



APPENDIX 4E PRELIMINARY FINAL REPORT

For the year ended 31 December 2021

1. Name of Entity

AIC Mines Limited (ACN 060 156 452) and its controlled entities ("AIC" or the "Group") (A1M.ASX)

2. Reporting period

Report for the financial year ended	31 December 2021
Previous corresponding period is the financial year ended	31 December 2020

3. Results for announcement to the market

	31 December 2021 \$'000	31 December 2020 \$'000	Up / (Down) \$'000 %	
Revenues from contracts with customers	25,037	-	25,037	-
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	7,528	(6,835)	14,362	210%
Statutory profit before income tax	2,496	(6,837)	9,333	137%
Profit from ordinary activities after income tax attributable to the members	2,496	(6,837)	9,333	137%

4. Dividend information

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

5. Net Tangible Assets

	31 December 2021 Cents	31 December 2020 Cents
Net tangible assets per share	0.31	0.14

6. Earnings Per Share

	31 December 2021 Cents	31 December 2020 Cents
Basic earnings per share	0.023	(0.115)
Diluted earnings per share	0.021	(0.115)

7. Significant Changes in the State of Affairs

Eloise Copper Mine – In November 2021, AIC Copper Pty Ltd a 100% owned subsidiary of AIC Mines Limited completed the acquisition of the Eloise Copper Mine by way of an asset purchase, for total consideration of \$20.0 million in AIC shares, \$9.5 million in cash inclusive of working capital adjustments and equipment buyout, and a contingent payment of \$2.0 million should certain production milestones be achieved by 30 April 2022.

8. Details of associates and joint venture entities

N/A.

9. Details of significant information relating to the entity's financial performance and financial position

Refer to commentary on the results and the attached Unaudited Financial Report.

10. For foreign entities which set of accounting standards is used in compiling this report

N/A.

11. Commentary On the Results for The Period

Refer to attached Unaudited Financial Report.

12. Consolidated Financial Statements

Refer to attached Unaudited Financial Report.

13. Significant Events After the Balance Date

No matters or circumstances have arisen since the end of the financial year 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.

14. Audit

This preliminary financial report is based on accounts which are in the process of being audited. No disputes or qualifications are likely to occur.

Authorisation

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

This Appendix 4E and Unaudited Financial Report is given to the ASX in accordance with Listing Rule 4.3A. This Appendix 4E should be read in conjunction with the Unaudited Financial Report for the year ended 31 December 2021. It is also recommended that the Unaudited Financial Report be considered together with any public announcements made by the Company.



**AIC Mines Limited ACN 060 156 452
and its controlled entities**

**Unaudited Financial Report
for the year ended 31 December 2021**

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COMMENTARY ON THE RESULTS

Financial and Operational Review

Profit and loss

- The Group recorded a consolidated profit after income tax of \$2.5 million, for the year ended 31 December 2021 (31 December 2020: loss of \$6.8 million). Revenue for the year ended 31 December 2021 increased to \$25.0 million after revenue deductions of \$2.2 million (31 December 2020: \$0.0 million). Gross revenue comprised \$24.3 million of copper, \$2.4 million of gold and \$0.6 million of silver (31 December 2021: \$nil collectively).
- The basic and diluted earnings per share for the year ended 31 December 2021 totaled \$0.023 and \$0.021, respectively (31 December 2020: loss \$0.115).

Balance Sheet

- As at 31 December 2021 the net assets of the Group were \$69.1 million (31 December 2020: \$8.7 million). Total assets increased during the year to \$94.4 million (31 December 2020: \$9.9 million). Cash and cash equivalents were \$29.3 million (31 December 2020 \$5.1 million) an increase of \$24.2 million compared to the prior period.
- The net carrying amount of property, plant and equipment increased to \$20.7 million primarily driven by the initial recognition in the accounts of the Eloise Copper Mine acquisition. Mine properties and exploration increased to \$18.8 million, which was due to additions at Eloise and the Group's exploration programs, partially offset by depreciation.
- Total liabilities for the Group increased to \$25.2 million at 31 December 2021, an increase of \$24.0 million on the prior period (31 December 2020 \$1.2 million). The key drivers of the increase were the initial recognition of the Eloise rehabilitation provision for \$7.6 million, initial recognition of the Eloise employee entitlements for \$3.6 million and the increase in trade and other payables of \$12.7 million.

Cash flow

- The net cash inflow from operating activities totaled \$5.9 million (31 December 2020: outflow \$5.4 million) and the cash balance at year end totaled \$29.3 million (31 December 2020: \$5.1 million).
- Net cash outflows from investment activities totaled \$12.7 million, an increase of \$13.5 million from the prior period (31 December 2020: \$0.8 million inflow). Major items contributing to the change in outflows were the purchase of the Eloise Copper Mine and the investment in mine development and property plant and equipment.
- Net cash inflows from financing activities totaled \$31.0 million, an increase of \$26.8 million from the prior period (31 December 2020: \$4.2 million inflow). The key item contributing to the change in inflows was the capital raising of \$37.8 million net of costs to fund the acquisition of Eloise.

Taxation

- During the year, the Group made no income tax payments and recognised a \$nil income tax expense (31 December 2020: \$nil).

Eloise Copper Operation

Eloise had an outstanding two months to 31 December 2021 with production totalling 8,597dmt of concentrate containing 2,392t of copper at an All-in Sustaining Cost of \$3.05/lb and All-in Cost of \$3.29/lb. The strong result was driven primarily from high grade ore being available from the Macy stopes and the high copper price achieved of \$13,346 per tonne (\$6.05/lb) of copper sold.

Operating mine cashflow for the year was strong at \$11.4 million and net mine cashflow of \$4.7 million was achieved post sustaining and all in cost capital of \$6.7 million.

Ore mined was 126.1 thousand tonnes at an average grade of 2.4% copper. Underground development was 626m. Ore processed was 105.2 thousand tonnes at an average grade of 2.4% copper. Copper recovery of 94.3% was achieved for the year.

The table below outlines the key operating metrics for Eloise for the two months of the Group's ownership during the period:

Summary of operating results	31 December 2021
Operating cash flow (\$'000)	11,353
Sustaining capital (\$'000)	(5,670)
All-in cost capital (\$'000)	(970)
Total capital (\$'000)	(6,640)
Net mine cash flow (\$'000)	4,712
Payable Copper production (t)	2,306
All-in Sustaining Cost (\$/lb)	3.05
All-in Cost (\$/lb)	3.29

Exploration Projects Review

Marymia Project

At Marymia, exploration for copper focused on the Copper Hills Belt where a total of 9 reverse circulation (RC) holes for 1,820m was completed on wide spaced lines along the entire length of the approximately 7km long Copper Hills copper oxide trend. The drilling was successful in intersecting multiple metres zones of chalcopyrite in stringer veins. A complimentary airborne electromagnetic survey over the belt identified several conductors associated with the prospect and to the immediate southwest. While we await the results of assays, the next generation of targets are being developed by the exploration team following the extension of the belt to the northeast as a result of soil survey which defined two extensive zones of elevated copper in the Copper Hills north area.

Gold exploration focused on four targets primarily within the underexplored extensions of the greenstone belt where remanent mafic bodies are speculated within granite. A total of 32 RC holes for 3,974 metres were completed at the Middle Island, DeGrussa North and Hermes North prospects and 1 diamond hole for 684m at the Stetson Prospect. The programs confirmed our belief that mafic bodies are preserved within the granite and several holes in each target returned quartz veining and alteration. As a result of the Hermes North drilling the Group has spent \$1M (close to half of the required spend) to earn an 80% interest in the Doolgunna JV ground from Ausgold.

Lamil Project

Following the successful maiden drilling program completed at the Lamil Project in the highly prospective Paterson Province in 2020, a second drilling program was completed focused on infilling the Lamil Main Dome target, where pathfinder elements were intercepted, and expanding to test another four Cu-Au and Zn-Pb targets. A total of 43 holes for 8,800m of reverse circulation (RC) drilling was completed on still wide spaced lines, confirming the presence of prospective lithologies, zones of alteration and associated sulphides. Unfortunately, an industry wide slowdown in the turnaround of assay results with full evaluations of the results expected to take pace in the first quarter of 2022.

Encouraged by these early indications of prospectivity, an extensive airborne electromagnetic survey was completed over the majority of the project, generating further anomalies. Further programs, including testing the Firebush target where the Group was awarded an EIS co-funding grant, are planned for 2022.

As a result of these programs AIC Mines has spent \$4.9 million as at 31 December 2021 of the \$6.0 million required to earn a 50% interest in the Lamil Project.

Delamerian Project

During the period the Group applied for two large exploration licences in western New South Wales that are prospective for both base and precious metals, together called the Delamerian Project. The applications 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. The orogen represents a largely under-explored cratonic margin setting, analogous to other highly endowed provinces in Australia, such as the Paterson Province and Albany-Fraser Belt. The mineral potential of the Delamerian Orogen is well recognised in the areas of outcrop – the Adelaide Fold Belt in South Australia, the Stavely 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 area.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 December 2021 \$'000	31 December 2020 \$'000
Sales revenue	25,037	-
Cost of sales	(10,651)	-
	14,386	-
Other income/(expense)	(9)	252
Directors, employee and consultant benefits expense	(1,477)	(789)
Corporate and administration costs	(1,240)	(760)
Exploration and evaluation costs	(5,342)	(4,249)
Transaction costs	(2,321)	-
Integration and restructure	(315)	-
Depreciation and amortisation expense	(2,410)	(35)
Fair value profit/(loss) on financial assets	1,379	(1,136)
Profit on sale of plant & equipment	4	-
Share based payment expense	(159)	(120)
Profit/(loss) before income tax expense	2,496	(6,837)
Income tax expense / (benefit)	-	-
Net profit/(loss) for the year after tax	2,496	(6,837)
	-	-
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	2,496	(6,837)
Total comprehensive income/(loss) for the year is attributable to:		
Owners of AIC Mines Limited	2,496	(6,837)
Earnings/(loss) per share		
Basic earnings/(loss) per share	0.023	(0.115)
Diluted earnings/(loss) per share	0.021	(0.115)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2021	31 December 2020
	\$'000	\$'000
Assets		
Current Assets		
Cash and cash equivalents	29,259	5,066
Prepayments	280	243
Trade and other receivables	1,267	368
Inventories	10,329	-
Financial assets at fair value through profit and loss	7,024	2,566
Total Current Assets	48,159	8,243
Non-Current Assets		
Performance bond	6,799	-
Property Plant and equipment	20,657	39
Mine properties and exploration	18,754	1,653
Total Non-Current Assets	46,210	1,692
Total Assets	94,369	9,935
Liabilities		
Current Liabilities		
Trade and other payables	13,755	1,083
Provisions	3,555	136
Total Current Liabilities	17,310	1,219
Non-Current Liabilities		
Provisions	7,867	-
Total Non-Current Liabilities	7,867	1,219
Total Liabilities	25,177	1,219
Net Assets	69,192	8,716
Equity		
Issued capital	83,689	25,868
Share based payment reserve	851	692
Accumulated losses	(15,348)	(17,844)
Total Equity	69,192	8,716

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2021 \$'000	31 December 2020 \$'000
Cash flows from operating activities		
Receipts from customers	18,608	-
Payments to suppliers, employees and contractors	(10,336)	(5,540)
Payments for transaction and integration costs	(2,636)	-
Interest received	16	32
Other income	242	100
Net cash inflow/(outflow) from operating activities	5,894	(5,408)
Cash flows from investing activities		
Payments for property, plant and equipment	(1,374)	(27)
Payments for mine property and exploration	(4,849)	-
Proceeds from sale of property, plant and equipment	3	-
Payments for acquisition of exploration properties	-	(10)
Proceeds from disposal of listed investments	3,020	845
Payments for acquisition of Eloise Copper Mine	(9,523)	-
Net cash (outflow)/inflow from investing activities	(12,723)	808
Cash flows from financing activities		
Proceeds from issue of shares	40,000	4,681
Payment of share issue costs	(2,179)	(328)
Payment to establish performance bond	(6,799)	-
Unclaimed shareholder monies held in trust	-	(109)
Net cash from financing activities	31,022	4,244
Net increase in cash and cash equivalents	24,193	(356)
Cash and cash equivalents at beginning of the year	5,066	5,422
Cash and cash equivalents at end of the year	29,259	5,066

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital \$'000	Accumulated Profit/(loss) \$'000	Share based payment reserve \$'000	Total Equity \$'000
At 1 January 2020	21,515	(11,007)	572	11,080
<i>Profit or loss and other comprehensive income</i>				
Net (loss) for the period	-	(6,837)	-	(6,837)
Total comprehensive (loss)	-	(6,837)	-	(6,837)
<i>Transactions with owners</i>				
Issue of shares (note 17)	4,681	-	-	4,681
Share issue costs (note 17)	(328)	-	-	(328)
Share based payment expense	-	-	120	120
Balance at 31 December 2020	25,868	(17,844)	692	8,716
<i>Profit or loss and other comprehensive income</i>				
Net profit for the period	-	2,496	-	2,496
Total comprehensive Profit	-	2,496	-	2,496
<i>Transactions with owners</i>				
Issue of shares (note 17)	60,000	-	-	60,000
Share issue costs (note 17)	(2,179)	-	-	(2,179)
Share based payment expense	-	-	159	159
Balance at 31 December 2021	83,689	(15,348)	851	69,192

Note 1. Basis Of Preparation

The financial information included in this document for the year ended 31 December 2021 is unaudited. The financial information does not constitute the Consolidated Entity's full financial statements for the year ended 31 December 2021, which will be approved by the Board, reported on by the Auditors and lodged with the ASX. The Consolidated Entity's full financial statements will be prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board (the AASB).

The financial information in this document for the year ended 31 December 2021 has been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 31 December 2020 financial statements contained within the 2020 Annual Report of the Consolidated Entity. As required and unless stated otherwise, comparative financial information for the Consolidated Entity has been presented for the 2020 financial year. Comparative figures have been prepared on the same basis as the current year figures.

The amounts contained in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated (where rounding is applicable) under the option available to the Consolidated Entity under ASIC Corporations (Rounding in Financial Report) Instrument 2016/191. The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current year,

Note 2. Segment Note

The Group operates in one geographical area being Australia and operates in the mining industry for the year to 31 December 2021. The Chief Operating Decision Makers are the Board of Directors and management of the Group. There are two operating segments identified being mining and exploration and corporate 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 (31 December 2020: nil).

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA is a non IFRS number and excludes financial items not considered to be contributing to underlying profit such as fair value amortisation expenses, transaction and integration costs.

	Mining	Exploration and Corporate
	\$'000	\$'000
Segment information for 31 December 2021		
Sales revenue	25,037	-
EBITDA	14,165	(6,590)
	Mining	Exploration and Corporate
	\$'000	\$'000
Segment information for 31 December 2020		
Sales revenue	-	-
EBITDA	-	(6,835)

	31 December 2021 \$'000	31 December 2020 \$'000
Reconciliation of EBITDA to profit before income tax		
EBITDA Mining segment	14,165	
EBITDA Exploration and corporate	(6,637)	(6,835)
Group EBITDA	7,528	(6,835)
Depreciation and Amortisation	(2,410)	(34)
Transaction and integration costs	(2,636)	-
Interest	14	32
Profit before income tax	2,496	(6,837)

Note 3. Earnings Per Share

	31 December 2021	31 December 2020
Basic earnings / (loss) per share – cents per share	0.023	(0.115)
Diluted earnings / (loss) per share – cents per share	0.021	(0.115)
Earnings per share used in the calculation of basic and diluted earnings per share		
Profit after tax / (loss) attributable to the owners of the parent	2,496,000	(6,837,000)
Weighted average number of ordinary shares (basic)	110,797,210	59,319,556
Effect of dilutive securities ⁽¹⁾	7,138,698	-
Adjusted weighted average number of ordinary shares used in calculating the diluted earnings per share	117,935,908	-

⁽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.

As at 31 December 2021 the Group had 7,150,000 unlisted performance rights (31 December 2020: 7,275,000) and no listed options (31 December 2020: Nil) on issue.

There have been no transactions involving ordinary shares or potential ordinary shares subsequent to the balance date that would significantly change the number of ordinary shares or potential ordinary shares outstanding for the reporting period.

Note 4. Subsidiaries

	Country of Incorporation	31 December 2021	31 December 2020
African Investments Pty Limited	Australia	100%	100%
AIC Copper Pty Ltd ¹	Australia	100%	-
AIC Resources Limited	Australia	100%	100%
Blackthorn Resources Pty Limited	Australia	100%	100%
Emperor Mines Pty Limited	Australia	100%	100%
Nantou Mining Limited B.V.	Netherlands	100%	100%

¹ Incorporated on 16 June 2021

The Group has no associates or joint venture entities as at 31 December 2021