



## Half Year Financial Report 31 December 2018

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# Corporate Directory

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**ACN 619 035 737**

## **ASX CODE**

A1C

60,075,000 shares are listed on the Australian Stock Exchange (ASX) (an additional 14,925,001 shares remain in escrow until 1 December 2019)

## **DIRECTORS**

Josef El-Raghy	Chairman
Aaron Collieran	Managing Director and CEO
Brett Montgomery	Non-Executive Director
Heidi Brown	Non-Executive Director

## **COMPANY SECRETARY**

Heidi Brown

## **REGISTERED OFFICE**

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Email: [info@aicresources.com.au](mailto:info@aicresources.com.au)

## **BANKERS**

National Australia Bank  
100 St Georges Terrace  
Perth WA 6000

## **SHARE REGISTER**

Computershare Investor Services Pty Limited  
Level 11  
172 St Georges Terrace  
Perth WA 6000

## **INDEPENDENT AUDITORS**

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000

## **WEBSITE ADDRESS**

[www.aicresources.com.au](http://www.aicresources.com.au)

# Directors' Report

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The directors submit their report for AIC Resources Limited ("AIC" or "the Company") for the half year ended 31 December 2018.

## **DIRECTORS**

The names and details of the Company's directors in office during the half year and until the date of this report are as follows:

**Josef El-Raghy**  
**Chairman**  
**Appointed 11 May 2017**

Josef holds a Bachelor of Commerce degree from the University of Western Australia and had a ten year career in stock broking. Josef is currently Chairman of Centamin plc, where he has been responsible for overseeing the transition from small explorer, through construction and into production. He was formerly a director of both CIBC Wood Gundy and Paterson Ord Minnett.

**Aaron Colleran**  
**Managing Director and CEO**  
**Appointed 11 February 2019**

Mr Colleran was a founding member of the leadership team of Australian gold producer Evolution Mining Limited (ASX:EVN), having managed its business development and investor relations program from inception through to the end of 2018. Originally an exploration geologist with Placer Dome Australia, he worked as a mining analyst with stockbroker Eyres Reed Limited before moving into investment banking with CIBC World Markets and Standard Bank Plc. In 2006, Mr Colleran set up a consultancy business providing corporate advice to resource companies and worked closely with companies including Centamin Egypt Limited and Sino Gold Mining Limited. He joined Conquest Mining Limited in 2010 when it had a market capitalisation of \$100 million and was instrumental in the multiple merger and acquisition transactions that created Evolution Mining, now one of Australia's largest gold mining companies, with a market capitalisation of \$6.4 billion. Mr Colleran is also a Non-Executive Director of Kidman Resources Limited (ASX:KDR) and Riversgold Limited (ASX:RGL).

**Brett Montgomery**  
**Non-Executive Director – Appointed 11 February 2019**  
**Managing Director – Appointed 11 May 2017, resigned 11 February 2019**

Brett has extensive experience in public company management, leadership, corporate governance and risk management in both executive and non-executive roles. Brett is currently Non-Executive Director of Tanami Gold NL and Bard1 Life Sciences Limited. He was previously Managing Director of Kalimantan Gold NL, and Director of Grants Patch Mining Ltd, EZA Corporation Ltd and Magnum Gas and Power Ltd.

**Heidi Brown**  
**Non-Executive Director - Appointed 11 May 2017**  
**Company Secretary - Appointed 11 May 2017**

Heidi is a Fellow Chartered Secretary and a Graduate of the AICD Company Directors Course. Heidi holds a Graduate Certificate of Applied Finance and Investment and a Diploma of Financial Advising from FINSIA. Heidi was the company secretary of Centamin plc from July 2004 until December 2012, during which time, she contributed to the company's growth from a small exploration company to a multi-billion dollar company.

The directors were in office for the entire period unless otherwise stated.

# Directors' Report

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## CORPORATE STRUCTURE

AIC Resources Limited ("AIC" or "the Company") is a company limited by shares that is incorporated and domiciled in Australia.

## NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

AIC is an early stage gold exploration and development company.

The Company is the 100% owner of the ~3,200km<sup>2</sup> Marymia Project located 1,200km north-east of Perth on the northern margin of the Yilgarn.

The Marymia Project is considered to have the potential to host gold ore deposits. Additionally, some tenements have the potential to host base metal, lithium or rare earth metal mineralisation. The Company proposes to undertake an exploration work program in order to define a mineral resource capable of sustaining an independent and viable mining operation.

Please refer to the Company's website for further information ([www.aicresources.com.au](http://www.aicresources.com.au)).

## REVIEW OF OPERATIONS

The Company recorded an operating loss after income tax of \$244,585 for the half year ended 31 December 2018 (31 December 2017: \$1,156,503).

There was no dividend declared or paid during the half year.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 20 September 2018, the Company entered into a Farm-in and Joint Venture Heads of Agreement ("Agreement") with Venus Metals Corporation Limited (ASX: VMC) ("Venus") under which, subject to the satisfaction of regulatory consents, AIC may earn an 80% interest of the Doolgunna Tenements ("the Project"), located in the Eastern Gascoyne Region of Western Australia, under the terms disclosed below.

The Project comprises E52/3069, E52/3320, E52/3487, E52/3488 and E52/3489 covering ~90km<sup>2</sup> and is located approximately 12km to the south of the Plutonic Gold Mine, and 18NE of Sandfire Resources high-grade Degussa Copper Mine, and is contiguous with AIC's current land package. The Project is prospective not only for the Volcanic-Hosted Massive Sulphide ("VHMS") base metal mineralisation like that found at DeGrussa, but also orogenic Plutonic-style gold mineralisation.

Under the terms of the Agreement:

- AIC has the right to earn 80% interest in the Project by expending \$175,000 ("Commitment Expenditure") over a term of two years ("Earning Period").
- During the Earning Period, AIC must keep the Project in good standing.
- Upon AIC meeting the Commitment Expenditure, Venus will be required to transfer an 80% interest in the Project to AIC and the parties will form an unincorporated joint venture in respect of the Project with Venus retaining a 20% interest in the Project.
- Venus's 20% joint venture interest will be free carried until a decision to mine is made by Venus and AIC.
- If a decision to mine is made, Venus may elect to contribute to all ongoing joint venture expenditure in accordance with its 20% interest, or elect to convert its 20% interest to a 1.5% net smelter return royalty.

# Directors' Report

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## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Aaron Colleran was appointed Managing Director and CEO on 11 February 2019. A summary of the key terms of his Executive Service Agreement are:-

Type of Employment	Permanent Part Time (three days per week) to 30 June 2019 and thereafter Permanent Full Time (i.e. five days per week).
Commencement Date	11 February 2019.
Base Remuneration	\$250,000 per annum (inclusive of superannuation contribution).
Short Term Incentive Bonus (STI)	<p>Short term incentive bonus based on 100% of Base Remuneration awarded annually.</p> <p>Calculation and payment of any STI will be based on performance against criteria such as the Company's financial and share price performance and Mr Colleran meeting key objectives. The STI may be paid in part or in full depending on Mr Colleran meeting such criteria and objectives. Specific criteria and objectives will be agreed with the Chairman of the Remuneration Committee following the Commencement Date and subsequently in July of each year.</p> <p>Payment of any STI is at the absolute discretion and is subject to approval by the Board. It may be made in cash or shares, in part or in full.</p>
Long Term Incentive Plan (LTI)	<p>An annual grant of Performance Rights, based on 100% of Base Remuneration divided by the 30 day VWAP of the Company's Shares.</p> <p>Grant of Performance Rights will be subject to the terms of the Employees' Performance Rights Plan to be developed and adopted by the Board.</p> <p>The Performance Rights will not be able to be sold within three years of the relevant grant date unless agreed in writing by the Board.</p>
Initial LTI Grant	<p>An initial grant of three tranches of Performance Rights (Initial Grant) as described below. Vesting will be subject to Mr Colleran remaining employed by the Company and achievement of the following share price hurdles:</p> <ul style="list-style-type: none"><li>• Tranche 1 – 4,000,000 Performance Rights will vest at any time up to two years from the Commencement Date when the 60 day VWAP of the Company's share price is 15c or more (Tranche 1 Vesting Date);</li><li>• Tranche 2 – 4,000,000 Performance Rights will vest at any time up to three years from the Commencement Date when the 60 day VWAP of the Company's share price is 20c or more (Tranche 2 Vesting Date); and</li><li>• Tranche 3 – 4,000,000 Performance Rights will vest at any time up to four years from the Commencement Date when the 60 day VWAP of the Company's share price is 30c or more (Tranche 3 Vesting Date). Tranche 3 is subject to shareholder approval.</li></ul>
Change of control	<p>If a change of control occurs:</p> <ul style="list-style-type: none"><li>• within the first 3 months of Mr Colleran's appointment, the Company, Mr Colleran and the relevant third party acquirer will seek to agree to substitute any unvested Performance Rights with equivalent incentives in the third party acquirer; or</li><li>• after the first 3 months of Mr Colleran's appointment, all unvested Performance Rights will immediately vest.</li></ul>
Notice Period for Termination by Mr Colleran	<p>During the 12 months from the Commencement Date, Mr Colleran may terminate the Agreement by giving the Company 12 weeks' written notice of termination.</p> <p>On and from the 12 months after the Commencement Date, Mr Colleran may terminate the Agreement by giving the Company 16 weeks' written notice of termination.</p>

# Directors' Report

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## Notice Period for Termination by AIC Resources

During the 12 months from the Commencement Date, should the Company no longer employ Mr Colleran, or in the event of diminution of duties, then the Company is deemed to have provided 12 weeks' notice of termination.

On and from the 12 months after the Commencement Date, should the Company no longer employ Mr Colleran, or in the event of diminution of duties, then the Company is deemed to have provided 12 months' notice of termination.

Mr Colleran's employment may also be terminated by the Company in circumstances of his misconduct, illness or poor performance.

Brett Montgomery stepped down from Managing Director on 11 February 2019, but remains on the Board as a Non-Executive Director, receiving a fee of \$40,000 per annum plus superannuation.

On 20 February 2019, the Company and Intrepid Mines Limited (ASX:IAU) ("Intrepid") announced that following the unsuccessful close of the Intrepid takeover offer for AIC on 5 February 2019, the companies re-engaged, having recognised the merit in combining the two companies, and had agreed to merge the companies on revised terms. The merger will be implemented by way of an off-market takeover offer to be made by Intrepid for all of the issued ordinary shares in AIC ("Offer"). Under the Offer, Intrepid is offering 1 Intrepid share for every 2 AIC shares held. Upon successful completion of the transaction, existing AIC shareholders and Intrepid shareholders will own approximately 73% and 27% of the combined entity, respectively.

The Offer is subject to a number of conditions, including:

- the receipt of acceptances under the proposed merger in respect of at least 90% of the AIC shares;
- the approval of the issue of the Intrepid shares by Intrepid shareholders for the purposes of ASX Listing Rule 7.1, on account of the proposed merger constituting a 'reverse takeover' for the purposes of the ASX Listing Rules; and
- the approval of the acquisition by Intrepid of all of the AIC shares held by Brahman Pure Alpha Pte Ltd ("Brahman") (and the issue by Intrepid of one Intrepid share for every two AIC shares held by Brahman, to Brahman) under, and on the terms of, the Offer, for the purposes of ASX Listing Rule 10.1.

There were no significant events following the balance date that affected the Company's equity or state of affairs.

## AUDITOR INDEPENDENCE

Section 307C of the *Corporations Act 2001* requires our auditors, Ernst & Young, to provide the directors of the Company with an Independence Declaration in relation to the review of the financial report. This Independence Declaration is disclosed on page 6 of this report and forms part of this Directors' Report for the half year ended 31 December 2018.

Signed in accordance with a resolution of the directors



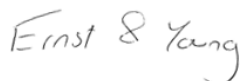
Aaron Colleran  
Managing Director and CEO

01 March 2019

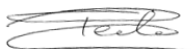
## Auditor's Independence Declaration to the Directors of AIC Resources Limited

As lead auditor for the review of the financial report of AIC Resources Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Philip Teale  
Partner  
1 March 2019



# Directors' Declaration

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In accordance with a resolution of the directors of AIC Resources Limited, I state:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001* including:
  - (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half year then ended; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The declaration is signed in accordance with a resolution of the Board of Directors.

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

Aaron Colleran  
Managing Director and CEO

01 March 2019

# Statement of Comprehensive Income

## FOR THE HALF YEAR ENDED 31 DECEMBER 2018

		For the half year ended 31 December 2018 \$	For the half year ended 31 December 2017 \$
	Notes		
Interest income		86,967	2,668
Other income			
- KLL shares received on sale of portion of tenement	11	1,875,000	-
- KLL options received on sale of portion of tenement	11	790,155	-
- Recoup of employee services		7,725	-
<b>Total other income</b>		<b>2,672,880</b>	<b>-</b>
Directors', employee and consultant benefit expenses			
- Wages & salary (corporate and exploration)		(181,847)	(91,285)
- Directors fees		(50,000)	(50,000)
- Consulting fees (exploration)		(323,565)	(238,243)
- Superannuation		(21,793)	(13,422)
Compliance costs	3(a)	(41,323)	(44,730)
Administration costs	3(b)	(200,178)	(121,187)
Depreciation expense		(43,744)	(9,248)
Exploration and evaluation costs	3(c)	(1,619,364)	(591,056)
Fair value loss on financial assets	3(d)	(522,618)	-
<b>Loss before income tax expense</b>		<b>(2,917,465)</b>	<b>(1,156,503)</b>
Income tax expense		-	-
<b>Net loss after income tax expense for the period</b>		<b>(2,917,465)</b>	<b>(1,156,503)</b>
<b>Total comprehensive loss for the period</b>		<b>(244,585)</b>	<b>(1,156,503)</b>
<b>Total comprehensive loss for the period is attributable to:</b>			
Owners of AIC Resources Limited		(244,585)	(1,156,503)
		<b>(244,585)</b>	<b>(1,156,503)</b>
<b>Loss per share</b>			
Basic loss per share	9	(0.003)	(0.035)
Diluted loss per share	9	(0.003)	(0.035)

The accompanying notes form part of these financial statements.

# Statement of Financial Position

## AS AT 31 DECEMBER 2018

	Notes	As at 31 December 2018 \$	As at 30 June 2018 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		5,277,461	7,759,828
Prepayments		242,929	260,745
Trade and other receivables	8	191,745	85,229
Financial assets at fair value through profit and loss	10	2,142,537	-
<b>Total Current Assets</b>		<b>7,854,672</b>	<b>8,105,802</b>
<b>Non-Current Assets</b>			
Capitalised exploration and evaluation expenditure	7	1,200,000	1,200,000
Plant and equipment		119,496	156,283
<b>Total Non-Current Assets</b>		<b>1,319,496</b>	<b>1,356,283</b>
<b>Total Assets</b>		<b>9,174,168</b>	<b>9,462,085</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	89,461	132,793
<b>Total Current Liabilities</b>		<b>89,461</b>	<b>132,793</b>
<b>Total Liabilities</b>		<b>89,461</b>	<b>132,793</b>
<b>Net Assets</b>		<b>9,084,707</b>	<b>9,329,292</b>
<b>Equity</b>			
Issued capital	5	11,926,815	11,926,815
Accumulated losses		(2,842,108)	(2,597,523)
<b>Total Equity</b>		<b>9,084,707</b>	<b>9,329,292</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

## FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Notes	For the half year ended 31 December 2018 \$	For the half year ended 31 December 2017 \$
<b>Cash flows from operating activities</b>			
Gross interest received		89,595	2,668
Payments for exploration and evaluation		(2,026,110)	(548,999)
Payments to suppliers, employees and contractors		(538,896)	(380,646)
Net cash used in operating activities		(2,475,411)	(926,977)
<b>Cash flows from investing activities</b>			
Payment for plant and equipment		(6,956)	(94,382)
Net cash used in investing activities		(6,956)	(94,382)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	10,200,000
Payment of share issue costs		-	(586,278)
Net cash from financing activities		-	9,613,722
Net (decrease)/increase in cash and cash equivalents held		(2,482,367)	8,592,363
Cash and cash equivalents at beginning of half year		7,759,828	711,957
<b>Cash and cash equivalents at end of half year</b>		<b>5,277,461</b>	<b>9,304,320</b>

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Issued capital	Accumulated losses	Total
	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>2,300,000</b>	<b>(289,194)</b>	<b>2,010,806</b>
Issue of shares – 2,000,000 @ \$0.10 (seed capital)	200,000	-	200,000
Issue of shares – 50,000,000 @ \$0.20 (IPO)	10,000,000	-	10,000,000
Share issue costs	(573,185)	-	(573,185)
Net loss for the period	-	(2,308,329)	(2,308,329)
<b>Balance at 30 June 2018</b>	<b>11,926,815</b>	<b>(2,597,523)</b>	<b>9,329,292</b>
Issue of shares	-	-	-
Share issue costs	-	-	-
Net loss for the period	-	(244,585)	(244,585)
<b>Balance at 31 December 2018</b>	<b>11,926,815</b>	<b>(2,842,108)</b>	<b>9,084,707</b>

The accompanying notes form part of these financial statements.

# Notes to the Half Year Financial Statements

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## 1. CORPORATE INFORMATION

AIC Resources Limited ("AIC" or "the Company") is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. These financial statements are presented in Australian dollars. The condensed financial report was authorised for issue by the directors on 01 March 2019 in accordance with a resolution of the directors. The nature of the operations and principal activities of the Company are described in the Directors' Report.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

### (a) Basis of preparation

This general purpose condensed financial report for the half year ended 31 December 2018 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half year financial report should be read in conjunction with the most recent annual financial report for the period ended 30 June 2018. It is also recommended that the half year financial report be considered together with any public announcements made by AIC during the half year ended 31 December 2018 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

### (b) Changes in accounting policies and disclosures

The Company applied AASB 15 *Revenue from contracts with customers* (AASB 15) and AASB 9 *Financial Instruments* (AASB 9) for the first time from 1 July 2018. The nature and effect of these changes as a result of the adoption of these new standards are described below. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations applied for the first time in the current period, but did not have an impact on the financial statements of the Company and, hence, have not been disclosed. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

#### *AASB 15 Revenue from contracts with customers*

The Company adopted AASB 15 from 1 July 2018, however, there was no impact on adoption as the Company does not recognise any income other than interest income which is excluded from the scope of AASB 15.

#### *AASB 9 Financial instruments*

The Company adopted AASB 9 from 1 July 2018, however, the impact of adoption was not material.

# Notes to the Half Year Financial Statements

	For the half year ended 31 December 2018 \$	For the half year ended 31 December 2017 \$
<b>3. EXPENSES</b>		
<b>(a) Compliance costs</b>		
Accounting/audit/company secretarial fees/shareholder meetings	10,285	41,953
ASX fees	15,061	1,984
Share registry fees	15,977	793
	<b>41,323</b>	<b>44,730</b>
<b>(b) Administration costs</b>		
Office expenses (rent, parking, electricity)	14,857	19,091
Costs of capital raising (not attributable to equity)	-	70,806
Insurance	14,236	4,135
Telephone	748	1,055
Travel	2,033	10,421
Legal fees	141,762	-
Other administration costs	26,542	15,679
	<b>200,178</b>	<b>121,187</b>
<b>(c) Exploration and evaluation costs</b>		
Airborne geophysical survey	-	320,634
Rents, rates, tenement management, native title and other tenement costs	331,854	77,805
Stamp duty on transfer of tenements	-	55,715
Assays	427,792	28,702
Motor vehicle expenses	57,884	36,326
Accommodation and meals	37,193	55,000
RC Drilling	679,134	-
Other exploration expenses	85,507	16,874
	<b>1,619,364</b>	<b>591,056</b>
Note the above expenditure includes expenditure on the Venus Joint Venture tenements		
<b>(d) Fair value loss on financial assets</b>		
Fair value loss on listed shares held	300,000	-
Fair value loss on unlisted options held	222,618	-
	<b>522,618</b>	<b>-</b>

# Notes to the Half Year Financial Statements

## 4. SEGMENT INFORMATION

The Company operates in one geographical area being Australia and one industry, being exploration for the period to 31 December 2018. The Chief Operating Decision Makers are the Board of Directors and management of the Company. There is only one operating segment identified being 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.

## 5. ISSUED CAPITAL

### a) Issued and paid up

	31 December 2018 \$	30 June 2018 \$
Issued and fully paid	11,926,815	11,926,815
Total	11,926,815	11,926,815

### b) Movement in shares on issue

	31 December 2018	
	Number of Shares	Amount Paid \$
At 1 July 2018	75,000,001	11,926,815
Issued during the period	-	-
Cost of issue	-	-
At 31 December 2018	75,000,001	11,926,815

## 6. COMMITMENTS & CONTINGENCIES

Since the last annual reporting date, there has been no material change in commitments or contingencies of the Company.



# Notes to the Half Year Financial Statements

## 7. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	As at 31 December 2018	As at 30 June 2018
	\$	\$
<b>Costs carried forward in respect of:</b>		
<b>Acquisition of tenements – At cost</b>		
Balance at beginning of the half year	1,200,000	1,200,000
Acquisition of tenements	-	-
<b>Total capitalised exploration and evaluation expenditure</b>	<b>1,200,000</b>	<b>1,200,000</b>

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right to tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Tenement Application ELA52/3087 has not yet been granted. To the effect that if this tenement is not granted it does not adversely affect the prospectivity of the Marymia Project and the proposed exploration budget or program will not be revised. Note that CML is the registered applicant of ELA 52/3087 and once this application is granted, application will be made for the tenement to be transferred to AIC. This tenement was recommended for approval.

The Company announced on 29 October 2018 that it had entered into an agreement to sell a portion of tenement E69/3247 to Kalium Lakes Limited ("Kalium" or "KLL"). The portion sold represented approximately 4% of the Company's tenement holdings at that time, as such, no reduction has been recorded in the carrying value of the capitalised exploration and evaluation expenditure, as the board does not consider the sale portion to be material.

## 8. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	31 December 2018	30 June 2018
	\$	\$
Receivables*	51,605	36,762
Trade and other payables*	(82,560)	(131,562)

\* Statutory receivables and payables such as GST paid/collected are not financial instruments and have been excluded above

The fair value of financial assets and financial liabilities of the Company approximate their carrying amount due to their short term nature.

# Notes to the Half Year Financial Statements

## 9. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period.

The basic and diluted loss per share are the same as there are no instruments on issue that have a dilutive effect on the loss per share.

	As at 31 December 2018 \$	For the half year ended 31 December 2017 \$
Net loss attributable to ordinary shareholders	(244,585)	(1,156,503)
Weighted average number of ordinary shares	75,000,001	33,487,773
<b>Basic and diluted loss per ordinary share</b>	<b>(0.003)</b>	<b>(0.035)</b>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	31 December 2018 \$	30 June 2018 \$
Fair value of listed shares in KLL	1,575,000	-
Fair value of unlisted options over shares in KLL (see note 11)	567,537	-
	<b>2,142,537</b>	<b>-</b>

The fair value movement of these financial assets held at fair value through profit and loss for the period was a loss of \$522,618.

### Fair value hierarchy

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

# Notes to the Half Year Financial Statements

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

31 December 2018

	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non- market observable inputs (Level 3)	Total
<b>Financial Assets</b>				
Financial assets at fair value through profit and loss				
Listed shares	1,575,000	-	-	<b>1,575,000</b>
Unlisted options (see note 11)	-	567,537	-	<b>567,537</b>
	<b>1,575,000</b>	<b>567,537</b>	-	<b>2,142,537</b>

There were no financial instruments measured at fair value as at 30 June 2018.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed shares are based on quoted market prices.

### 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.

The table above illustrates the classification of the Company's financial instruments based on the fair value hierarchy. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

## 11. KALIUM LAKES OPTIONS

The Company announced on 29 October 2018 that it had entered into an agreement to sell a portion of tenement E69/3247 to Kalium Lakes Limited (ASX:KLL) ("Kalium"). The consideration for the sale was 5 million fully paid ordinary shares (Shares) and 5 million options to acquire Shares (Options) in Kalium. The Shares and Options are subject to a 12 month escrow period from the date of issue. The Options have an exercise price of \$0.50 each and will expire on 30 June 2025.

The options were valued using the Black Scholes pricing method, using 60% volatility, 5.5% government interest rate and no discount.

## 12. RELATED PARTY TRANSACTIONS

Since the last annual reporting date, there has been no material change in related parties or related party transactions.

# Notes to the Half Year Financial Statements

## 13. EVENTS AFTER THE BALANCE SHEET DATE

Aaron Colleran was appointed Managing Director and CEO on 11 February 2019. A summary of the key terms of his Executive Service Agreement are:-

Type of Employment	Permanent Part Time (three days per week) to 30 June 2019 and thereafter Permanent Full Time (i.e. five days per week).
Commencement Date	11 February 2019.
Base Remuneration	\$250,000 per annum (inclusive of superannuation contribution).
Short Term Incentive Bonus (STI)	<p>Short term incentive bonus based on 100% of Base Remuneration awarded annually.</p> <p>Calculation and payment of any STI will be based on performance against criteria such as the Company's financial and share price performance and Mr Colleran meeting key objectives. The STI may be paid in part or in full depending on Mr Colleran meeting such criteria and objectives. Specific criteria and objectives will be agreed with the Chairman of the Remuneration Committee following the Commencement Date and subsequently in July of each year.</p> <p>Payment of any STI is at the absolute discretion and is subject to approval by the Board. It may be made in cash or shares, in part or in full.</p>
Long Term Incentive Plan (LTI)	<p>An annual grant of Performance Rights, based on 100% of Base Remuneration divided by the 30 day VWAP of the Company's Shares.</p> <p>Grant of Performance Rights will be subject to the terms of the Employees' Performance Rights Plan to be developed and adopted by the Board.</p> <p>The Performance Rights will not be able to be sold within three years of the relevant grant date unless agreed in writing by the Board.</p>
Initial LTI Grant	<p>An initial grant of three tranches of Performance Rights (Initial Grant) as described below. Vesting will be subject to Mr Colleran remaining employed by the Company and achievement of the following share price hurdles:</p> <ul style="list-style-type: none"> <li>• Tranche 1 – 4,000,000 Performance Rights will vest at any time up to two years from the Commencement Date when the 60 day VWAP of the Company's share price is 15c or more (Tranche 1 Vesting Date);</li> <li>• Tranche 2 – 4,000,000 Performance Rights will vest at any time up to three years from the Commencement Date when the 60 day VWAP of the Company's share price is 20c or more (Tranche 2 Vesting Date); and</li> <li>• Tranche 3 – 4,000,000 Performance Rights will vest at any time up to four years from the Commencement Date when the 60 day VWAP of the Company's share price is 30c or more (Tranche 3 Vesting Date). Tranche 3 is subject to shareholder approval.</li> </ul>
Change of control	<p>If a change of control occurs:</p> <ul style="list-style-type: none"> <li>• within the first 3 months of Mr Colleran's appointment, the Company, Mr Colleran and the relevant third party acquirer will seek to agree to substitute any unvested Performance Rights with equivalent incentives in the third party acquirer; or</li> <li>• after the first 3 months of Mr Colleran's appointment, all unvested Performance Rights will immediately vest.</li> </ul>
Notice Period for Termination by Mr Colleran	<p>During the 12 months from the Commencement Date, Mr Colleran may terminate the Agreement by the giving the Company 12 weeks' written notice of termination.</p> <p>On and from the 12 months after the Commencement Date, Mr Colleran may terminate the Agreement by the giving the Company 16 weeks' written notice of termination.</p>

# Notes to the Half Year Financial Statements

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Notice Period for Termination by AIC Resources	<p>During the 12 months from the Commencement Date, should the Company no longer employ Mr Colleran, or in the event of diminution of duties, then the Company is deemed to have provided 12 weeks' notice of termination.</p> <p>On and from the 12 months after the Commencement Date, should the Company no longer employ Mr Colleran, or in the event of diminution of duties, then the Company is deemed to have provided 12 months' notice of termination.</p> <p>Mr Colleran's employment may also be terminated by the Company in circumstances of his misconduct, illness or poor performance.</p>
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Brett Montgomery stepped down from Managing Director on 11 February 2019, but remains on the Board as a Non-Executive Director, receiving a fee of \$40,000 per annum plus superannuation.

On 20 February 2019, the Company and Intrepid Mines Limited (ASX:IAU) ("Intrepid") announced that following the unsuccessful close of the Intrepid takeover offer for AIC on 5 February 2019, the companies re-engaged, having recognised the merit in combining the two companies, and had agreed to merge the companies on revised terms. The merger will be implemented by way of an off-market takeover offer to be made by Intrepid for all of the issued ordinary shares in AIC ("Offer"). Under the Offer, Intrepid is offering 1 Intrepid share for every 2 AIC shares held. Upon successful completion of the transaction, existing AIC shareholders and Intrepid shareholders will own approximately 73% and 27% of the combined entity, respectively.

The Offer is subject to a number of conditions, including:

- the receipt of acceptances under the proposed merger in respect of at least 90% of the AIC shares;
- the approval of the issue of the Intrepid shares by Intrepid shareholders for the purposes of ASX Listing Rule 7.1, on account of the proposed merger constituting a 'reverse takeover' for the purposes of the ASX Listing Rules; and
- the approval of the acquisition by Intrepid of all of the AIC shares held by Brahman Pure Alpha Pte Ltd ("Brahman") (and the issue by Intrepid of one Intrepid share for every two AIC shares held by Brahman, to Brahman) under, and on the terms of, the Offer, for the purposes of ASX Listing Rule 10.1.

There were no other significant events following the balance date that affected the Company's equity or state of affairs.

# Independent auditor's review report to the members of AIC Resources Limited

## Report on the half-year financial report

### Conclusion

We have reviewed the accompanying half-year financial report of AIC Resources Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

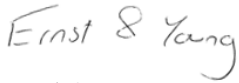
### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.


A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



Ernst & Young



Philip Teale  
Partner  
Perth  
1 March 2019