

QUARTERLY REPORT

20 October 2022



ABOUT AIC MINES

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

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

AIC Mines also has significant gold, copper and nickel exploration projects in Western Australia and New South Wales.

CAPITAL STRUCTURE

Shares on Issue: 312,483,091

BOARD MEMBERS

Josef El-Raghy

Non-Executive Chairman

Aaron Colleran

Managing Director & CEO

Brett Montgomery

Non-Executive Director

Tony Wolfe

Non-Executive Director

Jon Young

Non-Executive Director

Linda Hale

Joint Company Secretary

Audrey Ferguson

Joint Company Secretary

CORPORATE DETAILS

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ABN: 11 060 156 452

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Subiaco, WA, 6008

Share Register:

Computershare Investor Services

Quarterly Activities Report for the Period Ending 30 September 2022

HIGHLIGHTS

Eloise Copper Mine

- **Production** – 9,828dmt of concentrate produced containing 2,629t of copper at an AISC of A\$5.35/lb Cu and AIC of A\$6.93/lb Cu.
- **Cashflow** – sales of 2,334t Cu, 1,203oz Au and 18,632oz Ag generated net revenue of \$27.2 million and operating cashflow of \$6.2 million.
- **Mineral Resources** were 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** were 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.
- **Lens 6 Discovery** – near-mine exploration in the Deeps discovered a repetition of the mine sequence and returned exceptional results including:
 - ED226 – 27.6m (20.7m ETW) grading 4.14% Cu
 - ED232 – 24.5m (18.3m ETW) grading 4.41% Cu

Marymia Project

- 2,190m of RC drilling was completed at the Black Hills and Middle Island gold prospects and a single 710m diamond drillhole was completed at Copper Hills.

Lamil Project

- 2,316m of diamond drilling to test high-priority targets at Lamil Dome and Goodenia was completed and 4,580m of RC drilling was completed at the Sundew and Flame Pea prospects.

Corporate

- At 30 September 2022, AIC held \$22.1 million in cash plus \$6.8 million on account for the Eloise performance bond.
- Commenced an off-market takeover offer (the “Offer”) for Demetallica Limited (“Demetallica”). Under the all scrip Offer, AIC Mines has offered Demetallica shareholders 1 AIC Mines share for every 1.5 Demetallica shares held which represents a significant premium to the pre-Offer value of Demetallica shares. Demetallica’s Jericho copper deposit is only 4 kilometres from the Eloise mine. Combining these assets will provide the quickest and most efficient means of developing, mining and processing the Jericho deposit and potentially other deposits within Demetallica’s broader Chimera project.

PRODUCTION

Eloise Copper Mine

AIC Mines Limited (“AIC Mines” or “the Company”) took ownership of Eloise on 1 November 2021. Current operations consist of an underground mine accessed via decline. The upper levels of the mine (above 1,190m below surface) are extracted by longhole open stoping and the lower levels are extracted by sublevel caving, together producing up to 700,000tpa ore. Eloise is an owner-miner operation with a mining contractor used for underground development.

Processing is via conventional crushing, grinding and sulphide flotation with capacity to treat 750,000tpa. Metallurgically the ore is very consistent as the ore mineralogy at Eloise is almost exclusively chalcopyrite. Processing achieves high copper recoveries and produces a clean concentrate. The concentrate has significant by-product credits from gold and silver.

Safety and Environment

The Total Recordable Injury Frequency Rate (12 month moving average) as at 30 September 2022 was 8.8 per 1 million hours worked. There were two injuries during the Quarter: one when a worker received minor burns as a result of a fire in a surface workshop; and one when a worker needed treatment to remove debris from his eye.

There were two reportable environmental incidents during the Quarter. One related to minor seepage from a catchment dam and another following a burst water pipe. There was no environmental harm caused by either incident and both were resolved during the Quarter.

Sustainability

AIC Mines provided sponsorship to the Cloncurry Rodeo (Cloncurry Merry Muster) during the Quarter.

Sustainability initiatives ongoing during the Quarter included:

- A diesel fuel additive trial to reduce fuel consumption and greenhouse gas emissions was completed and showed negligible impact. Other products are now being procured for testing.
- Flotation testwork to reduce sodium metabisulphite usage, a reagent used to depress pyrite flotation, has shown positive results and testwork is continuing.

Production and Costs

Eloise produced 9,828dmt of concentrate containing 2,629t of copper at an AISC of A\$5.35/lb of copper sold after by-product credits in the September 2022 Quarter. Production was lower than the previous quarter mainly due to low truck availability and limited access to the Deeps due to reduced dewatering capacity in the Deeps. Both factors have subsequently been addressed.

Ore mined during the Quarter was predominantly from the Chloe and Levuka orebodies. The average mined grade of 1.75% Cu was below the average reserve grade of 2.10% Cu as a result of limited access to the Deeps (+3% Cu).

Mine production was restricted during the Quarter due to poor truck availability. To improve truck availability, replacement hire trucks arrived on site at the end of the Quarter to supplement the fleet while two AIC Mines trucks undergo full rebuilds. The first of these trucks left site for rebuild in August 2022 and is due back in November 2022 (see progress photos in Figure 1 below) when the second truck will leave for rebuild.

Unit costs were negatively impacted by low throughput and the lower grade processed during the Quarter.

Although production was below plan in the September 2022 Quarter, the FY23 production target for Eloise of approximately 12,500t Cu and 6,000oz Au in concentrate is still expected to be achieved.

Eloise Production and Cost Metrics	Units	September 2022 Quarter	June 2022 Quarter
Underground development - capital	m	485	609
Underground development - operating	m	480	215
Total development	m	964	824
Ore Mined	kt	150.2	155.7
Copper grade mined	%	1.75%	2.25%
Tonnes processed	kt	153.3	139.2
Copper grade processed	%	1.80%	2.29%
Copper Recovery	%	95.2%	95.7%
Concentrate produced	dmt	9,828	10,814
Copper in concentrate	t	2,629	3,049
Payable copper produced	t	2,530	2,940
Gold produced	oz	1,305	1,392
Silver produced	oz	22,349	28,404
Copper sold	t	2,334	2,880
Achieved copper price	A\$/t	11,389	11,687
Achieved copper price	A\$/lb	5.17	5.30
Gold sold	oz	1,203	1,541
Achieved gold price	A\$/oz	2,692	2,627
Silver sold	oz	18,632	27,918
Achieved silver price	A\$/oz	33	31
Cost Summary			
Mining	A\$/lb prod	1.45	1.20
Processing	A\$/lb prod	1.38	1.12
Site Admin and transport	A\$/lb prod	0.72	0.52
TC/RC and shipping	A\$/lb prod	0.58	0.62
Ore stockpile adjustments	A\$/lb prod	(0.03)	(0.02)
By-product credits	A\$/lb prod	(0.64)	(0.76)
C1 Cash Cost	A\$/lb prod	3.45	2.69
C1 Cash Cost	A\$/lb sold	3.74	2.74
Royalties	A\$/lb sold	0.24	0.27
Metal in Circuit and finished goods	A\$/lb sold	(0.28)	0.08
All-in Sustaining Capital ¹	A\$/lb sold	1.65	1.61
All-in Sustaining Cost	A\$/lb sold	5.35	4.70
All-in Capital ²	A\$/lb sold	1.58	0.94
All-in Cost	A\$/lb sold	6.93	5.64
Depreciation & Amortisation	A\$/lb prod	0.98	1.08

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

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



Figure 1. Progress photos of Truck TR21 undergoing rebuild at Sandvik's Mackay workshop.

Progress photos are at week 6 of 10. The front frame fit-out has commenced with fuel tanks, grease pumps, and lines. The rear frame is at 90% completion.

Mineral Resource and Ore Reserve

During the Quarter AIC Mines released the Eloise Copper Mine annual Mineral Resources and Ore Reserves (MROR) estimates.

Resource definition drilling conducted by AIC Mines since taking ownership of the Eloise Copper Mine in November 2021 successfully increased the Mineral Resource estimate year-on-year in terms of resource tonnes and contained copper, gold and silver. The majority of the increase has been in the Deeps area (Elrose Levuka South – Lower) and from inclusion of the Emerson deposit.

Mineral Resources (see Table 1 below) are estimated using a 1.1% Cu cut-off above 0mRL (1,190m below surface) and 1.4% Cu below 0mRL, based on a long-term copper price of A\$10,500/t and are reported and classified in accordance with the JORC Code (2012). Total Mineral Resource tonnes have increased by 7%, contained copper by 11% and contained gold by 7% year-on-year net of mining depletion.

Table 1. Eloise Copper Mine – Mineral Resources as at 30 June 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	2,668,000	2.5%	0.7	10.6	65,900	59,600	912,500
Inferred	2,083,000	2.4%	0.6	9.3	49,100	40,500	623,700
Total	4,751,000	2.4%	0.6	10.1	115,000	100,100	1,536,200

Mineral Resources are inclusive of Ore Reserves.

Mineral Resources are estimated using a 1.1% Cu cut-off above 0mRL 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.

Similar to the outcome with Mineral Resources, infill drilling and mine planning evaluation successfully increased the Ore Reserve estimate year-on-year in terms of ore tonnes and contained copper, gold and silver. The majority of the increase has been in the Deeps area (Elrose Levuka South – Lower).

Ore Reserves (see Table 2 below) are estimated using a 1.4% Cu cut-off above 0mRL and 1.6% Cu cut-off below 0mRL, based on a long-term copper price of A\$10,500/t and are reported and classified in accordance with the JORC Code (2012). Total Ore Reserve tonnes have increased by 8%, contained copper by 19% and contained gold by 22% year-on-year net of mining depletion of 594,000t grading 2.1% Cu and 0.7g/t Au.

Table 2. Eloise Copper Mine – Ore Reserves as at 30 June 2022

Reserve Category	Tonnes (t)	Cu Grade (%)	Au Grade (g/t)	Ag Grade (g/t)	Contained Copper (t)	Contained Gold (oz)	Contained Silver (oz)
Proved	19,000	1.4%	0.6	9.1	200	300	5,700
Probable	1,526,000	2.3%	0.7	9.7	35,800	32,300	477,600
Total	1,545,000	2.3%	0.6	9.6	36,000	32,600	483,300

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.

For further details see AIC Mines ASX announcement “Increase in Mineral Resources and Ore Reserves at Eloise Copper Mine” dated 22 August 2022.

Exploration and Resource Drilling

Re-evaluation of the historical drilling and mine workings continues to identify numerous opportunities for further increase Mineral Resources and Ore Reserves.

A resource definition drilling program in the **Macy** area, comprising of 42 holes for approximately 5,000m, is in progress. To date, 25 holes for a total of 3,130.4m have been drilled. All holes are being collared off the Macy 700 Access (700m RL or 500mBSL). Drilling has been conducted on a 25m x 25m spacing. Results have confirmed the continuity of the high-grade mineralisation in the Macy area and will upgrade the Mineral Resource from Inferred to Indicated category allowing for conversion to Ore Reserves. Significant intercepts released during the Quarter included:

- MA208 - 5.1m (5.0m ETW) grading 2.75% Cu and 0.52g/t Au
- MA208 - 2.6m (2.5m ETW) grading 4.71% Cu and 1.11g/t Au
- MA209 - 5.6m (5.3m ETW) grading 2.32% Cu and 0.58g/t Au
- MA209 - 3.3m (3.0m ETW) grading 2.86% Cu and 3.37g/t Au
- MA215 - 4.3m (4.0m ETW) grading 2.85% Cu and 0.52g/t Au
- MA215 - 17.4m (12.5m ETW) grading 3.00% Cu and 0.60 g/t Au
- MA216 - 1.6m (1.4m ETW) grading 4.86% Cu and 0.80g/t Au
- MA216 - 7.4m (7.1m ETW) grading 2.26% Cu and 0.96g/t Au
- MA219 - 5.0m (4.7m ETW) grading 2.52% Cu and 0.3g/t Au

More recently, further significant intercepts have been received:

- MA226 – 3.5m (3.3m ETW) grading 2.56% Cu and 0.4 g/t Au
- MA226 – 2.0m (1.9m ETW) grading 2.71% Cu and 0.4 g/t Au
- MA230 – 3.9m (3.6m ETW) grading 2.39% Cu and 0.4 g/t Au
- MA233 – 5.1m (4.7m ETW) grading 3.26% Cu

For further details see Appendix 1 (Table 1) and AIC Mines ASX announcement “Drilling Results from Macy Deposit” dated 3 August 2022. Relevant JORC Code assessment and reporting criteria are contained in the ASX announcement.

A near-mine exploration program in the **Deep**s area to test for a repetition of the mine sequence to the east of the eastern amphibolite returned exceptional results. Drilling intersected a high-grade copper-gold lens located approximately 150m northeast and 100m below the current Deep's mining level (z305mRL). The new discovery has been named Lens 6.

Significant intercepts released during the Quarter included:

- ED226 – 27.6m (20.7m ETW) grading 4.14% Cu
- ED227 – 5.2m (3.9m ETW) grading 1.89% Cu and 1.23g/t Au
- ED227 – 2.1m (1.5m ETW) grading 2.24% Cu and 1.05g/t Au
- ED228A – 2.2m (1.6m ETW) grading 2.30% Cu
- ED228A – 4.0m (3.0m ETW) grading 1.94% Cu
- ED228A – 15.8m (11.8m ETW) grading 1.87% Cu
- ED230 – 10.2m (7.7m ETW) grading 3.44% Cu
- ED232 – 24.5m (18.3m ETW) grading 4.41% Cu

For further details see AIC Mines ASX announcement “Lens 6 Discovery” dated 30 September 2022.

Prior to the current drilling program, the Lens 6 area had not been methodically tested. Only four holes had been drilled east of the eastern amphibolite over a 500m vertical extent. The Lens 6 mineralisation remains open both up and down dip and along strike. Follow-up drilling is underway

Lens 6 is expected to add to the Eloise Mineral Resource in the next update.

Subsequent to the Quarter, results were received from surface exploration drilling at the **Macy North** target and the **Elrose-Levuka North** target. Drilling into a sparsely drilled area has intersected copper mineralisation up to 250m north of the Macy Mineral Resource limits. Drilling at the Macy North target identified mineralisation of mineable grades and widths within 100m of current underground development. For further details see AIC Mines ASX announcement “Exploration Extends Macy Ore Lenses” dated 13 October 2022.

EXPLORATION

AIC Mines has three exploration projects:

- **Marymia Project** – located in Western Australia, prospective for gold and copper. AIC holds a 100% interest in the majority of the tenements.
- **Lamil Joint Venture** – located in Western Australia, prospective for gold and copper. AIC holds a 50% interest.
- **Delamerian Project** – located in western New South Wales, prospective for gold, copper and nickel. AIC holds a 100% interest in the tenements.

Marymia Project (predominantly 100% owned tenements)

Background

AIC Mines holds a very large area of tenements located about 790km northeast of Perth on the northern margin of the Yilgarn Craton. The project includes a joint venture with Venus Metals Corporation Limited (ASX: VMC), the Curara Well JV (Figure 2). AIC Mines withdrew from the Doolgunna Earn-in and JV project with Ausgold Ltd (ASX:AUC) during the September 2022 Quarter.

The Marymia Project is prospective for both gold and copper deposits. It is strategically located within trucking distance of the Plutonic Gold Mine and the DeGrussa Copper Mine.

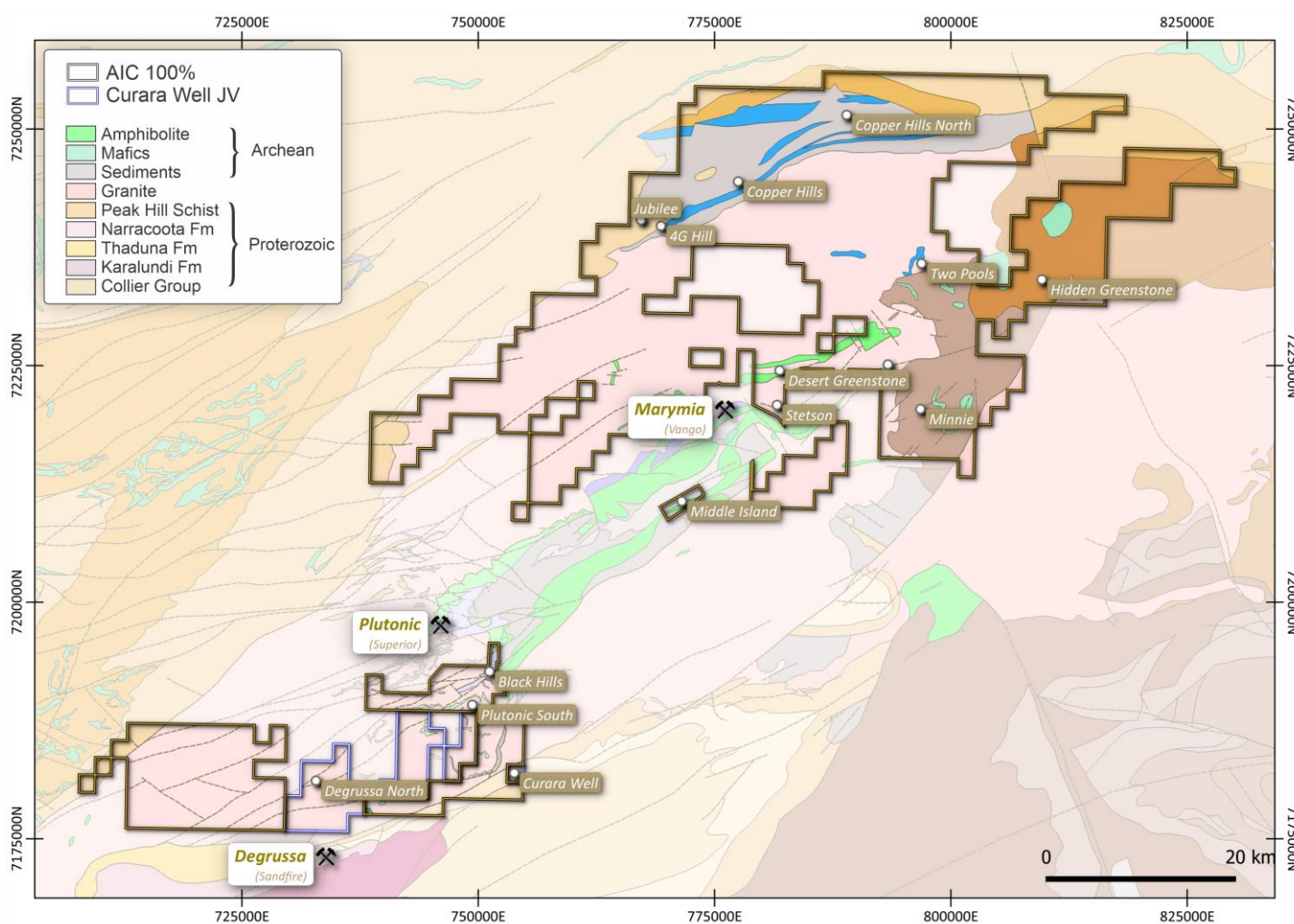


Figure 2. Marymia Project Location

Drilling

At Copper Hills a single diamond hole was completed to a depth of 710m. The hole was designed to confirm the down dip extension of copper mineralisation and provide context as to the stratigraphy and mineralisation style. Interbedded mafic and felsic schist were intersected altered by varying degrees by magnetite, carbonate and chlorite. Sulphide mineralisation was intersected from 350m downhole to the end of the hole. It was hosted in both the mafic and felsic units and consisted of disseminated to stringer sulphides (dominantly pyrite with associated chalcopyrite) typically over 10m intervals and often associated with stringer quartz carbonate veins (Figure 3).

The extensive nature of the mineralisation and style is considered similar to other VHMS style occurrences in the Bryah Basin. A program of RC drilling further testing the trend is due to be completed in October 2022.

At the Black Hills Prospect, four reverse circulation (RC) holes for 1,386m were drilled up dip and along strike of an historical gold intercept of 5m grading 2.67g/t gold from 349m. Drilling intersected ultramafic to mafic stratigraphy (interpreted as the host to the Plutonic deposit), largely as predicted, along with zones of visible sulphide associated with sericite and fuchsite alteration, which is typical of alteration at Plutonic.

At the Middle Island gold prospect, four RC holes for 804m were drilled following up an intercept of 8m grading 0.32g/t Au returned from RC hole 21AMIC005 drilled in 2021. Deeply weathered mafic schist was intersected with weak to moderate alteration logged in several holes.

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



Figure 3. Copper Hills Prospect - mafic schist with chalcopyrite in quartz stringer

Geophysics

Two ground gravity surveys were completed over the southern end of the Plutonic Marymia Greenstone Belt (termed the Doolgunna North area), and a potentially hidden greenstone belt below shallow Earahady basin rocks northeast of the belt; termed the Minnee Target. The surveys were designed to infill the wider 4km spaced government data with 400m x 400m spaced stations. A preliminary review of the data indicates the surveys have been successful in imaging denser bodies (greenstones) under granite at Doolgunna North and younger Paleoproterozoic rocks at Minnee.

Next Steps – Marymia Project

Assay results from the drilling programs are expected to be received late in the December 2022 Quarter or early in the March 2023 Quarter.

Lamil Joint Venture (AIC Mines 50%)

Background

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

During the September 2022 Quarter AIC Mines met its expenditure requirements to earn a 50% interest in the project and did not elect to earn a further 15% by spending \$4 million over one year. AIC Mines and joint venture partner Rumble Resources (ASX: RTR) ("Rumble") each now hold a 50% interest and will contribute equally to exploration expenditure moving forward. The key terms of the earn-in and exploration joint venture agreement are described in the Company's ASX announcement dated 22 July 2019.

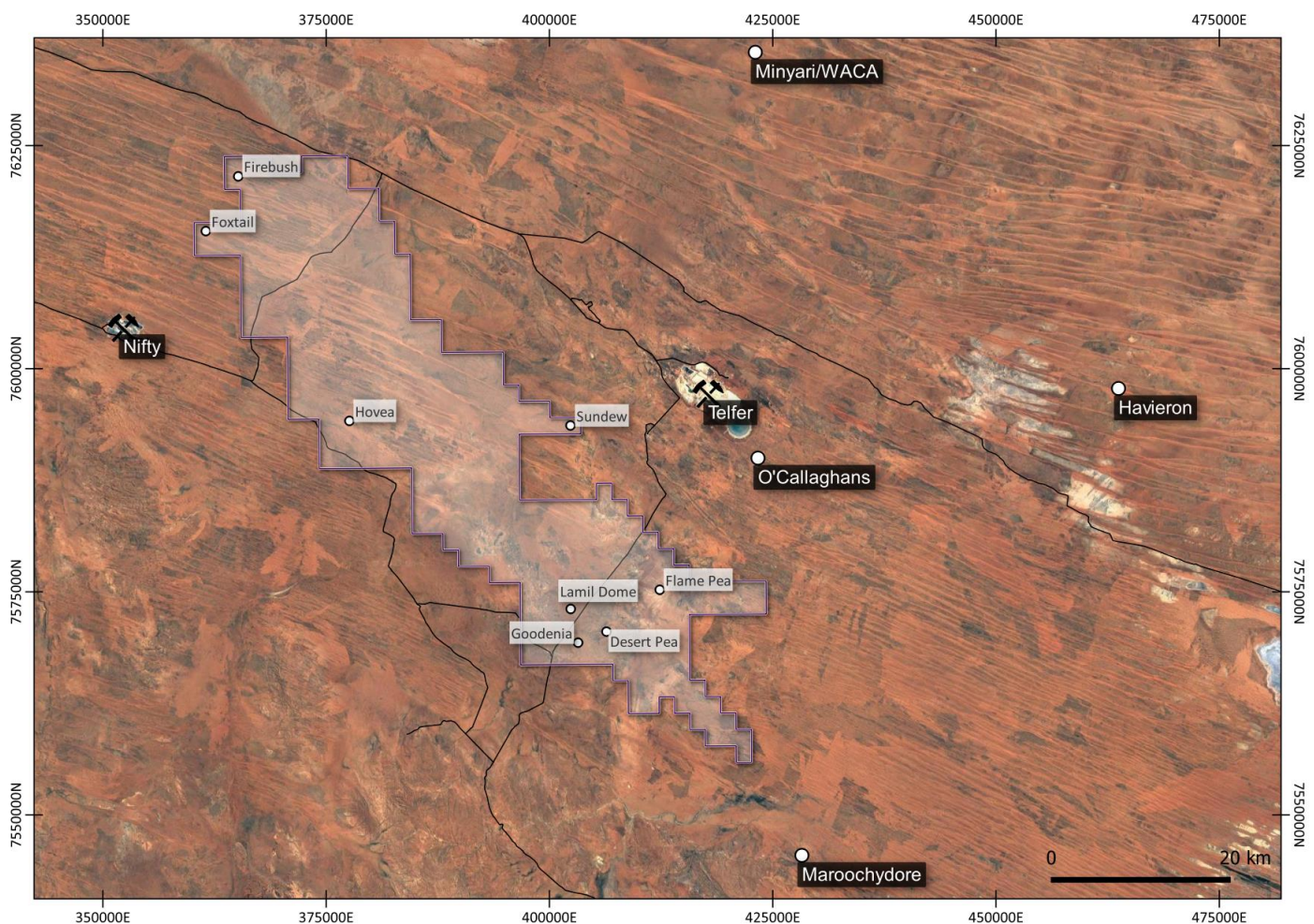


Figure 4. Lamil Project Tenements E45/5270 and E45/5271 with Key Target Areas

Drilling

Diamond drilling commenced at the Lamil Project in June 2022 and was completed during the September 2022 Quarter. Five drillholes for 2,316m of diamond drilling were successfully completed at the Lamil Dome and Goodenia Prospects.

Four diamond drillholes for 1,620m were completed at the **Lamil Dome Prospect** to test for copper sulphide mineralisation along strike and down dip of anomalous stringer style mineralisation associated with a 4-kilometre-long mafic intrusion intersected during the 2020 and 2021 drill campaigns.

All holes intersected mafic intrusive however there was considerable variance in both position and thickness from that modelled. The dolomitic siltstones hosting the intrusives are complexly deformed, with bedding dips ranging from 45° to vertical, and several zones are defined by brecciation, often associated with intense sodic alteration. Down hole electromagnetic (DHEM) surveys were completed on the four diamond holes. No DHEM anomalies were detected.

A single 696m deep diamond hole was drilled at the **Goodenia Prospect** to test a conceptual base metal (Zn-Pb-Cu) target. Wide-spaced RC drilling in 2020 and 2021 intersected intervals of elevated zinc and lead in carbonaceous siltstones overlying a coincident gravity and magnetic anomaly (see AIC Mines ASX announcement “Drilling Results from Lamil Project” released on 9 February 2022).

The hole intersected interbedded siltstone and sandstone units with disseminated blebs of pyrite and sphalerite (average 2% by volume) over metre intervals prior to transitioning to a pyrrhotite dominant (with minor sphalerite) zone toward the end of hole. Although the hole didn’t intersect semi-massive to massive accumulations of base metal sulphide, occasional carbonate-quartz veins, with up to 20% sphalerite and minor galena are present throughout the hole, thus confirming this as a highly anomalous hole from a zinc (\pm lead) perspective (Figure 5).

The Goodenia holes was co-funded by Western Australian Government Exploration Incentive Scheme (EIS) grants.

Drilling at the **Firebush Target**, considered prospective for sediment-hosted zinc-lead deposits (e.g. Warrabarty style) and Telfer gold-copper mineralisation in interpreted Isdell Formation sediments, was abandoned due to difficult drilling conditions in the overburden.

An RC drilling program was completed late in the Quarter. A total of 19 holes were successfully completed for 4,580m of drilling testing three previously untested targets. Six holes for 1,118m were completed at the Sundew Prospect, designed to test for the potential of Telfer-style gold-copper mineralisation below shallow Permian cover associated with a multielement soil anomaly. Two holes for 596m were completed at Flame Pea North and 11 holes for 2,866m were completed at the Flame Pea South targets testing significant magnetic anomalies in the axis of an interpreted anticline.



Figure 5. Goodenia Prospect – sphalerite (black mineral), in the form of marmatite a high-iron sphalerite, infilling a 5cm thick carbonate vein

Next Steps – Lamil Project

Assay results from both the diamond and RC drilling programs are expected to be received in the December 2022 Quarter.

Delamerian Project (AIC Mines 100%)

The Delamerian Project tenement applications at Koonenberry and Loch Lilly Kars were granted during the Quarter. The tenements, located in western New South Wales, are prospective for both base and precious metals. The tenements offer belt-scale exploration opportunities in an emerging and under-explored province – the Delamerian Orogen.

The Delamerian Orogen comprises Late Neoproterozoic to Ordovician rock sequences stretching from eastern South Australia, through western New South Wales and Victoria to western Tasmania (Figure 6). The orogen represents a largely underexplored cratonic margin setting, analogous to other highly endowed provinces in Australia, such as the Paterson Orogen and Albany-Fraser Orogen. The mineral potential of the orogen is well recognised in the areas of outcrop – the Adelaide Fold Belt in South Australia, the Stavelly Belt in Victoria, and the Mount Read Volcanics in Tasmania – however large portions of the orogen covered by younger basins, such as the western margin of the Murray Basin, has historically deterred exploration and thus limited realising the full mineral potential of the orogen.



Figure 6. Delamerian Orogen with Project Location

A site visit to meet with key landholders was conducted during the Quarter. This has provided an excellent foundation for further land access negotiations.

For further details on the Delamerian Project see AIC Mines' ASX announcement "New Exploration Project" dated 18 January 2022.

CORPORATE

Financial Performance

AIC Mines finished the Quarter with \$22.1 million in cash at bank (30 June 2022: \$28.1 million) and \$6.8 million in cash on account for the Eloise performance bond.

Eloise produced 2,530t of payable copper and sold 2,334t of copper during the Quarter at an average price of A\$11,389/t generating \$27.2 million in revenue post revenue deductions and including gold and silver by-product credits. Operating cashflow for the Quarter was \$6.2 million and post capital investment, net mine cashflow was negative \$10.4 million. Cashflow was impacted by lower production, the lower copper price and major capital expenditure related to construction of the new tailings dam (TD5). With the bulk of the TD5 construction works now complete, net mine cashflow is expected to improve markedly in the coming quarters.

Capital investment at Eloise in the Quarter totalled \$16.6 million. Significant items included:

- \$6.7 million related to construction of TD5. As at the end of September \$10.8 million has been invested with the project tracking underbudget. A further \$3.5 million is due to be spent in the December Quarter to complete the build which then provides tailings storage capacity through to 2027;
- \$5.9 million in underground mine development;
- \$1.7 million related to resource definition drilling and near-mine exploration; and
- \$1.5 million in major project capital – predominantly mine development in the Eloise Deeps.

This significant capital investment during the Quarter ensures that Eloise will be strongly positioned to optimise for future long-term production at a lower and robust cost profile.

Cash received during the Quarter related to the provisionally priced concentrate shipments in June, July and August 2022 of which 90% of the shipment values were received with the remaining amounts subject to finalisation of the quotational periods and shipment assays. Finalisation amounts for March, April and May 2022 were also received during the Quarter. In order to maintain a robust cash position, 85% of September production was presold during the Quarter.

The table below summarises cash movements for AIC Mines.

Cashflow (A\$ Millions)	March 2022 Quarter	June 2022 Quarter	September 2022 Quarter
Operating mine cashflow	24.4	14.4	6.2
Total capital	(10.4)	(16.2)	(16.6)
Net Mine Cashflow	14.0	(1.8)	(10.4)
Corporate and exploration	(3.0)	(2.2)	(3.2)
Net Interest and other income	(0.1)	0.6	0.1
Working capital movement	(4.4)	(0.3)	7.6
Group Cashflow	6.5	(3.6)	(6.0)
Eloise purchase (deferred payment)	-	(2.0)	-
Acquisition and integration costs	(1.8)	(0.2)	(0.0)
Net Group Cashflow	4.7	(5.8)	(6.0)
Opening Cash Balance 1 Jan 2022	29.3		
Opening Cash Balance 1 April 2022		33.9	
Opening Cash Balance 1 Jul 2022			28.1
Closing Cash Balance	33.9	28.1	22.1

The Eloise AISC of A\$5.35/lb copper sold during the Quarter was higher than the June 2022 Quarter primarily due to lower production.

Towards the end of the Quarter Eloise has seen cost pressures moderating with diesel prices softening and transport costs related to the seaborne trade of copper concentrates declining from historically high levels. Although Eloise sells its copper concentrate domestically to the Mt Isa Smelter it is subject to a freight rate equalisation charge which is based off ocean freight rates between Townsville and primary Asian refiners. Lower ocean freight rates therefore translate to lower costs for Eloise concentrate.

Exploration expenditure at the Marymia and Lamil projects during the Quarter totalled \$1.9 million. AIC Mines earned a 50% interest in the Lamil joint venture following completion of the Stage 1 earn-in expenditure requirement. Completion of Stage 1 triggered a milestone payment from AIC Mines to Rumble. AIC Mines completed this requirement by issuing 544,573 AIC Mines shares to Rumble and subscribing for 962,094 Rumble shares at a cost of \$250,000.

Subsequent to the Quarter an updated estimated rehabilitation cost (ERC) decision was received from the Queensland Department of Environment and Science. The updated ERC of \$16.3 million (from \$6.8 million previously) is based on an increased area of disturbance at Eloise. The increase more accurately reflects the true area of disturbance at Eloise and is a result of a more open and consultative relationship between AIC Mines and the Department of Environment and Science. The area of disturbance includes the new tailings dam (TD5) area but the ERC does not incorporate the estimated rehabilitation cost of TD5. This amount will be added on final permitting for TD5.

AIC Mines currently has a cash-backed \$6.8 million performance bond in place with Queensland Treasury. AIC Mines plans to replace the cash-backed bond and fund the increased amount (i.e. \$9.5 million) by way of a secured financing facility, at commercial interest rates. The financing facility will effectively free up the \$6.8 million currently held against the performance bond, improving AIC Mines' working capital position.

Takeover Offer for Demetallica

AIC Mines launched an off-market takeover offer (the “Offer”) for all of the shares in Demetallica Limited (“Demetallica”) (ASX:DRM) on 19 September 2022. Under the terms of the Offer, AIC Mines has offered Demetallica shareholders 1 AIC Mines share for every 1.5 Demetallica shares held.

The Bidder's Statement related to the Offer was mailed to Demetallica shareholders on 5 October 2022. The Offer is now open for acceptance and is scheduled to close at 7.00pm (Sydney time) on 7 November 2022, unless extended or withdrawn.

At the time of announcement, the Offer valued Demetallica at \$0.337 per share and provided a significant premium of 68% to Demetallica's last closing price of \$0.20 per share.

AIC Mines' Eloise copper mine and processing facility is only 4 kilometres from Demetallica's Jericho copper deposit. Combining these assets will provide the quickest and most efficient means of developing, mining and processing the Jericho deposit and potentially other deposits within Demetallica's broader Chimera project.

The combination of AIC Mines and Demetallica's exploration projects also creates a complementary exploration portfolio that can be more effectively explored as part of a larger and financially stronger mining company.

By receiving AIC Mines shares as Offer consideration Demetallica shareholders will continue to have exposure to the future upside associated with the Jericho copper deposit and Demetallica's other exploration assets while also participating in the value uplift expected to result from the more efficient development of the copper resources at the Chimera project.

For further details see AIC Mines ASX announcement “AIC Mines Announces Takeover Offer for Demetallica” dated 19 September 2022.

Authorisation

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

Competent Person's Statement – Exploration Results

The information in this report that relates to Exploration Results is based on, and fairly represents information compiled by Michael Taylor who is a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Michael is a full-time employee of AIC Mines Limited. Michael consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Person's Statement – Eloise Drilling Results

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

Exploration Information Extracted from ASX Announcements

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details, including 2012 JORC Code reporting tables where applicable, can be found in the following announcements lodged on the ASX:

- | | |
|--|-------------------|
| • Drilling Commences at the Lamil Gold-Copper Project | 23 June 2022 |
| • Drilling Results from Macy Deposit | 3 August 2022. |
| • Exploration Update, Lamil Project | 8 August 2022 |
| • Increase in Mineral Resources and Ore Reserves at Eloise Copper Mine | 22 August 2022. |
| • Drilling Commences at the Marymia Gold and Copper Project | 15 September 2022 |
| • Lens 6 Discovery | 30 September 2022 |
| • Exploration Extends Macy Ore Lenses | 13 October 2022 |

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

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

Forward Looking Statements

This announcement contains forward looking statements about AIC Mines and Eloise. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", "target" and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates, expected costs or production outputs, the outcome and effects of the proposed Transaction and future operation of AIC Mines. To the extent that these materials contain forward looking information, the forward looking information is subject to a number of risk factors, including those generally

associated with the gold industry. Any such forward looking statement also inherently involves known and unknown risks, uncertainties and other factors that may cause actual results, performance and achievements to be materially greater or less than estimated. These factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which AIC Mines and Eloise operate or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation. Any such forward looking statements are also based on current assumptions which may ultimately prove to be materially incorrect. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. The forward looking statements are based on information available to AIC Mines as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), AIC Mines undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance on, future earnings or financial position or performance are also forward looking statements.

Appendix 1

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

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

Hole ID	Hole Type	Northing Local (m)	Easting Local (m)	Elevation Local (m)	Hole Length (m)	Dip Local	Azi Local	From (m)	To (m)	Downhole Interval (m)	ETW (m)	Copper Grade %	Gold Grade g/t	Lens Number
MA219	DD	82,783.48	97,422.00	707.82	148.20	40.16	279.86	47.65	51.00	3.4	3.1	1.76	0.6	5
								99.00	103.00	4.0	3.7	1.23	0.2	3
								122.30	127.30	5.0	4.7	2.52	0.3	1
MA224	DD	82,878.11	97,434.18	715.58	124.00	1.16	322.80	45.30	47.80	2.5	1.8	1.57	0.1	5
								94.95	100.10	5.1	2.2	1.07	0.2	1
MA225	DD	82,876.45	97,433.28	717.26	112.00	29.40	281.89	36.76	40.70	3.9	3.7	1.83	1.1	5
MA226	DD	82,878.17	97,433.72	717.16	131.00	25.24	317.32	96.13	105.80	9.7	9.4	1.63	0.6	1
								47.50	51.00	3.5	3.3	2.56	0.4	5
								113.00	115.00	2.0	1.9	2.71	0.4	1
MA230	DD	82,875.83	97,433.72	715.74	104.30	2.35	261.98	128.40	131.40	3.0	2.8	1.07	1.3	1
								35.40	38.67	3.3	3.0	1.42	0.7	5
								87.45	91.30	3.9	3.6	2.39	0.4	1
MA231	DD	82,877.62	97,434.12	715.72	143.42	2.35	310.39	36.65	39.85	3.2	3.0	1.08	1.0	5
								81.25	85.35	4.1	3.8	1.61	0.8	1
MA233	DD	82,875.08	97,433.24	717.38	143.20	29.73	247.22	44.01	49.10	5.1	4.7	3.26	AP	5
								94.30	99.20	4.9	4.6	1.06	AP	2
								113.18	114.64	1.5	1.4	1.51	AP	1
								127.90	129.95	2.1	1.9	1.86	AP	1
MA234	DD	82,876.58	97,434.12	715.23	107.40	18.38	279.15	32.34	38.85	6.5	6.1	1.74	AP	5
								84.20	86.20	2.0	1.9	1.33	AP	2
								88.00	96.10	8.1	7.5	1.19	AP	1
MA237	DD	82,877.93	97,433.83	716.50	119.00	16.89	311.36	83.05	91.80	8.8	6.9	1.46	AP	1

Data aggregation method uses length weighting averaging technique with:

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

Downhole intervals are rounded to one decimal place

ETW – Estimated True Width