AIC Mines Limited

# Annual Report

2023

# Contents



# Corporate Directory

**ABN: 11 060 156 452**

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

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

**Registered Office**
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**Bankers**
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Perth WA 6000

**Share Registry**
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Level 17, 221 St Georges Terrace
Perth WA 6000
Tel: 1300 850 505 (within Australia) or
+ 61 3 9415 4000 (outside Australia)
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**Stock Exchange**
AIC Mines Limited shares are listed on the Australian Securities Exchange (ASX).
ASX Code: A1M

**Auditors**
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One International Towers Sydney
Waterman's Quay, Barangaroo NSW 2000

**Internet Address**
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# Chairman's Letter

Dear Fellow Shareholders,

I am pleased to present the Company's 2023 Annual Report to you.

### Delivering on Strategy

When we acquired the Eloise copper mine in November 2021, we said that we would add value through resource growth, exploration success, operational reliability and regional consolidation.

During FY23:

- We delivered on resource growth and exploration success with the discovery of Lens 6 at Eloise and successfully increased our minerals resources and ore reserves.
- We continued to invest at Eloise in order to deliver operational reliability. The truck re-build program, advanced over the year, has shown an immediate improvement in mining productivity.
- We capitalised on a standout value-add opportunity to consolidate the stranded deposits in the region to both expand and extend production from the Eloise processing plant. The successful acquisition of Demetallica Limited, completed during the year, has provided us with the mineral resources and exploration tenure to transform Eloise into a true cornerstone asset for AIC Mines. The acquisition delivers over 2,000 square kilometres of highly prospective tenements adjoining Eloise and, importantly, the 9.8 million tonne Jericho copper resource located only 4 kilometres from the Eloise processing plant.

### Development of Jericho Deposit

Following the acquisition of the Jericho deposit in January 2023, we moved quickly to advance permitting, mining and processing studies. Development of the Jericho mine allows the Company to expanding the Eloise processing plant to lift production to over 20,000tpa copper and 7,500ozpa gold. Importantly, it will also reduce operating costs, increase mine life and de-risk production by increasing the number of available ore sources feeding the Eloise processing plant. We expect first ore from the Jericho mine in calendar year 2025.

### Expansion and Improvement of Our Exploration Portfolio

We have also expanded and improved our exploration portfolio over the past year. At the Lamil Project in WA, a single deep diamond hole into the Goodenia target returned anomalous zinc and lead results confirming the potential of this target to host base metal mineralisation. At the Marymia Project in WA, encouraging assay results were returned from the Copper Hills prospect confirming the presence of copper sulphide mineralisation in fresh rock below an extensive geochemical anomaly. At the Delamerian Project in NSW, exploration is set to commence with a broad area planned for aeromagnetic and radiometric survey in the first half of the 2024 financial year. As part of the Demetallica Limited acquisition we also acquired exploration projects in Queensland and South Australia that are prospective for base metals and gold.

### Completion of Sustainability Strategy

During the year, the Company completed a Sustainability Strategy that is included with this Annual Report. I implore you to read the Sustainability Strategy – it sets out our approach to sustainability and the important commitments we are making. AIC Mines is working with a leading national environmental consultancy to develop a robust reporting framework against this strategy. I look forward to sharing this plan with you in the coming year.

### Growth through M&A

We continue to assess opportunities to grow the Company through mergers and acquisitions. We are targeting late-stage copper and gold projects located in Australia where we can add value through exploration and development. We remain disciplined in our review of new projects.

I would like to thank shareholders for their ongoing support and the AIC Mines team for their ongoing commitment. We look forward with confidence to the year ahead.

**Josef El-Raghy**
Chairman

Directors’ Report

# Directors' Report

The Directors present their report together with the consolidated financial statements for AIC Mines Limited (“the Company” or “AIC Mines”) and the entities it controlled at the end of, or during, the period ended 30 June 2023 (‘the Group”) and the auditor’s report thereon.

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. No director has served as a director of any other ASX-listed company in the past 3 years unless mentioned below.

**Josef El-Raghy**
Chairman

Mr. El-Raghy has extensive experience in developing and managing gold companies. Most recently, Mr. El-Raghy was Chairman of Centamin Plc, a gold mining company listed on the Main Board of the London Stock Exchange and the Toronto Stock Exchange. Mr. El-Raghy joined Centamin as Managing Director in August 2002 and oversaw the Group’s transition from junior explorer to successful gold miner before ceasing with the Group in June 2020. Mr. El-Raghy was formerly a director of both CIBC Wood Gundy and Paterson Ord Minnett and had a ten-year career in stockbroking. In addition to his direct management experience of project development and operation, his time at Centamin has also provided him with deep experience with international capital markets.

**Aaron Colleran**
Managing Director and CEO

Mr. Colleran has extensive experience in public markets mergers and acquisitions and strategic planning. Prior to joining AIC Mines, Mr. Colleran was a founding member of the leadership team of Australian gold producer Evolution Mining Limited, having managed its business development and investor relations program from inception through to 2018. He was instrumental in the multiple merger and acquisition transactions that created Evolution Mining, now one of Australia’s largest gold mining companies. Mr. Colleran was previously a Non-Executive Director of Kidman Resources Limited (from January 2018 to September 2019) and Riversgold Limited (from February 2019 to August 2019). Appointed Non-Executive Director of Demetallica Limited November 2022 (delisted from ASX 23 January 2023).

**Brett Montgomery**
Non-Executive Director

Mr. Montgomery has extensive experience in public company management in both executive and non-executive roles. Mr. Montgomery is currently a Non-Executive Director of Tanami Gold NL (since February 2013) and is Non-Executive Chairman of Golden Rim Resources Ltd (since February 2023). He was previously Managing Director of Kalimantan Gold NL and a Director of Bard 1 Life Sciences Ltd (from November 2014 to June 2019), Grants Patch Mining Ltd, EZA Corporation Ltd and Magnum Gas and Power Ltd. Appointed Non-Executive Director of Demetallica Limited November 2022 (delisted from ASX 23 January 2023).

Mr. Montgomery is Chair of the Remuneration and Nomination Committee.

**Jon Young**
Non-Executive Director

Mr. Young is Chairman of FMR Investments Pty Ltd, AIC Mines’ largest shareholder, and is a Director of Wealth Management at Canaccord Genuity Financial Limited. Mr. Young has over 30 years’ experience in financial services and has been advising clients with Canaccord Genuity (formerly Patersons) since 2001. Mr. Young holds a Bachelor of Commerce Degree from the University of Western Australia and is a member of the Chartered Accountants Australia and New Zealand. Mr. Young was previously a non-executive director of ASX-listed companies, Greenstone Resources Limited and Breakaway Resources Limited.

Mr. Young is Chair of the Risk and Sustainability Committee.

**Linda Hale**
Non-Executive Director - Appointed 1 February 2023

Ms. Hale has over 30 years’ experience in the mining, stockbroking and financial service sectors. Prior to joining the Board, Ms. Hale was Company Secretary at AIC Mines from 20 February 2020 until her resignation on 31 January 2023. Previous roles have included Executive Director of Finance and Administration and Company Secretary for CIBC Eyres Reed. She has also consulted on organisational change with RBC Dexia and held project management roles with several stockbrokers. Ms. Hale holds a Bachelor of Business, is a member of CPA Australia and a graduate of the Australian Institute of Company Directors. Appointed Non-Executive Director of Demetallica Limited December 2022 (delisted from ASX 23 January 2023).

Ms. Hale is Chair of the Audit Committee.

**Tony Wolfe**
**Non-Executive Director - Appointed 25 November 2016, resigned 31 January 2023**

Mr. Wolfe has experience in asset management having managed event driven and special situations portfolios across the Asia-Pacific region. Mr. Wolfe currently holds the position of Portfolio Manager for Brahman Capital Management Pte Ltd focusing on equity driven and special situation investments. Previously, Mr. Wolfe was a Portfolio Manager at Brummer & Partners AG, a multi-strategy hedge fund that manages over US$15.0 billion in assets under management. Mr. Wolfe has also held senior portfolio management roles at Pengana Capital and Rubicon Asset Management in Sydney.

**Officers**

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

**Audrey Ferguson**
**Company Secretary - Appointed 10 October 2022**

Ms. Ferguson is a qualified solicitor, an experienced company secretary and a graduate of the Australian Institute of Company Directors. Ms. Ferguson has more than 25 years' experience in legal and company secretarial roles. Most recently she was General Counsel and Company Secretary for Bindaree Food Group. Prior to this role she held a range of legal and corporate roles with Rio Tinto in London and Sydney across the copper, diamonds, minerals and energy businesses.

**Michael Frame**
**Chief Financial Officer - Appointed 1 December 2021**

Mr. Frame has over 15 years' experience in commercial and financial functions with gold and copper mining companies. He has gained significant experience from site-based roles in Australia and the Asia Pacific. Before joining AIC Mines he was the Group Finance Manager at Evolution Mining where he oversaw the statutory accounting, management reporting, shared services and group-wide payroll functions. Mr. Frame holds a Bachelor of Commerce, a Bachelor of Economics and a Graduate Diploma in Materials Science. He is a member of CPA Australia and a member of the AusIMM.

## 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 12 months ended 30 June 2023 ("period") include:

- The Group recorded a statutory net loss after tax of $5.8 million for the period, a $27.0 million decrease on the prior period (for the 6 months ended 30 June 2022: $21.2 million profit).
- The Eloise Copper Mine ("Eloise") produced 39,507 dry metric tonnes ("dmt") of concentrate containing 10,559 tonnes of copper generating operating mine cashflow of $35.8 million.
- In September 2022, underground drilling at Eloise intersected a new high-grade copper-gold lens (Lens 6) located approximately 150 metres northeast of the current Deeps mining level. This new discovery was largely responsible for the increase in Ore Reserves at Eloise announced in March 2023.
- In September 2022, AIC Mines launched an all-scrip takeover offer for Demetallica Limited which held exploration properties adjoining Eloise. The takeover was successfully completed in January 2023. The key asset within the Demetallica Limited portfolio was the Jericho Copper Deposit ("Jericho") located 4 kilometres south of Eloise. The acquisition of Jericho provides the opportunity to both expand and extend copper production at Eloise.
- In February 2023, a re-estimation of the Jericho Mineral Resources was completed. The new estimate used a higher cut-off grade than that used by the previous owner (1.0% Cu compared to 0.85% Cu) and was constrained within optimised stope shapes. Accordingly, the new estimate is more robust and better suited to mine planning. The new Mineral Resource estimate totals 9.8 million tonnes grading 1.8% copper and 0.4g/t gold containing 180,000 tonnes of copper and 110,600 ounces of gold. For further details regarding the Jericho Mineral Resource, including JORC Code (2012) disclosures see AIC Mines ASX announcement "Jericho Mineral Resource" dated 6 February 2023.
- In February 2023, AIC Mines completed a two-tranche placement of approximately 66.7 million new fully paid ordinary shares at an issue price of $0.45 per share, raising $28.5 million net of costs, to fund initial work related to the Jericho mine development and Eloise processing plant expansion.
- In March 2023, the Eloise Annual Mineral Resources and Ore Reserves estimates as at 31 December 2022 were updated with both Mineral Resources and Ore Reserves increasing significantly from the previously released estimates. Mineral Resources increased to 137,200 tonnes (30 June 2022: 115,000 tonnes) of contained copper and 118,800 ounces (30 June 2022: 101,100 ounces) of contained gold, representing a 19% increase in copper and a 17.5% increase in gold net of mining depletion. Ore Reserves increased to 52,600 tonnes (30 June 2022: 36,000 tonnes) of contained copper and 43,100 ounces (30 June 2022: 32,600 ounces) of contained gold, representing a 32% increase in copper and a 46% increase in gold net of mining depletion. For further details regarding the Eloise Mineral Resources and Ore Reserves, including JORC Code (2012) disclosures see AIC Mines ASX announcement "Significant Increase in Mineral Resources and Ore Reserves at Eloise Copper Mine" dated 30 March 2023.

In May 2023, a new tailings storage facility ("TD5") was successfully commissioned after a 12 month build at a cost of $16.1 million. Commissioning of TD5 is a significant achievement for Eloise, it provides 5 years of tailings storage, and up to a further 10 years with lifts, at current production rates. Importantly, TD5 significantly de-risks water management at Eloise.

- Subsequent to the end of the period, AIC Mines announced a maiden Ore Reserve for Jericho as at 30 June 2023. The Ore Reserves estimate totals 1.8 million tonnes grading 1.8% copper and 0.3g/t gold containing 32,800 tonnes of copper and 19,900 ounces of gold. The maiden Jericho Ore Reserve represents a conversion of less than 20% of the entire Jericho Mineral Resources, suggesting significant potential exists to expand the Ore Reserve in the future with infill drilling. For further details regarding the Jericho Ore Reserve, including JORC Code (2012) disclosures see AIC Mines ASX announcement "Jericho Maiden Ore Reserve" dated 14 July 2023.

## Financial Review

### Profit and loss

- The Group recorded a consolidated loss after income tax of $5.8 million for the period (for the 6 months ended 30 June 2022: $21.2 million profit). Net revenue from concentrate sales for the period increased to $125.6 million (for the 6 months ended 30 June 2022: $81.4 million). Gross metal revenue before treatment, refining and transport charges comprised $122.8 million of copper, $13.9 million of gold and $2.9 million of silver (for the 6 months ended 30 June 2022: $89.1 million, collectively).
- The basic and diluted loss per share for the period totalled (1.52 cents) and (1.46 cents), respectively (for the 6 months ended 30 June 2022: basic and diluted earnings per share of 6.85 cents and 6.69 cents).

### Cashflow

- The net cash inflow from operating activities totalled $22.9 million (for the 6 months ended 30 June 2022: inflow $26.5 million) and the cash balance at the end of the period totalled $30.9 million (for the 6 months ended 30 June 2022: $28.1 million).
- Net cash outflows from investment activities totalled $50.9 million, an increase of $23.3 million from the prior period (for the 6 months ended 30 June 2022: outflow $27.6 million). Major items contributing to the change in outflows were the investment in plant and equipment and mine development at Eloise.
- Net cash inflows from financing activities were $30.9 million for the period, an increase of $30.9 million from the prior period (for the 6 months ended 30 June 2022: $nil). The key item contributing to the change in inflows was the equity raising of $28.6 million net of costs to fund early works for the development of the Jericho deposit.

### Balance Sheet

- At period end, net assets of the Group totalled $154.3 million (30 June 2022: $90.2 million). Total assets increased during the period to $194.7 million (30 June 2022: $123.7 million) mainly due to the increase in exploration properties totalling $38.3 million following the acquisition of Demetallica Limited and increases to property, plant and equipment and mine development at Eloise totalling $35.2 million. Cash and cash equivalents totalled $30.9 million (30 June 2022: $28.1 million). The net carrying amount of property, plant and equipment increased by $14.7 million in the period. This was primarily driven by the construction of TD5 and rebuilds of mining and power generation equipment at Eloise. Mine properties increased by $20.5 million in the period, which was driven by the capitalisation of mining costs related to underground mine development activity at Eloise, partially offset by depreciation.
- Total liabilities for the Group increased by $6.9 million during the period to $40.4 million (30 June 2022: $33.5 million). This was mainly due to the increase in rehabilitation provision of $6.8 million and interest-bearing liabilities of $2.4 million, which was partially offset by a decrease in trade and other payables of $2.7 million.

### Taxation

- During the period, the Group made no income tax payments and recognised an income tax benefit totalling $1.3 million (for the 6 months ended 30 June 2022: $0.8 million tax benefit).

### Dividends

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



## Operations Review

### Eloise

Production for the period totalled 39,507dmt of concentrate containing 10,559t of copper at an All-in Sustaining Cost of A$5.58/lb and All-in Cost of A$6.43/lb.

Ore mined in the period totalled 582,703 tonnes at an average grade of 1.93% copper. Underground development was 3,282 metres. Ore processed was 574,408 tonnes at an average grade of 1.96% copper. Copper recovery of 93.68% was achieved for the year. Operating mine cashflow for the period was $35.8 million and net mine cashflow was negative $19.9 million post total capital investment of $55.6 million and an achieved copper price of $12,428 per tonne ($5.64/lb) of copper sold. Importantly, the new tailings storage facility was successfully commissioned during the year after a 12 month build at a capital cost of $16.1 million. The new tailings storage facility provides 5 years of tailings storage and up to a further 10 years with lifts, at current production rates.

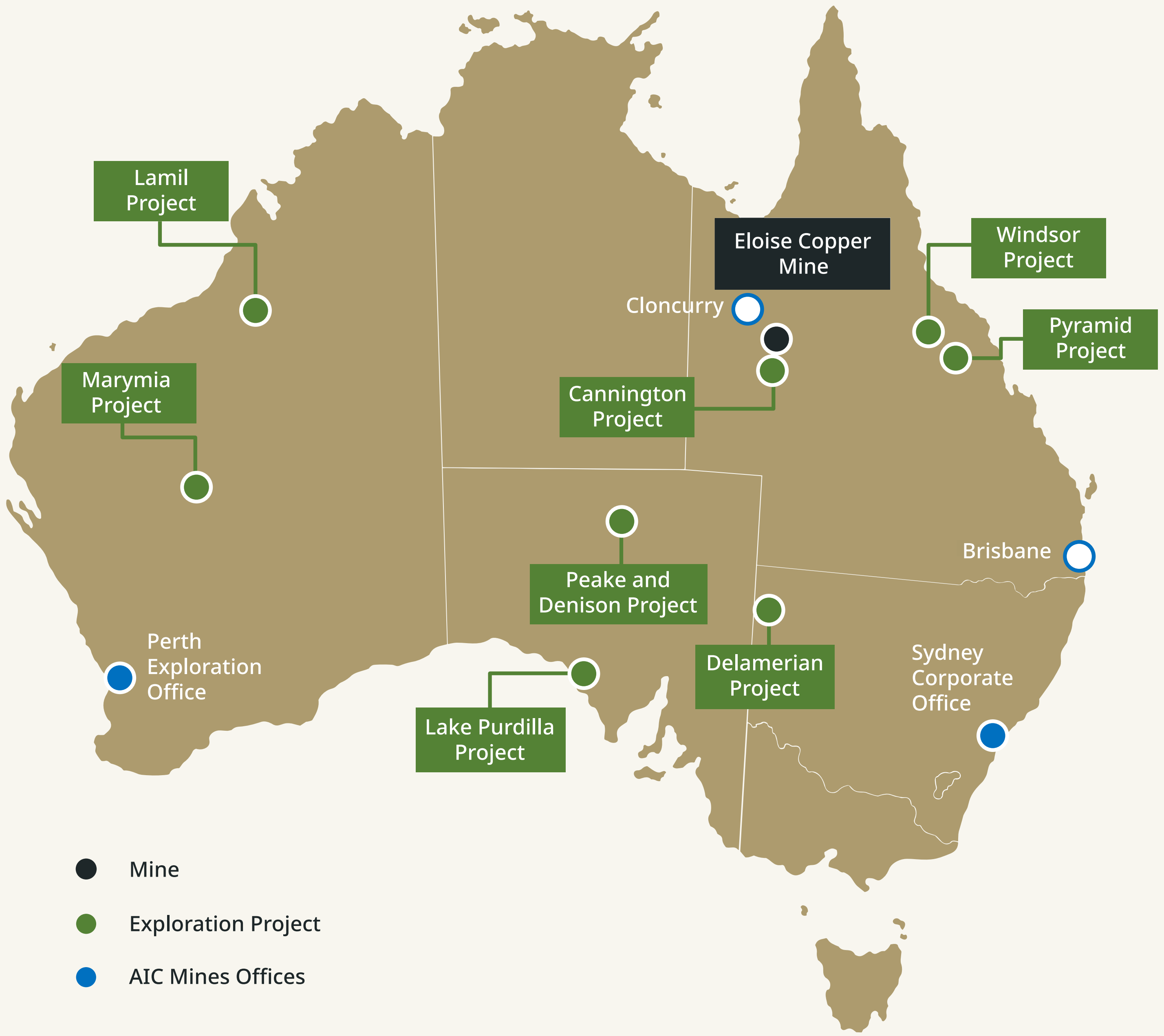
The recapitalisation of the Eloise mine is delivering a progressive improvement in production.

The June 2023 Quarter was the best production quarter of the year, driven mainly by increased ore production. With good progress now made on operational reliability, the operational focus has shifted to reducing costs. The gradual change-out of hired and contracted equipment for owned equipment is expected to reduce operating costs.

The table below outlines the key operating metrics for Eloise during the year ended 30 June 2023 and the 6-month period ended 30 June 2022:

| Summary of operating results | 12 months to 30 June 2023 | 6 months to 30 June 2022 |
|---|---|---|
| Operating mine cash flow ($'000) | 35,763 | 38,859 |
| Sustaining capital ($'000) | (37,061) | (19,289) |
| All-in cost capital ($'000) | (18,579) | (7,342) |
| Total capital ($'000) | (55,640) | (26,631) |
| Net mine cash flow ($'000) | (19,876) | 12,228 |
| Payable Copper production (t) | 10,164 | 5,660 |
| **All-in Sustaining Cost ($/lb)** | **5.58** | **4.55** |
| **All-in Cost ($/lb)** | **6.43** | **5.11** |

## Our Operations in Australia






## Exploration Review

### Eloise Regional Project

The extensive tenement holding surrounding Eloise, approximately 2,000 square kilometres, contains a pipeline of exploration prospects from early-stage to advanced, that provide the opportunity to discover additional copper and gold resources. Advanced prospects such as Sandy Creek, Artemis and Roberts Creek, within a 20km radius of Eloise, will be prioritised for drilling in the second half of the 2024 financial year.

### Marymia Project

At Marymia, encouraging results from the Copper Hills reverse circulation ("RC") drilling program confirmed the presence of copper sulphide mineralisation in fresh rock below the extensive geochemistry anomaly. A follow-up RC and diamond drilling program during the period returned further anomalous results defining copper mineralisation and alteration consistent with other volcanogenic massive sulphide style occurrences in the district over a strike length of 5kms.

Follow up drilling was also completed at the Middle Island and Black Hills gold prospects, but results do not warrant immediate follow up drilling. The project was also upgraded through the staking of several tenement applications on the southern margin of the Plutonic Marymia Greenstone belt which include advanced targets with known gold mineralisation.

### Lamil Project

Encouraged by the results of the 2021 program, a 6,992m diamond and RC drilling program was completed during the period at Lamil Dome, Goodenia and four additional locations across the project.

At the Lamil Dome, drilling below previous intercepts of merit, failed to improve the average tenor of mineralisation. At the Goodenia target, a single deep diamond hole returned anomalous zinc and lead results confirming the potential of this target to host base metal mineralisation. At the Sundew target, located 25 kilometres north of Lamil Dome, RC drilling returned anomalous copper results in several holes. Testing of two targets in the northern tenement was again hampered by difficult drilling conditions with targets remaining untested.

The expenditure requirement to earn a 50% interest in the Lamil Project from Rumble Resources Limited was met during the period. The parties then subsequently elected to form a 50:50 joint venture.

### Peake and Denison Project

Located in the underexplored Peake and Denison Inlier in South Australia, results from the first two holes drilled by Demetallica Limited, in joint venture with OZ Minerals, returned encouraging intervals of copper sulphide mineralisation associated with extensive zones of intense hydrothermal alteration analogues to IOCG-style deposits in the region, such as Prominent Hill and Olympic Dam. These results are very exciting considering the size of the project, numerous geophysical targets untested, and the size of the target areas tested by only a single hole. A third hole in the project, abandoned in cover, started producing water from an underground aquifer. Remediation of this issue was undertaken in March 2023.

### Delamerian Project

The three large exploration licence applications in western New South Wales, that make up the Delamerian Project, were granted in July 2022. Stakeholder engagements have progressed to allow for exploration programs to commence. Drilling programs and geophysical surveys conducted by the various government bodies, along with associated research reports, have confirmed the project is prospective for mafic-ultramafic intrusive related Ni-Cu deposits, volcanogenic massive sulphide Cu-Zn-Pb deposits and felsic magmatic related Cu-Au deposits. Exploration is planned for the 2024 financial year, commencing with a broad area aeromagnetic and radiometric survey.

## Mineral Resource and Ore Reserve Estimates

### Overview

The Group's annual Mineral Resource and Ore Reserve estimates are reported for its 100% owned Eloise copper mine and Jericho copper deposit located in North Queensland. The Mineral Resource and Ore Reserve estimates are reported in accordance with the guidelines of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserve ("JORC Code 2012").

The Group reviews and reports its Mineral Resources and Ore Reserves at least annually. The date of reporting is typically 31 December each year to coincide with the Group's Company's annual mine planning and budgeting cycle. Intra-cycle updates were reported for the Jericho Mineral Resources and Ore Reserves following completion of the acquisition and then completion of detailed mining studies.

Eloise and Jericho Mineral Resources total 15.5 million tonnes grading 2.0% copper and 0.5g/t gold containing 317,200 tonnes of copper and 229,400 ounces of gold. The Mineral Resource estimates are based on a long-term copper price of A$10,500/t.

Eloise and Jericho Ore Reserves total 4.0 million tonnes grading 2.0% copper and 0.5g/t gold containing 85,400 tonnes of copper and 63,000 ounces of gold. The Ore Reserve estimates are based on a long-term copper price of A$10,500/t.

**Table 1. Mineral Resources – Eloise and Jericho**

| Resource Category | Tonnes (t) | Cu Grade (%) | Au Grade (g/t) | Ag Grade (g/t) | Contained Copper (t) | Contained Gold (oz) | Contained Silver (oz) |
|---|---|---|---|---|---|---|---|
| **Eloise Copper Mine – Mineral Resources as at 31 December 2023** | | | | | | | |
| Measured | | | | | | | |
| Indicated | 3,987,000 | 2.3 | 0.6 | 9.7 | 93,500 | 81,100 | 1,249,900 |
| Inferred | 1,717,000 | 2.5 | 0.7 | 10.1 | 43,700 | 37,700 | 556,300 |
| **Sub-total** | **5,704,000** | **2.4** | **0.6** | **9.8** | **137,200** | **118,800** | **1,806,200** |
| **Jericho Copper Deposit – Mineral Resources as at 31 January 2023** | | | | | | | |
| Measured | | | | | | | |
| Indicated | 2,629,000 | 2.0 | 0.4 | 2.3 | 52,400 | 31,400 | 191,600 |
| Inferred | 7,214,000 | 1.8 | 0.3 | 2.0 | 127,600 | 79,200 | 453,500 |
| **Sub-total** | **9,843,000** | **1.8** | **0.3** | **2.0** | **180,000** | **110,600** | **645,100** |
| **Total** | **15,547,000** | **2.0** | **0.5** | **4.9** | **317,200** | **229,400** | **2,451,300** |

Eloise Mineral Resources are estimated using a 1.1% Cu cut-off above 0mRL and 1.4% Cu below 0mRL.
Jericho Mineral Resources are estimated using a 1.0% Cu cut-off within optimised stope shapes.
Tonnages have been rounded to the nearest 1,000 tonnes.

**Table 2. Ore Reserves - Eloise and Jericho**

| Resource Category | Tonnes (t) | Cu Grade (%) | Au Grade (g/t) | Ag Grade (g/t) | Contained Copper (t) | Contained Gold (oz) | Contained Silver (oz) |
|---|---|---|---|---|---|---|---|
| **Eloise Copper Mine – Ore Reserves as at 31 December 2023** | | | | | | | |
| Proved | 5,000 | 1.5 | 0.5 | 7.7 | 100 | 100 | 1,300 |
| Probable | 2,193,000 | 2.4 | 0.6 | 8.8 | 52,500 | 43,000 | 619,400 |
| **Sub-total** | **2,198,000** | **2.4** | **0.6** | **8.8** | **52,600** | **43,100** | **620,700** |
| **Jericho Copper Deposit – Ore Reserves as at 30 June 2023** | | | | | | | |
| Proved | | | | | | | |
| Probable | 1,834,000 | 1.8 | 0.3 | 2.1 | 32,800 | 19,900 | 122,100 |
| **Sub-total** | **1,834,000** | **1.8** | **0.3** | **2.1** | **32,800** | **19,900** | **122,100** |
| **Total** | **4,032,000** | **2.1** | **0.5** | **5.7** | **85,400** | **63,000** | **742,800** |

Eloise Ore Reserves are estimated using a 1.4% Cu cut-off above 0mRL and 1.6% Cu below 0mRL
Jericho Ore Reserves are estimated using a 1.2% Cu cut-off within optimised stope shapes.
Tonnages have been rounded to the nearest 1,000 tonnes.

### Mineral Resources

At the Eloise mine, exploration and resource definition drilling and improved geological controls delivered a significant increase in the Mineral Resource estimate in terms of resource tonnes and contained copper, gold and silver as compared to the previous estimate as at 30 June 2022. The majority of the increase was in the Macy, Lens 6 and Deeps (Elrose Levuka South – Lower) deposits.

**Table 3. Eloise Copper Mine – Mineral Resources as at 31 December 2022**

| Resource Category | Tonnes (t) | Cu Grade (%) | Au Grade (g/t) | Ag Grade (g/t) | Contained Copper (t) | Contained Gold (oz) | Contained Silver (oz) |
|---|---|---|---|---|---|---|---|
| Measured | - | - | - | - | - | - | - |
| Indicated | 3,987,000 | 2.3 | 0.6 | 9.7 | 93,500 | 81,100 | 1,249,900 |
| Inferred | 1,717,000 | 2.5 | 0.7 | 10.1 | 43,700 | 37,700 | 556,300 |
| **Total** | **5,704,000** | **2.4** | **0.6** | **9.8** | **137,200** | **118,800** | **1,806,200** |

Mineral Resources are inclusive of Ore Reserves.
Mineral Resources are estimated using a 1.1% Cu cut-off above 0mRL (1,190mBSL) and 1.4% Cu below 0mRL.
There is no certainty that Mineral Resources not included in Ore Reserves will be converted to Ore Reserves.
Tonnages have been rounded to the nearest 1,000 tonnes.

The Group completed a new Mineral Resource estimate for the Jericho deposit following completion of the acquisition in January 2023. The new estimate used similar estimation practices and assumptions to those used for the Eloise Mineral Resource estimate.

**Table 4. Jericho Copper Deposit – Mineral Resources as at 31 January 2023**

| Resource Category | Tonnes (t) | Cu Grade (%) | Au Grade (g/t) | Ag Grade (g/t) | Contained Copper (t) | Contained Gold (oz) | Contained Silver (oz) |
|---|---|---|---|---|---|---|---|
| Measured | | | | | | | |
| Indicated | 2,629,000 | 2.0 | 0.4 | 2.3 | 52,400 | 31,400 | 191,600 |
| Inferred | 7,214,000 | 1.8 | 0.3 | 2.0 | 127,600 | 79,200 | 453,500 |
| **Total** | **9,843,000** | **1.8** | **0.3** | **2.0** | **180,000** | **110,600** | **645,100** |

Mineral Resources are inclusive of Ore Reserves.
Mineral Resources are estimated using a 1.0% Cu cut-off within optimised stope shapes.
There is no certainty that Mineral Resources not included in Ore Reserves will be converted to Ore Reserves.
Tonnages have been rounded to the nearest 1,000 tonnes.

The Jericho Mineral Resource has a strike length of over 2.3 kilometres, commencing at 50m below the surface level and extends to a vertical depth of 550m below surface. High grade mineralisation (>2% Cu) has a shallow 30O north plunge and is open at depth. There is opportunity to extend the high-grade mineralisation along strike and at depth with additional drilling.

The Mineral Resource estimates are based on a long-term copper price of A$10,500/t. Recent economists consensus forecasts for the copper price and the Australian dollar indicate that the long-term copper price assumption used by the Group is conservative.

### Ore Reserves

At the Eloise mine, infill drilling, reinterpretation, resource reclassification and mine planning evaluation delivered a significant increase in the Ore Reserve estimate in terms of ore tonnes and contained copper, gold and silver as compared to the previous estimate as at 30 June 2022. The majority of the increase was in the Upper Zone (Macy, Elrose Levuka North and South) and Lens 6 (included in the Elrose Levuka South Lower Zone).

**Table 5. Eloise Copper Mine – Ore Reserves as at 31 December 2022**

| Resource Category | Tonnes (t) | Cu Grade (%) | Au Grade (g/t) | Ag Grade (g/t) | Contained Copper (t) | Contained Gold (oz) | Contained Silver (oz) |
|---|---|---|---|---|---|---|---|
| Proved | 5,000 | 1.5 | 0.5 | 7.7 | 100 | 100 | 1,300 |
| Probable | 2,193,000 | 2.4 | 0.6 | 8.8 | 52,500 | 43,000 | 619,400 |
| Total | 2,198,000 | 2.4 | 0.6 | 8.8 | 52,600 | 43,100 | 620,700 |
| **Total** | **9,843,000** | **1.8** | **0.3** | **2.0** | **180,000** | **110,600** | **645,100** |

Ore Reserves are estimated using a 1.4% Cu cut-off above 0mRL and 1.6% Cu cut-off below 0mRL.
Tonnages have been rounded to the nearest 1,000 tonnes.
Net Change is the difference between Ore Reserves as at 30 June 2022 and Ore Reserves as at 31 December 2022.





A maiden Ore Reserve estimate was reported for the Jericho deposit in July 2023 following completion of a detailed underground mine design.

**Table 6. Jericho Copper Deposit – Ore Reserve as at 30 June 2023**

| Resource Category | Tonnes (t) | Cu Grade (%) | Au Grade (g/t) | Ag Grade (g/t) | Contained Copper (t) | Contained Gold (oz) | Contained Silver (oz) |
|---|---|---|---|---|---|---|---|
| Proved | - | - | - | - | - | - | - |
| Probable | 1,834,000 | 1.8 | 0.3 | 2.1 | 32,800 | 19,900 | 122,100 |
| **Total** | **1,834,000** | **1.8** | **0.3** | **2.1** | **32,800** | **19,900** | **122,100** |

Ore Reserves are estimated using a 1.2% Cu cut-off within optimised stope shapes.
Tonnages have been rounded to the nearest 1,000 tonnes

There is significant potential to expand the Jericho Ore Reserve with additional drilling. Limited drilling on the J2 Lens has meant that none of the Billabong zone converted to Ore Reserve. Mineralisation on both J1 and J2 Lenses at Jericho remains open along strike and at depth.

The Ore Reserve estimates are based on a long-term copper price of A$10,500/t. Recent economists consensus forecasts for the copper price and the Australian dollar indicate that the long-term copper price assumption used by the Group is conservative.

### JORC 2012 and ASX Listing Rules Requirements

This annual statement of Mineral Resources and Ore Reserves has been prepared in accordance with the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code 2012) and the ASX Listing Rules.

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

- Jericho Maiden Ore Reserve – Amended - 14 July 2023
- Significant increase in Mineral Resources and Ore Reserves - 30 March 2023
- Jericho Mineral Resource - 6 February 2023

The Group is not aware of any new information or data as at the date of this report that materially affects the information included in the relevant ASX announcements and all material assumptions and technical parameters underpinning the estimates in the respective relevant market announcement continue to apply and have not materially changed.

Directors' Report

### Competent Person's Statements

#### Eloise Mineral Resources

The information in this announcement that relates to the Eloise Mineral Resource is based on information, and fairly represents information and supporting documentation compiled by Mr. Matthew Thomas who is a member of the Australasian Institute of Mining and Metallurgy 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. Thomas is a full-time employee of AIC Copper Pty Ltd and is based at the Eloise Mine. Mr. Thomas consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

#### Eloise Ore Reserves

The information in this announcement that relates to the Eloise Ore Reserve is based on information, and fairly represents information and supporting documentation compiled by Mr. Randy Lition who is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code. Mr. Lition is a full-time employee of AIC Copper Pty Ltd and is based at the Eloise Mine. Mr. Lition consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

#### Jericho Mineral Resources

The information in this announcement that relates to the Jericho Mineral Resource is based on information, and fairly represents information and supporting documentation compiled by Mr. Matthew Fallon 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. Fallon is a full-time employee of AIC Mines Limited. Mr. Fallon consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

#### Jericho Ore Reserves

The information in this announcement that relates to the Jericho Ore Reserve is based on information, and fairly represents information and supporting documentation compiled by Mr. Andrew Cooper who is a member of the Australasian Institute of Mining and Metallurgy 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. Cooper is a fulltime employee of Orelogy Mine Consulting. Mr. Cooper consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.



## Material Business Risks

The Group prepares its business plans using estimates of production and financial performance based on a range of assumptions and forecasts. There is uncertainty in these assumptions and forecasts, and risk that variation from them could result in actual performance being different to expected outcomes. The uncertainties arise from a range of factors, including the nature of the mining industry and general economic factors. The material business risks faced by the Group that may have an impact on the operating and financial prospects of the Group as at 30 June 2023 are:

### Fluctuations in commodity price and Australian dollar

The Group's revenues are exposed to fluctuations in the copper, gold and silver prices and the Australian dollar exchange rate. Volatility in the copper, gold and silver prices and Australian dollar creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are maintained should the Australian dollar commodity price fall. Declining copper, gold and silver prices can also impact operations by requiring a reassessment of the feasibility of a particular exploration or development project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could cause delays and/or may interrupt operations, which may have a material adverse effect on our results of operations and financial condition.

### Mineral Resources and Ore Reserves

The Group's Mineral Resources and Ore Reserves are estimates, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralisation or geological conditions may be different from those predicted.

Market price fluctuations of copper, gold and silver as well as increased production and capital costs may render the Group's Ore Reserves unprofitable to develop at a particular site or sites for periods of time or may render Ore Reserves containing relatively lower grade mineralisation uneconomic. Estimated reserves may have to be re-estimated based on actual production experience. Any of these factors may require the Group to reduce its Mineral Resources and Ore Reserves, which could have a negative impact on the Group's financial results.

### Replacement of depleted Ore Reserves

The Group must continually replace Ore Reserves depleted by production to maintain production levels over the long term. Ore Reserves can be replaced by discovering extensions to known ore bodies, discovering new deposits or acquiring new deposits. Exploration is highly speculative in nature. The Group's exploration projects involve many risks and are frequently unsuccessful. Once a site with mineralisation is discovered (or acquired), it may take several years from the initial phases of drilling until production is possible. There is no assurance that current or future exploration programs will be successful. There is a risk that depletion of Ore Reserves will not be offset by discoveries or acquisitions.

### Mining risks and insurance risks

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, unavailability of materials and equipment, pit wall failures, rock bursts, seismic events, cave-ins and weather conditions (including flooding and bush fires), most of which are beyond the Group's control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on the Group's financial performance, liquidity and results of operation.

There is a risk that unforeseen geological and geotechnical difficulties may be encountered when developing and mining Ore Reserves, such as unusual or unexpected geological conditions, underground access, ambient rock temperature, rock bursts, seismicity and cave-ins. Unforeseen geological and geotechnical difficulties could impact production and/or require additional operating or capital expenditure to rectify

Directors' Report

problems and thereby have an adverse effect on the Company's financial and operational performance.

The Group maintains insurance to cover the most common of these risks and hazards. The insurance is maintained in amounts that are considered reasonable depending on the circumstances surrounding each identified risk. However, property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards.

**Production and cost estimates**

The Group prepares estimates of future production, cash costs and capital costs of production for its operations. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on the Group's future cash flows, profitability, results of operations and financial condition. The Group's actual production and costs may vary from estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the Ore Reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; revisions to mine plans; risks and hazards associated with mining; natural phenomena such as inclement weather conditions, water availability and floods; and unexpected labour shortages or strikes. Costs of production may also be affected by a variety of factors including changing waste-to-ore ratios, ore grade metallurgy, labour costs, cost of commodities, general inflationary pressures and currency exchange rates.

**Environmental, health, safety and permitting risks**

The Group's mining and processing operations and exploration activities are subject to laws and regulations governing the protection and management of the environment, water management, waste disposal, worker health and safety, mine development and rehabilitation and the protection of endangered and other special status species. The Group's ability to obtain permits and approvals and to successfully operate may be adversely impacted by real or perceived detrimental events associated with the Group's activities or those of other mining companies affecting the environment, human health and safety of the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect the Group's operations, including its ability to continue operations.

The Group has implemented health, safety and community initiatives at its sites to manage the health and safety of its employees, contractors and members of the community. While these control measures are in place there is no guarantee that these will eliminate the occurrence of incidents which may result in personal injury or damage to property. In certain instances, such occurrences could give rise to regulatory fines and/or civil liability.

**Climate Change**

The Group recognises that physical and non-physical impacts of climate change may affect assets, productivity, markets and the community. Risks related to the physical impacts of climate change include the risks associated with increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns. Non-physical risks and opportunities arise from a variety of policy, legal, technological and market responses to the challenges posed by climate change and the transition to a lower carbon world.

**Risk management**

The Group manages the risks listed above, and other day-to-day risks through an established management framework which conforms to Australian and international standards and guidance. The Group's risk reporting and control mechanisms are designed to ensure strategic, operational, legal, financial, reputational and other risks are identified, assessed and appropriately managed. These are reviewed by the Board and the Risk and Sustainability Committee (previously the Audit and Risk Committee), supported by Management review throughout the period. The financial reporting and control mechanisms are reviewed during the period by management, the Audit Committee and the Risk and Sustainability Committee and the external auditors.

The site leadership teams, the executive leadership team and the Board regularly review the risk portfolio of the business and the effectiveness of the Group's management of those risks.

**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. Further information on likely developments in the operations of the Group and expected results of operations have not been included in this Directors' Report as the Directors believe doing so would likely result in unreasonable prejudice to the Group.

**Significant events after the balance date**

There are no significant events occurring after the reporting period.

**Environmental Regulation and Performance**

The Chief Executive Officer and Managing Director reports to the Board on all significant safety and environmental incidents. The Board also has a Risk and Sustainability Committee which has oversight of the sustainability performance of the Group. The directors are not aware of any environmental incidents occurring during the period ended 30 June 2023 which would have a materially adverse impact on the overall business of the Group.

The operations of the Group are subject to environmental regulation in Australia. Each of our mining and exploration operations are subject to environmental regulation specific to its environmental activities as part of their operating licence, permit and/or, approvals. In addition, each operation is required to manage its environmental obligations in accordance with the Group's corporate governance.

Directors' Report

The environmental laws and regulations that cover our mining and exploration operations, combined with our policies and standards, address the potential impact of the Group's activities in relation to water and air quality, noise, land, waste, tailings management, and the potential impact upon sensitive receptors and flora and fauna.

### Indemnification and Insurance of Officers

The Company has agreements with each of the Directors and Officers of the Company in office at the date of this report and former Directors indemnifying them to the extent permitted by law against all liabilities incurred in their capacity as officers of the Company and its controlled entities and all reasonable legal costs incurred by any of them in the defence of an action for a liability incurred by that officer. The indemnity continues to have effect when the Directors and Officers cease to hold office.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability as such disclosures are prohibited under the terms of the contract.

### Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## Remuneration Report (Audited)

The Directors of the Group present the Remuneration Report for the Group for the period. The information provided in this report has been audited as required by section 308(3C) of the Corporations Act 2001 (Cth) ("Corporations Act") and forms part of the Directors' Report.

The Remuneration Report sets out information relating to the remuneration of the non-executive directors of the Group and the executive director and management personnel of the Group, collectively termed, "Key Management Personnel" ("KMP"), who are the persons primarily accountable for planning, directing, and controlling the affairs of the Group. Listed below are the KMP of the Group at any time during the reporting period and unless otherwise indicated were KMP for the entire period.

### Directors

| | |
|---|---|
| **Josef El-Raghy** | Chairman |
| **Aaron Colleran** | Managing Director and CEO |
| **Brett Montgomery** | Non-Executive Director, Chair of the Remuneration and Nomination Committee |
| **Jon Young** | Non-Executive Director, Chair of the Risk and Sustainability Committee |
| **Linda Hale** | Non-Executive Director (appointed 1 February 2023), Chair of the Audit Committee |
| **Tony Wolfe** | Non-Executive Director (resigned 31 January 2023) |

### Other Management

| | |
|---|---|
| **Matthew Fallon** | Chief Development Officer |
| **Michael Frame** | Chief Financial Officer |

Other than as detailed above there are no other KMP of the Group.

### 1. Remuneration Committee

The Remuneration and Nomination Committee is responsible for determining and reviewing compensation arrangements for the directors and executives, in accordance with the Remuneration and Nomination Committee Charter. The affected director or executive will not participate in the decision-making process.

### 2. Use of Independent Remuneration Consultants

During the period ended 30 June 2023, no external remuneration consultants were used.

### 3. Remuneration Policy

It is the objective of the Group to provide maximum stakeholder benefit from the retention of high-quality Board members and executives by remunerating directors and key executives fairly and appropriately with reference to relevant and prevailing employment market conditions. Remuneration packages will be reviewed at least annually, and retirement benefits or termination payments (other than notice periods) will not be provided or agreed other than in exceptional circumstances.

### 4. Non-Executive Director Remuneration

#### 4.1 Fixed Remuneration

The aggregate remuneration to non-executive directors will not exceed the maximum approved amount of $750,000 per annum (approved by shareholders on 3 March 2008). The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable by shareholders. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review as well as the time commitment involved. It is considered good corporate governance for directors to have a stake in the Group on whose board they sit. Remuneration of non-executive directors for the period ended 30 June 2023 is disclosed in section 6 of this Report.

#### 4.2 Variable Remuneration – Short Term Incentives

Non-executive directors do not receive performance-based bonuses for their membership of the Board, Committees or Boards of subsidiaries.

#### 4.3 Variable Remuneration – Long Term Incentives

During the period, the Group had no contractual obligations to provide long term incentives to non-executive directors.

### 5. Executive Remuneration

The objectives of the Executive Remuneration Strategy are to:

- provide market competitive levels of remuneration having regard to the level of work and the impact executives can potentially have on the performance of the business;
- attract, motivate, reward and retain a workforce capable of delivering the business plan and substantially growing the business;
- align performance right incentives for executives with shareholder interests; and
- comply with the Group's standards of Corporate Governance.

Remuneration packages will be reviewed at least annually and will be amended when deemed appropriate given the Group's position and performance at the time.

### 5.1 Company Performance

The table below shows the Company's financial performance over the last 3 accounting periods.

| Performance Summary | 12 months ended 30 June 2023 | 6 months ended 30 June 2022 | 31 December 2021 Restated[1] |
|---|---|---|---|
| Closing Share Price | $0.41 | $0.55 | $0.53 |
| (Loss) / profit after tax $'000 | (5,815) | 21,157 | 1,811 |
| Net tangible asset per share | $0.50 | $0.40 | $0.32 |

The periods presented above are limited to the last 3 years due to the reverse acquisition of AIC Resources Ltd in 2019.

[1] Upon revising the provisional fair values of Eloise (acquired 1 November 2021), prior period comparative figures have been restated.

### 5.2 Fixed Remuneration - Base remuneration benefits

Base pay is structured as a total employment cost package that may be delivered as a combination of cash and salary sacrifice superannuation at the executive's discretion.

Executives are offered, via formal written contracts, a competitive base pay that comprises fixed remuneration and performance rights. From 1 January 2022, following an external benchmark study (in 2021), the fixed remuneration for the Managing Director and CEO increased to $500,000 per annum inclusive of superannuation. The Managing Director and CEO was paid the monthly equivalent of this increased remuneration only once during the year ended 30 June 2023 and for the remainder of the financial year has been paid an equivalent of $400,000 per annum inclusive of superannuation.

The fixed remuneration for KMP, excluding the Managing Director and CEO, was set during the period at $250,000 per annum inclusive of superannuation. The remuneration of KMP and executives is reviewed at least annually to ensure the remuneration is competitive with the market. There are no guaranteed increases to the fixed remuneration included in employment contracts for senior executives.

### 5.3 Variable Remuneration - Short Term Incentive Bonus (STI)

KMP are eligible for an annual short term incentive bonus ("STI") based on a percentage of their fixed remuneration. The calculation and payment of any STI is determined at the discretion of the Board and includes consideration of the individual performance of each KMP as well as the performance of the Group for each period against a key performance indicator scorecard set by the Board at the beginning of the period. The STI may be paid in part or in full depending on the KMP meeting such criteria and objectives, as recommended by the Remuneration and Nomination Committee to the Board following the performance reviews. Payment of any STI is at the absolute discretion of the Board and is subject to approval by the Board.

In August 2022 the Board approved the FY23 STI Scorecard set for the 12 months to 30 June 2023.

Outlined below are the four main categories of the STI Scorecard and the relevant weightings used to evaluate KMP and the Group performance. The weightings for achieved goals for 30 June 2023 were approved by the Board on 23 August 2023.

**Group STI Scorecard**

| STI Metric | Weighting | Percentage of goals Achieved | Weighted Score |
|---|---|---|---|
| **Result for 12 months to 30 June 2023** | | | |
| Financial Delivery | 20% | 0% | - |
| Sustainability | 15% | 67% | 10% |
| Operational Excellence | 25% | 0% | - |
| Growth | 40% | 50% | 20% |
| **Total** | **100%** | | **30%** |
| **Result for 6 months to 30 June 2022** | | | |
| Financial Delivery | 30% | 0% | - |
| Sustainability | 20% | 60% | 12% |
| Operational Excellence | 25% | 80% | 20% |
| Growth | 25% | 30% | 8% |
| **Total** | **100%** | | **40%** |

The Group STI Scorecard result of 30% reflects a challenging twelve-month period where financial delivery and operational excellence came in below target meaning no STI has been awarded for these two goals. This was mainly due to the lower than planned production at Eloise resulting in higher than planned All-in Costs and lower cashflow generated than planned.

During the period the following STI results were achieved for KMP members by:

| KMP | Maximum STI achievable (% of TFR) | STI achieved (% of TFR)[1] | STI payment |
|---|---|---|---|
| **30 June 2023** | | | |
| A Colleran | 100% | 46% | $182,667 |
| M Fallon | 50% | 36% | $45,500 |
| M Frame | 50% | 38% | $48,000 |
| **6 months to 30 June 2022** | | | |
| A Colleran[2] | 100% | 37% | - |
| M Fallon | 50% | 18.9% | $23,625 |
| M Frame | 50% | 19.9% | $24,875 |

[1] The final STI achieved % for Mr. Colleran is based on a 70% weighting to Group STI Scorecard result and 30% weighting to his individual result. Mr. Fallon and Mr. Frame's final STI achieved % is based on a 60% weighting to Group STI Scorecard result and 40% weighting to their individual results.

[2] In the prior period, Mr. Colleran elected to forego his bonus due to the low copper price.

## Long Term Incentive Plan (LTIP)

Pursuant to the revised AIC Mines Equity Participation Plan ("EPP") approved by shareholders on 27 May 2022, KMP may be offered the opportunity to subscribe for long term incentives in the form of performance rights or share options in order to increase the range of potential incentives available to the Group and to strengthen links between the Group and KMP. The EPP is designed to provide long term incentives to KMP and to recognise their contribution to the success of the Group. Given the Group's current circumstances, the Directors consider that the long-term incentives (LTIs) are a cost effective and efficient incentive as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. KMP are eligible for an initial and annual grant of LTIs based on a percentage of fixed remuneration. The calculation and grant of any LTI will be based on the performance of both the KMP and the Group for each period and assessed against criteria such as financial and share price performance and each KMP meeting their key objectives. The LTIs will vest in accordance with the performance rights vesting conditions being achieved. The grant of any LTI is at the absolute discretion of the Board and is subject to approval by the Board.

The purpose of the EPP is to:

- assist in the reward, retention, and motivation of KMP;
- link the reward of KMP to performance and the creation of shareholder value;
- align the interests of KMP more closely with the interests of shareholders by providing an opportunity for KMP to receive an equity interest in the form of options, performance rights and shares;
- provide KMP with the opportunity to share in any future growth in value of the Group; and
- provide greater incentive for KMP to focus on the Group's longer-term goals.

The Managing Director and CEO (subject to shareholder approval) and KMP are eligible for an annual grant of LTIs in the form of performance rights up to 200% and 150% of fixed remuneration, respectively. Set out in the table below are the LTI vesting conditions adopted and approved by the Board in relation to the grant of performance rights issued to KMP during the period ended 30 June 2023.

| Goal | Weighting | Measure | Level of vesting |
|---|---|---|---|
| Total Shareholder Return – Absolute ("TSRA")[1] | 30% | Share price increase greater than 50% | 100% |
| | | Share price increase between 25% and 50% | Pro rata 75%-100% |
| | | Share price increase 10% and 25% | Pro rata 50%-75% |
| | | Share price <10% | Nil |
| Total Shareholder Return – Relative ("TSRR")[2] | 30% | Equal to or above 75th percentile | 100% |
| | | Equal to or above 50th percentile and below the 75th percentile | Pro rata vesting on a straight-line basis between 50% and 100% |
| | | Less than 50th percentile | Nil |
| Copper equivalent ore reserve growth[3] | 20% | Depletion* replacement +>10% increase | 100% |
| | | Between depletion replacement and up to 10% increase | Pro rata vesting on a straight-line basis between 50% and 100% |
| | | Depletion* replaced | 50% |
| | | Depletion* not replaced | Nil |





| Goal | Weighting | Measure | Level of vesting |
|---|---|---|---|
| Copper equivalent mineral resource growth[3] | 20% | Depletion* replacement +>10% increase | 100% |
| | | Between depletion* replacement and up to 10% increase | Pro rata vesting on a straight-line basis between 50% and 100% |
| | | Depletion* replaced | 50% |
| | | Depletion* not replaced | Nil |

[1] TSRA measured by calculating the percentage by which the 30-day volume weighted average share price quoted on the ASX (VWAP) at close of trade on the first day of the performance period (1 July 2022) has increased compared to the cumulative average of the 30-day VWAP as measured at 30 June 2023, 30 June 2024 and 30 June 2025.

[2] TSRR measured by calculating the TSRA over the performance period compared to peer companies. Peer companies may be updated over time, with Board approval.

[3] 30 June 2023: Reserve and resource growth is calculated by comparing JORC compliant MROR current at 1 July 2022 to MROR at 30 June 2025. Depletion refers to mining depletion.

In order to simplify the calculation methodology of the performance rights to be issued in future years, the following changes to the TSRA, TSRR and Reserve and Resource growth calculations are proposed: TSRA to be measured by calculating the percentage by which the 30-day volume weighted average share price quoted on the ASX (VWAP) at close of trade on the first day of the performance period (1 July 2023) has increased compared to the 30-day VWAP quoted on the ASX on the last day of the performance period (30 June 2026). TSRR to be measured by calculating the TSRA over the performance period compared to peer companies. Peer companies may be updated over time, with Board approval. Reserve and resource growth is calculated by comparing JORC compliant MROR current at the first day of the performance period (1 July 2023) to MROR at the last day of the performance period (30 June 2026).

## 6. Remuneration of directors and KMP

Details of the remuneration of directors and other KMP of the Group for the period are set out in the following tables. Other than the information disclosed in the tables below, no director or KMP received any additional compensation in either the current or comparative periods.

| Year ended 30 June 2023 | Short-term employee benefits | | Post-employment benefits | Other Entitlements | Share Based Payments | | |
|---|---|---|---|---|---|---|---|
| Name | Salary and fees | Cash bonus | Superannuation | AL & LSL[1] | Performance rights amortised value[2] | Total | Percentage of remuneration that is performance related |
| | $ | $ | $ | $ | $ | $ | % |
| **Non- Executive Directors** | | | | | | | |
| J El-Raghy | 67,149 | - | 7,051 | - | - | 74,200 | - |
| B Montgomery | 60,166 | - | 6,317 | - | - | 66,483 | - |
| T Wolfe | 25,783 | - | - | - | - | 25,783 | - |
| J Young | 47,783 | - | 5,017 | - | - | 52,800 | - |
| L Hale[3] | 25,958 | - | 2,726 | | | 28,683 | - |
| **Sub-total NED** | **226,839** | **-** | **21,111** | **-** | | **247,950** | |

| Year ended 30 June 2023 | Short-term employee benefits | | Post-employment benefits | Other Entitlements | Share Based Payments | | Percentage of remuneration that is performance related |
|---|---|---|---|---|---|---|---|
| Name | Salary and fees | Cash bonus | Superannuation | AL & LSL[1] | Performance rights amortised value[2] | Total | |
| | $ | $ | $ | $ | $ | $ | % |
| **Executive Director** | | | | | | | |
| A Colleran | 354,623 | 182,667 | 25,292 | 28,426 | 645,944 | 1,236,952 | 67% |
| **Other KMP** | | | | | | | |
| M Fallon | 208,841 | 45,500 | 24,140 | 17,404 | 227,104 | 522,988 | 52% |
| M Frame | 208,841 | 48,000 | 24,140 | 17,404 | 227,104 | 525,489 | 52% |
| **Total [4 5]** | **999,144** | **276,167** | **94,683** | **63,234** | **1,100,152** | **2,533,379** | |

[1] AL & LSL benefits represented the amounts of annual leave and long service leave accrued in the year

[2] Amortised value of share based rights comprises the fair value of performance rights expensed during the year for KMP

[3] In addition to the director fee, a bonus of $25,381 was awarded and performance rights amortisation of $83,068 incurred relating to Ms Hale's time as company secretary of AIC Mines.

[4] Premium for Director's liability insurance is not included in the remuneration table above

[5] There were no termination payments paid during the year

| 6 months ended 30 June 2022 | Short-term employee benefits | | Post-employment benefits | Other Entitlements | Share Based Payments | | Percentage of remuneration that is performance related |
|---|---|---|---|---|---|---|---|
| Name | Salary and fees | Cash bonus | Superannuation | AL & LSL[1] | Performance rights amortised value[2] | Total | |
| | $ | $ | $ | $ | $ | $ | % |
| **Non- Executive Directors** | | | | | | | |
| J El-Raghy | 30,000 | - | 7,051 | - | - | 74,200 | - |
| B Montgomery | 22,500 | - | 6,317 | - | - | 66,483 | - |
| T Wolfe | 22,000 | - | - | - | - | 25,783 | - |
| J Young | 20,000 | - | 5,017 | - | - | 52,800 | - |
| **Sub-total NED** | **94,500** | **-** | **7,250** | **-** | **-** | **101,750** | |
| **Executive Director** | | | | | | | |
| A Colleran | 238,216 | - | 11,784 | 17,483 | 298,768 | 566,250 | 53% |
| **Other KMP** | | | | | | | |
| M Fallon | 113,636 | 23,625 | 11,364 | 8,741 | 37,986 | 195,353 | 32% |
| M Frame | 113,636 | 24,875 | 11,364 | 8,741 | 127,767 | 286,384 | 53% |
| **Total [3 4]** | **559,989** | **48,500** | **41,761** | **34,965** | **464,521** | **1,149,736** | |

[1] AL & LSL benefits represented the amounts of annual leave and long service leave accrued in the period

[2] Amortised value of share based rights comprises the fair value of performance rights expensed during the period for KMP

[3] Premium for Director's liability insurance is not included in the remuneration table above

[4] There were no termination payments paid during the period





### 6.1 Performance rights held, awarded, vested, and lapsed during the period

The tables below disclose the number of performance rights held, granted, vested, or lapsed during the current and comparative periods. No performance rights were forfeited in the current or comparative periods.

**Year ended 30 June 2023**

| Opening Balance 1 July 2022 | Granted during period | Vested during period | Exercised during period | Balance at end of period | Vested and exercisable | Unvested at end of period | Vesting Condition | Grant Date | Expiry Date |
|---|---|---|---|---|---|---|---|---|---|
| **KMP** | | | | | | | | | |
| **A Colleran** | | | | | | | | | |
| 2,000,000 | - | - | 2,000,000 | - | - | - | A | 3 Jun-19 | 3 Jun-34 |
| 2,000,000 | - | - | - | 2,000,000 | 2,000,000 | - | B | 3 Jun-19 | 3 Jun-34 |
| 2,000,000 | - | - | - | 2,000,000 | 2,000,000 | - | C | 3 Jun-19 | 3 Jun-34 |
| 500,000 | - | - | - | 500,000 | 500,000 | - | C | 21 Dec-20 | 1 Dec-23 |
| 1,697,793 | | - | - | 1,697,793 | - | 1,697,793 | D | 27 May-22 | 15 Jun-27 |
| - | 2,262,443 | - | - | 2,262,443 | - | 2,262,443 | E | 25 Nov-22 | 25 Nov-27 |
| **M Fallon** | | | | | | | | | |
| 250,000 | - | - | 250,000 | - | - | - | C | 4 Oct-19 | 4 Oct-22 |
| 100,000 | - | - | 100,000 | - | - | - | C | 21 Dec-20 | 1 Dec-23 |
| 636,672 | - | - | - | 636,672 | - | 636,672 | D | 15 Jun-22 | 15 Jun-27 |
| - | 848,416 | - | - | 848,416 | - | 848,416 | E | 5 Sep-22 | 5 Sep-27 |
| **M Frame** | | | | | | | | | |
| 250,000 | | - | 250,000 | - | - | - | C | 1 Mar-22 | 1 Mar-25 |
| 636,672 | | - | - | 636,672 | - | 636,672 | D | 15 Jun-22 | 15 Jun-27 |
| | 848,416 | - | - | 848,416 | - | 848,416 | E | 5 Sep-22 | 5 Sep-27 |
| **10,071,137** | **3,959,275** | **-** | **2,600,000** | **11,430,412** | **4,500,000** | **6,930,412** | | | |

A. 60 Day VWAP $0.30

B. 60 Day VWAP $0.40

C. 60 Day VWAP $0.60

D. As per vesting conditions set out in section 5.3 of AIC Mines 2022 Annual Report

E. As per vesting conditions set out in section 5.3

Directors' Report

**6 months ended 30 June 2022**

| Opening Balance 1 July 2022 | Granted during period | Vested during period | Exercised during period | Balance at end of period | Vested and exercisable | Unvested at end of period | Vesting Condition | Grant Date | Expiry Date |
|---|---|---|---|---|---|---|---|---|---|
| **KMP** | | | | | | | | | |
| **A Colleran** | | | | | | | | | |
| 2,000,000 | - | Vested 2019 | - | 2,000,000 | 2,000,000 | - | A | 3 Jun-19 | 3 Jun-34 |
| 2,000,000 | - | Vested 2019 | - | 2,000,000 | 2,000,000 | - | B | 3 Jun-19 | 3 Jun-34 |
| 2,000,000 | - | 2,000,000 | - | 2,000,000 | 2,000,000 | - | C | 3 Jun-19 | 3 Jun-34 |
| 500,000 | - | 500,000 | - | 500,000 | 500,000 | - | C | 21 Dec-20 | 1 Dec-23 |
| - | 1,697,793 | - | - | 1,697,793 | - | 1,697,793 | D | 27 May-22 | 15 Jun-27 |
| - | 2,262,443 | - | - | 2,262,443 | - | 2,262,443 | E | 25 Nov-22 | 25 Nov-27 |
| **M Fallon** | | | | | | | | | |
| 250,000 | - | 250,000 | - | 250,000 | 250,000 | - | C | 4 Oct-19 | 4 Oct-22 |
| 100,000 | - | 100,000 | - | 100,000 | 100,000 | - | C | 21 Dec-20 | 1 Dec-23 |
| - | 636,672 | - | - | 636,672 | - | 636,672 | D | 15 Jun-22 | 15 Jun-27 |
| - | 848,416 | - | - | 848,416 | - | 848,416 | E | 5 Sep-22 | 5 Sep-27 |
| **M Frame** | | | | | | | | | |
| - | 250,000 | 250,000 | - | 250,000 | 250,000 | - | C | 1 Mar-22 | 1 Mar-25 |
| - | 636,672 | - | - | 636,672 | - | 636,672 | D | 15 Jun-22 | 15 Jun-27 |
| **6,850,000** | **3,221,137** | **3,100,000** | **-** | **10,071,137** | **7,100,000** | **2,971,137** | | | |

A. 60 Day VWAP $0.30
B. 60 Day VWAP $0.40
C. 60 Day VWAP $0.60
D. As per vesting conditions set out in section 5.3 of AIC Mines 2022 Annual Report

The fair value at grant date for KMP and the MD / CEO that qualify for performance rights are stated in the table below.

| Performance rights issue | Absolute TSR | Relative TSR | Growth in ore reserve | Growth in mineral resource |
|---|---|---|---|---|
| **KMP** | | | | |
| Fair value at grant date for financial year 2023 issue | $0.33 | $0.42 | $0.50 | $0.50 |
| Fair value at grant date for financial year 2022 issue | $0.37 | $0.49 | $0.55 | $0.55 |
| **MD / CEO** | | | | |
| Fair value at grant date for financial year 2023 issue[1] | $0.30 | $0.52 | $0.48 | $0.48 |
| Fair value at grant date for financial year 2022 issue[2] | $0.46 | $0.52 | $0.60 | $0.60 |

[1] Financial year 2023 performance rights approved at the AGM on the 25 November 2022
[2] Financial year 2022 performance rights approved at the AGM on the 27 May 2022

### Termination and redundancy

In the event of termination without cause the Group is required to provide the Managing Director and CEO with a 12-month notice period, a 12-week notice period to the Chief Development Officer and a 6-week notice period to the Chief Financial Officer.

### 6.2 Shareholdings of Directors

At the end of the period, the interests of the directors in the shares of the Company were:

| Name | Role | Ordinary Shares | Rights |
|---|---|---|---|
| Josef El-Raghy | Chairman | 35,000,000 | - |
| Aaron Colleran | Managing Director and CEO | 10,555,556 | 8,460,236 |
| Brett Montgomery | Non-Executive Director | 1,167,858 | - |
| Tony Wolfe | Non-Executive Director | - | - |
| Jon Young | Non-Executive Director | 619,055 | - |
| Linda Hale | Non-Executive Director | - | 502,447 |

### 6.3 Directors and KMP service agreements

The Group has entered into the following agreements with the Directors and KMP:

#### Josef El-Raghy

- Letter of Appointment – Director fee (dated 18 April 2019) - $60,000 per annum plus superannuation. From 1 March 2023 this was increased to $90,000 per annum including superannuation;
- Deed of Access and Indemnity (dated 17 April 2019).

#### Aaron Colleran

- Executive Service Agreement (dated 17 April 2019) - $250,000 per annum including superannuation. From 1 August 2020 increased to $300,000 per annum including superannuation. From 1 January 2022, increased to $500,000 per annum including superannuation (see 5.2 in Directors' Report) however from 1 August 2022, Mr. Colleran has been paid $400,000 per annum including superannuation after taking a voluntary reduction in his salary when the copper price dropped during the period. From 1 July 2023 his salary has been reinstated to $500,000 per annum including superannuation;
- Deed of Access and Indemnity (dated 17 April 2019).

#### Brett Montgomery

- Letter of Appointment – Director fee (dated 18 April 2019) - $40,000 per annum plus superannuation (subsequently increased by Board Resolution to $45,000 per annum plus superannuation effective 1 January 2021 to include fees related to being Chair of the Audit and Risk Committee). From 1 March 2023 this was increased to $70,000 per annum inclusive of superannuation and fees related to being Chair of the Renumeration and Nomination Committee. During the period Brett stood down from the Chair of the Audit and Risk Committee. In addition, Mr. Montgomery received a $10,000 payment in March 2023 as remuneration for his directorship of Demetallica Limited while the company was listed on the ASX;
- Deed of Access and Indemnity (dated 17 April 2019).

### Jon Young

- Letter of Appointment - Director fee (dated 22 October 2021) - $40,000 per annum plus superannuation. From 1 March 2023 this was increased to $70,000 per annum including superannuation and inclusive of fees related to being Chair of the Risk and Sustainability Committee;
- Deed of Access, Insurance and Indemnity (dated 22 October 2021).

### Linda Hale

- Letter of Appointment – Director fee (dated 27 January 2023) - $40,000 per annum plus superannuation. From 1 March 2023 this was increased to $75,000 per annum including superannuation and inclusive of fees related to being Chair of the Audit Committee.
- Deed of Access, Insurance and Indemnity (dated 20 February 2020).

### Tony Wolfe (resigned 31 January 2023)

- Letter of Change to Non-Executive Director Fees – Director fee (dated 30 April 2019, effective 1 May 2019) - $40,000 per annum plus superannuation;
- Deed of Access, Insurance and Indemnity (dated 15 November 2016).

### Matt Fallon

- Employment Contract (dated 6 September 2019) - $200,000 per annum including superannuation increased to $250,000 per annum including superannuation from 1 June 2021.

### Michael Frame

- Employment Contract (dated 30 November 2021) - $250,000 per annum including superannuation;
- Deed of Access, Insurance and Indemnity (dated 18 January 2023).

Apart from the details disclosed above, no director has entered into a material contract with the Group since the end of the financial period, and there were no material contracts involving directors' interests at period end.

## Directors' Meetings

The number of meetings of directors held during the period and the number of meetings attended by each director was as follows:

| | Audit Committee* | | Risk & Sustainability Committee | | Remuneration & Nomination Committee | | Board of Directors | |
|---|---|---|---|---|---|---|---|---|
| | A | B | A | B | A | B | A | B |
| Josef El-Raghy | 2 | 2 | 1 | 1 | 3 | 3 | 5 | 6 |
| Aaron Colleran | 0 | 0 | 1 | 1 | 0 | 0 | 6 | 6 |
| Brett Montgomery | 2 | 2 | 1 | 1 | 3 | 3 | 6 | 6 |
| Jon Young | 2 | 2 | 1 | 1 | 3 | 3 | 6 | 6 |
| Linda Hale | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Tony Wolfe | 1 | 1 | 0 | 0 | 1 | 1 | 3 | 4 |

A = number of meetings attended
B = number of meetings held during the time the Director held office during the period or was a committee member.
* During the period the Audit and Risk Committee split into the Audit Committee and the Risk & Sustainability Committee

During the period the directors approved twenty one (21) circular resolutions which were signed by all directors of the Company. Mr. Colleran stepped down from membership of the Audit and Risk and Remuneration and Nomination Committees effective May 2022.

## Committee Membership

The role of the Audit, Risk and Sustainability and Remuneration and Nomination Committees are carried out in accordance with the appropriate charters.
The Audit and the Remuneration and Nomination Committees comprise all four directors other than the Managing Director and CEO. All five directors are member of the Risk and Sustainability Committee.

## Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of AIC Mines Limited support and have adhered to the principles of corporate governance.

## Proceedings on behalf of the Group

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Group with leave of the court under section 237 of the Corporations Act 2001.

## Non-Audit Services

The services provided by the Group's auditors are disclosed in note 30 to the financial statements.
The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important. During the period there were no non-audit services provided by the Group's auditors.

The board of directors, in accordance with advice provided by the audit committee, is satisfied that the provision of services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that no non-audit services were provided by the auditor and as such did not compromise the auditor independence requirements of the Corporations Act 2001.

**Auditor**

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

**Auditor Independence**

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 audit of the financial report. This Independence Declaration is disclosed on page 21 of this report and forms part of this Directors' Report for the period ended 30 June 2023.

Signed in accordance with a resolution of the directors.

Mr. Aaron Colleran
Managing Director and CEO
24 August 2023

## Auditor's Independence Declaration

As lead auditor for the audit of AIC Mines Limited for the year ended 30 June 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
24 August 2023

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

**For the period ended 30 June 2023**

| | Notes | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|---|
| Sales revenue | 6(a) | **125,635** | 79,252 |
| Cost of sales | 6(b) | **(88,487)** | (45,521) |
| | | **37,148** | 33,731 |
| Depreciation and amortisation expense | 6(b) | **(29,564)** | (7,995) |
| Corporate and administration costs[1] | | **(5,386)** | (3,068) |
| Exploration and evaluation costs[1] | | **(5,388)** | (1,328) |
| Share based payment expense | 25 | **(2,025)** | (503) |
| Transaction and integration costs | | **(1,485)** | (699) |
| Net interest (expense) | 6(c) | **(537)** | (155) |
| Other income / (expense) | | **70** | - |
| Gain on sale of financial assets | | **6** | 320 |
| Profit on sale of plant & equipment | | **4** | 8 |
| **(Loss) / profit before income tax expense** | | **(7,157)** | 20,311 |
| Income tax benefit | 7 | **1,342** | 845 |
| **Net profit for the period after tax** | | **(5,815)** | 21,157 |
| **Other comprehensive income** | | - | - |
| Total comprehensive income for the period | | **(5,815)** | 21,157 |
| **Total comprehensive income for the period is attributable to:** | | | |
| Owners of AIC Mines Limited | | **(5,815)** | 21,157 |
| **Earnings per share** | | | |
| Basic earnings per share (cents) | 22 | **(1.52)** | 6.85 |
| Diluted earnings per share (cents) | 22 | **(1.46)** | 6.69 |

[1] The classifications in the comparative period include previously disclosed amounts for Directors, employee and consultant benefits expense apportioned between Corporate and administration costs, Exploration and evaluation costs and Share based payments expense

The accompanying notes form part of these consolidated financial statements



Consolidated Statement - for the period ended 30 June 2023

# Consolidated Statement of Financial Position

| | Notes | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 8 | **30,888** | 28,095 |
| Trade and other receivables | 9 | **1,021** | 1,755 |
| Inventories | 10 | **10,834** | 5,042 |
| Financial assets at fair value through profit and loss | 11 | **6,864** | 16,510 |
| **Total Current Assets** | | **49,606** | **51,402** |
| **Non-Current Assets** | | | |
| Right of use assets | 12 | **467** | - |
| Performance bond | 13 | **4,354** | 6,799 |
| Property, plant and equipment | 14 | **40,840** | 26,141 |
| Exploration properties | 15 | **39,972** | 1,653 |
| Mine properties | 16 | **57,274** | 36,818 |
| Deferred Tax Assets | 17 | **2,187** | 845 |
| **Total Non-Current Assets** | | **145,094** | 72,256 |
| **Total Assets** | | **194,700** | 123,658 |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | | | |
| Provisions | 19 | **2,329** | 2,374 |
| Interest bearing liabilities | 20 | **826** | - |
| Lease liabilities | 12 | **261** | - |
| **Total Current Liabilities** | | **18,185** | 19,821 |
| **Non-Current Liabilities** | | | |
| Provisions | 19 | **20,480** | 13,670 |
| Interest bearing liabilities | 20 | **1,609** | - |
| Lease liabilities | 12 | **136** | - |
| **Total Non-Current Liabilities** | | **22,225** | 13,670 |
| **Total Liabilities** | | **40,410** | 33,491 |
| **Net Assets** | | **154,290** | 90,167 |
| **Equity** | | | |
| Issued capital | 21 | **151,932** | 83,704 |
| Share based payment reserve | | **2,640** | 1,339 |
| Option reserve | | **409** | - |
| Accumulated (loss) / profit | | **(692)** | 5,124 |
| **Total Equity** | | **154,290** | 90,167 |

# Consolidated Statement of Cashflows

| | Notes | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | **135,519** | 68,920 |
| Payments to suppliers, employees and contractors | | **(111,127)** | (41,668) |
| Payments for transaction and integration costs | | **(1,485)** | (699) |
| Interest paid | | **(56)** | (77) |
| **Net cash inflow from operating activities** | 8 | **22,851** | 26,476 |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | 14 | **(19,845)** | (8,955) |
| Payments for exploration properties | 15 | **(1,314)** | - |
| Payments for mine property | 16 | **(38,517)** | (17,940) |
| Cash acquired from Demetallica at acquisition date | 15 | **5,697** | - |
| Net proceeds from performance bond | 13 | **2,446** | - |
| Proceeds from sale of property, plant and equipment | | **4** | 8 |
| Proceeds from disposal of listed investments | | **582** | 1,247 |
| Payments for acquisition of Eloise Copper Mine | | **-** | (2,000) |
| **Net cash outflow from investing activities** | | **(50,947)** | **(27,640)** |
| **Cash flows from financing activities** | | | |
| Lease liability principal payments | | **(133)** | - |
| Net proceeds from interest bearing liabilities | 20 | **2,435** | - |
| Proceeds from issue of shares | 21 | **28,586** | - |
| Net cash inflow from financing activities | | **30,888** | - |
| | | | |
| Net decrease / increase in cash and cash equivalents | | **2,793** | (1,163) |
| Cash and cash equivalents at beginning of the period | | **28,095** | 29,259 |
| **Cash and cash equivalents at end of the period** | 8 | **30,888** | 28,095 |

The accompanying notes form part of these consolidated financial statements.





# Consolidated Statement of Changes in Equity

| | Issued capital $'000 | Accumulated profit/(loss) $'000 | Option reserve $'000 | Share based payment reserve $'000 | Total Equity $'000 |
|---|---|---|---|---|---|
| **Balance at 1 January 2022** | **83,689** | **(16,033)** | **-** | **850** | **68,507** |
| Profit or loss and other comprehensive income | | | | | |
| Net profit for the period | - | 21,157 | - | - | 21,157 |
| **Total comprehensive profit** | **-** | **21,157** | **-** | **-** | **21,157** |
| Transactions with owners | | | | | |
| Issue of shares (note 21) | 15 | - | - | - | 15 |
| Share based payment expense | - | - | - | 488 | 488 |
| **Balance at 30 June 2022** | **83,704** | **5,124** | **-** | **1,339** | **90,167** |
| Profit or loss and other comprehensive income | | | | | |
| Net loss for the period | - | (5,815) | - | - | (5,815) |
| **Total comprehensive profit** | **-** | **(5,815)** | **-** | **-** | **(5,815)** |
| Transactions with owners | | | | | |
| Issue of shares (note 21) | 68,228 | - | - | - | 68,228 |
| Share based payment reserve movement | - | - | - | 1,302 | 1,302 |
| Option reserve | - | - | 409 | - | 409 |
| **Balance at 30 June 2023** | **151,932** | **(692)** | **409** | **2,640** | **154,290** |

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement - for the period ended 30 June 2023

# Notes to the Consolidated Financial Statements

## 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 for issue on 24 August 2023.

## 2. Basis of preparation

**Statement of compliance**

This financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial report also complies with the International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board (IASB).

The financial report has been presented in Australian dollars and all values are rounded to the nearest $1,000 ($'000) unless otherwise stated. The accounting policies have been consistently applied by all entities included in the Group and are consistent with those applied in the prior periods except for changes arising from adoption of new accounting standards which have been separately disclosed. Comparative information is reclassified where appropriate to enhance comparability or in conformity with revised standards and interpretations.

**Basis of measurement**

The consolidated financial statements are prepared on the historical cost basis with the exception of investments at fair value through profit or loss (note 11).

Functional and presentation currency
These financial statements are presented in Australian dollars $, which is the Group's functional currency.

**Subsidiaries**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AIC Mines Limited as at 30 June 2023 and the results of all subsidiaries for the period. Subsidiaries are all those entities (including special purpose entities) over which the Company has control. Control over an entity exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through the power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised profits on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Going concern basis of preparation**

The Group made a net loss after income tax of $5.8 million for the period ended 30 June 2023 (for the 6 months ended 30 June 2022: net profit after tax of $21.2 million). As at 30 June 2023, the Group had cash and cash equivalents of $30.9 million (for the 6 months ended 30 June 2022: $28.1 million).

At the date of signing the financial report, the directors are satisfied that there are reasonable grounds to believe that the Group will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

## 3. Significant accounting policies

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies detailed below have been consistently applied throughout the period presented, unless otherwise stated.

**Cash and cash equivalents**

Cash comprises cash at bank and on hand and deposits held at call with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Property, plant and equipment**

Property Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of operational assets is calculated using a diminishing value method based on units of production over the ore reserve life of the operation. Depreciation of other assets is calculated using the straight-line method over a 2-5 year period to allocate their cost, net of their residual values, over their estimated useful lives. Land is not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Profits and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the profit or loss.

The directors have considered the economic life of plant and equipment with due regard to the physical life limitations. The estimated remaining useful life for all such assets is reviewed regularly with annual re-assessments being made for major items.

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## Mining properties and exploration

### Mine properties

Mine properties include aggregate expenditure in relation to mine construction and mine development. Expenditure incurred in constructing a mine by, or on behalf of, the Group is accumulated separately for each area of interest in which economically recoverable reserves and resources have been identified. This expenditure includes direct costs of construction, drilling costs and removal of overburden to access the ore, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads.

Mine development represents expenditure in respect of near-mine exploration and evaluation, overburden removal based on underlying mining activities and related mining data and construction costs and development incurred by or on behalf of the Group previously accumulated and carried forward in relation to properties in which mining has now commenced. Such expenditure comprises direct costs and an appropriate allocation of directly related overhead expenditure.

All expenditure incurred prior to commencement of production from each development property is carried forward to the extent to which recoupment out of future revenue from the sale of production, or from the sale of the property, is probable. When further development expenditure is incurred in respect of a mine property after commencement of commercial production, such expenditure is carried forward as part of the cost of the mine property only when future economic benefits are probable, otherwise the expenditure is classified as part of the cost of production and expensed as incurred. Such capitalised development expenditure is added to the total carrying value of mine development being amortised.

### Amortisation

The Group uses the units of production basis when amortising mine properties which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. The change in ore reserves and mineral resources driving the remaining life of mine production is reflected from the beginning of the financial period when amortising existing mine properties. During the period the Company completed its annual life of mine planning process and identified that there are substantial future mine development costs expected to be incurred in order to extract the entire reserve base from the mine. To achieve a consistent amortisation rate throughout the life of the mine, such costs are amortised or unwound on a units of production basis resulting in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Future mine development costs will be revised with each annual life of mine plan. This represents a change in accounting policy applied prospectively from 1 July 2022 as the current method could not be applied to previous reporting periods without longer-term mine planning incorporating future mine development activities.

### Exploration properties and evaluation expenditure

All greenfield exploration and evaluation expenditure incurred by or on behalf of the Group up to the establishment of a commercially viable mineral deposit (as approved by the Board) is expensed as incurred.

Expenditure incurred by the Group in acquiring exploration properties where the expenditure is expected to be recouped through the successful development and exploitation of the area of interest, or alternatively, by its sale, and the regional mine exploration costs incurred near existing assets are all capitalised to exploration properties. The carrying value of capitalised exploration and evaluation assets are assessed for impairment at each reporting period and when facts and circumstances suggest that the carrying value may exceed its recoverable amount. Any amounts in excess of the recoverable amount are derecognised in the financial year it is determined.

## Inventories

Ore stockpiles, metal in circuit, metal in transit and concentrate are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods. If the stockpile is not expected to be processed within 12 months after the reporting date, it is included in non-current assets.

Materials and supplies are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and a provision is made for any potential loss on their disposal.

## Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.  The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered previous impairment are reviewed for possible reversal of the impairment at each reporting date.

## Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid as at the balance sheet date.  They are initially recognised at fair value and subsequently measured at amortised cost. The amounts are unsecured and are usually paid within thirty days of recognition.

## Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are

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discounted using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

## Employee benefits

### Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date, are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

### Long service leave

The liability for long service leave expected to be settled within twelve months of the reporting date is recognised in the current provision for employee benefits and is measured in accordance with the above. The liability for long service leave expected to be settled more than twelve months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### Share based payments

The Group provides benefits to its employees (including Key Management Personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Vesting conditions that are linked to the price of shares of the Company (market conditions) are taken into account when determining the fair value of equity settled transactions. Other vesting conditions such as service conditions are excluded from the measurement of fair value but are considered in estimating the number of investments that may ultimately vest.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled ("the vesting period").

The charge to the Statement of Profit or Loss for the period is the cumulative amount as calculated above less the amounts already recognised in previous periods. There is a corresponding entry to equity.

### Employee benefit on-costs

Employee benefit on-costs, including payroll tax and contributions to the employee's defined contributions superannuation plan, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

### Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing the termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after reporting date are discounted to present value.

## Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statement of Financial Position based on a classification of current or non-current.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets not classified as current are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities not classified as current as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control over an entity exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through the power over the investee. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

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The Group measures goodwill at the acquisition date as the fair value of the consideration transferred; plus the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all assets acquired and all liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the profit is recognised in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

## Share capital transaction costs

Transaction costs of an equity transaction relating to the raising of new share capital or other transactions with owners of the Group such as the buyback of shares or return of capital are accounted for as a deduction from equity, net of any recoverable income tax benefit applicable.

## Revenue and other income

### Revenue recognition

Revenue from the sale of goods, is recognised when there has been a transfer of risks and rewards to the customer and no further processing is required by the Group, the quality and quantity of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. The point at which risk and title passes for concentrate sales is generally upon receipt of the bill of lading when the commodity is delivered for shipment. Revenue is measured at the fair value of the consideration received or receivable.

The terms of metal in concentrate sales contracts with third parties, contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (quotation period).

Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement is typically between one and four months. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable.

### Interest

Interest revenue is recognised as it accrues using the effective interest method.



### Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

### Other income

Other income includes the proceeds from the disposal of non-current assets and profits resulting from non-recurring or non-standard transactions. Proceeds from the disposal of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The profit or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs). A profit is realised when there is a measurable increase in equity to the Group that arises from peripheral transactions not in the ordinary course of business.

## Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Any additional income tax expense that arises from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised.

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The Group does not distribute non-cash assets as dividends to its shareholders.

AIC Mines Limited and its wholly owned Australian resident companies formed a tax consolidated group effective from 1 October 2010. Newly incorporated companies are added to the tax consolidated group. Consequently, all members of the tax consolidated group are taxed as a single entity from this point in time.

## Financial assets

### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortised cost;
- financial assets at fair value through OCI with recycling of cumulative profits and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative profits and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

The Group does not currently have any financial assets classified to either of the fair value through OCI categories.

### Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for the payment of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Profits and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminated, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed and unlisted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - the Group has transferred substantially all the risks and rewards of the asset, or
  - the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

### Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Financial Liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

In both the current and prior period, the Group's only financial liabilities were trade and other payables which are measured at amortised cost.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

In valuing financial instruments, the Group uses the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

### Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.



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Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax authority are classified as operating cash flows.

### Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing the result attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

#### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

# 4. Significant accounting judgments, estimates and assumptions

### Significant accounting estimates and judgements

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities with the next annual reporting period are:

#### Net Realisable value of Inventory

Net realisable value involves significant judgements and estimates in relation to the selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

#### Units of production method of amortisation

The Group uses the units of production basis when amortising mine development assets which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions. The changes in ore reserves are accounted for prospectively when amortising existing mine development assets.

#### Ore Reserves and Mineral Resources

The Group estimates its Ore Reserves and Mineral Resources each year and reports based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources (JORC Code 2012). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying amount of mine development (including exploration and evaluation assets), the provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of amortisation charged to the statement of profit or loss.

#### Employee Benefits

Management judgement is required in determining the future probability of employee departures and period of service used in the calculation of long service leave.

#### Share Based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external specialist using an option pricing model, based off the assumptions detailed above.



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#### Rehabilitation

Significant estimates and assumptions are required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plan and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known. Cash flows related to rehabilitation are expected to occur progressively as rehabilitation becomes possible albeit with the majority of cash out flow occurring at the end of the mine's life.

#### Impairment of capitalised exploration and evaluation expenditure

The future recoverability of any capitalised exploration and evaluation expenditure (i.e., capitalised exploration and evaluation acquired or developed) is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

#### Deferred Tax

Judgement is required to determine whether deferred tax assets are recognised in the Balance Sheet. Management assesses the likelihood that the Group will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws. These assessments require the use of estimates such as commodity prices and operating performance over the life of the assets. To the extent that cash flows and taxable income differ significantly from estimates, the Group's ability to realise the deferred tax assets reporting could be impacted.

# 5. Segment reporting

The Group operates in one geographical area being Australia and operates in the mining industry. The Chief Operating Decision Makers are the Board of Directors and key management personnel. 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.

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

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| **Mining** | | |
| Sales revenue | **125,635** | 79,252 |
| EBITDA | **37,148** | 33,738 |
| **Exploration and Corporate** | | |
| EBITDA | **(12,719)** | (4,513) |
| **Group EBITDA** | **24,429** | **29,225** |
| **Reconciliation of EBITDA to profit before income tax** | | |
| Mining segment – EBITDA | **37,148** | 33,738 |
| Exploration and corporate – EBITDA | **(12,719)** | (4,513) |
| Group – EBITDA | **24,429** | 29,225 |
| Depreciation and amortisation | **(29,564)** | (7,995) |
| Transaction and integration costs | **(1,485)** | (699) |
| Interest and interest unwind | **(537)** | (220) |
| **(Loss) / profit before income tax** | **(7,157)** | 20,311 |

## 6. Revenue and expenses

| | For the12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| **a) Revenue from contracts with customers[1]** | | |
| Concentrate Sales | **125,600** | 81,448 |
| Provisional Pricing Adjustment [2] | **35** | (2,236) |
| | **125,635** | 79,252 |
| **b) Expenses** | | |
| **Cost of Sales** | | |
| Mine Operating Costs | **80,746** | 40,087 |
| All Royalty and transport costs | **7,741** | 5,435 |
| | **88,487** | 45,522 |
| **Depreciation and Amortisation** | | |
| Mining Properties | **24,404** | 4,636 |
| Property Plant and Equipment | **5,147** | 3,359 |
| Right of use asset | **14** | - |
| | **29,564** | 7,995 |





| | For the12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| **c) Interest income / (expense)** | | |
| Interest income | **540** | - |
| Interest expense | **(1,077)** | (155) |
| | **(537)** | (155) |

[1] Revenue comprises two parts:

- Concentrate revenue recognised at the bill of lading date at current prices.
- Provisional pricing adjustments which represent any difference between the revenue recognised at the bill of lading date and the final settlement price.

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

## 7. Income tax expense

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Current tax benefit /(expense) for the period | **4,109** | (2,317) |
| Deferred tax movement | **(2,767)** | (3,832) |
| Tax benefit related to recognising tax losses | **-** | 6,994 |
| | **1,342** | 845 |
| **Reconciliation of tax expense to prima facie tax payable** | | |
| (Loss) / profit before income tax | **(7,157)** | 20,311 |
| Tax benefit / (expense) at the statutory income tax rate 30% | **2,147** | (6,093) |
| | | |
| Non-deductible / non-assessable | **(805)** | (56) |
| Unrecognised tax losses now recognised | **-** | 6,994 |
| **Income tax benefit** | **1,342** | 845 |

## 8. Cash and cash equivalents

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Cash at bank and on hand | **30,594** | 27,965 |
| Restricted cash | **294** | 130 |
| | **30,888** | 28,095 |
| The above figures are shown as cash and cash equivalents as at the end of the period and prior period in the cash flow statement. Cash at bank includes interest-bearing amounts and restricted cash relates to term deposits. | | |
| **(a) Reconciliation of (loss) / profit after tax to net cash flows from operations** | | |
| (Loss) /profit after tax | **(5,815)** | 21,157 |
| **Adjustments to reconcile profit to net cash flows from operating activities:** | | |
| Depreciation charge to profit and loss | **29,564** | 7,995 |
| Share based payment expense | **2,025** | 503 |
| Interest unwind | **481** | - |
| Profit on sale of listed investments | **(6)** | (320) |
| Profit on sale of property, plant and equipment | **(4)** | (8) |
| **Operating profit before changes in working capital and provisions** | **26,245** | **29,327** |
| **Changes in operating assets & liabilities:** | | |
| (Increase) / decrease in prepayments | **-** | (333) |
| (Increase) / decrease in receivables | **1,251** | 124 |
| (Increase) / decrease in inventories (net of depreciation) | **(8,381)** | 5,813 |
| (Increase) in accrued revenue | **10,299** | (12,618) |
| Increase in trade and other payables | **(6,059)** | 5,581 |
| Increase / (decrease) in employee benefits | **(470)** | (1,181) |
| Increase / (decrease) in provisions | **(34)** | (237) |
| **Net cash inflow from operating activities** | **22,851** | 26,476 |
| **(b) Net cash/(debt) reconciliation** | | |
| **Net Cash** | | |
| Cash and cash equivalents | **30,888** | 28,095 |
| Interest bearing liabilities | **(2,435)** | - |
| Lease liabilities | **(398)** | - |
| **Net cash/(debt) balance** | **28,055** | 28,095 |
| | | |
| **Net cash/(debt) at the beginning of the year** | **28,095** | 29,259 |
| Cash inflow/ (outflow) | **(2,342)** | (1,164) |
| Interest bearing liabilities | **2,435** | - |
| Lease liabilities | **(133)** | - |
| **Net cash/(debt) as at end of the year** | **28,055** | 28,095 |



Consolidated Statement - for the period ended 30 June 2023

## 9. Trade and other receivables

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Trade debtors | **-** | 150 |
| Prepayments | **453** | 611 |
| Diesel fuel rebate / GST receivable | **394** | 959 |
| Rent receivable | **125** | - |
| Deferred consideration receivable[1] | **5,696** | 5,696 |
| Impairment of deferred consideration receivable[1] | **(5,696)** | (5,696) |
| Security deposits | **48** | 35 |
| | **1,020** | 1,755 |

Due to the short-term nature of the trade and other receivables, their carrying value is assumed to approximate their fair value.

[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.

## 10. Inventories

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Inventory stores | **7,139** | 4,571 |
| Less: provision for obsolescence | **(1,086)** | (978) |
| | **6,053** | 3,593 |
| Ore stockpile inventory | **2,066** | 502 |
| Metal in circuit and finished goods | **2,715** | 947 |
| | **10,834** | 5,042 |

Ore stockpile inventory and metal in circuit and finished goods is physically measured and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods.

Inventory stores are valued at the lower of cost and net realisable value. The provision for obsolescence is determined by reference to stock items identified.

Consolidated Statement - for the period ended 30 June 2023

## 11. Financial assets at fair value through profit and loss

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Trade receivables at fair value through profit and loss | **6,657** | 16,414 |
| Fair value of listed shares in Rumble Resources Ltd | **173** | - |
| Fair value of unlisted options in Larvotto Resources Ltd | **34** | - |
| Fair value of unlisted options in Kalium Lakes Ltd | **-** | 96 |
| | **6,864** | 16,510 |

### Fair value hierarchy

The Group held the following financial instruments measured at fair value:

| Valuation technique | Quoted market price (Level 1) $'000 | Market observable inputs (Level 2) $'000 | Non-market observable inputs (Level 3) $'000 | Total $'000 |
|---|---|---|---|---|
| **Financial Assets at fair value through profit and loss** | | | | |
| **30 June 2023** | | | | |
| Trade receivables at fair value through profit and loss | - | **6,657** | - | **6,657** |
| Unlisted options | - | **34** | - | **34** |
| Listed shares | **173** | **-** | - | **173** |
| Carrying value at the end of the year | **173** | **6,691** | - | **6,864** |
| **6 months ended 30 June 2022** | | | | |
| Trade receivables at fair value through profit and loss | - | 16,414 | - | **16,414** |
| Unlisted options | - | 96 | - | **96** |
| Carrying value at the end of the year | - | **16,510** | - | **16,510** |

### a) Trade receivables at fair value through profit and loss

Trade receivables relate to concentrate sale contracts still subject to price adjustments where the final consideration to be received will be determined based on prevailing London Metals Exchange (LME) metal prices at the final settlement date. Receivables still subject to price adjustments at balance date are measured at fair value.

### b) Listed shares

The group holds 962,094 listed shares in Rumbles Resources Limited (ASX:RTR) with the closing share price as at the 30th of June 2023 quoted on the ASX used to determine the fair value at the end of the period.

### c) Unlisted options

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

The Group also holds 703,000 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 $34,000.

### d) Transfer between categories

There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement during the period.

## 12. Leases

This note provides information for leases where the Group is in a lease. The consolidated balance sheet shows the following amounts relating to leases:

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| **Right-of-use assets** | | - |
| Property | **467** | - |
| | **467** | - |
| **Lease liabilities** | | |
| Current | **261** | - |
| Non-current | **136** | - |
| | **397** | - |

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Depreciation charge for right-of-use assets | **14** | - |
| Interest payments | **12** | - |
| | **26** | - |
| **Lease liability maturities** | | |
| Less than 1 year | **320** | - |
| Between 1 and 5 years | **163** | - |
| | **483** | - |

## 13. Performance bond

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Performance Bond | **4,354** | 6,799 |

During the year, the Performance bond placed with Macquarie Bank and used as security for partial cash backing of the rehabilitation bond for Eloise Copper Mine totalling $6.80 million was returned. Post commissioning of TD5 an in-line with a greater disturbance area at Eloise, increased surety was required to be posted with Queensland treasury. This occurred via a financial guarantee from National Australia Bank Limited (NAB) totalling $4.4 million which AIC Mines has cash backed via a term deposit with NAB.

## 14. Property, plant and equipment

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Cost | **51,691** | 31,846 |
| Accumulated depreciation | **(10,851)** | (5,705) |
| **Net carrying amount** | **40,840** | 26,141 |
| | | |
| At beginning of year, net carrying amount | 26,141 | 20,545 |
| Additions – cost | 19,845 | 8,955 |
| Depreciation charge to profit and loss | (5,147) | (3,359) |
| **At end of year, net carrying amount** | **40,840** | 26,141 |

## 15. Exploration properties

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Balance at the beginning of the period | **1,653** | 1,653 |
| Exploration property additions – Demetallica | **36,905** | - |
| **Exploration property additions – other** | **1,414** | - |
| | 39,972 | 1,653 |

### a) Exploration property additions – Demetallica

The Group has accounted for the Demetallica acquisition as an asset acquisition. Transaction and integration costs relating to the acquisition of Demetallica totalled $0.8 million and have been capitalised as part of the acquisition cost of the assets.





| Net assets acquired 16 November 2022: | $'000 |
|---|---|
| **Cash and cash equivalents net of payables and provisions**[1] | **2,246** |
| **Share investments** | **443** |
| **Property, plant & equipment** | **486** |
| **Exploration properties** | **36,905** |
| **Fair value of net assets acquired** | **40,080** |

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

### b) Exploration property additions - other

Other exploration property additions totalling $1.4 million included expenditure on plans and studies for the future mine development and regulatory approvals required for Jericho, the Lamil JV and the acquisition of other exploration tenements.

Other than for the above acquisitions of exploration properties, for the current and comparative periods no costs were capitalised for the acquisition of tenement rights.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas. As at 30 June 2023 there are no indicators of impairment under AASB 6 related to Deferred Exploration Expenditure.

The Group also has a joint venture agreement in relation to Lamil (refer ASX announcement 22 July 2019). Expenditure incurred under this agreement is recorded as exploration expenditure in the statement of comprehensive income, consistent with the accounting policy in relation to expenditure on exploration properties.

## 16. Mine properties

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Cost | **88,507** | 43,647 |
| Accumulated amortisation | **(31,233)** | (6,829) |
| **Net carrying amount** | **57,274** | 36,818 |
| | | |
| Balance at the beginning of the period | **36,818** | 23,404 |
| Mine development additions | **38,517** | 18,050 |
| Remeasurement of rehabilitation asset (see note 19) | **6,344** | - |
| Depreciation charge to profit and loss | **(24,404)** | (4,636) |
| **Net carrying amount at period end** | **57,274** | 36,818 |

Consolidated Statement - for the period ended 30 June 2023

## 17. Deferred tax

| Deferred tax balances | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Mine properties | **(15,693)** | (11,045) |
| Plant and equipment | **(4,416)** | (5,371) |
| Exploration properties | **(845)** | - |
| Employee provisions | **711** | 735 |
| Rehabilitation provision | **6,125** | 4,078 |
| Provision for stores obsolescence | **326** | 293 |
| Provisions other | **6** | |
| Share issue costs | **202** | 451 |
| Transaction costs | **84** | 126 |
| Recognised tax losses | **15,687** | 11,577 |
| **Net deferred tax assets** | **2,187** | 845 |

| Movement in deferred tax balances | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 | Recognised in equity $'000 | 30 June 2023 $'000 |
|---|---|---|---|---|
| Mine properties | (11,045) | (4,648) | - | (15,693) |
| Plant and equipment | (5,371) | 955 | - | (4,416) |
| Exploration properties | - | (845) | - | (845) |
| Employee provisions | 735 | (24) | - | 711 |
| Rehabilitation provision | 4,078 | 2,047 | - | 6,125 |
| Provision for stores obsolescence | 293 | 33 | - | 326 |
| Provisions other | - | 6 | - | 6 |
| Share issue costs | 451 | - | (249) | 202 |
| Transaction costs | 126 | (42) | - | 84 |
| Recognised tax losses | 11,577 | 3,861 | 249 | 15,687 |
| **Net deferred tax assets** | **845** | **1,343** | **-** | **2,187** |

The Group has $98.2 million (6 months 30 June 2022: $83.7 million) in total gross revenue losses consisting of Group losses of $52.3 million in the current period (6 months ended 30 June 2022: $38.6 million) and transferred losses subject to available fractions of $45.8 million (6 months ended 30 June 2022: $45.1 million).

There are also $198.4 million (6 months 30 June 2022: $198.4 million) in available gross capital losses for income tax purposes.

At the end of the period, the Group has recognised tax losses of $15.7 million being 30% of the $52.3 million in Group losses which, represents the future tax benefit of the tax losses to be utilised based on:

- forecast models for tax, showing that the Group will derive future assessable income of a nature and amount sufficient to enable the benefit from the tax losses to be used;
- the Group continues to comply with the conditions for deductibility imposed by the tax law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the tax losses.



## 18. Trade and other payables

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Trade payables | **5,177** | 4,995 |
| Accruals | **9,591** | 11,777 |
| GST payable | **-** | 674 |
| | **14,768** | 17,447 |

Trade payables and other creditors are non-interest bearing and are normally settled on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

Accruals include royalty tax, goods and services received not yet invoiced, and audit and tax compliance services.

## 19. Provisions

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| **Current** | | |
| Employee benefits | **2,329** | 2,374 |
| | **2,329** | 2,374 |
| **Non-current** | | |
| Employee benefits | **41** | 75 |
| Other | **20** | - |
| Rehabilitation provision | **20,419** | 13,595 |
| | **20,480** | 13,670 |
| | **22,809** | 16,044 |

### Employee benefits

The provision for employee benefits represents wages and salaries, annual leave and long service leave entitlements.

### Rehabilitation provision

The rehabilitation provision includes the dismantling and removal of mining plant, equipment and building structures, waste removal and restoration, reclamation and revegetation of affected areas of the site in accordance with the requirements of the mining permits.

During the period the rehabilitation provision was increased mainly as a result of the completion of the new Tailings Dam Facility (TD5) that was commissioned during the period. The previously lodged cash backed performance bond (note 13) totalling $6.8 million was returned during the period and was replaced by a combination of financial guarantee provided by NAB ($4.4 million cash backed) and the remainder by financial guarantee, at commercial interest rates, secured by Trafigura Asia Pte Ltd.

| Movement in provisions | Annual leave $'000 | Long service leave $'000 | Other $'000 | Rehabilitation $'000 | Total $'000 |
|---|---|---|---|---|---|
| Carrying amount at 1 January 2022 | $'000 | 1,280 | - | 13,451 | **17,319** |
| Movement in the period | (645) | (773) | - | 143 | **(1,275)** |
| **Carrying amount at 30 June 2022** | **1,943** | **507** | **-** | **13,595** | **16,044** |
| Additions / remeasurement | - | - | 20 | 6,344 | **6,364** |
| Movement in the period | 80 | (161) | - | - | **(80)** |
| Unwind charged to the profit & loss | - | - | - | 480 | **480** |
| **Carrying amount at 30 June 2023** | **2,023** | **346** | **20** | **20,419** | **22,809** |

## 20. Interest bearing liabilities

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| **Current** | | |
| Bank loan | **826** | - |
| **Non-current** | | |
| Bank loan | **1,609** | - |
| | **2,435** | - |

During the year, the Group secured a revolving finance facility with NAB for $5.4 million in order to finance the purchase of mining equipment over a three year period. As at the end of June 2023 $2.4 million was owing on this facility. The mining equipment subject to the finance has been pledged as security.

## 21. Issued capital

| | Number | $'000 |
|---|---|---|
| **Issued capital at end of year as at 31 December 2021** | **308,715,018** | **83,689** |
| Shares issued as a result of performance rights converted | 50,000 | 15 |
| **Issued capital at end of period as at 30 June 2022** | **308,765,018** | **83,704** |
| Issue of shares – DRM takeover net of costs | 82,949,634 | 38,668 |
| Issue of shares – capital raising net of costs | 66,666,667 | 28,586 |
| Shares issued on conversion of performance incentives | 3,100,000 | 624 |
| Shares issued as Employee Share Scheme | 198,500 | 100 |
| Shares issued for JVs | 544,573 | 250 |
| **Issued capital at end of the period 30 June 2023** | **462,224,392** | 151,932 |

### Terms and conditions of contributed equity

Ordinary shares (including escrowed 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.





## 22. Earnings per share

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Basic earnings per share – cents per share | **(1.52)** | 6.85 |
| Diluted earnings per share – cents per share | **(1.46)** | 6.69 |
| **Earnings per share used in the calculation of basic and diluted earnings per share** | | |
| Profit after tax attributable to the owners of the parent | **(5,815,416)** | $21,516,734 |
| Weighted average number of ordinary shares (basic) | **383,586,654** | 308,742,366 |
| Effect of dilutive securities [1] | **15,357,534** | 7,454,144 |
| Adjusted weighted average number of ordinary shares used in calculating the diluted earnings per share | **398,944,188** | 316,196,510 |

[1]Performance rights 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.

At 30 June 2023 the Company had 17,889,791 unlisted performance rights (30 June 2022: 12,950,507) and 2,076,924 unlisted options issued as part of the Demetallica takeover (30 June 2022: Nil).

## 23. 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.

| | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| Within 1 year | 4,080 | 2,862 |
| After 1 year but not more than 5 years | 12,782 | 14,469 |
| | **16,862** | **17,331** |

### Lease Expenditure Commitment

The Group maintains some short-term leases that are less than twelve months and therefore applies the short-term exemption and records these leases over a straight-line basis in profit or loss.

There are no other known commitments or contingencies as at 30 June 2023.

## 24. Financial risk management

The Group's principal financial instruments comprise of cash and short-term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 8, 9 and 11 to the financial statements.

The Group manages its exposure to a variety of financial risks: market risk (including commodity risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk in accordance with the approved Company policies. Primary responsibility for the identification and control of financial risks rest with the Board. The Board reviews and agrees policies for managing each of the risks identified.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through cash flow forecasting.

### Price risk

The Group is currently exposed to the risk of fluctuations in prevailing market commodity prices for copper, gold, and silver which are produced from its copper mine. The Group is also exposed to market share price movements on its equity investments at fair value.

The following table outlines the effect on the results and equity for 30 June 2023 of a 5% increase or decrease in the average achieved sales copper price of $12,428/t (six months ended 30 June 22 $12,917/t) for the Eloise Copper Mine.

| Effect on profit and equity | For the 12 months ended 30 June 2023 $'000 | For the 6 months ended 30 June 2022 $'000 |
|---|---|---|
| 5% increase in average sales copper price | **5,893** | 3,842 |
| 5% decrease in average sales copper price | **(5,893)** | (3,842) |

### Interest rate risk

The Group's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Board. During the period, the Group has managed its cash assets by through mix of fixed interest term deposits and at call cash accounts to maximise its cash balance. During the period, the Group drew down $2.4 million on its new finance facility totalling $5.4 million over a fixed 3 year term and fixed interest rates.





### Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group continuously reviews its procedures to manage their foreign exchange risk against their functional currency and is measured using sensitivity analysis and cash flow forecasting.

### Credit risk

Credit risk arises in the event the counterparty will not meet its obligations under a financial instrument leading to financial losses. The Group is exposed to credit risk from its operating activities, financing activities including deposits with banks and receivables. The credit risk control procedures adopted by the Group is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets in the Statement of Financial Position.

| Credit Quality of Financial Assets | AAA $'000 | A1+ $'000 | A1 $'000 | A2 $'000 | Unrated $'000 |
|---|---|---|---|---|---|
| **As at 30 June 2023** | | | | | |
| Cash and cash equivalents | **30,888** | **-** | **-** | **-** | **-** |
| Trade and other receivables at amortised cost | **-** | **-** | **-** | **-** | **1,020** |
| Trade and other receivables at fair value through P&L | **-** | **-** | **-** | **-** | **6,864** |
| **As at 30 June 2022** | | | | | |
| Cash and cash equivalents | 28,095 | - | - | - | - |
| Trade and other receivables at amortised cost | - | - | - | - | 1,144 |
| Trade and other receivables at fair value through P&L | - | - | - | - | 16,414 |

### Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The Group's liquidity needs can be met through a variety of sources, including cash generated from metal sales, interest accrued on cash balances, short- and long-term borrowings and issue of equity instruments. Alternatives for sourcing our future capital needs include our current cash position, future operating cash flow, project debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs.

| Credit Quality of Financial Assets | AAA $'000 | A1+ $'000 | A1 $'000 | A2 $'000 | Unrated $'000 |
|---|---|---|---|---|---|
| **At 30 June 2023** | | | | | |
| Trade and other payables | 14,768 | - | - | 14,768 | 14,768 |
| Interest bearing liabilities | 957 | 957 | 678 | 2,593 | 2,435 |
| | **15,726** | **957** | **678** | **17,361** | **17,204** |

**Capital risk management**

The Group's capital management objectives are:

- To safeguard the business as a going concern;
- To maximise potential returns for shareholders through minimising dilution; and
- To retain an optimal debt to equity balance in order to minimise the cost of capital.

The Group may issue new shares or sell assets to reduce debt in order to maintain the optimal capital structure.

## 25. Share based payments

**Current period**

On 25 November 2022, shareholder approval was provided at the annual general meeting for the issue of 2,262,443 Performance rights to Aaron Colleran (Managing Director and CEO).

In addition, the Group granted 6,158,114 performance rights to non-KMP and a KMP as result of the Company's Board approved LTIP remuneration framework and in-line with the AIC Mines Equity Participation Plan ("EPP") updated on 27 May 2022 and approved by shareholders. All of the performance rights granted during the period are subject to the same vesting criteria as set out in section 5.3 of the Remuneration report. The performance rights were valued at grant date using a Monte-Carlo simulation model for the market based vesting conditions of absolute total shareholder return (TSRA) and relative total shareholder return (TSRR) and a Black-Scholes-Merton model for non-marketing based vesting conditions related to the growth in copper equivalent ore reserve and copper equivalent resource. The fair values are amortised on a straight-line basis over the vesting period. Current period amortisation is recognised as share-based payment expense in the statement of comprehensive income net of the tax effects (if applicable). The share based payment expense for the period totalled $2.0 million.

The following table illustrates the number and movements in performance rights issued, vested, lapsed and exercised during the period year.

**Period ended 30 June 2023**

| Grant date | Balance 1 July-22 | Granted | Fair Value at award date | Vested during period | Exercised during period | Lapsed | Balance at end of period | Vested and exercisable | Unvested at end of period | Vesting Condition | Expiry date | Amortised value of rights $ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3/06/19 | 2,000,000 | - | $0.16 | - | 2,000,000 | - | - | - | - | A | 3/06/34 | - |
| 3/06/19 | 2,000,000 | - | $0.12 | - | | - | 2,000,000 | 2,000,000 | - | B | 3/06/34 | - |
| 3/06/19 | 2,000,000 | - | $0.14 | - | | - | 2,000,000 | 2,000,000 | - | C | 3/06/34 | - |
| 4/10/19 | 250,000 | - | $0.22 | - | 250,000 | - | - | - | - | C | 4/10/22 | - |
| 21/12/20 | 500,000 | - | $0.15 | - | - | - | 500,000 | 500,000 | - | C | 1/12/23 | - |
| 21/12/20 | 100,000 | - | $0.29 | - | 100,000 | - | - | - | - | C | 1/12/23 | - |
| 30/07/21 | 250,000 | - | $0.15 | - | 250,000 | - | - | - | - | C | 30/07/24 | - |
| 7/02/22 | 250,000 | - | $0.25 | - | 250,000 | - | - | - | - | C | 7/02/25 | - |
| 1/03/22 | 250,000 | - | $0.49 | - | 250,000 | - | - | - | - | C | 1/03/25 | - |
| 2/05/22 | 150,000 | - | $0.49 | - | - | - | 150,000 | - | 150,000 | C | 2/05/25 | - |
| 27/05/22 | 1,697,793 | - | $0.55 | - | - | - | 1,697,793 | - | 1,697,793 | D | 15/06/27 | 374,285 |
| 15/06/22 | 3,502,714 | - | $0.49 | - | - | 151,273 | 3,351,441 | - | 3,351,441 | D | 15/06/27 | 699,025 |
| 5/09/22 | - | 5,145,135 | $0.42 | - | - | 230,000 | 4,915,135 | - | 4,915,135 | E | 5/09/27 | 565,446 |
| 25/11/22 | - | 2,262,443 | $0.44 | - | - | - | 2,262,443 | - | 2,262,443 | E | 25/11/27 | 271,659 |
| 20/03/23 | - | 1,012,979 | $0.23 | - | - | - | 1,012,979 | - | 1,012,979 | E | 20/03/28 | 44,533 |
| **Total** | **12,950,507** | **8,420,557** | | **-** | **3,100,000** | **381,273** | **17,889,791** | **4,500,000** | **13,389,791** | | | **1,924,948** |

A. 60 Day VWAP $0.30
B. 60 Day VWAP $0.40
C. 60 Day VWAP $0.60
D. As per vesting conditions set out in section 5.3 of AIC Mines 2022 Annual Report
E. As per vesting conditions set out in section 5.3 of the Remuneration Report

## Comparative period

On 15 Jun 2022, shareholder approval was provided at the annual general meeting held on 27 May 2022, for the issue of 1,697,793 Performance rights to Aaron Colleran (Managing Director and CEO).

In addition, the Group granted 650,000 performance rights in total to non-KMP and a KMP in conjunction with their employment agreements with AIC Mines. On 21 March 2022, 3,650,000 performance rights vested (comprised of 500,000 granted during the for the 6 months ended 30 June 2022 and 3,150,000 from previous periods) when the 60-day VWAP of the share price of AIC Mines achieved $0.60. A further 3,502,714 performance rights were granted as a result of the Company's revised remuneration framework. 50,000 vested performance rights were exercised and converted to fully paid ordinary shares during the comparative period.

The performance rights were valued at grant date using a Monte-Carlo simulation model for the market based vesting conditions of absolute total shareholder return (TSRA) and relative total shareholder return (TSRR) and a Black-Scholes-Merton model for non-marketing based vesting conditions related to the growth in copper equivalent ore reserve and copper equivalent resource. The fair values are amortised on a straight-line basis over the vesting period. Current period amortisation is recognised as share-based payment expense in the statement of comprehensive income net of the tax effects (if applicable). The share-based payment expense for the 6 months to 30 June 2022 totalled $0.5 million.

The following table illustrates the number and movements in, performance rights issued, vested and exercised during the comparative period year.





**6 months ended 30 June 2022[1]**

| Grant date | Balance 1 Jan-22 | Granted | Fair Value at award date $ | Vested during period | Exercised during period | Balance at end of period | Vested and exercisable | Unvested at end of period | Vesting Condition | Expiry date | Amortised value of rights $ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3/6/19 | 2,000,000 | - | 0.16 | Vested 2019 | - | 2,000,000 | 2,000,000 | - | A | 3/6/34 | - |
| 3/6/19 | 2,000,000 | - | 0.12 | Vested 2019 | - | 2,000,000 | 2,000,000 | - | B | 3/6/34 | - |
| 3/6/19 | 2,000,000 | - | 0.14 | 2,000,000 | - | 2,000,000 | 2,000,000 | - | C | 3/06/34 | - |
| 4/10/19 | 250,000 | - | 0.22 | 250,000 | - | 250,000 | 250,000 | - | C | 4/10/22 | - |
| 21/12/20 | 500,000 | - | 0.15 | 500,000 | - | 500,000 | 500,000 | - | C | 1/12/23 | 14,450 |
| 21/12/20 | 150,000 | - | 0.29 | 150,000 | 50,000 | 100,000 | 100,000 | - | C | 1/12/23 | - |
| 30/7/21 | 250,000 | - | 0.15 | 250,000 | - | 250,000 | 250,000 | - | C | 30/7/24 | - |
| 7/2/22 | - | 250,000 | 0.25 | 250,000 | - | 250,000 | 250,000 | - | C | 7/2/25 | 61,250 |
| 1/3/22 | - | 250,000 | 0.49 | 250,000 | - | 250,000 | 250,000 | - | C | 1/3/25 | 122,500 |
| 2/5/22 | - | 150,000 | 0.49 | - | - | 150,000 | - | 150,000 | C | 02/5/25 | 36,750 |
| 27/5/22[2] | - | 1,697,793 | 0.55 | - | - | 1,697,793 | - | 1,697,793 | D | 15/6/27 | 154,362 |
| 15/6/22 | - | 3,502,714 | 0.49 | - | - | 3,502,714 | - | 3,502,714 | D | 15/6/27 | 28,619 |
| **Total** | **7,150,000** | **5,850,507** | | **3,650,000** | **50,000** | **12,950,507** | **7,600,000** | **5,350,507** | | | **417,931** |

[1] No performance rights lapsed during the period

[2] Grant date represents the date that shareholder approval was provided at the AGM. The performance rights were issued on the 15 of June 2022.

A. 60 Day VWAP $0.30

B. 60 Day VWAP $0.40

C. 60 Day VWAP $0.60

D. Board approved vesting conditions pursuant to the Remuneration Report for the 6 months ended 30 June 2022

Consolidated Statement - for the period ended 30 June 2023

## 26. Related party transactions

### Parent entity

Parent entity disclosures in note 27 reflect AIC Mines.

### Subsidiaries

Interests in subsidiaries are set out in note 28. Disclosures within this note are also based on the corporate structure of the group from a legal perspective with AIC Mines Limited as the ultimate parent entity.

### KMP

KMP comprise the Board of Directors, the Managing Director and CEO, the Chief Development Officer and the Chief Financial Officer. KMP compensation comprised the following:

| | For the 12 months ended 30 June 2023 $ | For the 6 months ended 30 June 2022 $ |
|---|---|---|
| Short term benefits | **1,275,311** | 608,489 |
| Post-employment benefits | **94,683** | 41,762 |
| Long term entitlements | **63,234** | 34,965 |
| Share based payments | **1,100,152** | 464,521 |
| | **2,533,379** | 1,149,736 |

### Share based payments

Refer to note 25 in relation to disclosure of share-based payments awarded to Aaron Colleran (Managing Director and CEO). There have not been any share-based payments awarded to other related parties in either the current or comparative periods.

### Agreements with Directors

Apart from the details disclosed in the Remuneration Report, no director or other related party has entered into a material contract with the Group since the end of the period, and there were no material contracts involving directors' interests as at the end of the period.

### Agreement with shareholder

During the comparative period, the Group had a contract with FMR Investments Pty Ltd for the provision of corporate services to assist with the transition of the Eloise Copper Mine following its acquisition from FMR Investments. This agreement was terminated on 31 March 2022 and total payments related to this agreement were $0.3 million during the period.

During the comparative period, the Group made a $2.0 million payment to FMR Investments Pty Ltd in relation to contingent consideration associated with the acquisition of the Eloise Copper Mine.

There has not been any other material change in related parties or related party transactions.

## 27. Parent entity disclosures

| The parent entity for legal purposes is AIC Mines Limited | For the 12 months ended 30 June 2023 $'000 | For the 6months ended 30 June 2022 $'000 |
|---|---|---|
| Loss for the period | **30 June 2023** | (4,551) |
| Total comprehensive loss | **$'000** | (4,551) |
| **Financial position of the parent entity at period end** | | |
| Current assets | **31,035** | 28,174 |
| Non-current assets | **81,507** | 23,941 |
| Total assets | **112,542** | 52,115 |
| | | |
| Current liabilities | **1,323** | 1,153 |
| Non-current liabilities | **1,584** | 6,377 |
| Total liabilities | **2,907** | 7,530 |
| Net assets | **109,635** | 44,585 |
| **Total equity of the parent entity comprising of:** | | |
| Share capital | **357,569** | 289,340 |
| Option reserve | **409** | - |
| Accumulated losses | **(250,983)** | (246,093) |
| Share based payment reserve | **2,639** | 1,339 |
| Total equity | **109,635** | 44,585 |
| **Parent entity commitments** | | |
| Within one year | **765** | 1,237 |
| One year or later and no later than five years | **1,390** | 1,393 |
| Total operating commitments | **2,155** | 2,630 |

## 28. Subsidiaries

| Company name | Country of Incorporation | Date acquired / incorporated | 30 June 2023 | 30 June 2022 |
|---|---|---|---|---|
| African Investments Pty Limited | Australia | | 100% | 100% |
| AIC Copper Pty Ltd | Australia | | 100% | 100% |
| AIC Delamerian Pty Ltd | Australia | | 100% | 100% |
| AIC Jericho Pty Ltd | Australia | 21/03/2023 | 100% | - |
| AIC Lamil Pty Ltd | Australia | 03/08/2022 | 100% | - |
| AIC Resources Limited | Australia | | 100% | 100% |
| Blackthorn Resources Pty Limited | Australia | | 100% | 100% |
| Demetallica Limited[1] | Australia | 5/12/2022 | 100% | - |
| Demetallica Gold Mines Pty Ltd[1] | Australia | 5/12/2022 | 100% | - |
| Demetallica Investments Pty Ltd[1] | Australia | 5/12/2022 | 100% | - |
| Demetallica Operations Pty Ltd[1] | Australia | 5/12/2022 | 100% | - |
| Emperor Mines Pty Limited | Australia | | 100% | 100% |
| Levuka Resources Pty Ltd[1] | Australia | 5/12/2022 | 100% | - |
| Nantou Mining Limited B.V. | Netherlands | | 100% | 100% |

[1] Acquired as a result of a takeover during the period

## 29. Deed of cross guarantee

AIC Mines Limited, AIC Copper Pty Ltd, AIC Resources Limited and Demetallica Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The companies identified above represent a "closed group" for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by AIC Mines Limited.

The Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss and Other Comprehensive Income, and summary of movements in consolidated retained earnings for the period ended 30 June 2023 of the closed group is materially equal to the Consolidated Balance Sheet, Consolidated Statement of Profit or Loss and Other Comprehensive Income, and Consolidated Statement of Changes in Equity of the Group.



Consolidated Statement - for the period ended 30 June 2023

## 30. Auditors' remuneration

| | For the 12 months ended 30 June 2023 $ | For the 6months ended 30 June 2022 $ |
|---|---|---|
| **Audit of statutory financial reports** | | |
| **Audit and review of AIC Mines Limited[1]** | **337,000** | 135,000 |
| **Fees for other services** | | |
| Other assurance services | **-** | 5,000 |
| Change of auditor [2] | **-** | 24,500 |
| Tax compliance and advice[2] | **337,000** | 164,500 |
| **Total fees to auditor of the Group** | **337,000** | 164,500 |

[1] For the 6 months ended 30 June 2022, fees paid for the audit of the statutory financial reports were paid to PwC being the newly appointed auditor of the Group (as advised at the AGM on 27 May 2022).

[2] For the 6 months ended 30 June 2022, fees paid for other services including the change of auditor and tax compliance and advice were paid to the previous auditor, Ernst and Young.

## 31. Events after the balance sheet date

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

In July 2022 the Group met the expenditure requirement to earn a 50% interest in the Lamil Project from Rumble Resources Limited ("Rumble"). Rumble did not elect to form a joint venture in which AIC Mines and Rumble will each hold a 50% interest and contribute equally to exploration expenditure. Accordingly, AIC Mines can elect to earn an additional 15% interest in the joint venture by sole funding $4.0 million in exploration expenditure within 12 months. AIC Mines has until 25 September 2022 to make this election. If AIC Mines does not elect to sole fund and earn the additional 15% then each party will continue to hold a 50% interest in the joint venture. If this is the case, then each party can either contribute to ongoing exploration expenditure equal to its interest in the joint venture or have its interest in the joint venture diluted according to a standard dilution mechanism. If a party's interest in the joint venture dilutes to 10% or less, that party's interest will automatically convert to a 1.25% net smelter royalty on any minerals produced and sold from the joint venture.

In August 2022 the Group announced the results of the significant resource definition drilling program at Eloise, which resulted in an upgrade to both the Mineral Resources and Ore Reserves. Subsequent to the end of the period the Group released the Eloise Copper Mine annual Mineral Resources and Ore Reserves estimates as at 30 June 2022. Mineral Resources increased to 115,000 tonnes of contained copper and 101,100 ounces of contained gold, representing an 11 % increase in copper and a 7% increase in gold year-on-year net of mining depletion. Ore Reserves increased to 36,000 tonnes of contained copper and 32,600 ounces of contained gold, representing a 19% increase in copper and a 22% increase in gold year-on-year net of mining depletion.

No matters or circumstances outside of the above have arisen since the end of the period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years.

# Directors' 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:
   - giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the period ended on that date; and
   - complying with Australian Accounting Standards) and the Corporations Regulations 2001;

b. (the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and

c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

d. as at the date of this declaration, there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 26 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries

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 30 June 2022.

On behalf of the Board

Mr. Aaron Colleran
Managing Director and CEO
24 August 2023



## Independent auditor's report

To the members of AIC Mines Limited

Report on the audit of the financial report

### Our opinion

In our opinion:

The accompanying financial report of AIC Mines Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*What we have audited*

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2023
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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## Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.


| *Materiality* | *Audit scope* |
|---|---|
| • For the purpose of our audit we used overall Group materiality of $839,000, which represents approximately 2.5% of the Group's average earnings, before interest, taxes, depreciation and amortisation (EBITDA).<br>• We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.<br>• We chose Group EBITDA because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. Due to fluctuations in copper prices, we chose a 20-month average from November 2021 (acquisition of Eloise copper mine) to June 2023.<br>• We utilised a 2.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds. | • Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.<br>• The Group's operations are wholly based in Australia.<br>• We performed further audit procedures including procedures over the consolidation of the Group's businesses and the preparation of the financial reports. |

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| ***Rehabilitation provision***<br>*(Refer to note 19) [$20.4 million]*<br><br>As a result of its mining and processing operations, the Group is obligated to restore and rehabilitate the land and environment disturbed by these operations and remove the related infrastructure. Rehabilitation activities are governed by a combination of regulatory and legislative requirements and Group standards.<br><br>This was a key audit matter due to the significance of the balance and the required judgements in the assessment of the nature and extent of future works to be performed, the future cost of performing the works, and the timing of when the rehabilitation will take place. | To assess the Group's rehabilitations obligation, we performed the following procedures, amongst others:<br>• Developed an understanding of how the Group identified the relevant methods, assumptions or sources of data that are appropriate for developing the closure plans and associated cost estimates in the context of the Australian Accounting Standards.<br>• Developed an understanding of the relevant controls the Group has in place to estimate the rehabilitation provision.<br>• Developed an understanding of and assessed the appropriateness of the significant assumptions and key data used to develop the closure and rehabilitation provision with regard to applicable regulatory and legislative requirements.<br>• Tested the mathematical accuracy of the calculations included in the rehabilitation provision model.<br>• Assessed the appropriateness of discount rates and inflation rates used in the calculation.<br>• Assessed the provision movements in the period relating to rehabilitation obligations to determine whether they were consistent with our understanding of the Group's operations and associated rehabilitation plans.<br>• Assessed the reasonableness of the note disclosures in notes 19 in light of the requirements of Australian Accounting Standards. |
| ***Acquisition of Demetallica Limited***<br>*(Refer to note 15 (a)) [$40.1 million]*<br><br>During the year, the Group acquired 100% of Demetallica Limited ("Demetallica") for a total consideration of $40.1 million, mainly through the issuance of AIC Mines Limited shares.<br><br>The acquisition of Demetallica has been accounted for as an asset acquisition and involved consideration as to the acquisition date and the recognition and measurement of identifiable assets acquired and liabilities assumed as at that date.<br><br>The accounting for the acquisition was a key audit matter because it was a significant transaction for the year given the financial impact on the Group. | To assess the acquisition of Demetallica, we performed the following procedures, amongst others:<br>• Evaluated the Group's accounting policy by considering the requirements of Australian Accounting Standards, key transaction documents, our understanding of the assets and liabilities acquired and selected minutes of the board of directors' meetings.<br>• Assessed the acquisition date values of the acquired assets and liabilities recognised, including assessing the methodology used by the Group against the requirements of the Australian Accounting Standards.<br>• Agreed the amount of the purchase consideration through share issuance to the number of shares issued and the corresponding share price at time of issuance.<br>• Assessed reasonableness of the note disclosures in Note 15 in light of the requirements of Australian Accounting Standards. |

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

## Our opinion on the remuneration report

We have audited the remuneration report included in pages 11 to 18 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of AIC Mines Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001.*

## Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Marc Upcroft
Partner

Sydney
24 August 2023

# ASX additional information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 19 September 2023.

### Substantial shareholder information (holding more than 5%)

The name of the substantial holder in the Company and the number of equity securities to which the substantial holder and the substantial holder's associates have a relevant interest, as disclosed in the substantial holding notices given to the Company as at 19 September 2023 are as follows.

| Substantial shareholders | Fully paid ordinary shares | |
|---|---|---|
| Name | Shares | Percentage |
| FMR Investments Pty Limited, the Bartlett/Sayers groups and their associates (FMR Group) | 82,600,310 | 17.86% |
| Nordana Pty Ltd, El-Raghy Kriewaldt Pty Ltd, El-Raghy Pty Ltd and Mr Josef El-Raghy | 36,000,000 | 7.78% |
| Firetrail Investments Pty Ltd | 24,939,002 | 5.39% |
| **Total** | **143,539,312** | **31.03%** |

### Top 20 shareholders of quoted securities

| Shareholder | Quoted securities - fully paid ordinary shares | |
|---|---|---|
| | Number | % Held |
| FMR INVESTMENTS PTY LIMITED <FMR UNIT A/C> | 82,339,793 | 17.80 |
| CITICORP NOMINEES PTY LIMITED | 46,458,771 | 10.05 |
| EL-RAGHY KRIEWALDT PTY LTD | 28,000,000 | 6.05 |
| MCCUSKER HOLDINGS PTY LTD | 22,302,654 | 4.82 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2 | 21,323,004 | 4.61 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 19,237,136 | 4.16 |
| NATIONAL NOMINEES LIMITED | 18,672,931 | 4.04 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 13,880,228 | 3.00 |
| BNP PARIBAS NOMS PTY LTD <DRP> | 11,844,610 | 2.56 |
| MR AARON MARK COLLERAN | 11,000,000 | 2.38 |
| GOLD ELEGANT (HK) INVESTMENT LIMITED | 10,034,287 | 2.17 |
| BPM INVESTMENTS LIMITED | 10,000,000 | 2.16 |
| NORDANA PTY LTD | 8,000,000 | 1.73 |
| YARRAANDOO PTY LTD <YARRAANDOO SUPER FUND A/C> | 7,692,307 | 1.66 |
| AEGP SUPER PTY LTD <AEGP SUPERANNUATION FUND A/C> | 5,000,000 | 1.08 |
| OZ EXPLORATION PTY LTD | 4,786,472 | 1.03 |
| ARGONAUT SECURITIES (NOMINEES) PTY LTD <ASPL CLIENT NO 12 A/C> | 3,550,000 | 0.77 |
| PERTH SELECT SEAFOODS PTY LTD | 3,000,000 | 0.65 |
| FORMAN PTY LTD <THE MORRIS A/C> | 2,400,000 | 0.52 |
| ARGONAUT PARTNERS PTY LIMITED | 2,032,573 | 0.44 |
| **Total Top 20 holders of Ordinary Fully Paid Shares** | **331,554,766** | **71.69** |





### Distribution of fully paid shares

| Range | No. of holders | No. of fully paid ordinary shares | % Issued capital |
|---|---|---|---|
| 1 - 1,000 | 443 | 167,137 | 0.04 |
| 1,001 - 5,000 | 1,229 | 3,321,968 | 0.72 |
| 5,001 - 10,000 | 531 | 4,198,265 | 0.91 |
| 10,001 - 100,000 | 1,284 | 43,109,596 | 9.32 |
| 100,001 and over | 240 | 411,673,666 | 89.02 |
| **Total** | **3,727** | **462,470,632** | **100.00** |

As at 19 September 2023, there were 631 shareholders with less than a marketable parcel of 1,493 fully paid shares.

### Voting rights

Every holder of ordinary shares has the right to receive notices of, attend and vote at general meetings of the Company. On a show of hands, every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

### Canadian shareholders

The Company advises that it is a designated foreign issuer as that term is defined in National Instrument 71-102 – Continuous Disclosure and other Exemptions Relation to Foreign Issuers and it is subject to the foreign regulatory requirements of the Australian Securities Exchange.

# Corporate Governance

The Company has adopted appropriate systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with transparency and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The information in this Corporate Governance Statement is current as at 30 June 2023 and has been approved by the Board.

Unless otherwise disclosed, the Company has adopted the fourth edition of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council **(Principles and Recommendations)** during the financial year ending 30 June 2023.

The Board considers that the current Board composition and structure is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in scale, nature and scope, the implementation of additional corporate governance policies and structures will be reviewed. The various charters and policies mentioned below can be found on the Company's website via the following link https://www.aicmines.com.au/investors/corporate-governance/.

In accordance with ASX Listing Rule 4.10.3, the Company is required to disclose the extent to which it has followed the Principles and Recommendations during the financial year. The Company's compliance with and departures from the Principles and Recommendations are set out below.

| | Principles and recommendations | Compliance | Comment |
|---|---|---|---|
| **1.** | **Lay solid foundations for management and oversight** | | |
| 1.1 | A listed entity should have and disclose a board charter setting out:<br>a. the respective roles and responsibilities of its board and management; and<br>b. those matters expressly reserved to the board and those delegated to management. | Complies | The Board Charter (which is available on the Company's website at www.aicmines.com.au/investors/corporate-governance/) outlines the role and responsibilities of the Board, as well as the role and responsibility of management. The Board delegates responsibility for the day-to-day operations and administration of the Group to the Managing Director and CEO. |
| 1.2 | A listed entity should:<br>a. undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and<br>b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. | Complies | The Board has procedures in place to select suitable candidates with suitable experience to ensure a balanced and effective board. The Board Charter outlines the pre-appointment procedures undertaken when appointing new directors and undertakes to provide sufficient information to allow shareholders to make an informed decision on whether or not to elect or re-elect a director. Full details of current directors are outlined in the directors' report contained within this Annual Report **(Directors' Report).**<br><br>Senior executives undergo appropriate pre- employment checks including, but not limited to, capability screening and police clearance checks. |
| 1.3 | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | Complies | New directors receive a Letter of Appointment which sets out the terms of their appointment.<br><br>Senior executives enter into an Executive Service/ Employment Agreement which sets out the terms, rights, responsibilities and entitlements.<br><br>Please refer to the remuneration report which forms part of the Directors' Report **(Remuneration Report)** for the key terms of the agreements with directors and key management personnel. |





| | Principles and recommendations | Compliance | Comment |
|---|---|---|---|
| 1.4 | The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board. | Complies | All directors have access to the Company Secretary who is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. Please refer to the Board Charter. |
| 1.5 | A listed entity should:<br>a. have and disclose a diversity policy;<br>b. through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and<br>c. disclose in relation to each reporting period:<br>1. the measurable objectives set for that period to achieve gender diversity;<br>2. the entity's progress towards achieving those objectives; and<br>3. either:<br>A. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or<br>B. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.<br><br>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period. | Complies | The Company's Diversity Policy is available on the Company's website at www.aicmines.com.au/investors/corporate-governance/.<br><br>The Board has set measurable objectives for achieving gender diversity. Below is a list of the objectives and the progress to 30 June 2023. |

| Measurable objective | Progress |
|---|---|
| Adoption and promotion of a Formal Diversity Policy | Adoption complete. Promotion ongoing. |
| To ensure Company policies are aligned with the goals of the Diversity Policy | Complete. |
| To provide flexible work and salary arrangements to accommodate family commitments, study, cultural traditions and other personal choices of current and potential employees | In place.<br>Ongoing. |
| To provide professional development and training opportunities for all employees | In place.<br>Ongoing. |
| Actively review our job advertisements to remove gender bias | In place.<br>Ongoing. |

As at 30 June 2023, the respective gender diversity at Board, Senior Executives and across the Group is detailed below:

| | Men | Women | Change from FY22 |
|---|---|---|---|
| Board | 80% | 20% | 20% increase |
| Senior Executives | 88% | 12% | 5% decrease |
| Group | 84% | 16% | 6% decrease |

In February 2023, Ms Linda Hale joined the Board. Ms Hale is AIC Mines' first female director.

The Senior Executive team increased by one male during the year which translated to a relative decrease in female participation at executive level.

Group includes all employees and directors. Attraction and retention of female employees has been relatively difficult due to a tight labour market resulting in a historically low number of suitable applicants.

| Principles and recommendations | Compliance | Comment |
|---|---|---|
| 1.6 A listed entity should:<br>a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and<br>b. disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. | Complies | The Board is responsible for assessing its performance each year and examining ways of performing its duties more effectively. The process for evaluating the performance of the Board, its committees and individual directors was undertaken in May 2023 involving all Board members completing a performance assessment questionnaire about the Board's role, membership, procedures, practices and behaviours. The responses were presented and discussed at a Remuneration and Nomination Committee meeting held on 20 June 2023. |
| 1.7 A listed entity should:<br>a. have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and<br>b. disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period. | Complies | Details of the principles used to determine executive remuneration and performance are set out in the Remuneration Report. |
| **2. Structure the board to be effective and add value** | | |
| 2.1 The board of a listed entity should:<br>a. have a nomination committee which:<br>1. has at least three members, a majority of whom are independent directors; and<br>2. is chaired by an independent director;<br>and disclose<br>3. the charter of the committee;<br>4. the members of the committee; and<br>5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>b. if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. | Does not comply | The Company has a Remuneration and Nomination Committee made up of four directors, one of whom is considered independent.<br>The Remuneration and Nomination Committee is chaired by the independent director, Mr Brett Montgomery (since March 2023, following Mr Tony Wolfe's resignation as director in January 2023).<br>The Remuneration and Nomination Committee Charter is available for review on the Company's website at www.aicmines.com.au/investors/corporate-governance/<br>Details of the number of meetings of the Remuneration and Nomination Committee are outlined in the Directors' Report. |





| Principles and recommendations | Compliance | Comment |
|---|---|---|
| 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership. | Complies | The Board's composition and the experience and qualification of each Board member is disclosed in the Directors' Report. The Board is of the opinion that the skills and expertise provided by its current composition is appropriate for the Group's current activities of mining, project development and mineral exploration.<br>The Board Charter defines the skills matrix of the Board and senior management. The Board skills matrix was reviewed and updated in June 2023. Below is a summary of the Board skills matrix. |

| Experience and skills | Number of directors (out of 5) |
|---|---|
| **Exploration and Mining** | |
| Exploration | 4 |
| Project Development | 3 |
| Mining | 4 |
| Processing | 4 |
| Mine Closure and Rehabilitation | 2 |
| **Finance and Risk** | |
| Audit/Accounting | 4 |
| Treasury | 5 |
| Finance | 5 |
| Law | 4 |
| Risk Management | 5 |
| Compliance | 3 |
| Governance | 3 |
| Leadership | |
| Board Experience | 5 |
| Executive Management Experience | 5 |
| Mentoring | 5 |
| **People and HSE** | |
| Human Resources | 5 |
| Health and Safety | 4 |
| Sustainability | 2 |
| **Other skills / experience** | |
| Equity Markets | 5 |
| Business Development | 4 |
| Strategy | 4 |
| Public Company experience | 5 |

| Principles and recommendations | | Compliance | Comment |
|---|---|---|---|
| 2.3 | A listed entity should disclose:<br>a. the names of the directors considered by the board to be independent directors;<br>b. if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and<br>c. the length of service of each director. | Complies | The Board comprises one independent director being Mr Brett Montgomery.<br>The Board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met.<br>The names and length of service of the directors are detailed in the Directors' Report. |
| 2.4 | A majority of the board of a listed entity should be independent directors. | Does not comply | Only one of the five directors of the Board is considered to be independent.<br>The Board believes that the individuals on the Board are qualified to make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must recuse themselves from the Board meeting before commencement of discussion on the topic. |
| 2.5 | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | Does not comply | Mr El-Raghy, who is not considered independent, currently holds the position of Non-Executive Chairman.<br>While the Board believes that the division of responsibility and independence at the head of the Company is important, the existing structure is considered appropriate and provides a unified leadership structure. Mr El-Raghy was integral in establishing the Company. The Board considers that he is able to bring independent judgement to all relevant issues, and the Company benefits significantly from his broad experience in the mining industry and track record of developing successful exploration and mining companies.<br>Mr El-Raghy is not the CEO of the Company. |
| 2.6 | A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively. | Complies | As per the Board Charter, upon appointment, new directors are subject to relevant induction procedures to provide the incoming individual with sufficient knowledge of the entity and its operating environment to enable them to fulfil their role effectively.<br>In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continuing professional development. The Company does not have a formal program for professional development of its directors.<br>Ms Hale attended the AICD Company Directors Course in February 2023 and subsequently completed. |
| **3.** | **Instil a culture of acting lawfully, ethically and responsibly** | | |
| 3.1 | A listed entity should articulate and disclose its values. | Complies | A copy of the Company's Statement of Values is available on the Company's website at www.aicmines.com.au/investors/corporate-governance/ |





| Principles and recommendations | | Compliance | Comment |
|---|---|---|---|
| 3.2 | A listed entity should:<br>a. have and disclose a code of conduct for its directors, senior executives and employees; and<br>b. ensure that the board or a committee of the board is informed of any material breaches of that code. | Complies | The Board has adopted a Code of Conduct for directors, senior executives and employees. The code sets out the reporting procedure. A copy of the code is available on the Company's website at www.aicmines.com.au/investors/corporate-governance/. |
| 3.3 | A listed entity should:<br>a. have and disclose a whistleblower policy; and<br>b. ensure that the board or a committee of the board is informed of any material incidents reported under that policy. | Complies | The Board has adopted a Whistle-blower Policy. The policy sets out the reporting procedure. A copy of the policy is available on the Company's website at www.aicmines.com.au/investors/corporate-governance/. |
| 3.4 | A listed entity should:<br>a. have and disclose an anti-bribery and corruption policy; and<br>b. ensure that the board or committee of the board is informed of any material breaches of that policy. | Complies | The Board has adopted an Anti-Bribery and Corruption Policy. The policy sets out the reporting procedure. A copy of the policy is available on the Company's website at www.aicmines.com.au/investors/corporate-governance/. |
| **4.** | **Safeguard integrity in corporate reports** | | |
| 4.1 | The board of a listed entity should:<br>a. have an audit committee which:<br>1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>2. is chaired by an independent director, who is not the chair of the board,<br>and disclose<br>3. the charter of the committee;<br>4. the relevant qualifications and experience of the members of the committee; and<br>5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and rotation of the audit engagement partner. | Does not comply | The Company's Audit and Risk Committee was restructured effective from March 2023 due to the establishment of a new Risk and Sustainability Committee. The Audit Committee is made up of four directors, one of whom is considered independent.<br>The Audit Committee is chaired by Ms Linda Hale (non-independent director) (from 1 March 2023) who is not the chair of the board. Mr Brett Montgomery previously chaired the committee.<br>The Audit Committee operates under the Audit Committee Charter, which is available for review on the Company's website at www.aicmines.com.au/investors/corporate-governance/ and carries out the functions delegated under that charter.<br>External audit recommendations, internal control matters and any other matters that arise from half yearly reviews and the annual statutory audit will be discussed directly between the Audit Committee and the Audit Engagement Partner.<br>The Board encourages contact between Non-Executive Directors and the Company's external auditors, independently of executive management.<br>Details of the number of meetings of the Audit Committee (formerly Audit and Risk Committee) are outlined in the Directors' Report. |

| Principles and recommendations | | Compliance | Comment |
|---|---|---|---|
| 4.2 | The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. | Complies | The Board requires the CEO and the CFO to provide such a declaration for the half year and annual financial statements. |
| 4.3 | A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor. | Complies | The Board requires a declaration from the CEO and CFO to verify the integrity of periodic reports. |
| **5.** | **Make timely and balanced disclosure** | | |
| 5.1 | A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1. | Complies | The Board has a Continuous Disclosure Policy available on the Company's website at: www.aicmines.com.au/investors/corporate-governance/.<br><br>The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure information to the ASX as well as communicating with the ASX. The Managing Director and CEO, and Company Secretary are responsible for ensuring that the Company's announcements are made in a timely manner, are factual and do not omit material information. |
| 5.2 | A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. | Complies | The Company Secretary is responsible for ensuring the Board receives copies of all material market announcements promptly after they have been made. |
| 5.3 | A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | Complies | The Company undertakes to release a copy of any new and substantive investor or analyst presentation materials on the ASX Market Announcements Platform prior to the presentation. |
| **6.** | **Respect the rights of security holders** | | |
| 6.1 | A listed entity should provide information about itself and its governance to investors via its website. | Complies | The Company is committed to maintaining a company website with up-to-date general information about the Company and its operations, details of the Company's corporate governance policies and procedures, and information specifically targeted at keeping investors informed about the Company. |
| 6.2 | A listed entity should have an investor relations program that facilitates effective two-way communication with investors. | Complies | The Board has established a formal Shareholder Communications Policy (available on the Company's website at www.aicmines.com.au/investors/corporate-governance/) aimed at communicating effectively with shareholders. The Company seeks to inform investors of developments primarily by communicating through ASX announcements. These announcements are distributed via the ASX Market Announcements Platform, via direct emails to registered investors and are made available on the Company's website.<br><br>Investors are encouraged to attend the Company's shareholder meetings and are able to contact management by email info@aicmines.com.au. |
| 6.3 | A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. | Complies | The Company discloses how it facilitates and encourages participation at meetings of security holders in its Shareholder Communications Policy (available on the Company's website at www.aicmines.com.au/investors/corporate-governance/)<br><br>All security holders are notified in writing of general meetings and encouraged to attend and participate. |
| 6.4 | A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands. | Complies | The Company ensures that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands as set out in the Shareholder Communications Policy – section Meetings of the Company (available on the Company's website at www.aicmines.com.au/investors/corporate-governance/) |
| 6.5 | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | Complies | Shareholders may communicate via electronic means with the Company's share registry and may register to access personal shareholding information and receive electronic information. Details of how to access the communications are available on the website www.aicmines.com.au and requests can be emailed via info@aicmines.com.au. |

| Principles and recommendations | | Compliance | Comment |
|---|---|---|---|
| **7.** | **Recognise and manage risk** | | |
| 7.1 | The board of a listed entity should:<br>a. have a committee or committees to oversee risk, each of which:<br>1. has at least three members, a majority of whom are independent directors; and<br>2. has chaired by an independent director, and disclose:<br>3. the charter of the committee;<br>4. the members of the committee; and<br>5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. | Does not comply | The Company's Audit and Risk Committee was restructured in March 2023 and a new Risk and Sustainability Committee was formed. The Risk and Sustainability Committee is made up of all five directors, one of whom is considered independent.<br>The Risk and Sustainability Committee is chaired by Mr Jon Young (since 1 March 2023). Mr Brett Montgomery was the previous Chair of the Audit and Risk Committee.<br>The Risk and Sustainability Committee assists the Board in discharging its risk oversight role. The Committee Charter (available on the Company's website at www.aicmines.com.au/investors/corporate-governance/) governs the operation of the committee.<br>Under the Risk Management Policy, responsibility for and control of risk management is delegated to the appropriate level of management within the Company. The Managing Director and CEO, supported by the senior executive team, has ultimate responsibility to the Board for the implementation of the risk management and control framework.<br>Details of the number of meetings of the Risk and Sustainability Committee (as well as the former Audit and Risk Committee) are outlined in the Directors' Report. |
| 7.2 | The board or a committee of the board should:<br>a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and<br>b. disclose, in relation to each reporting period, whether such a review has taken place. | Complies | The Board is ultimately responsible for reviewing approving and overseeing the risk management system. The Risk and Sustainability Committee conducts regular reviews of the Company's risk management framework, at least annually, to satisfy itself that the risk management framework continues to be sound.<br>In June 2023, the Board approved a:<br>a. Risk Appetite Statement intended to be a clear statement of the degree of risk exposure that the Company is willing to accept in carrying out its operations and objectives; and<br>b. Risk Management Plan.<br>Management has reported to the Risk and Sustainability Committee during FY23 on the Company's management of its material business risks. |
| 7.3 | A listed entity should disclose:<br>a. if it has an internal audit function, how the function is structure and what role it performs; or<br>b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | Complies | The Board believes that the Company is not of a size or complexity that justifies having an internal audit function.<br>The Company's risk management systems and control frameworks include the ongoing monitoring of management and operational performance, a comprehensive system of budgeting, forecasting and reporting to the Board, approval procedures for expenditure above threshold levels, and regular communication between directors on compliance and risk. |





| Principles and recommendations | | Compliance | Comment |
|---|---|---|---|
| 7.4 | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. | Complies | The Board does not believe it has any material exposure to economic, environmental and social sustainability risks not otherwise disclosed to the market. In June 2023, the Company released its foundational Sustainability Strategy. The Sustainability Strategy complements the Company's Sustainability Policy and outlines the actions the Group will take to mitigate and manage any potential environmental or social impact its operations could have.<br>Implementation of the Strategy will be overseen by the Risk and Sustainability Committee. |
| **8.** | **Remunerate fairly and responsibly** | | |
| 8.1 | The board of a listed entity should:<br>a. have a remuneration committee which:<br>1. has at least three members, a majority of whom are independent directors; and<br>2. is chaired by an independent director,<br>and disclose:<br>3. the charter of the committee;<br>4. the members of the committee; and<br>5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or<br>b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. | Does not comply | The Company has a Remuneration and Nomination Committee made up of four directors.<br>The Remuneration and Nomination Committee is chaired by Mr Brett Montgomery (since March 2023, following Mr Tony Wolfe's resignation as director in January 2023). Mr Montgomery is considered independent.<br>The Remuneration and Nomination Committee Charter is available for review on the Company's website at www.aicmines.com.au/investors/corporate-governance/<br>The Committee meets to consider both the level and structure of remuneration and incentive policies for the CEO and key executives within the Company for recommendation to the Board for approval. The level of remuneration is established by comparison with peer companies.<br>Details of the number of meetings of the Remuneration and Nomination Committee and attendees are outlined in the Director's Report. |
| 8.2 | A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. | Complies | The Company has separate policies relating to the remuneration of non-executive directors and that of executive directors and senior executives. This information is detailed in the Remuneration Report.<br>The Company's constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting (currently $750,000 pa – approved by shareholders on 3 March 2008). |
| 8.3 | A listed entity which has an equity-based remuneration scheme should:<br>a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and<br>b. disclose that policy or a summary of it. | Complies | The Company has an equity-based remuneration scheme. The Company has a Share Trading Policy (available on the Company's website at www.aicmines.com.au/investors/corporate-governance/) which outlines restrictions on trading in the Company's securities. |

# Sustainability Strategy

## Contents

# Our Approach

## A sustainability approach built on our values

AIC Mines is a growth focussed resources company building a portfolio of gold and copper assets in Australia. Formed in 2019 through a merger between Intrepid Mines and AIC Resources, the company has brought together a management team with industry leading experience in developing and operating sustainable, efficient, high-value mining assets.

As a relatively young company, we have also been able to embed a set of values across the business from the outset. Safety – our overriding priority – is followed by delivery, transparency, and responsibility as the values which underpin everything we do. It is this final value: responsibility, which drives our desire to operate sustainably.

While we operate in a comparatively low-risk jurisdiction, we recognise that our work can have an impact on the environment and communities within which we operate. This Sustainability Strategy outlines where and how our operations could potentially have an environmental or social impact, the actions we have taken to mitigate and manage these impacts, and the areas where we want to improve.

The strategy is primarily focussed on our only current operational mine, the Eloise copper mine in Queensland, however the approach to sustainability outlined in the strategy is also followed across our exploration and corporate activity.

The plan will be overseen by the company's newly formed Risk and Sustainability Committee, of which all members of AIC Mines' Board are members. Delivery of the strategy will be reported on annually starting in 2024, through an annual sustainability report.

## Our projects

AIC Mines owns and operates the Eloise underground copper mine in northwest Queensland and recently completed the acquisition of the nearby Jericho copper deposit.

The Eloise mine is located 60 kms southeast of Cloncurry and 155 kms from Mount Isa. Commissioned in 1996, it has since mined approximately 13 Mt of ore grading 2.8% Cu and 0.8g/t Au to produce 350,000t Cu and 175,000oz Au in concentrate.

In addition to the operational mine at Eloise, we also have a portfolio of exploration projects across Australia. The most significant projects in our exploration portfolio are the Marymia Project located approximately 160 kms south of Newman in the eastern Gascoyne region of Western Australia, and the Lamil Project located in the Paterson Province of Western Australia, midway between the Telfer gold-copper mine and the Nifty copper mine.



# Our Methodology

## Delivering sustainable mining operations

Perceptions of sustainability are changing. Through our sustainability advisor we have consulted with a range of stakeholders including market participants, standard setting bodies and non-government organisations (NGOs) to gauge the best way to report on our plans, performance and targets.

Reporting this information within the framework of Environment, Social and Governance (ESG) is the appropriate way to do this, though we will be flexible in our approach if expectations and standards change.

> We have also aligned our approach with relevant global standards and frameworks, most notably the International Council on Mining and Metals (ICMM) Principles, but also the Copper Mark, and Towards Sustainable Mining (TSM), which finalised an Australian alignment process in 2022.

An alignment table outlining our alignment maturity with the ICMM Performance Expectations can be found at the end of the strategy. Going forward, we will review our sustainability performance against this strategy annually, with the aim of committing to a relevant formal conformance process within the medium-term.

## Methodology

To produce this strategy, we undertook a three-step process to establish our sustainability vision and core objectives, our current position, and our performance targets. In line with good practice, this process was predominantly focussed on our operational assets; currently the Eloise Mine. Where actions or targets relate specifically to exploration projects, this is highlighted accordingly.

**Step 1: Preparation and planning**

- Convened a sustainability workshop with relevant participants from across the business
- Undertook initial desktop research of company operations and sustainability risks and opportunities
- Agreed scope of strategy and sustainability vision

**Step 2: Assessment and consultation**

- Undertook materiality assessment based on the Responsible Mineral Initiative's (RMI) Risk Readiness Assessment criteria[1]
- Consulted on materiality and current sustainability performance with a cross-section of internal and external stakeholders

**Step 3: Performance disclosure and goal setting**

- Identified sustainability performance indicators grouped across Environment, Social and Governance
- Disclosed action taken to date
- Outlined medium-term and stretch goals

[1] RMI Risk Readiness Assessment Issue Areas and Industry Norms: https://www.responsiblemineralsinitiative.org/media/docs/RRA/2019%20RRA%20Issue%20Areas%20and%20Industry%20Norms_FINAL.pdf

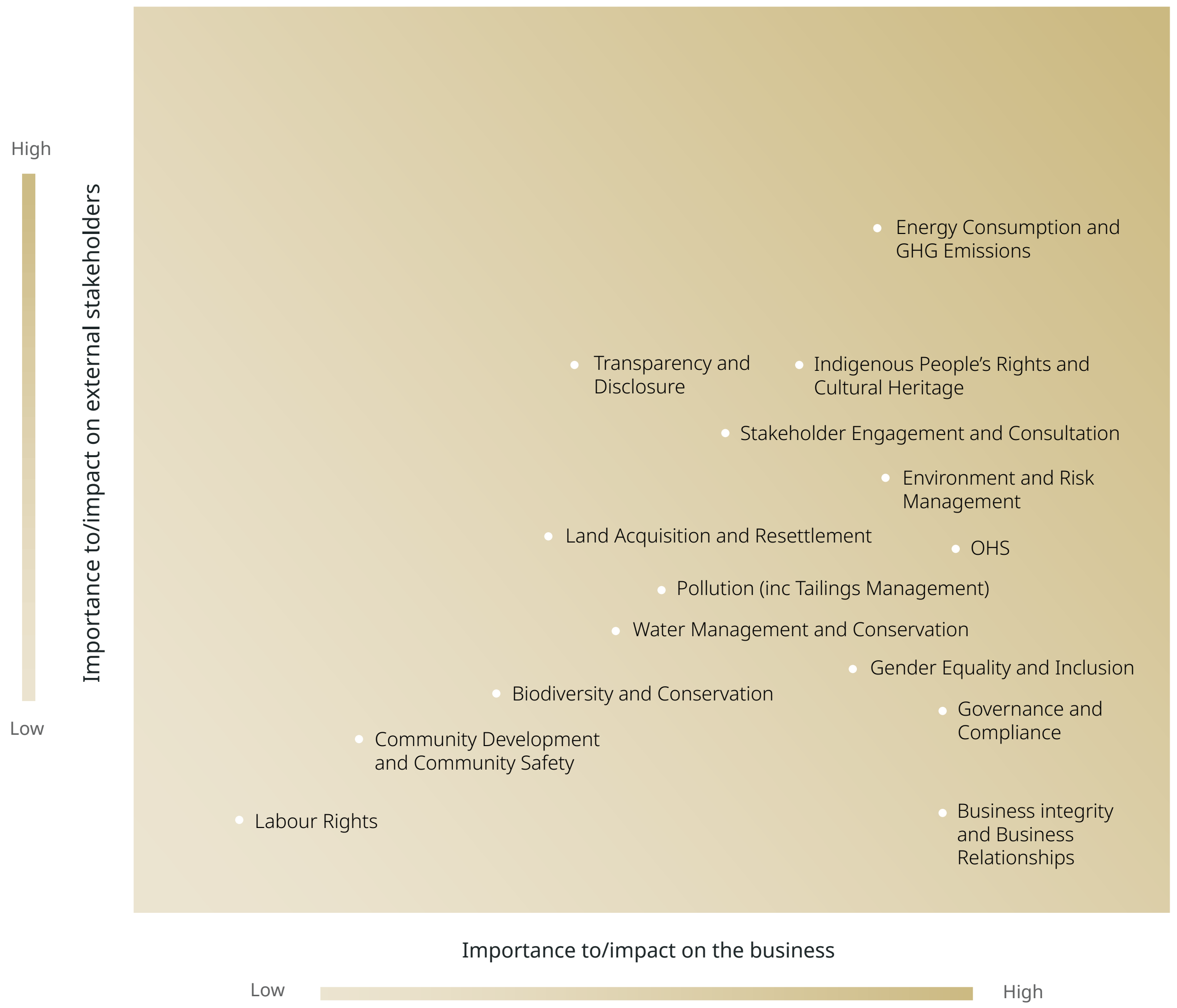
# Materiality

## Our current ESG footprint

Through review of company and external material, initial stakeholder consultation and the sustainability workshop, we identified material ESG topics relevant to the company's operations. Areas of materiality were identified from 32 criteria listed by the Responsible Minerals Initiative (RMI) in its Risk Readiness Assessment, which are annexed to this strategy.

These initial findings were then put out for consultation among a wider group of internal and external stakeholders representing staff, local community, suppliers, investors and customers.

Through this process, we were able to establish our initial materiality matrix on which our Sustainability Strategy 2023 is based. This matrix will be reviewed and updated annually. It should also be noted that materiality here, relates primarily to our operational Eloise mine.




**Our goals:**

*Maintain our low local environmental impact*

*Accelerate reduction in energy consumption and GHG emissions*

# Our Sustainability Strategy

## Environment

Copper is the key enabler for the world's clean energy transition, and we are proud of the role we are playing in aiding this transition. We acknowledge our responsibility in making copper production as sustainable as possible.

Our goal is to minimise our impact on the environment where we operate, while exploring ways to progressively reduce our greenhouse gas (GHG) emissions at Eloise and our exploration projects.

The Eloise mine is situated in northwest Queensland, within a semi-arid climate with hot humid summers, and dry warm winters. The surrounding land has largely remained cleared since European settlement with low-density cattle grazing. Today, several native but non-endangered plants populate the area such as wattles (Acacia species) and eucalypts (Eucalyptus and Corymbia species). There are no national parks or conservation areas identified within the mine site or the immediate surrounds.

Water levels in the region vary, with rainfall and large rain events fluctuating annually. Annual average evapotranspiration is significantly higher than average rainfall, which puts continual stress on soil moisture and quality. Overall, the mine area is classed as water deficient, which is typical for semi-arid environments. However, the Eloise mine does not have significant water sourcing challenges. Water used for underground mining and processing is harvested from runoff that collects into two dams during high rainfall events. Furthermore, the surrounding water regions of Cloncurry and Mount Isa are not assessed to be under major stress, with water use through mining operations not affecting local communities or other industry[2].

When looking at energy use, the remote location of the Eloise mine means sustainable energy supply through the grid is not currently an option. Looking forward, regional initiatives such as the CopperString 2.0 electrification project will offer exciting and viable opportunities to explore site electrification. The CopperString project, which was confirmed by the Queensland Government in March 2023, will expand the electricity grid from Townsville to Mount Isa and unlock access to stable renewable energy for mineral producers across the state's North West Minerals Province. We have already begun feasibility studies focussed on potential grid connection through CopperString and are committed to engaging with the project as it develops. In parallel we are undertaking scoping work on several potential localised solar generation options.

### Our goal: Maintain our low local environmental impact

Our priority is to minimise our current and legacy impact on the local environment wherever possible. We are aiming to do this by further strengthening our environmental monitoring and risk management systems while also continuing to explore new ways of maximising recycled water usage and improving water efficiency.

Our Eloise Copper Mine Progressive Rehabilitation and Closure Plan outlines the commitment we have made to ensure the land we are operating on is returned to its previous state and use. In addition to end-of-life rehabilitation, we are exploring options to pilot rehabilitation and revegetation on at least one Tailings Storage Facility (TSF) over the next 18 months.

### Our goal: Accelerate reduction in energy consumption and GHG emissions

We acknowledge that there is a significant challenge to accelerate the reduction of energy consumption and emissions. While medium-term options, such as the CopperString connection, look increasingly promising, the issue is at the top of our materiality matrix and is a priority for our sustainability action over the coming years.

[2] Queensland Government, Mount Isa and Cloncurry regional water supply security assessments 2019:
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chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.rdmw.qld.gov.au/__data/assets/pdf_file/0003/1466670/mount-isa-rwssa.pdf

We have mapped our Scope 1 and Scope 2 GHG emissions and will begin planning the development of a net zero pathway for the Eloise mine within the next 12 months. This process will include establishing short-term and medium-term opportunities to drive site efficiencies and reductions in GHG emissions with the expectation that a full Lifecycle Assessment (LCA) of the asset will follow. At Eloise our Scope 1 and 2 emissions are calculated in accordance with the Australian Government methodology required by the National Greenhouse and Energy Reporting Act (2007) (NGER Act) and the National Greenhouse and Energy Reporting (NGER) Scheme. We will begin reporting on our emissions data in our annual Sustainability Report.

| Baseline/current action | Our 2023-2024 commitments | Our long-term goals |
|---|---|---|
| **Climate change** | | |
| Consideration of climate change implications for expansion plans and growth strategy. | Formalise our commitment to mitigating and managing our impacts on climate change through the creation of a company policy agreed by the Board.<br><br>Begin preparations for a group level Climate Change Risk Assessment in alignment with International Finance Corporate (IFC) guidance. | Complete full Climate Change Risk Assessment. |
| **Energy use and GHG emissions** | | |
| Scope 1 and Scope 2 asset-level emissions quantified and disclosed for Eloise mine.<br><br>Initial scoping of renewable energy transition at Eloise mine.<br><br>Reviewed generator efficiency technology to reduce diesel usage. | Maintain Scope 1 and 2 emissions reporting annually and explore pathways for Scope 3 reporting.<br><br>Begin planning for a net zero pathway for the Eloise mine.<br><br>Explore viability of installation of a continuous emissions monitoring system (CEMS) at Eloise mine.<br><br>Finalise planning options for transitioning from diesel to renewable power at Eloise mine and, separately, on relevant exploration projects.<br><br>Review battery-electric mobile mining equipment pending grid connection. | Commission full site LCA for Eloise mine.<br><br>Establish full Scope 1 and 2 emissions reduction strategy for Eloise mine.<br><br>Complete and implement net zero pathway strategy for the Eloise mine.<br><br>Adopt comparable GHG emissions reduction approach to any new operational assets that are acquired or developed. |





| Baseline/current action | Our 2023-2024 commitments | Our long-term goals |
|---|---|---|
| **Biodiversity and conservation** | | |
| Baseline flora and fauna surveys completed.<br><br>Biannual ecological monitoring in aquatic ecosystems (vegetation, macroinvertebrates, water and sediment quality).<br><br>Biosecurity Management Plan to prevent introduction and spread of weeds and feral animals. | Meet or exceed all environmental regulatory obligations.<br><br>Play an active role in supporting the Queensland Government's North West Regional Plan 2010-2031, including the protection of regional landscapes and biodiversity.<br><br>Begin a rehabilitation trial on a decommissioned TSF cell. | Successful rehabilitation of all disturbed land.<br><br>Ensure our exploration and mining operations have minimal adverse impacts on biodiversity. |
| **Water management and conservation** | | |
| Water Management Plan completed.<br><br>Water from TSFs successfully re-used for processing.<br><br>Ongoing water quality monitoring and reporting. | Maintain and enhance control of mine-impacted water and prevent any adverse impacts on local fresh water and biodiversity.<br><br>Evaluate water monitoring data and identify opportunities to further maximise recycled water usage and improve water efficiency.<br><br>Integrate improvement opportunities into the Water Management Plan. | Ensure our exploration and mining operations have no adverse impacts on local fresh water. |
| **Pollution** | | |
| TSFs meet regulatory standards and are independently verified and periodically reviewed for structural integrity and appropriate management.<br><br>$15 million investment in new TSF to provide secure, sustainable tailings storage capacity through to 2027 based on current processing rates.<br><br>Waste management contractor engaged to manage recycling program and appropriately manage non-recyclable material(s). | Pilot rehabilitation and revegetation of decommissioned TSF to begin.<br><br>Safely commission new TSF and monitor performance.<br><br>Finalise TSF capping design. | Continuous rehabilitation program for decommissioned TSFs. |
| **Environmental Risk Management** | | |
| Environmental Risk Management System conforming to (ISO31000:2009) established. | Maintain or exceed conformance to relevant ERM regulatory requirements across mining and exploration projects. | |

*Our operations are underpinned by strong and respectful relationships, both inside and outside our organisation.*

# Social

**Our goal: Constructive and collaborative engagement with First Nations peoples**

We respect the cultural heritage, customs and traditions of the Traditional Owners of the lands upon which we operate, and recognise their rights to choose and develop priorities and strategies relating to their lands. We are committed to building cultural awareness and strengthening our relationships with First Nations peoples, creating partnerships to generate economic benefits for First Nations groups and advance reconciliation. In March 2023 we appointed our first dedicated community engagement resource to strengthen our efforts in building relationships with First Nation groups and other community members.

The Eloise mine is located near the traditional lands of the Mitakoodi people. The Mitakoodi people have registered a Native Title claim with the National Native Title Tribunal in 2020 and while Native Title has not yet been determined, we are endeavouring to engage with relevant Mitakoodi representatives prior to determination.

Our exploration projects in Western Australia, Marymia and Lamil, are on the lands of the Gingirana and Martu peoples respectively. Each group has had Native Title determined and we are in active engagement with these groups. With regards to our early-stage exploration projects in South Australia and Queensland, we are at different stages of engagement and consultation with relevant First Nations groups.

**Our goal: Identify and engage with stakeholders where possible and where we can add value**

Our approach to broader stakeholder engagement is a pragmatic reflection of the remoteness of our operations. The Eloise mine is 60 kms from Cloncurry (the closest town) and 155 kms from Mount Isa (closest service town). Our other exploration projects – Jericho, Pyramid, Windsor and Cannington in Queensland; Marymia and Lamil in Western Australia; Delamerian in New South Wales; Peake and Denison, and Lake Purdilla in South Australia – are all located in remote parts of the country.

Since taking ownership of the Eloise mine in 2021, we have identified all key stakeholders, established relationships with neighbouring landholders and community representatives, and established a stakeholder register to record and monitor stakeholder enquiries. We have also provided targeted support to community initiatives where we can contribute meaningful value.

During the next year, we will review and formalise our engagement approach. This includes establishing a company-wide engagement framework, reviewing and strengthening project-level engagement, and developing further channels for community feedback. We will also develop policies on community investment, local hiring, and responsible sourcing.

**Our goal: Prioritise health, safety and inclusion across our business**

Looking within, the health and safety of our 148 employees and 84 contractors is our highest priority. Our comprehensive Safety Management System provides the framework for all health and safety controls, and meets all legislative and regulatory requirements within the jurisdictions in which we operate.

As of March 2023, our total recordable injury (TRI) moving average frequency rate was 15.0 per million hours worked. While this is an improvement since AIC Mines acquired the Eloise mine in August 2021, we recognise there is always more to be done and are continually seeking improvement on this internal benchmark in the pursuit of zero harm.

Over the next year we will review our Safety Management System against industry best practice, continue providing ongoing training for leaders and the workforce, and strengthen our safety culture through our critical risk program.

The diversity of gender and experience of our company at the Board, management and workforce levels is an essential component of our long-term sustainability. It enhances decision making, innovation and effectiveness. Similar to other mining companies who rely on a FIFO workforce, we recognise the challenge of attracting a diverse workforce. Females currently represent 18% of our workforce and hold positions across all levels including management and Board.

Within the next year we will review our attraction, retention and succession planning practices and processes. Over the longer term we will build organisational capacity and the conditions required to attract and retain a talented and diverse workforce. Our aim is to create a diverse and inclusive workplace where everyone feels safe, valued and supported.

| Basline/current action | Our 2023-2024 commitments | Our long-term goals |
|---|---|---|
| **Community Consultation** | | |
| All key stakeholders identified and engaged at the Eloise mine. Engagement register up-to-date and maintained.<br><br>Exploration projects use a practical engagement approach with key stakeholders.<br><br>Indigenous engagement meets regulatory requirements, including undertaking the relevant cultural heritage requirements, for each project location.<br><br>Dedicated First Nations and community engagement resource appointed. | Develop a formalised, consistent company-wide engagement and consultation framework, informed by key stakeholders including First Nations groups, and incorporating community investment with First Nations groups.<br><br>Explore mutually beneficial partnerships, and engagement and capacity building needs and models with First Nations groups.<br><br>Develop further channels for community members to provide feedback, ask questions and raise concerns about AIC Mines' operations. | Embed best practice engagement approaches for First Nations and other stakeholders into our organisation's ethos.<br><br>Advance reconciliation by supporting First Nations groups to explore, prioritise, lead and achieve sustainable community and economic benefits in ways that are relevant for each group.<br><br>Foster shared value in AIC Mines and its operations amongst communities where we operate to support sustainability and social licence and provide near- and long-term benefits to local communities.<br><br>Undertake cultural awareness training across all levels of management. |
| **Local Employment** | | |
| Flexible working options offered to attract local employees. | Develop a local sub-contracting policy for implementation where viable.<br><br>Increase community engagement to better understand work conditions and roster structures that will attract local employees. | Scope potential to build local capacity and skills through partnerships with local education and vocational training institutions. |





| Baseline/current action | Our 2023-2024 commitments | Our long-term goals |
|---|---|---|
| **Sustainable sourcing** | | |
| Established annual reporting, and supplier screening and monitoring for modern slavery.<br><br>Long-term relationships with local contractors and suppliers. | Develop a 'deep-dive' assessment of a sample of suppliers to further test Modern Slavery due diligence approach.<br><br>Develop a responsible sourcing policy.<br><br>Increase community engagement to enhance local sourcing of contractors and supplies. | Successful rehabilitation of all disturbed land.<br><br>Ensure our exploration and mining operations have minimal adverse impacts on biodiversity. |
| **Work health, safety and wellbeing** | | |
| Occupational Health and Safety Policy in place and overseen at the Board level.<br><br>Implementation of critical risk program of work.<br><br>Improved rosters. Mining and Processing crews work a 14/14 roster. Management, Technical Services and OHS generally work an 8/6 or 4/3 roster.<br><br>Refreshed Bullying and Sexual Harassment Policy via revised policy roll out and subsequent training of all employees. | Periodically review Safety Management System and ensure compliance with industry best practice standards via audit and assurance.<br><br>Maintain and improve on TRI levels against current performance baseline and disclose annually in sustainability report.<br><br>Continue to explore and provide work health, safety and wellbeing training and support to all staff. Includes mental health, bullying and sexual harassment to proactively manage industry-wide issues. | Maintain and expand a strong work health, safety and wellbeing culture in line with AIC Mines' company values. |
| **Diversity and inclusion** | | |
| Diversity Policy established.<br><br>Female representation at Board, management and staff level tracked and reported to Board monthly.<br><br>Flexible work practices implemented where suitable and operationally permitted. | Establish short- and long-term gender balance targets at the Board and management levels in line with industry benchmarks.<br><br>Commence Workplace Gender Equality Agency (WGEA) reporting.<br><br>Review and strengthen our talent and succession planning practices and processes, including our Diversity Policy.<br><br>Review mine site facilities and infrastructure to enable a more diverse and inclusive working environment.<br><br>Explore ways to build organisational capacity, and create conditions to attract and retain a talented and diverse workforce. | Continually strengthen organisational capacity, culture and environment to attract and retain a talented and diverse workforce.<br><br>Diverse representation across all levels including Board, management, and the workforce. |

**Our goal:**

*Continue to be a transparent and ethical business which operates in line with our values*

# Governance

**Our goal: Continue to be a transparent and ethical business which operates in line with our values**

Our good governance approach is based on our core values of safety, responsibility, delivery and transparency. As an ASX listed business we meet all relevant corporate governance requirements while we also acknowledge and report against the ASX Corporate Governance Principles[3].

We have approved company policies and systems covering anti bribery and corruption, diversity, and occupational health and safety. Safety and environmental risks are covered by the company Risk Management Policy.

Safety and environmental risks, and all other material risks identified, are reported to the Board, and where necessary controls and mitigation plans are put in place to manage those risks. On sustainability specifically, our Sustainability Policy is adhered to across the Company's operations and is overseen by the Risk and Sustainability Committee (a sub-committee of the Board).

| Baseline/current action | Our 2023-2024 commitments | Our long-term goals |
|---|---|---|
| **Policies and management systems** | | |
| All regulatory requirements on policies and management systems being met, with regular reviews in place.<br><br>Sustainability Policy established with oversight at Managing Director and Board levels. | Go beyond policy compliance and implement company values across all operations and communications. | Review and align policies and management systems with Sustainability Strategy and explore transitioning to an integrated annual reporting model. |
| **Governance and oversight** | | |
| Requisite Board and Committee structures in place to assure regulatory compliance. | Review options and finalise approach to sustainability governance. Establish Risk and Sustainability Committee. | Explore value of additional sustainability expertise at management and Board level. |
| **Transparency and disclosure** | | |
| Corporate governance policies publicly available, up to date and approved at Board level. | Establish annual sustainability reporting in line with Annual Financial Report. | |

[3] ASX Corporate Governance Principles and Recommendations:
https://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-fourth-edn.pdf

# Delivering our strategy

This strategy has been reviewed and approved by the AIC Mines Board and we have begun to implement action to achieve the near-term goals outlined in it. We are also beginning the planning and preparation work for our larger, long-term strategic objectives linked specifically to emissions reductions and resource use.

We are committed to delivering a meaningful, impactful sustainability strategy which can benefit the communities and environments we operate in and also generate value for our business. To this end, we will report against our strategy annually, starting in 2024 with our first Sustainability Report. As part of our annual reporting and performance review, we will also continue assessing our performance against key sustainability frameworks with a view to identifying the most relevant conformance process to go through in the future.

To speak to us about our approach to sustainability or any aspect of our strategy, please visit our website or contact sustainability@aicmines.com.au.

## How AIC Mines are meeting the ICMM Performance Expectations

Meeting or exceeding criteria. Goal in place to achieve conformance. Non-applicable criteria.

| Principle 1 Ethical Business | Principle 2 Decision Making | Principle 3 Human Rights | Principle 4 Risk Management | Principle 5 Health & Safety |
|---|---|---|---|---|
| 1.1 – Establish Systems for Legal Compliance | 2.1 – Integrate Sustainability into Decision-Making | 3.1 – Respect Human Rights | 4.1 – Assess Environmental and Social Risks | 5.1 – Continually Improve Health and Safety |
| 1.2 – Prevent Bribery and Corruption | 2.2 – Support Responsible Business Partners | 3.2 – Avoid Involuntary Resettlement | 4.2 – Apply Due-Diligence in Conflict-Affected or High-Risk Areas | 5.2 – Provide Health and Safety Training |
| 1.3 – Align Policies and Standards to ICMM | | 3.3 – Manage Security While Protecting Human Rights | 4.3 – Systematically Manage Health, Safety and Environmental Risks | |
| 1.4 – Assign Accountability for Sustainable Development at Board/ ExCo level | | 3.4 – Respect the Rights of Workers | | |
| 1.5 – Disclose Financial Contributions | | 3.5 – Provide Fair Pay and Working Hours | | |
| | | 3.6 – Respect Indigenous Peoples | | |
| | | 3.7 – Work to Obtain Free, Prior and Informed Consent | | |
| | | 3.8 – Promote Workplace Diversity | | |
| | | 3.9 – Promote an Inclusive Workplace | | |

| Principle 6 Environmental Performance | Principle 7 Conservation of Biodiversity | Principle 8 Responsible Production | Principle 9 Social Performance | Principle 10 Stakeholder Engagement |
|---|---|---|---|---|
| 6.1 – Plan for Closure | 7.1 – Avoid World Heritage Sites and Respect Legally Designated Protected Areas | 8.1 – Recover, Re-Use and Recycle | 9.1 – Contribute to Community Development | 10.1 – Engage Corporate Stakeholders Transparently |
| 6.2 – Implement Water Stewardship Practices | 7.2 – Apply Mitigation Hierarchy with Ambition of No-Net-Loss | 8.2 – Assess Product Hazards | 9.2 – Support Local Economic Opportunities | 10.2 – Support EITI |
| 6.3 – Effectively Manage Tailings | | | 9.3 – Conduct Local Stakeholder Engagement | 10.3 – Report Annually to GRI |
| 6.4 – Prevent Pollution and Manage Releases and Waste | | | 9.4 – Collaborate on Artisanal Mining Challenges | 10.4 – Conduct Assurance and Validation |
| 6.5 – Improve Energy Efficiency and Reduce GHG Emissions | | | | |

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