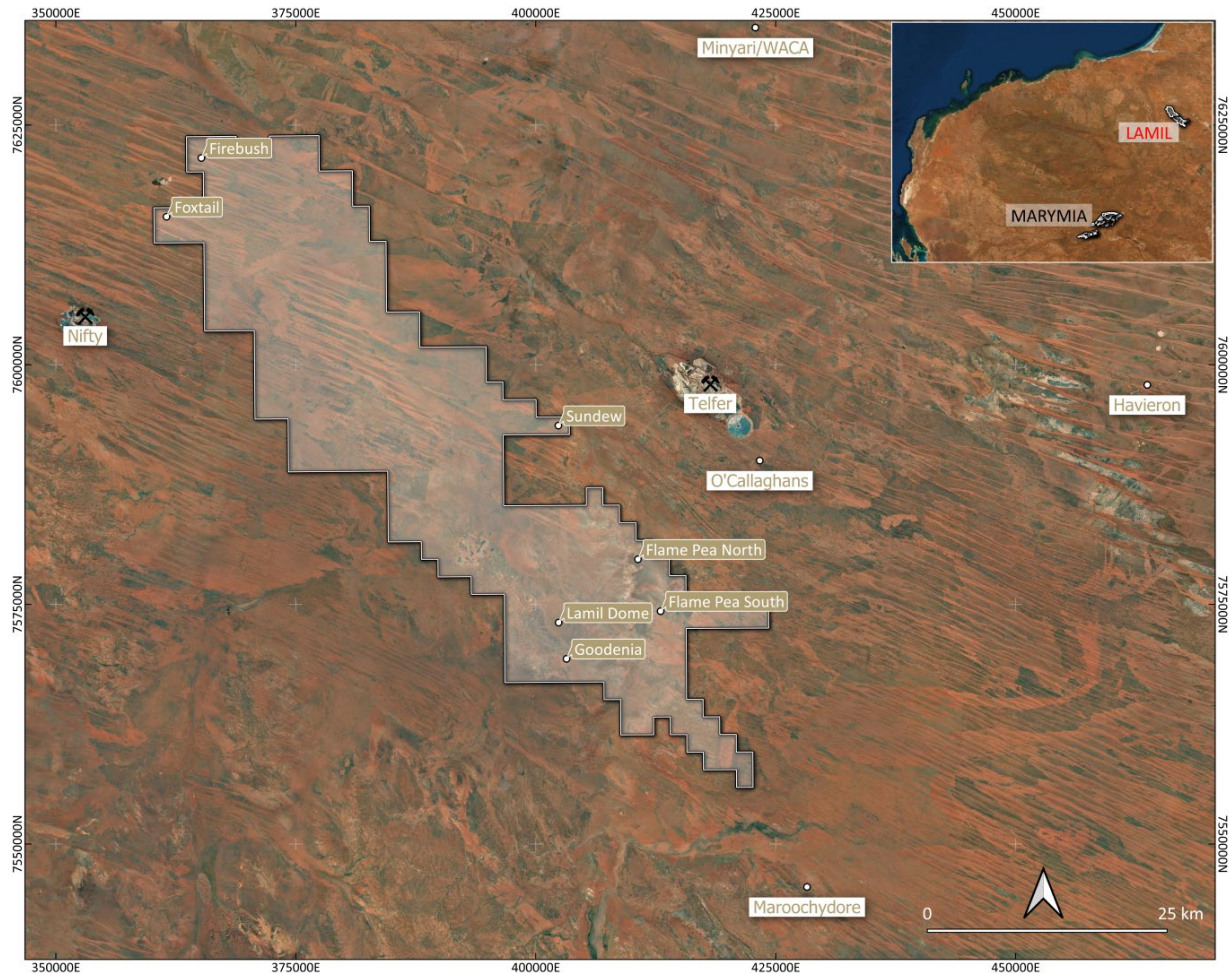


Figure 3. Lamil Project tenements showing target areas tested by drilling

Drilling

Assay results were received from diamond and RC drilling programs completed in the September 2022 Quarter. A total of 6,992m of drilling was completed testing five targets – Lamil Dome, Goodenia, Sundew, Flame Pea North and Flame Pea South.

At the **Goodenia Prospect**, a 697m hole drilled to test a coincident magnetic and gravity anomaly underlying elevated base metal anomalism (Figures 3 and 4) intersected anomalous intervals of zinc and lead mineralisation. Significant intersections include:

- 3m grading 0.1% Pb and 0.016% Zn from 186m
- 6m grading 0.09% Zn and 0.03% Pb from 322m
 - Including 0.5m grading 0.14% Zn and 0.063% Pb from 323.5m
- 6m grading 0.21% Zn and 0.09% Pb from 474m
 - Including 1m grading 0.34% Zn and 0.14% Pb from 476m; and
- 3m grading 0.074% Zn and 0.03% Pb from 565m

Mineralisation, typically in the form of sphalerite and galena, occurred as coarse-grained disseminations and associated carbonate-sulphide veins associated with strong dolomitic alteration of a siltstone to sandstone package.

Fifty percent of the drilling costs were funded by a Western Australian Government Exploration Incentive Scheme (EIS) grant.

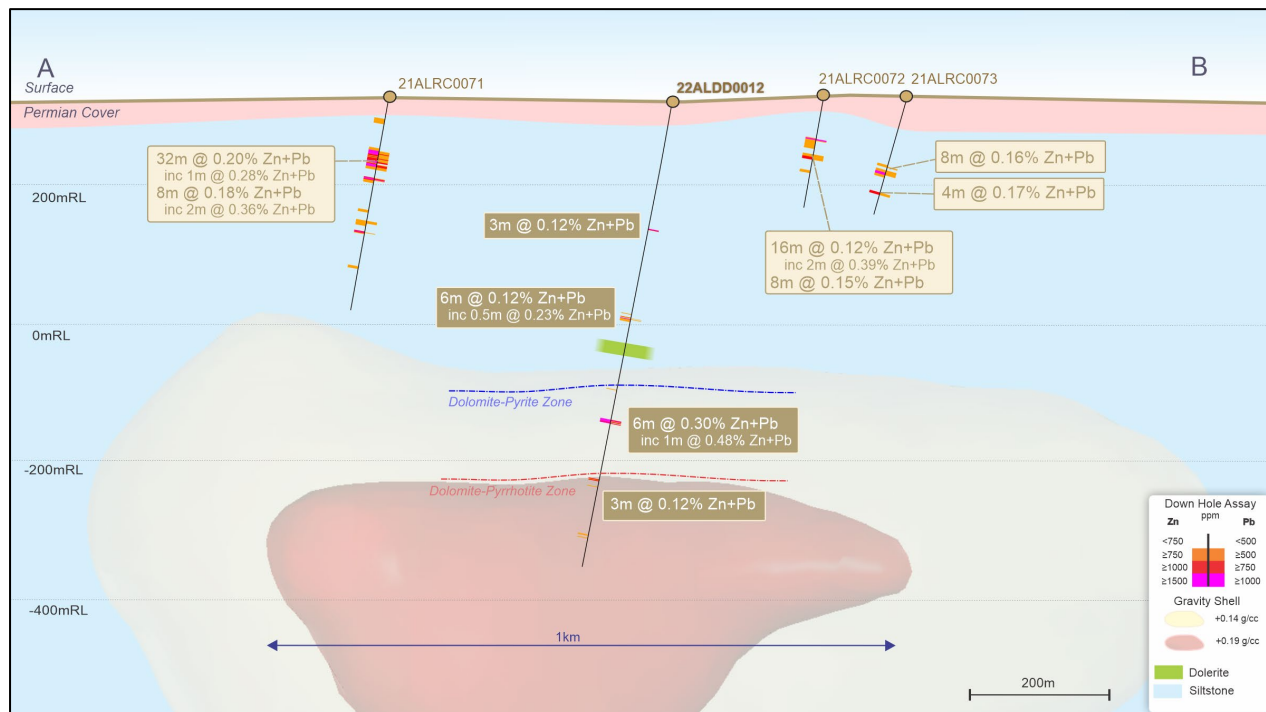


Figure 4. Oblique section of the Goodenia Prospect showing drill holes on geology with gravity shells defining density anomalism.

At total of six holes were drilled at the **Sundew Prospect** to test for potential Telfer style gold-copper mineralisation beneath a multi-element soil anomaly. This anomaly coincided with an interpreted antiform composed of the prospective Malu and Isdell formation rocks (including the Telfer Member – host to the Telfer Gold mine), adjacent to the regionally significant Parallel Fault (Figure 5). Intervals of elevated copper and gold were intersected in three holes closest to the axis of the antiform, as detailed below.

Hole 22ALRC0095

- 5m grading 0.13% Cu from 152m; and
- 3m grading 0.16% Cu from 160m

Hole 22ALRC0098

- 8m grading 0.03% Cu from 112

Hole 22ALRC0099

- 4m grading 0.02% Cu from 176m

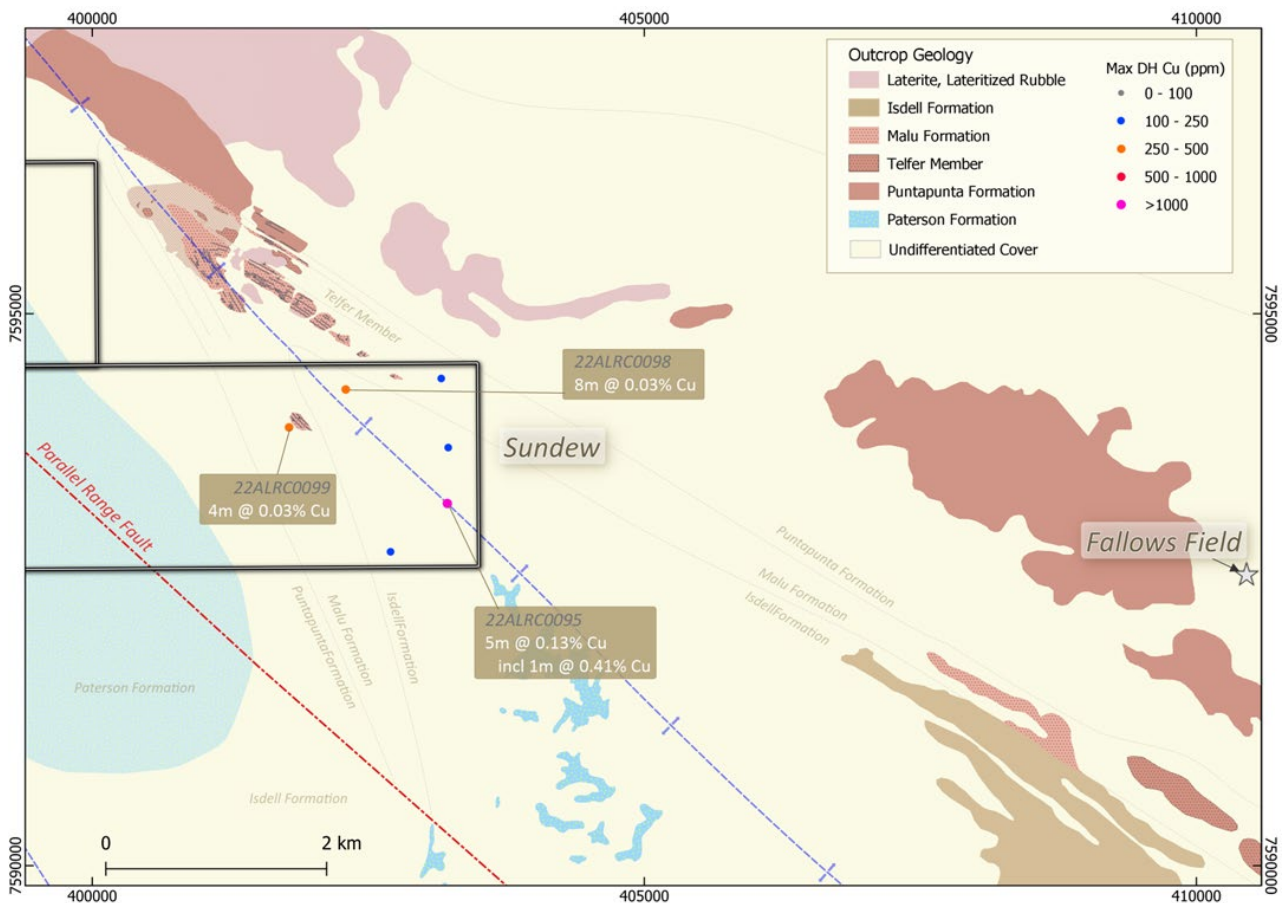


Figure 5. Sundew Prospect showing outcrop geology, younger cover and regional prospects

At the **Flame Pea Prospect**, fourteen holes were drilled to test the western limb of an interpreted regionally extensive anticline marked by significant magnetic anomalies. Hole 22ALRC0113 drilled on the southern-most line of the Flame Pea South target intersected 40m grading 0.04% Cu from 120m, including 4m grading 0.12% Cu from 128m (see AIC Mines ASX announcement “Drilling Results from Lamil Gold-Copper Project” dated 5 December 2022). The zone of elevated copper represents the most extensive copper intercept at the project to date.

For further information on the Lamil drilling see AIC Mines ASX announcement “Drilling Results from the Lamil Gold-Copper Project” dated 5 December 2022.

Next Steps – Lamil Project

Further review of the 2022 results and integration with previous results is underway with the aim of planning work for the 2023 field season.

Eloise Regional Exploration (AIC Mines 100%)

The Demetallica acquisition was completed on 12 January 2023, securing a contiguous 2,000km² tenement holding immediately surrounding the Eloise mine (Figure 6). The acquisition consolidates a belt-scale tenement area and adds significantly to the exploration prospectivity at Eloise.

Within the new tenement package there are known resources at **Sandy Creek** and **Artemis** (approximately 20km from Eloise) and advanced exploration prospects along the **Iris-Electra-Big Foot** trend (Figure 6). These areas are high-priority targets for follow-up drilling.

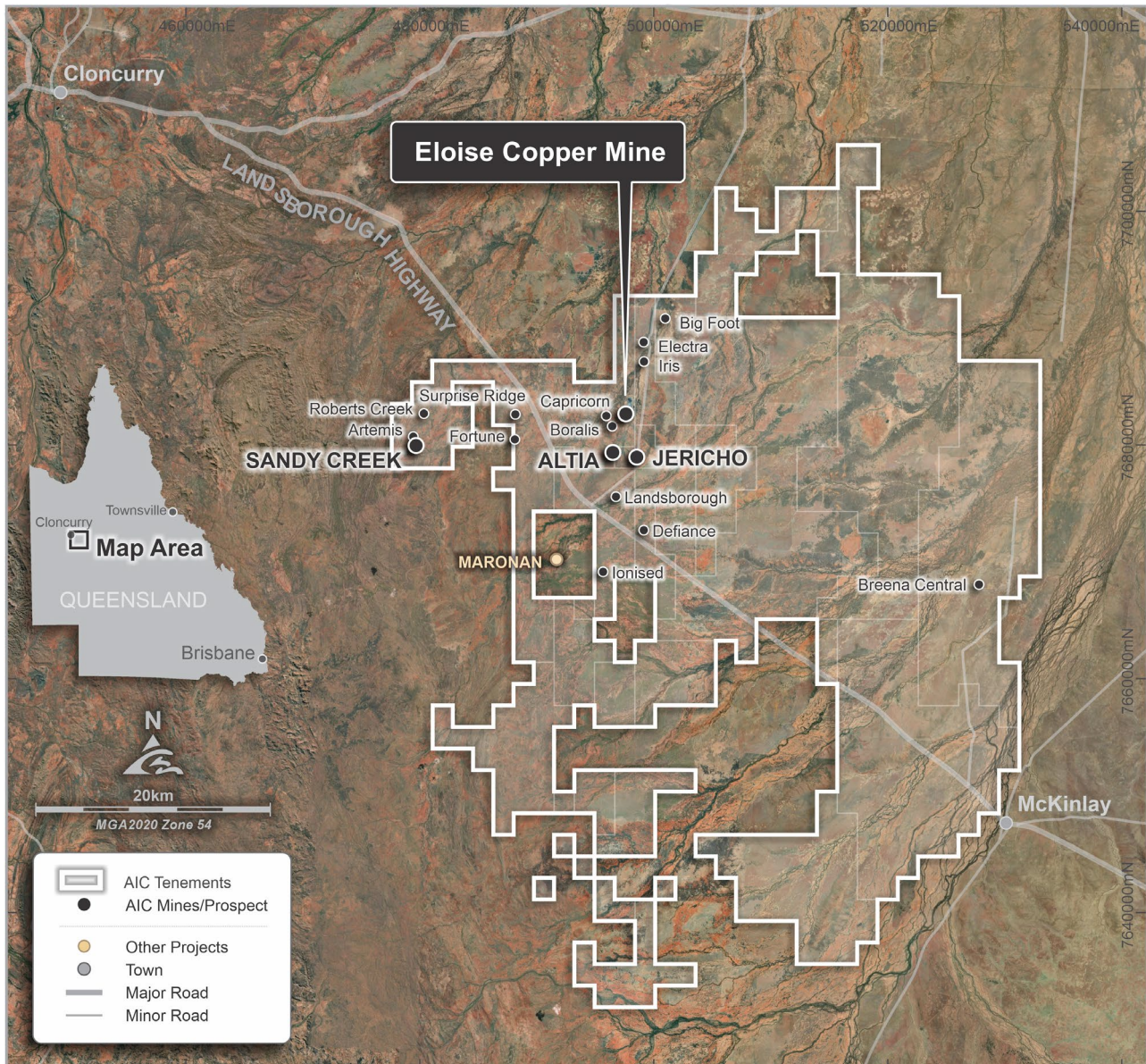


Figure 6. Eloise regional tenement holding following completion of the Demetallica acquisition

CORPORATE

Financial Performance

Eloise produced 2,473t of payable copper and sold 2,529t of copper during the Quarter at an average price of A\$12,970/t generating \$34.0 million in metal sales post TC/RC deductions and including gold and silver by-product credits (30 September 2022: \$27.2 million). Operating cashflow for the Quarter was \$11.5 million and post capital investment, net mine cashflow was negative \$3.6 million. Major capital investment related to construction of the new tailings dam (TD5) continued as planned with major works now complete.

Capital investment at Eloise in the Quarter totalled \$15.1 million. With the completion of TD5, capital expenditure will be lower in the March 2023 and June 2023 Quarters.

Significant sustaining capital expenditure (captured in AISC) included:

- \$1.3 million on resource definition drilling
- \$1.2 million on truck rebuilds (1 of 4 trucks now fully rebuilt)
- \$0.5 million on diesel generator rebuilds
- \$6.3 million in sustaining mine development

Significant major project capital expenditure (captured in AIC) included:

- \$3.8 million for construction of TD5. As at the end of December 2022, \$14.6 million had been invested with all major work now complete. TD5 provides Eloise with tailings storage capacity through to 2027 at current processing rates.
- \$1.6 million for expansionary mine development

Cash received during the Quarter related to provisionally priced concentrate shipments in October and November 2022 of which 90% of the shipment values were received with the remaining amounts subject to finalisation of the quotational periods and shipment assays. Finalisation amounts for June, July and August 2022 were also received during the Quarter. Approximately 95% of December 2022 production was presold during the Quarter.

The December 2022 Quarter AISC of A\$5.54/lb copper sold was higher than the September 2022 Quarter result primarily due to increased investment in sustaining capital – a truck rebuild and a power station diesel engine rebuild. Higher than target unit costs across the last two quarters have been driven predominantly by lower copper production.

During the Quarter, Eloise has seen cost pressures continuing to moderate with diesel prices softening and transport costs related to the seaborne trade of copper concentrates declining from historically high levels. Although Eloise sells its copper concentrate domestically to the Mt Isa Smelter it is subject to a freight rate equalisation charge which is based on ocean freight rates between Townsville and primary Asian refiners. Lower ocean freight rates therefore translate to lower costs for Eloise concentrate. Coupled with recent increases in the copper price, Eloise cashflow is expected to increase markedly in H2 FY23.

During the Quarter, an updated estimated rehabilitation cost (ERC) decision was received from the Queensland Department of Environment and Science. The updated ERC of \$16.3 million (from \$6.8 million previously) is based on an increased area of disturbance at Eloise. The area of disturbance now includes the new tailings dam (TD5) area but the ERC does not incorporate the estimated rehabilitation cost of TD5. This amount will be added on final permitting for TD5, expected in the March 2023 Quarter. AIC Mines replaced the cash-backed Eloise environmental performance bond and funded the increased amount (i.e. \$9.5 million) by way of a secured financing facility, at commercial interest rates. The \$6.8 million previously held by Queensland Treasury was returned to AIC Mines during the Quarter.

AIC Mines finished the Quarter with \$19.3 million in cash at bank (30 September 2022: \$22.1 million).

The table below summarises AIC Mines cash movements for the Quarter.

Cashflow (A\$ Millions)	September 2022 Quarter	December 2022 Quarter
Metal sales (net of TC/RC) ¹	27.2	34.0
Mine operating costs	(21.0)	(22.5)
Operating Mine Cashflow	6.2	11.5
Total capital	(16.6)	(15.1)
Net Mine Cashflow	(10.4)	(3.6)
Corporate and exploration	(3.2)	(2.6)
Net interest and other income	0.1	0.1
Working capital movement	7.6	(4.3)
Group Cashflow	(6.0)	(10.4)
Return of cash backed bond	-	6.8
Net cash acquired from Demetallica	-	1.6
Acquisition and integration costs	(0.0)	(0.8)
Net Group Cashflow	(6.0)	(2.9)
Opening Cash Balance 1 Jul 2022	28.1	
Opening Cash Balance 1 Oct 2022		22.1
Closing Cash Balance	22.1	19.3

1. Metals sales information is preliminary and subject to H1 FY23 review

Takeover Offer for Demetallica

AIC Mines launched an off-market takeover offer for all of the shares in Demetallica Limited (“Demetallica”) on 19 September 2022. The Offer closed successfully on 5 December 2022 and the compulsory acquisition process to acquire the remaining Demetallica shares completed on 12 January 2023. Demetallica is now wholly owned by AIC Mines. Payment of takeover consideration (1 AIC Mines share for every 1.3 Demetallica shares) resulted in the issue of 82,949,634 new AIC Mines shares.

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.

Competent Person’s Statement – Exploration Results

The information in this report that relates to Exploration Results is based on, and fairly represents information compiled by Michael 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 he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Taylor is a full-time employee of AIC Mines Limited. 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.

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 Angas Cunningham who is a member of the Australasian 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. Cunningham is a full-

time employee of AIC Copper Pty Ltd and is based at the Eloise Mine. Mr. Cunningham consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Exploration 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 Macy Deposit | 3 August 2022 |
| • Increase in Mineral Resources and Ore Reserves at Eloise Copper Mine | 22 August 2022 |
| • Drilling Commences at the Marymia Gold and Copper Project | 15 September 2022 |
| • Lens 6 Discovery | 30 September 2022 |
| • Exploration Extends Macy Ore Lenses | 13 October 2022 |
| • Drilling Results from the Lamil Gold-Copper Project | 5 December 2022 |

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

- | | |
|--|-----------------|
| • Jericho Mineral Resource Delivers 62% Increase in Contained Copper | 24 October 2022 |
|--|-----------------|

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.

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 – Macy Resource Definition 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
MA227A	DD	82877.17	97433.54	718.63	184.6	45.1	300.34	49.0	53.0	4.1	3.6	3.02	0.70	5
MA228	DD	82875.99	97433.17	718.46	162.0	43.7	270.54	124.8	128.1	3.3	2.9	5.72	0.68	1
MA232	DD	82875.16	97433.08	716.29	116.3	11.7	248.54	98.5	103.8	5.3	4.8	6.19	3.87	1
MA233	DD	82875.08	97433.24	717.38	143.2	28.7	246.94	44.0	49.1	5.1	4.6	3.26	1.40	5
MA234	DD	82876.58	97434.12	715.23	107.4	16.9	279.04	32.3	38.9	6.5	5.9	1.74	22.47	5
MA236	DD	82875.66	97433.39	717.27	135.0	29.1	259.74	109.8	119.9	10.1	9.1	2.75	1.07	1
MA239	DD	82876.76	97433.48	718.01	137.0	38.4	286.14	105.0	118.8	13.8	12.4	4.09	1.30	1
MA241	DD	82878.23	97433.69	718.03	154.1	34.1	316.09	58.6	62.9	4.3	3.9	4.18	0.77	5
MA280	DD	82763.69	97368.34	679.35	32.0	32.4	56.04	3.8	5.9	2.2	1.9	3.27	1.25	2
								19.7	23.2	3.6	3.2	4.61	0.16	5

Data aggregation method uses length weighting averaging technique with:

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

Downhole intervals are rounded to one decimal place

ETW – Estimated True Width

Table 2: Eloise Mine – Deeps Resource Definition 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
ED231A	DD	81805.60	97496.39	-276.91	288	-52.5	134.24	208	234.45	26.4	19.8	6.12	1.17	6
ED233	DD	81805.77	97496.42	-276.87	178.9	-55.3	124.14	212.6	215.90	3.3	2.5	3.56	1.49	6
	DD							223	226.7	3.7	2.8	3.10	0.50	6
	DD							231.15	248.3	17.2	12.9	3.03	0.92	6
ED234	DD	81806.95	97497.42	-277.01	248.6	-50.1	111.34	173.4	183.90	10.5	7.9	2.33	0.50	6
	DD							186.95	194.31	7.4	5.5	3.37	0.77	6
	DD							198.99	202.3	3.3	2.5	1.75	2.45	6

Data aggregation method uses length weighting averaging technique with:

- minimum grade truncation comprises of copper assays greater than 1.5% Cu, although some intercepts below 1% Cu have been included to represent mineable widths
- 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