QUARTERLY REPORT

AIC Mines Limited

14 October 2019

Activities Report for the Period Ending 30 September 2019

HIGHLIGHTS

Exploration

- The Company entered into an earn-in and exploration joint venture with Rumble Resources Limited (ASX:RTR) over the Lamil Gold-Copper Project in the Paterson Province in the northwest of Western Australia.
- A reconnaissance site visit to the Lamil Project was undertaken and although remote, the main target area is easily accessed by sealed road from Port Hedland to the Woodie Woodie Mine then by well maintained dirt roads which service the Nifty and Telfer mine operations. The Project area is flat, devoid of major sand dunes and is sparsely vegetated, which is positive for planned exploration activities.
- Planning is underway for land-based gravity and passive seismic surveys over the main target areas at the Lamil Project.
- At the Marymia Project a project-wide assessment of all geoscientific data is underway to prioritise follow-up work programs.

Corporate

- The final payment due to the Company under the Kitumba Sale Agreement was increased by US$500,000 to US$4,500,000 and the payment date was extended by 3 months to 13 November 2019.
- As at 30 September 2019, AIC held $5.4 million in cash and a further $3.9 million in listed investments.

ABOUT AIC MINES

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

AIC currently has two key projects, the Marymia exploration project, strategically located within trucking distance of the Plutonic Gold Mine and the Degrussa Copper Mine, and the Lamil exploration JV located in the Paterson Province immediately west of the Telfer Gold-Copper Mine.

CAPITAL STRUCTURE

Shares on Issue: **52m**
Share Price (14/10/19): **$0.40**
Market Capitalisation: **$20.8m**
Cash & Liquids (30/9/19): **$9.3m**
Enterprise Value: **$11.5m**

CORPORATE DIRECTORY

Josef El-Raghy
Non-Executive Chairman

Aaron Colleran
Managing Director & CEO

Brett Montgomery
Non-Executive Director

Tony Wolfe
Non-Executive Director

Heidi Brown
Company Secretary

CORPORATE DETAILS

ASX: **A1M**
www.aicmines.com.au
ABN: 11 060 452
P: +61 (8) 6269 0110
F: +61 (8) 6230 5176
E: info@aicmines.com.au
A: A8, 435 Roberts Rd,
Subiaco, WA, 6008
Share Register:
Computershare Investor Services

EXPLORATION ACTIVITIES

AIC Mines Limited ("AIC Mines" or "the Company") holds a 100% interest in the Marymia Project and is earning an initial 50% interest in the Lamil Joint Venture. Both projects are located in Western Australia and are prospective for gold and copper mineralisation.

Lamil Joint Venture (earning up to 65%)

During the quarter the Company entered into an earn-in and exploration joint venture agreement with Rumble Resources (ASX: RTR) ("Rumble") over the Lamil Gold-Copper Project in the Paterson Province in the northwest of Western Australia.

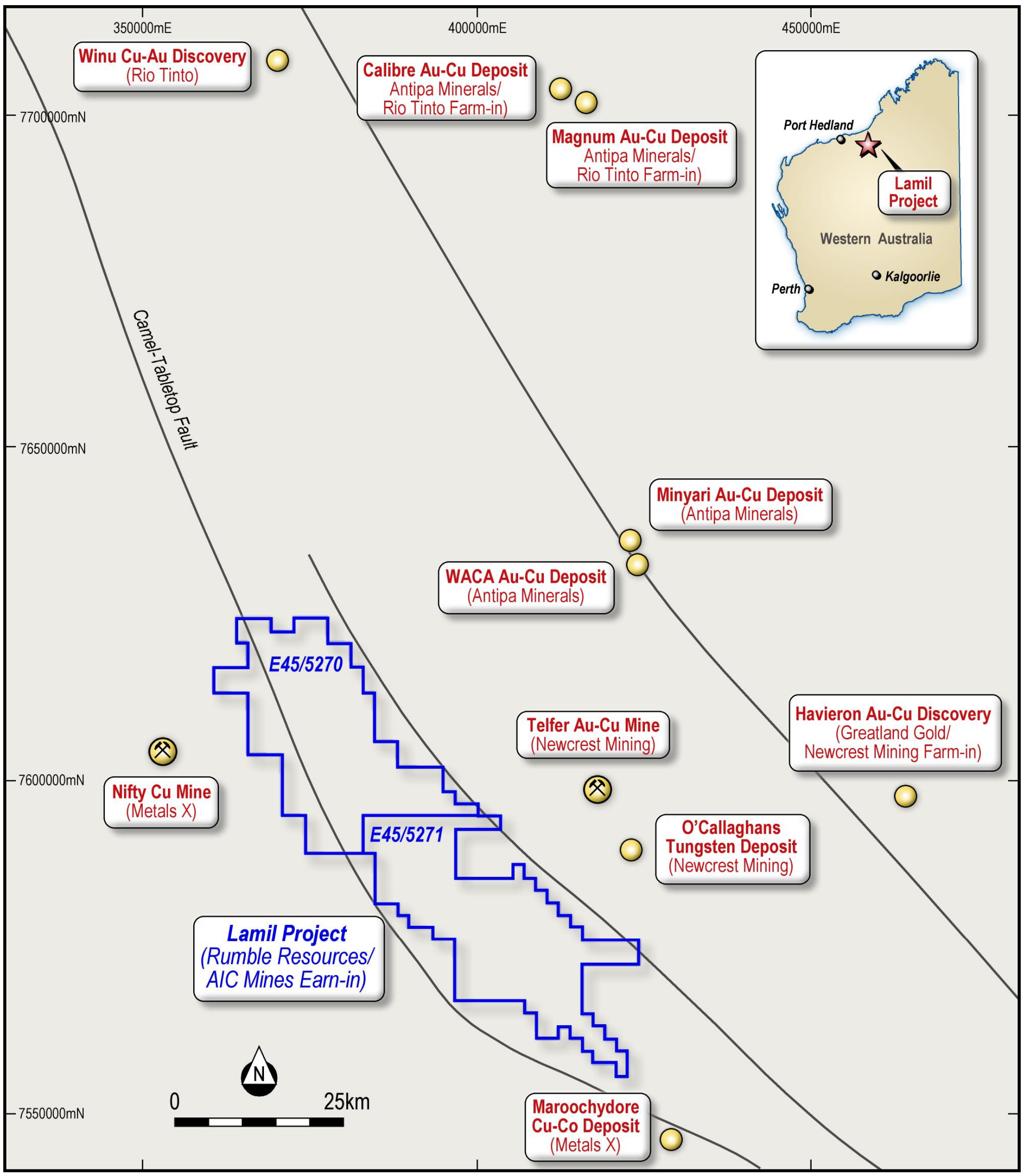

Figure 1. Location of the Lamil Project

Under the terms of the earn-in and exploration joint venture agreement AIC can earn a 50% interest by spending $6 million over 4 years. Thereafter AIC can earn a further 15% by spending $4 million over 1 year if Rumble elects not to commence contributing. The key terms of the earn-in and exploration joint venture agreement are described in the Company's ASX announcement dated 22 July 2019.

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 1,375 km², is situated midway between these two mines.

The region has attracted renewed interest following significant recent discoveries by Rio Tinto Limited at the large Winu copper-gold project and the Newcrest Mining – Greatland Gold joint venture at the exciting Havieron gold-copper project.

The Paterson Province remains underexplored due its remoteness and relatively deep Permian and recent cover. A recent breakthrough, based on a detailed airborne magnetic survey completed by Rumble in March 2019, indicates that the depth of cover to the main targets in the Lamil Project area is less than 100m. The area has essentially been ignored due to the previous perception of ubiquitous deep (>400m) cover.

The airborne magnetic survey completed by Rumble highlighted a major dome structure (Target P1 – see Fig. 2 and Fig. 3) which has many important similarities to the world class Telfer gold-copper deposit which lies only 30km to the northeast. Independent interpretation of the airborne magnetic data completed by AIC has confirmed that the Lamil Dome exhibits the key structural features required to potentially host Telfer-style gold and copper mineralisation.

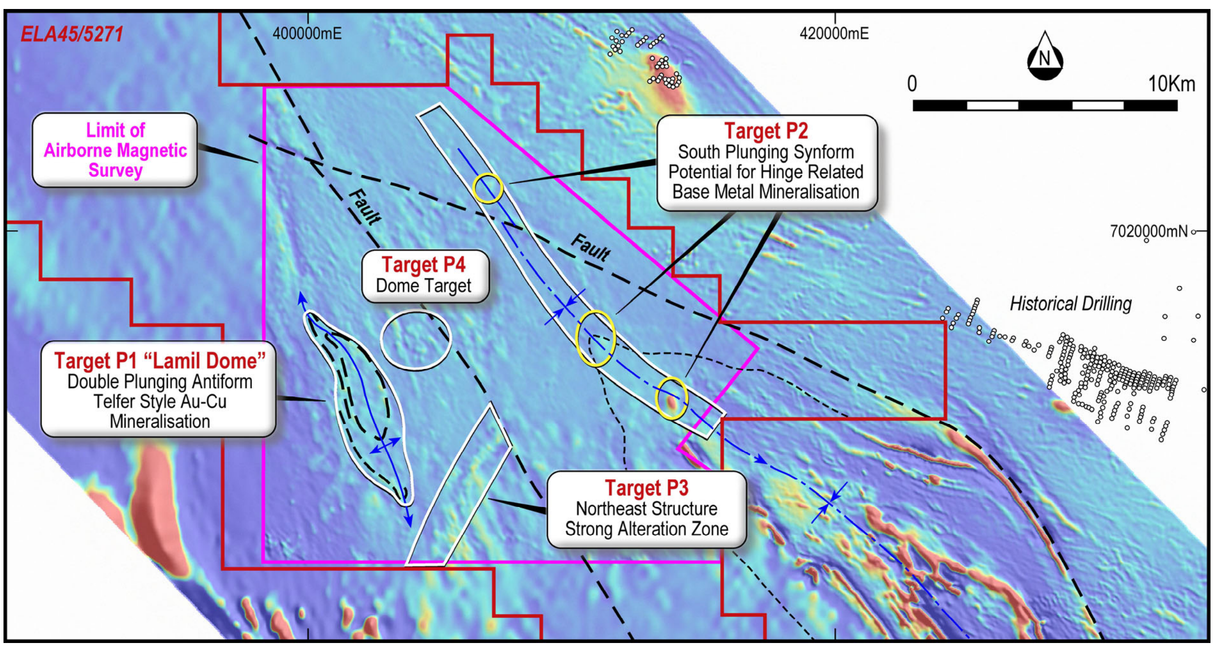

Figure 2. Priority targets at the Lamil Project

The Lamil Dome (Target P1) appears as a large NNW trending dome (double plunging antiform) inferred over a strike of 8km under Permian and recent cover. The dome has similar characteristics to the Telfer Dome with respect to orientation of the main axial plane, fold symmetry and vergence, inferred host rocks and size. Importantly the upward continued magnetic imagery at 500m (UC500m) has highlighted an increase in the magnetic response which may indicate a potential underlying intrusion (see Fig. 3). No previous exploration (drilling or geophysical) has tested this target.

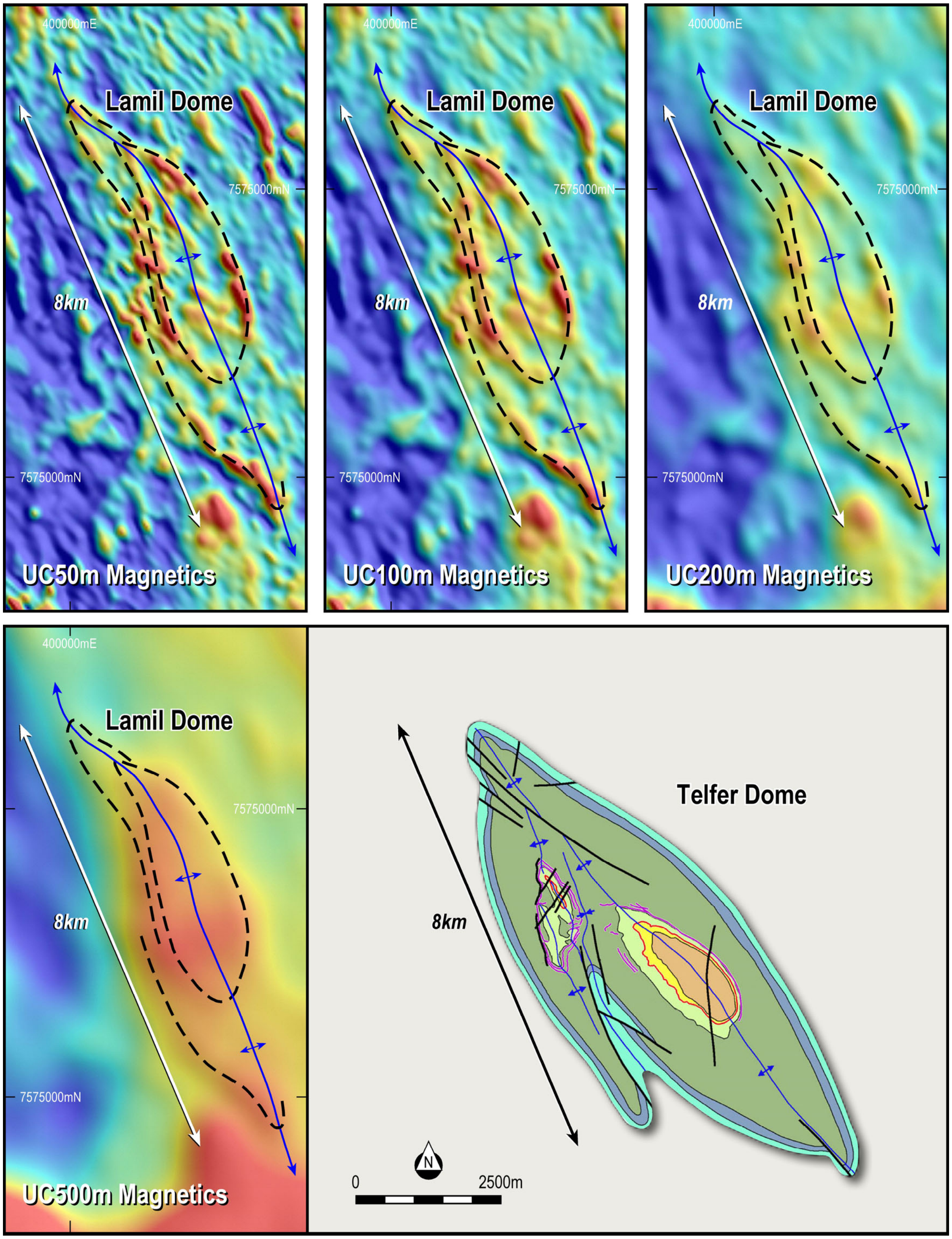

Figure 3. Target P1 – Series of Upward Continued Magnetic Images highlighting the Lamil Dome which has a similar dome size, trend and host rocks to the Telfer Dome

A reconnaissance site visit to assess field logistics was undertaken in late September 2019. Although remote, the main target area is easily accessed by sealed road from Port Hedland to the Woodie Woodie Manganese Mine, then via well maintained dirt roads which service the Nifty and Telfer mining operations. Unlike much of the Paterson Province, the Lamil Project area is flat, being largely devoid of sand dunes (which present significant challenges to many other explorers operating in the Paterson) and is sparsely covered by spinifex grass, which is positive for planned exploration activities and any future mining operations.

Compilation of base geoscientific data sets has commenced and planning is underway for land-based gravity and passive seismic surveys over the main targets to complement the existing detailed aeromagnetic data and refine drill targets. Additional surveys currently being assessed include:

- Ultra fine fraction surface geochemical soil sampling
- Surface IP
- Airborne EM

Marymia Project (predominantly 100% owned tenements)

AIC Mines is the 100% owner of a large area of tenements (approximately 3,200km^2) located about 790km northeast of Perth on the northern margin of the Yilgarn Craton. The project also includes joint ventures with Ausgold Limited (ASX: AUC) and Venus Metals (ASX: VMC) (see Fig. 4).

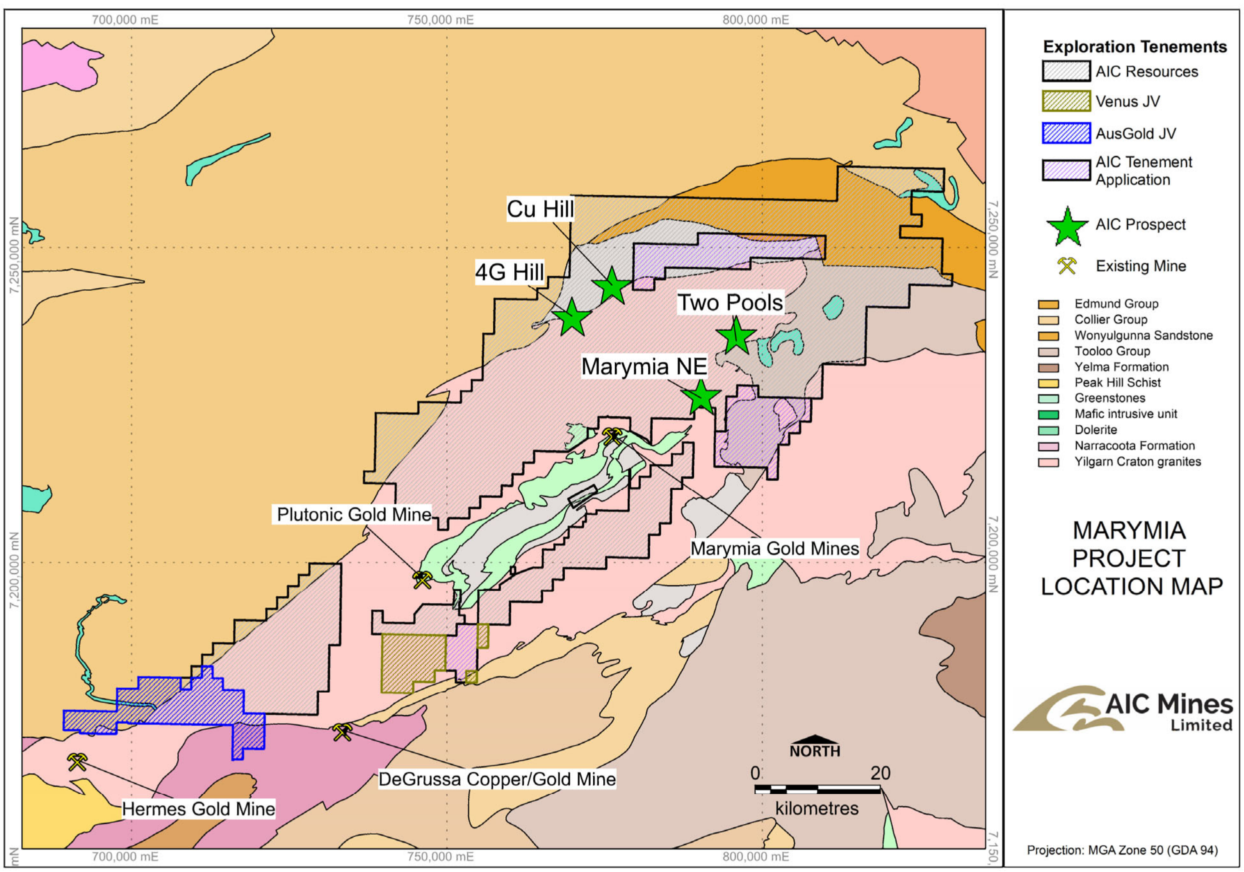

Figure 4: Marymia Project Location

Exploration at Marymia during the quarter included field assessment of targets identified from airborne magnetic interpretation and infill geochemical sampling. No significant results were returned.

Having completed an extensive surface sampling and mapping program over the last 18 months a project-wide assessment now underway to prioritise follow-up work programs.

CORPORATE

Kitumba Sale

AIC predecessor company Intrepid Mines Limited completed a share sale agreement with Consolidated Mining and Investments Ltd (company no. 07330453) ("CMI") in respect of the sale of 100% of the share capital in Intrepid Mines Zambia Limited on 14 February 2019 ("Kitumba Sale Agreement"). Further details regarding the Kitumba Sale Agreement are contained in the Notice of Extraordinary General Meeting released to the ASX by Intrepid Mines Limited on 18 October 2018.

The Company announced on 14 August 2019 that the parties had agreed to the following variations to the payment arrangements under the Kitumba Sale Agreement:

- The final payment date by which CMI must procure payment of the deferred consideration was extended by 3 months to 13 November 2019
- The deferred consideration was increased by US$500,000 to US$4,500,000
- The outstanding amount of the deferred consideration continues to accrue interest for the benefit of AIC at a rate of 12.5% pa

Although US$1,000,000 has already been paid to the Company by CMI and all interest payments have been received by AIC, there has been ongoing difficulty with collecting the final payment amount due to AIC. Accordingly, AIC is considering taking action against CMI to enforce its rights under the Kitumba Sale Agreement.

Unmarketable Parcel Share Sale

AIC announced on 9 August 2019 details of a share sale facility for holders of less than a marketable parcel of the Company's shares (defined in the ASX Listing Rules as a parcel of securities of not less than $500 in value) (Unmarketable Parcel).

The facility closed on 23 September 2019 with a total of 1,694 registered shareholders and a further 164 beneficial shareholders collectively holding 787,544 fully paid ordinary shares in AIC not electing to retain their Unmarketable Parcels. The Unmarketable Parcels that were not retained by shareholders, were sold at a price of $0.40 per share on 26 September 2019. All associated costs and brokerage fees were paid by the Company, excluding any tax consequences, which remain the shareholder's responsibility.

Removal of these small shareholdings will reduce the Company's administrative costs. The Company now has approximately 1,000 shareholders.

Cash Position

As at 30 September 2019, AIC Mines held $5.4 million (approximately 10cps) in cash (30 June 2019: $7.0 million) and a further $3.9 million (approximately 7.5cps) in listed investments. Major cash movements during the quarter included a $1.14 million investment in the Kalium Lakes (ASX: KLL) rights issue (KLL shares worth approximately A$412,000 were subsequently sold during the quarter) and a $250,000 investment in Rumble Resources (ASX: RTR) as part of the Lamil earn-in and exploration joint venture agreement.

Enquiries regarding this activities report may be directed to:

Aaron Colleran
Managing Director
Email: info@aicmines.com.au

Competent Persons Statement

The information in this report that relates to all Geological Data and Exploration Results is based on, and fairly represents information and supporting documentation compiled by consultant geologist Steve Vallance of Wilderness Exploration Pty Ltd. Steve 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 she 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". Steve consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

September Quarter 2019 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:

- Paterson Province Exploration Joint Venture 22 July 2019

This announcement is 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.

APPENDIX 1 – AIC MINES TENEMENT HOLDINGS AT 30 SEPTEMBER 2019

Mining Act Tenure		
Tenement	Status	Company's Ownership Interest
E52/2943	Granted	100%
E52/2944	Granted	100%
E52/2945	Granted	100%
E52/2973	Granted	100%
E69/3247	Granted	100%
E52/3027	Granted	100%
E52/3028	Granted	100%
E52/3029	Granted	100%
E52/3044	Granted	100%
E52/3154	Granted	100%
E52/3171	Granted	100%
E52/3190	Granted	100%
E52/3265	Granted	100%
E52/3317	Granted	100%
E52/3318	Granted	100%
E52/3319	Granted	100%
E52/3346	Granted	100%
E52/3368	Granted	100%
E52/3397	Granted	100%
E52/3455	Granted	100%
E52/3622	Granted	100%
E52/3623	Granted	100%
E52/3624	Granted	100%
ELA52/3648[1]	Pending	0%
P52/1585	Granted	100%
ELA52/3721[2]	Pending	0%
ELA52/3743[3]	Pending	0%

Notes:

1 *This tenement was applied for on 17 July 2018. If it is not granted, it does not affect the prospectivity of the Marymia Project and the proposed exploration budget or program will not be revised.*

2 *This tenement was applied for on 17 June 2019. If it is not granted, it does not affect the prospectivity of the Marymia Project and the proposed exploration budget or program will not be revised.*

3 *This tenement was applied for on 29 August 2019. If it is not granted, it does not affect the prospectivity of the Marymia Project and the proposed exploration budget or program will not be revised.*

There were no Mining Tenements disposed during the quarter.

AIC Mines has entered into an Exploration Farm-in and Joint Venture Agreement with Ausgold Limited (ASX: AUC) under which, subject to the satisfaction of regulatory consents, it may earn up to an 80% interest in tenement E52/3031 covering ~176km^2. Details of the agreement were released to the ASX on 4 June 2018. On 30 July 2019, the parties agreed to extend the Earning Period from two years, to four years, by way of a side letter.

AIC Resources Limited, a wholly owned subsidiary of AIC Mines, has entered into a Farm-in and Joint Venture Heads of Agreement with Venus Metals Corporation Limited (ASX: VMC) under which, subject to the satisfaction of regulatory consents, it may earn an 80% interest in tenements E52/3069, E52/3320, E52/3487, E52/3488 and E52/3489 covering ~90km^2. Details of the agreement were released to the ASX on 20 September 2018.

AIC Mines has entered into an earn-in and joint venture agreement with Rumble Resources Limited (ASX: RTR) under which, subject to the satisfaction of regulatory consents, it may earn up to a 65% interest in tenements ELA45/5270 and EL45/5271 covering ~1,375km^2. Details of the agreement were released to the ASX on 22 July 2019.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

AIC Mines Limited (formerly Intrepid Mines Limited)

ABN	**Quarter ended ("current quarter")**
11 060 156 452	30 September 2019

Consolidated statement of cash flows (see note 2)		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(403)	(975)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(220)	(457)
	(e) administration and corporate costs	(189)	(765)
1.3	Dividends received	-	-
1.4	Interest received	218	354
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refunded	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)		
	- Deferred consideration received from Troy Resources Limited	-	213
1.9	**Net cash from / (used in) operating activities**	**(594)**	**(1,630)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(7)	(10)
	(b) tenements (see item 10)	-	(150)

Consolidated statement of cash flows (see note 2)		Current quarter $A'000	Year to date (9 months) $A'000
	(c) investments (ASX listed shares)	(1,407)	(1,407)
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	413	413
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other (provide details if material)		
	- Cash acquired on reverse acquisition of AIC Mines Ltd (by AIC Resources Ltd (see note 2)	-	2,955
2.6	**Net cash from / (used in) investing activities**	**(1,001)**	**1,801**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(7)	(31)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**(7)**	**(31)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,024	5,277
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(594)	(1,630)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,001)	1,801

Consolidated statement of cash flows (see note 2)		**Current quarter $A'000**	**Year to date (9 months) $A'000**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	(31)
4.5	Effect of movement in exchange rates on cash held	1	6
4.6	**Cash and cash equivalents at end of period**	**5,423**	**5,423**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	2,403	2,724
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits)	3,020	4,300
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,423**	**7,024**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	101
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors remuneration, including non-executive directors ($38,325) and the Managing Director/CEO ($62,500)

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	1,201
9.2	Development	-
9.3	Production	-
9.4	Staff costs	173
9.5	Administration and corporate costs	281
9.6	Other (provide details if material) - Stamp duty in relation to merger transaction	191
9.7	**Total estimated cash outflows**	**1,846**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	ELA52/2743[1]	Application	-	-

Notes to table 10:

1 Application was made in the name of AIC Resources Limited on 29 August 2019.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: Company Secretary Date: 14 October 2019

Print name: Heidi Brown

Notes

1. This quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.

2. As outlined in the Half Year Report released on 12 September 2019, the merger transaction of Intrepid Mines Limited (now AIC Mines Limited) and AIC Resources Limited was successfully completed during the current year. Intrepid (the legal acquirer) obtained control of AIC Resources on 16 April 2019 being the date that over 90% of the issued shares in AIC Resources was obtained by Intrepid. However, as a result of the acquisition, the former shareholders of AIC Resources effectively obtained control of the combined entity and AIC Resources was deemed as the acquirer for accounting purposes.

   Therefore, the financial reports of the combined entity are presented as a continuation of AIC Resources (the accounting acquirer). Accordingly, the consolidated cash flows presented above include the cash flows of AIC Resources for the entire period as well as the cash flows of Intrepid (now AIC Mines) subsequent to the merger date of 16 April 2019 as well as the cash balance contributed by Intrepid to the consolidated group on this date.