



Annual Report

For the year ended 31 December 2020

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Corporate Directory

ABN: 11 060 156 452

DIRECTORS

Josef El-Raghy, Chairman
Aaron Colleran, Managing Director and CEO
Brett Montgomery, Non-Executive Director
Tony Wolfe, Non-Executive Director

COMPANY SECRETARIES

Linda Hale and Heidi Brown

GROUP FINANCIAL CONTROLLER

Mark Davison

REGISTERED OFFICE

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BANKERS

National Australia Bank
100 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth WA 6000
Tel: 1300 850 505 (within Australia) or + 61 3 9415 4000 (outside Australia)
www.computershare.com/au

STOCK EXCHANGE

AIC Mines Limited shares are listed on the Australian Stock Exchange (ASX).
ASX Code: A1M

AUDITORS

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

INTERNET ADDRESS

www.aicmines.com.au

Chairman's Letter

Dear Fellow Shareholders

I am pleased to present the 2020 Financial Year Annual Report to you and provide an overview of our exploration activities.

In the 2020 Financial Year we successfully completed our maiden drilling program at the highly prospective Lamil Project. A total of 68 aircore and reverse circulation holes were completed to an average depth of 126m for a total 8,591m and a total of 7 diamond holes were completed to an average depth of 406m for a total 2,840m. It was a significant program and as a result we are already over halfway to achieving our first earn-in milestone in the Lamil joint venture; earning a 50% interest by spending \$6 million over 4 years.

The drilling at Lamil successfully confirmed the presence of prospective basement lithologies, large scale structures, extensive hydrothermal alteration and copper sulphide mineralisation with low level gold and multi-element pathfinder anomalism – all the ingredients required to host an intrusive related gold-copper mineral system. These results exceeded our expectations and reinforce our belief that the Lamil Project has the potential to host significant mineralisation. Follow-up drilling and drill testing of new targets is planned for the 2021 field season.

At our Marymia Project we completed a synthesis of multiple geophysical datasets over the entire project area. This generated and ranked over 150 targets. Our geologists have been working through this list to refine the targets and advance them towards drill testing in 2021. The work has uncovered significant copper prospects in addition to gold prospects.

The Marymia Project area contains similar geology to the nearby Plutonic gold mine and DeGrussa copper mine. These were both highly profitable mines when in full production. We are exploring for similar deposits, under cover, in areas that have not previously been drill tested.

In all of our exploration efforts we are using the latest exploration techniques and collaborating with expert geoscientists to maximise our chance of success.

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

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

Yours sincerely



Josef El-Raghy
Chairman

Directors' Report

The directors present their report together with the consolidated financial statements of AIC Mines Limited ("AIC" or "the Company") and of the Group, being the Company and the entities it controlled at the end of, or during, the year ended 31 December 2020 and the auditor's report thereon.

Items included in the directors' report and consolidated financial statements are presented in Australian dollars unless otherwise stated.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. The directors were in office for the entire period unless otherwise stated. No director has served as a director of any other ASX-listed company in the past 3 years unless mentioned below.

Josef El-Raghy

Chairman

Appointed 18 April 2019

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

Aaron Colleran

Managing Director and CEO

Appointed 18 April 2019

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

Brett Montgomery

Non-Executive Director

Appointed 18 April 2019

Mr Montgomery has extensive experience in public company management in both executive and non-executive roles. Mr Montgomery is currently a Non-Executive Director of Tanami Gold NL (commencing February 2013). He was previously Managing Director of Kalimantan Gold NL and a Director of Bard 1 Life Sciences Ltd (from November 2014 to June 2019), Grants Patch Mining Ltd, EZA Corporation Ltd and Magnum Gas and Power Ltd.

Tony Wolfe

Non-Executive Director

Appointed 25 November 2016

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

OFFICERS

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

Directors' Report

Linda Hale

Company Secretary

Appointed 20 February 2020

Ms Hale is a Certified Practicing Accountant with over 20 years' experience in the financial services and mining sectors. Prior to joining AIC she held roles including Executive Director of Finance and Administration and Company Secretary. She has also consulted in organisational change and project management roles. Following Linda's appointment, both Heidi Brown and Linda Hale are Joint Company Secretaries.

Heidi Brown

Company Secretary

Appointed 20 May 2019

Ms Brown is a Fellow Chartered Secretary and a Graduate of the AICD Company Directors Course. She holds a Graduate Certificate of Applied Finance and Investment and a Diploma of Financial Advising from FINSIA. Ms Brown 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 gold mining company.

Mark Davison

Group Financial Controller

Appointed 23 May 2016

Mr Davison has over 20 years chartered and commercial accounting experience including over 15 years with PwC across their Australian and Canadian offices prior to joining the Company in May 2016.

Directors' Report

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

AIC is a for-profit entity whose principal activity is exploration for gold and copper deposits. All of the Company's activities are located within Australia. The Company has two main projects, the Marymia gold and copper exploration project located in central Western Australia and the Lamil gold and copper exploration project located in the northwest of Western Australia.

Marymia Project

The Marymia Project is located approximately 160km south of Newman in the eastern Gascoyne region of Western Australia and covers approximately 3,600 square kilometres. The project area is strategically located within trucking distance of the Plutonic Gold Mine and the DeGrussa Copper Mine.

The Marymia Project incorporates tenements that are 100% held by AIC Resources Limited, a wholly owned subsidiary of AIC, and also joint venture agreements with Venus Metals Corporation Limited ("Venus") and Ausgold Limited ("Ausgold").

Systematic project evaluation throughout the year advanced a number of prospects within the Marymia Project area. The Company completed a synthesis of multiple geophysical datasets over the entire project area. This generated and ranked over 150 targets.

A small campaign of shallow reverse circulation drilling was completed at the 4G Hill prospect located at the western end of the Copper Hills Belt. 13 holes were completed for a total of 1,294 metres drilled. The drilling was designed to test for dip/plunge and strike extensions to the 4G Hill gossan. The drilling encountered a zone of strong geochemical depletion immediately beneath the gossan however the results from hole AMMC0009 may indicate that the zone is strengthening at depth, down-plunge towards the northeast. Anomalous results included:

- 4m @ 0.17 g/t gold from 68m depth in hole AMMC0002
- 12m @ 0.26 g/t gold from 36m depth in hole AMMC0009
- 8m @ 0.11 g/t gold from 76m depth in hole AMMC0011

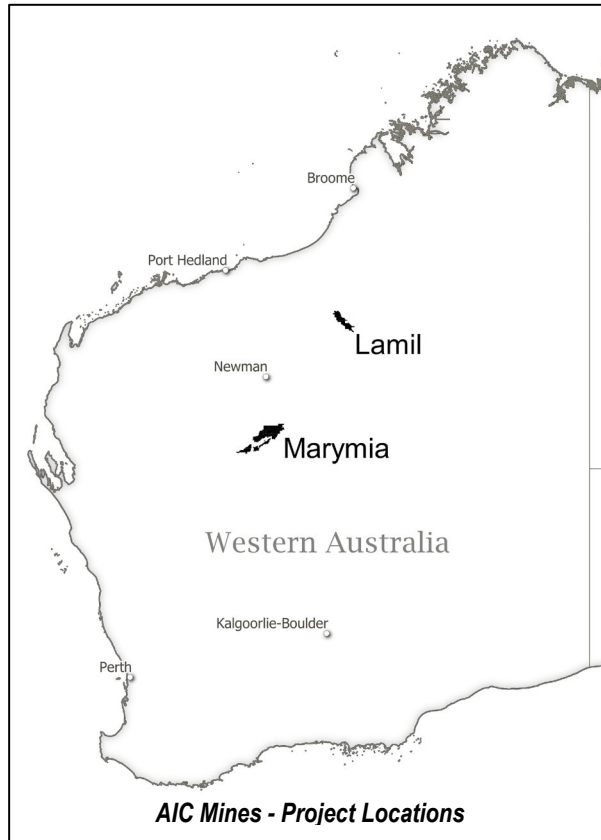
These results were reported to the ASX on 16 June 2020; the report is available at the Company's website.

The Copper Hills Belt makes up the northern third of AIC's Marymia Project. It is a structurally complex, craton-margin greenstone belt and can be traced for approximately 60 kilometres in strike length. Most of the belt is hidden beneath younger sediments and transported cover. Historical work has confirmed the potential of the belt to host gold, copper and iron ore however there has been very little recent exploration targeting gold or copper.

Ongoing data review has highlighted the Copper Hills, Boundary, Desert Greenstone and Pinnyrini prospect areas for further exploration (see Quarterly Activities Report for the Period ending 31 March 2020 released to the ASX on 7 April 2020). A potentially significant copper-gold VHMS style anomaly has been identified at the Curara Well Joint Venture and this is expected to be drill tested early in 2021.

Lamil Project

AIC is currently earning an interest in the Lamil Project according to an earn-in and exploration joint venture agreement with Rumble Resources Limited ("Rumble"). Under the terms of the 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.



Directors' Report

The Lamil Project is located within the highly prospective Paterson Province of remote North Western Australia. The Paterson Province is widely recognised as being one of the most well-endowed yet under-explored regions in Australia due largely to its remoteness and extensive cover.

Recent exploration success by Rio Tinto at Winu and by the Newcrest-Greatland Gold JV at Havieron has confirmed the prospectivity of the region and particularly in areas where the prospective basement rocks are hidden beneath younger cover rocks. These discoveries have resulted in the Paterson Province becoming one of the most sought-after exploration areas in Australia.

The Lamil Project comprises two Exploration Licences (E45/5270 and E45/5271) spanning a strike length of 90 kilometres. Combined they secure an area totalling 1,280km². The licences are underlain by Proterozoic basement rocks that are prospective for Telfer and Havieron-style gold-copper deposits, Winu-style copper-gold deposits and Nifty-style copper deposits.

A significant drilling campaign was completed at the Lamil Project in the 2020 Financial Year. A total of 68 aircore and reverse circulation holes were completed to an average depth of 126m for a total 8,591m and a total of 7 diamond holes were completed to an average depth of 406m for a total 2,840m.

The drilling at Lamil successfully confirmed the presence of prospective basement lithologies, large scale structures, extensive hydrothermal alteration and copper sulphide mineralisation with low level gold and multi-element pathfinder anomalism – all the ingredients required to host an intrusive related gold-copper mineral system. These results exceeded our expectations and reinforce our belief that the Lamil Project has the potential to host significant mineralisation.

The drilling successfully confirmed the presence of prospective basement lithologies, large scale structures (faults, folds, brecciation), extensive hydrothermal alteration (silicification and possible albitisation) and copper bearing minerals (chalcopyrite) – all the ingredients required to host an intrusive related gold-copper mineral system.

A significant alteration cell with elevated sodium (possible albite alteration) has been identified over a strike length of at least 1,500m along the central eastern flank of the Lamil Main Dome. Within this zone diamond drillhole 20ALDD0003 has reported extensive brecciation, quartz-carbonate stockwork veining and coincident, anomalous levels of key pathfinder elements including copper, bismuth, gold and lead. Multiple narrow intervals of primary copper sulphide mineralisation with low level gold and multi-element pathfinder anomalism were also intersected in two diamond drillholes spaced 800m apart along the eastern flank of the Lamil Main Dome:

Diamond Drillhole 20ALDD0006 intersected:

- 1.41m @ 0.05% Cu from 98.66m
- 2.21m @ 0.04% Cu from 219.75m

Diamond Drillhole 20ALDD0007 intersected:

- 4.92m @ 0.11% Cu from 163.08m
- 0.40m @ 0.18% Cu from 232.37m
- 1.59m @ 0.12% Cu from 237.10m

Results were reported to the ASX on 28 January 2021 and 26 February 2021; the reports are available at the Company's website.

Follow-up drilling and drill testing of new targets is planned for the 2021 field season.

Please refer to the Company's website for further information (www.aicmines.com.au).

OPERATIONS REPORT

The Group recorded a consolidated loss after income tax of \$6,837,000 for the year ended 31 December 2020 (31 December 2019: loss of \$8,165,000). At 31 December 2020 the net assets of the Group was \$8,716,000 (2019: \$11,080,000) and the Group's cash balance was \$5,066,000 (2019: \$5,422,000).

Capital Raising

In July and August 2020, the Company issued 16,714,746 fully paid ordinary shares at a price of \$0.28 per share raising \$4.7 million. Net proceeds (approximately \$4.4 million) were used to fund the inaugural drilling program at the Lamil Project (as

Directors' Report

discussed above) as well as ongoing exploration, geophysics and drilling programs at the Marymia Project, and assessing new opportunities.

The capital raising was outlined in an ASX announcement dated 6 July 2020 and completed as follows:

- Private Placement, Tranche 1 - 6,785,714 fully paid ordinary shares at a price of \$0.28 per share, issued on 13 July 2020
- Entitlement Offer - 7,429,032 fully paid ordinary shares at a price of \$0.28 per share, 5,957,898 issued on 31 July 2020 and 1,471,134 issued on 5 August 2020
- Private Placement, Tranche 2 - 2,500,000 fully paid ordinary shares at a price of \$0.28 per share, issued on 5 August 2020

Refer to the ASX announcements platform for further detail in relation to the capital raising activities outlined above.

Dividends

There was no dividend declared or paid during the year.

Tenement Holding

The tenements in which the Company holds an interest at the date of this report are as follows:-

Mining Act Tenure			Company's Ownership Interest
Tenement	Status	Project	
E52/2943	Granted	Marymia	100%
E52/2944	Granted	Marymia	100%
E52/2945	Granted	Marymia	100%
E52/2973	Granted	Marymia	100%
E52/3027	Granted	Marymia	100%
E52/3028	Granted	Marymia	100%
E52/3029	Granted	Marymia	100%
E52/3044	Granted	Marymia	100%
E52/3154	Granted	Marymia	100%
E52/3171	Granted	Marymia	100%
E52/3190	Granted	Marymia	100%
E52/3265	Granted	Marymia	100%
E52/3317	Granted	Marymia	100%
E52/3318	Granted	Marymia	100%
E52/3319	Granted	Marymia	100%
E52/3346	Granted	Marymia	100%
E52/3368	Granted	Marymia	100%
E52/3397	Granted	Marymia	100%
E52/3455	Granted	Marymia	100%
E52/3622	Granted	Marymia	100%
E52/3623	Granted	Marymia	100%
E52/3624	Granted	Marymia	100%
E52/3648	Granted	Marymia	100%
E52/3721	Granted	Marymia	100%
E52/3743	Granted	Marymia	100%
E52/3768 ¹	Pending	Marymia	0%
E69/3247	Granted	Marymia	100%
P52/1585	Granted	Marymia	100%
E45/5270 ²	Granted	Lamil JV	Earning up to 65%
E45/5271 ²	Granted	Lamil JV	Earning up to 65%
E52/3068 ³	Granted	Curara Well JV	80%
E52/3069 ³	Granted	Curara Well JV	80%
E52/3320 ³	Granted	Curara Well JV	80%

Directors' Report

Mining Act Tenure			Company's Ownership Interest
Tenement	Status	Project	
E52/3486 ³	Granted	Curara Well JV	80%
E52/3487 ³	Granted	Curara Well JV	80%
E52/3488 ³	Granted	Curara Well JV	80%
E52/3489 ³	Granted	Curara Well JV	80%
E52/3031 ⁴	Granted	Doolgunna JV	Earning up to 80%

Notes:

- This tenement was applied for on 15 November 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.*
- AIC Mines has entered into an earn-in and joint venture agreement with Rumble Resources Limited under which, subject to the satisfaction of regulatory consents, it may earn up to a 65% interest in tenements E45/5270 and E45/5271. Details of the agreement were released to the ASX on 22 July 2019.*
- AIC Resources Limited, a wholly owned subsidiary of AIC Mines, has entered into a Joint Venture Agreement with Venus Metals Corporation providing AIC with an 80% interest in tenements E52/3069, E52/3320, E52/3487, E52/3488 and E52/3489. Details of the agreement were released to the ASX on 20 August 2020. During the December 2020 Quarter, Venus Metals Corporation agreed to add exploration tenements E52/3068 and E52/3486 to the Joint Venture Agreement by way of a side letter.*
- AIC Mines has entered into an Exploration Farm-in and Joint Venture Agreement with Ausgold Limited under which, subject to the satisfaction of regulatory consents, it may earn up to an 80% interest in tenement E52/3031 covering ~176km². 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.*

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 Steve Vallance 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". Steve is Senior Exploration Geologist and full-time employee of AIC Mines Limited. Steve consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

EXPLORATION INFORMATION EXTRACTED FROM ASX ANNOUNCEMENTS

This Directors' Report contains exploration 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:

- Marymia Project Exploration Update 16 June 2020
- Quarterly Activities Report for the Period ending 31 March 2020 7 April 2020
- Quarterly Activities Report for the Period ending 31 December 2020 28 January 2021
- Initial Results from Maiden Drilling Program at Lamil Project 28 January 2021
- Final Results from Maiden Drilling Program at Lamil Project 26 February 2021

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

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

Directors' Report

INTERESTS IN THE SHARES AND INCENTIVES OF THE COMPANY

As at the date of this report, the interests of the directors in the shares of the Company were:

Name	Role	Ordinary Shares	Rights
Josef El-Raghy	Chairman	12,794,414	-
Aaron Colleran	Managing Director	2,900,000	6,500,000 ¹
Brett Montgomery	Non-Executive Director	1,155,358	-
Tony Wolfe	Non-Executive Director	-	-

¹ 500,000 performance rights were issued on 21 December 2020, however, are subject to shareholder approval at the next Annual General Meeting.

CORPORATE STRUCTURE

AIC Mines Limited is a company limited by shares that is incorporated and domiciled in Australia.

CAPITAL STRUCTURE

As at the date of this report the Company had 68,715,018 fully paid ordinary shares (31 December 2019: 52,000,272), and 7,275,000 performance rights on issue, 500,000 of which are subject to shareholder approval at the next Annual General Meeting (31 December 2019: 6,250,000).

The net cash outflow used in operations was \$5,408,000 (2019: \$2,306,000). The cash balance at year end was \$5,066,000 (2019: \$5,422,000).

LOSS PER SHARE

The basic and diluted loss per share for the year ended 31 December 2020 was \$0.115 (2019: \$0.172).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. In response to the outbreak in Australia, the Western Australian Government in partnership with the Commonwealth Government implemented restrictions for access to designated regions in the State (Biosecurity Area) to protect the health and wellbeing of residents in remote Aboriginal communities.

The access restrictions temporarily delayed planned exploration activities in relation to the Group's Lamil Project. While the Marymia Project was not impacted by physical access restrictions, the cessation of Heritage Surveys during this period effectively meant that access to new prospect areas was temporarily limited to non-ground disturbing work. Access restrictions were eased in the second half of 2020, allowing the Group to move forward with planned activities.

While there was a temporary delay in executing operations as planned during 2020 this is not deemed to have had a significant impact on the overall state of affairs of the Group. Nor has there been any material impact to the value of the Group's assets and therefore no adjustments have been made to the Group's result as at 31 December 2020 for the impacts of COVID-19.

At the date of this report the Group expects to be able to execute its operations as planned for 2021. However, the scale and duration of possible future Government measures, and their impact on the Group's operations and financial situation, necessarily remains uncertain.

The Group's utmost priority remains the safety and wellbeing of our employees, our contractors and the local communities within which we operate.

Other than as disclosed elsewhere in this Directors' Report, there have been no significant changes in the state of affairs of the Group during or since the end of the year ended 31 December 2020.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to period end, the Group has sold 1,371,122 shares of its investment in Kalium Lakes Limited (ASX:KLL). The shares were sold at an average price of \$0.217 with net proceeds after brokerage of \$296,000 representing a realised gain of \$29,000 from the fair value at 31 December 2020. At the date of this report the Group's remaining holding in KLL is 3,628,878 shares.

Directors' Report

No other 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company is actively continuing its search for suitable exploration/mining ventures.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's environmental obligations are regulated under both State and Federal law. All environmental performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The Company has a policy of at least complying with, but in most cases exceeding, its statutory environmental performance obligations. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 31 December 2020.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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

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

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to Ernst & Young during or since the financial year.

ROUNDING

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

REMUNERATION REPORT (AUDITED)

The Directors of the Company present the Remuneration Report for the Group for the year ended 31 December 2020. The information provided in this report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth) ("Corporations Act") and forms part of the Directors' Report.

The Remuneration Report sets out information relating to the remuneration of the non-executive directors of the Company and the senior executives of the Group, collectively termed, "Key Management Personnel" or "KMP", who are the persons primarily accountable for planning, directing and controlling the affairs of the Group.

The following were KMP of the Group at any time during the reporting period and unless otherwise indicated were KMP for the entire period.

Directors

Josef El-Raghy	Chairman
Aaron Colleran	Managing Director and CEO
Brett Montgomery	Non-Executive Director
Tony Wolfe	Non-Executive Director

Other than as detailed above there are no other key management personnel of the Company.

Directors' Report

1. Remuneration Committee

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

2. Use of Independent Remuneration Consultants

During the year ended 31 December 2020, no external remuneration consultants were engaged to assist the Company in any capacity.

3. Remuneration Policy

It is the Company's objective to provide maximum stakeholder benefit from the retention of high-quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions.

Remuneration packages will be reviewed at least annually, and retirement benefits or termination payments (other than notice periods) will not be provided or agreed other than in exceptional circumstances.

4. Non-Executive Director Remuneration

4.1 Fixed Remuneration

The aggregate remuneration to non-executive directors will not exceed the maximum approved amount of \$750,000 per annum (approved by shareholders on 3 March 2008). The board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable by shareholders. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers fees paid to non-executive directors of comparable companies when undertaking the annual review as well as the time commitment involved. The non-executive directors during the financial year received a salary of \$40,000 per annum plus superannuation, whilst the non-executive Chairman received a salary of \$60,000 per annum plus superannuation. From 1 January 2021 the non-executive director salary for the chairman of the audit committee has increased from \$40,000 to \$45,000 per annum plus superannuation. Non-executive directors are encouraged to hold shares in the Company; these are to be purchased by the director on market. It is considered good corporate governance for directors to have a stake in the company on whose board he or she sits. Remuneration of non-executive directors for the year ended 31 December 2020 is disclosed in the remuneration section of this report.

4.2 Variable Remuneration – Short Term Incentives

Non-executive directors do not receive performance-based bonuses for their membership of subsidiary boards or committees.

4.3 Variable Remuneration – Long Term Incentives

During the financial year, the Company had no contractual obligations to provide long term incentives to non-executive directors.

5. Executive Remuneration

The objectives of the Executive Remuneration Strategy are to:

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

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

Directors' Report

5.1 Fixed Remuneration

Base remuneration benefits

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

Executives are offered, via formal written contracts, a competitive base pay that comprises a fixed cash component. The Managing Director/CEO received \$250,000 per annum inclusive of superannuation which increased to \$300,000 per annum inclusive of superannuation from 1 August 2020.

Base pay for senior executives is reviewed annually to ensure executives' pay is competitive with the market. There are no guaranteed base pay increases included in any senior executive's contracts.

5.2 Variable Remuneration

Short Term Incentive Bonus (STI)

Executives are eligible for an annual short term incentive bonus ("STI") based on a percentage of Base Remuneration. Calculation and payment of any STI will be based on both the executive's and the Company's performance for each financial year, against criteria such as financial and share price performance and the executive meeting key objectives. The STI may be paid in part or in full depending on the executive meeting such criteria and objectives, as determined by the Remuneration Committee following an annual performance review. Payment of any STI is at the absolute discretion of the Board and is subject to approval by the Board. Managing Director/CEO is eligible for up to 100% of Base Remuneration. The Managing Director/CEO was not awarded a STI during the year.

Long Term Incentive Plan (LTI)

On 31 May 2019, shareholders approved the AIC Mines Limited Equity Participation Plan. ("EPP"). Under the EPP executives may be offered the opportunity to subscribe for long term incentives in the form of performance rights or share options ("LTI") in order to increase the range of potential incentives available to the Company and to strengthen links between the Company and its employees. The EPP is designed to provide long term incentives to Employees and to recognise their contribution to the Company's success. Under the Company's current circumstances, the Directors consider that the LTI's are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration.

The purpose of the EPP is to:

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

Executives are eligible for an initial and annual grant of LTI's based on a percentage of Base Remuneration. Calculation and grant of any LTI will be based on both the executive's and the Company's performance for each financial year, against criteria such as financial and share price performance and the executive meeting key objectives. The LTI's will vest depending on achievement of specified objectives. Grant of any LTI's is at the absolute discretion of the Board and is subject to approval by the Board.

The Managing Director/CEO is eligible for an annual grant (subject to shareholder approval) of long term incentives in the form of performance rights at up to 100% of Base Remuneration. On 21 December 2020 the Managing Director/CEO was awarded 500,000 performance rights which will vest and convert to fully paid ordinary shares at any time up to 1 December 2023 when the 60 day VWAP of the Company's share price is \$0.60 or more. These performance rights remain subject to approval by shareholders at the next Annual General Meeting.

6. Remuneration of Directors and the Executive of the Company

Details of the remuneration of directors and other key management personnel of AIC Mines Limited for the year ended 31 December 2020 are set out in the following tables. Note that both the current and prior period disclosures are in relation to AIC Mines Limited as the legal parent entity. For the year ended 31 December 2019 this differs from the key management personnel

Directors' Report

disclosure in the consolidated financial report which reflects that AIC Resources is deemed to be the parent of the Group for accounting purposes. Refer to note 17 of the consolidated financial report for further detail.

Year ended 31 December 2020	Short-term employee benefits		Post-employment benefits	Share Based Payments	Termination benefits		
Name	Salary and fees	Cash bonus	Superannuation	Performance Rights	Termination payment	Leave paid out	Total
	\$	\$	\$		\$	\$	\$
<i>Non- Executive Directors</i>							
J El-Raghy	60,000	-	5,700	-	-	-	65,700
B Montgomery	40,000	-	3,800	-	-	-	43,800
T Wolfe	43,800	-	-	-	-	-	43,800
Sub-total NED	143,800	-	9,500	-	-	-	153,300
<i>Executive Director</i>							
A Collieran ⁽¹⁾	249,485	-	21,348	86,820	-	-	357,653
Total ⁽⁴⁾	393,285	-	30,848	86,820	-	-	510,953

1. Salary increased from \$250,000 to \$300,000 per annum including superannuation from 1 August 2020.
2. Premium for Director's liability insurance is not included in the remuneration table above.

Other than what is disclosed in the table above, no director or KMP received any compensation in the financial year ended 31 December 2020.

Year ended 31 December 2019	Short-term employee benefits		Post-employment benefits	Share Based Payments	Termination benefits		
Name	Salary and fees	Cash bonus	Superannuation	Performance Rights	Termination payment	Leave paid out	Total
	\$	\$	\$		\$	\$	\$
<i>Non- Executive Directors</i>							
J El-Raghy ⁽¹⁾	42,167	-	4,006	-	-	-	46,173
B Montgomery ⁽¹⁾	28,111	-	2,671	-	-	-	30,782
T Wolfe	51,100	-	-	-	-	-	51,100
<i>Former non-executive directors</i>							
R Baumfield ⁽²⁾	24,111	-	2,291	-	-	-	26,402
P Evans ⁽³⁾	20,000	-	1,900	-	-	-	21,900
Sub-total NED	165,489	-	10,868	-	-	-	176,357
<i>Executive Director</i>							
A Collieran ⁽¹⁾	160,795	-	14,899	570,052	-	-	745,746
Total ⁽⁴⁾	326,284	-	25,767	570,052	-	-	922,103

1. Appointed 18 April 2019.
2. Resigned 7 June 2019.
3. Resigned 18 April 2019.
4. Premium for Director's liability insurance is not included in the remuneration table above.

Other than what is disclosed in the table above, no director or executive received any compensation in the financial year ended 31 December 2019.

Directors' Report

Incentives awarded, vested, and lapsed during the year

The tables below disclose the number of performance rights granted, vested or lapsed during the current and comparative periods. These performance rights are those granted to the Managing Director in accordance with the long-term incentive plan outlined in section 5.2 above.

Year ended 31 December 2020										
Executive	Incentives Awarded	Award Date	Fair Value per Incentive at Award Date	Vesting Date (any time up until)	Vesting Price ¹ (60 day VWAP)	Expiry Date	No. Vested During the Year	No. Lapsed During the Year	Value of Rights Granted During the Year	Value of Rights Exercised During the Year
A Colleran	2,000,000	3 Jun 19	\$0.14	11 Feb 21	\$0.30	3 Jun 34	Vested 2019	-	-	-
	2,000,000	3 Jun 19	\$0.12	11 Feb 22	\$0.40	3 Jun 34	Vested 2019	-	-	-
	2,000,000	3 Jun 19	\$0.16	11 Feb 23	\$0.60	3 Jun 34	-	-	-	-
	500,000 ²	21 Dec 20	\$0.29	1 Dec 23	\$0.60	1 Dec 23	-	-	\$143,500	-

Year ended 31 December 2019										
Executive	Incentives Awarded	Award Date	Fair Value per Incentive at Award Date	Vesting Date (any time up until)	Vesting Price ¹ (60 day VWAP)	Expiry Date	No. Vested During the Year	No. Lapsed During the Year	Value of Rights Granted During the Year	Value of Rights Exercised During the Year
A Colleran	2,000,000	3 Jun 19	\$0.14	11 Feb 21	\$0.30	3 Jun 34	2,000,000	-	\$280,000	-
	2,000,000	3 Jun 19	\$0.12	11 Feb 22	\$0.40	3 Jun 34	2,000,000	-	\$240,000	-
	2,000,000	3 Jun 19	\$0.16	11 Feb 23	\$0.60	3 Jun 34	-	-	\$320,000	-

¹Vesting price represents the share price that must be exceeded on 60 day VWAP basis, at which point the rights will vest with no fee payable to exercise vested rights.

²Subject to approval at the next annual general meeting.

6.1 Related Party Transactions

The Company has entered into the following agreements with the Directors:-

- Josef El-Raghy
 - Letter of Appointment – Director fee (dated 18 April 2019) - \$60,000 + superannuation per annum
 - Deed of Access and Indemnity (dated 17 April 2019)
- Aaron Colleran
 - Executive Service Agreement (dated 17 April 2019) - \$250,000 per annum including superannuation (to increase to \$300,000 per annum including superannuation from 1 August 2020)
 - Deed of Access and Indemnity (dated 17 April 2019)
- Brett Montgomery
 - Letter of Appointment – Director fee (dated 18 April 2019) - \$40,000 + superannuation per annum (subsequently increased by Board Resolution to \$45,000 + superannuation per annum effective 1 January 2021)
 - Deed of Access and Indemnity (dated 17 April 2019)
- Tony Wolfe
 - Letter of Change to Non-Executive Director Fees – Director fee (dated 30 April 2019, effective 1 May 2019) - \$40,000 + superannuation per annum
 - Deed of Access, Insurance and Indemnity (dated 15 November 2016)

Termination and redundancy

In the event of termination by the Company without cause the Company is required to provide the Managing Director/CEO 12 months notice of termination.

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

End of Remuneration Report

Directors' Report

DIRECTORS' MEETINGS

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

	Audit & Risk Committee		Remuneration & Nomination Committee		Board of Directors	
	A	B	A	B	A	B
Josef El-Raghy	2	2	1	1	5	5
Aaron Colleran	2	2	1	1	5	5
Brett Montgomery	2	2	1	1	5	5
Tony Wolfe	2	2	1	1	5	5

A = number of meetings attended.

B = number of meetings held during the time the Director held office during the year or was a committee member.

In addition, during the year the directors approved eleven (11) circular resolutions which were signed by all directors of the Company.

COMMITTEE MEMBERSHIP

The role of the Audit and Risk, Remuneration and Nomination Committees are carried out in accordance with the appropriate charters. The Board considers that no efficiencies or benefits would be gained by establishing separate committees and therefore, at present these Committees currently comprise of the full board.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of AIC Mines Limited support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement is contained in this annual report.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

During the year, the Company's auditors, Ernst & Young, provided services in addition to the statutory audit, as disclosed in Note 25 to the financial statements. The directors are satisfied that the provision of the non-audit service is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, and that the nature of the non-audit service meant that auditor independence was not compromised.

No other non-audit services were provided by Ernst & Young during the year ended 31 December 2020.

AUDITOR

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

AUDITOR INDEPENDENCE

Section 370C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is disclosed on page 18 of this report and forms part of this Directors' Report for the year ended 31 December 2020.

Signed in accordance with a resolution of the directors.



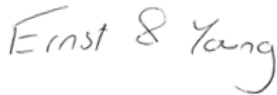
Mr Aaron Colleran
Managing Director and CEO
30 March 2021

Auditor's independence declaration to the directors of AIC Mines Limited

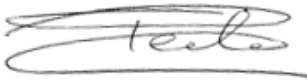
As lead auditor for the audit of the financial report of AIC Mines Limited for the financial year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



Philip Teale
Partner
30 March 2021

Directors' Declaration

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

1. 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 2020 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2020.

On behalf of the Board



Mr Aaron Colleran
Managing Director and CEO

30 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

		For the financial year ended 31 December 2020 \$'000	For the financial year ended 31 December 2019 \$'000
	Notes		
Other income			
- Interest income	6(a)	32	429
- Other	6(a)	220	3
		252	432
Directors', employee and consultant benefits expenses	6(b)	(789)	(690)
Corporate and administration costs	6(b)	(760)	(1,282)
Exploration and evaluation costs	6(b)	(4,249)	(1,659)
Depreciation expense	12	(35)	(84)
Fair value gain/(loss) on financial assets	11	(1,136)	1,268
Gain/(loss) on sale of property, plant & equipment	12	-	2
Share based payment expense	21	(120)	(572)
Impairment of deferred consideration receivable	10(a)	-	(5,696)
Foreign exchange gain/(loss)		-	116
Loss before income tax expense		(6,837)	(8,165)
Income tax benefit	7	-	-
Net loss for the year after tax		(6,837)	(8,165)
Other comprehensive income		-	-
Total comprehensive loss for the year		(6,837)	(8,165)
Total comprehensive loss for the year is attributable to:			
Owners of AIC Mines Limited		(6,837)	(8,165)
Loss per share			
Basic and diluted loss per share	18	(0.115)	(0.172)

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

	Notes	As at 31 December 2020 \$'000	As at 31 December 2019 \$'000
Assets			
Current Assets			
Cash and cash equivalents	8	5,066	5,422
Prepayments	9	243	192
Trade and other receivables	10	368	94
Financial assets at fair value through profit and loss	11	2,566	4,509
Total Current Assets		8,243	10,217
Non-Current Assets			
Plant and equipment	12	39	46
Capitalised exploration and evaluation expenditure	13	1,653	1,643
Total Non-Current Assets		1,692	1,689
Total Assets		9,935	11,906
Liabilities			
Current Liabilities			
Trade and other payables	14	1,083	758
Employee provisions	15	136	68
Total Current Liabilities		1,219	826
Total Liabilities		1,219	826
Net Assets		8,716	11,080
Equity			
Issued capital	16	25,868	21,515
Share based payment reserve		692	572
Accumulated losses		(17,844)	(11,007)
Total Equity		8,716	11,080

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

		For the financial year ended 31 December 2020 \$'000	For the financial year ended 31 December 2019 \$'000
	Notes		
Cash flows from operating activities			
Interest received		32	437
Payments for exploration and evaluation		(4,000)	(1,422)
Payments to suppliers, employees and contractors		(1,540)	(1,534)
Government grants received (COVID relief)		100	-
Deferred consideration received from Troy Resources		-	213
Net cash used in operating activities	8	(5,408)	(2,306)
Cash flows from investing activities			
Payments for plant and equipment	12	(27)	(10)
Proceeds from sale of plant and equipment	12	-	2
Payments for acquisition of exploration properties	13	(10)	(150)
Payments for acquisition of listed investments	11	-	(1,407)
Proceeds from disposal of listed investments	11	845	1,086
Cash acquired on reverse acquisition of AIC Mines Ltd	17	-	2,955
Net cash used in investing activities		808	2,476
Cash flows from financing activities			
Proceeds from issue of shares	16	4,681	-
Payment of share issue costs	16	(328)	(31)
Unclaimed shareholder monies held in trust		(109)	-
Net cash from financing activities		4,244	(31)
Net increase in cash and cash equivalents		(356)	139
Cash and cash equivalents at beginning of the year		5,422	5,277
Effects of exchange rate fluctuations on cash held		-	6
Cash and cash equivalents at end of the year	8	5,066	5,422

The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

	Issued capital \$'000	Accumulated losses \$'000	Share based payment reserve \$'000	Total \$'000
At 1 January 2019	11,927	(2,842)	-	9,085
<i>Profit or loss and other comprehensive income</i>				
Net loss for the period	-	(8,165)	-	(8,165)
Total comprehensive loss	-	(8,165)	-	(8,165)
<i>Transactions with owners</i>				
Contributed equity on acquisition (notes 16 and 17)	9,326	-	-	9,326
Issue of shares (note 16)	293	-	-	293
Share issue costs (note 16)	(31)	-	-	(31)
Share based payment expense (note 21)	-	-	572	572
Balance at 31 December 2019	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 16)	4,681	-	-	4,681
Share issue costs (note 16)	(328)	-	-	(328)
Share based payment expense (note 21)	-	-	120	120
Balance at 31 December 2020	25,868	(17,844)	692	8,716

The accompanying notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

1. REPORTING ENTITY

AIC Mines Limited ("AIC" or "the Company") is a for profit company domiciled in Australia and publicly listed on the Australian Stock Exchange (ASX). The Company was incorporated on 9 June 1993. The address of the Company's registered office is A8, 431-435 Roberts Road, Subiaco WA 6008. The nature of the operations and principal activities of the Company are described in the Directors' Report.

The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The consolidated financial statements were authorised for issue by the directors on 30 March 2021 in accordance with a resolution of the directors.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB").

The comparative period reflects the first period of the merged entity formed as a result of the takeover of AIC Resources Limited (AIC Resources) by Intrepid Mines Limited (Intrepid). Intrepid was renamed AIC Mines Limited subsequent to completion of the merger. Refer to note 17 for accounting treatment of the acquisition.

As outlined in note 17, as a result of the acquisition the former shareholders of AIC Resources effectively obtained control of the combined entity. Therefore, while Intrepid was identified as the legal acquirer, AIC Resources is deemed the acquirer for accounting purposes and these consolidated financial statements are presented as a continuation of the operations of AIC Resources. As the deemed acquirer, AIC Resources Limited accounted for the acquisition of AIC Mines Limited from 16 April 2019 and this is reflected in the comparative information within this report.

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Australian dollars ("AUD"), which is the Group's functional currency.

(d) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AIC Mines Limited as at 31 December 2020 and the results of all subsidiaries for the year then ended. Subsidiaries are all those entities (including special purpose entities) over which the Group has control. Control over an entity exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through the power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

(e) Going concern basis of preparation

The Company incurred a net loss after income tax of \$6,837,000 for the year ended 31 December 2020 (2019: \$8,165,000) and a net cash outflow of \$356,000 (2019: inflow of \$139,000). As at 31 December 2020, the Company had cash and cash equivalents of \$5,066,000 (2019: \$5,422,000).

Given the strong financial position of the Company at the date of signing the financial report, the directors are satisfied that there are reasonable grounds to believe that the Company will be able to continue to meet its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis. Furthermore, the directors also note the following:

- The Company has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements;
- The Company retains the ability, if required, to wholly or in part dispose of interests in mineral exploration assets; and
- The directors regularly monitor the Company's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.

(f) Changes in accounting policies

There have been no significant changes to the accounting policies adopted by the Company in the preparation of the financial report. There are no standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) CASH AND CASH EQUIVALENTS

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

b) PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of operational assets is calculated using a diminishing value method based on production levels over the ore reserve life of the operation. Depreciation of other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment: 2 to 4 years

Computer equipment: 2 years

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

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

c) MINING PROPERTIES

Exploration and evaluation

All exploration and evaluation costs incurred by or on behalf of the Group up to the establishment of a commercially viable mineral deposit (as approved by the Board) are expensed as incurred except for the cost of acquiring exploration properties (where the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale).

d) IMPAIRMENT

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

e) TRADE AND OTHER PAYABLES

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

f) PROVISIONS

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

g) EMPLOYEE BENEFITS

Wages and salaries, annual leave and sick leave

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

Long service leave

The liability for long service leave expected to be settled within twelve months of the reporting date is recognised in the current provision for employee benefits and is measured in accordance with the above. The liability for long service leave expected to be settled more than twelve months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits

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

Employee benefit on-costs

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

h) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

i) BUSINESS COMBINATIONS

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

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

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

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

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

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

j) SHARE CAPITAL – TRANSACTION COSTS

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

k) REVENUE AND OTHER INCOME

Interest

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

Government grants

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

Other income

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

l) TAXES

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

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

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

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

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

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

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised.

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

Intrepid (now AIC Mines Limited) and its wholly-owned Australian resident entities formed a tax consolidated group effective from 1 October 2010. As a consequence, all members of the tax consolidated group are taxed as a single entity from this point in time. Following the merger, AIC Resources also became a member of the AIC tax consolidated group on 12 June 2019. The head entity within the tax consolidated group is AIC Mines Limited.

m) FINANCIAL ASSETS

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

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

Financial assets at amortised cost

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

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

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

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

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Financial assets at fair value through profit or loss

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

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

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

Derecognition

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

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

Impairment of financial assets

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

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

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

n) FINANCIAL LIABILITIES

Initial recognition and measurement

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

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

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

Notes to the Consolidated Financial Statements

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Derecognition

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

o) FAIR VALUE ESTIMATION

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

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

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

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

p) GOODS AND SERVICES TAX

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

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

q) EARNINGS PER SHARE

Basic earnings per share

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

Diluted earnings per share

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

r) SEGMENT REPORTING

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

(a) Significant accounting estimates and judgements

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

(i) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made. In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

(ii) Impairment of deferred consideration receivable

The future recoverability of all receivable balances is assessed at each period end. Refer to note 10 for further detail in relation to the deferred consideration receivable from Vulcan Copper Limited ("Vulcan"). Vulcan has failed to make any repayments since Feb 2019 and has not paid any of the interest due on the balance since 14 October 2019. AIC has been unable to resolve the non-payment through consultation with Vulcan but continues to consider remedial actions available to the Company.

During the year ended 31 December 2019, the Directors made the decision to fully impair the value of the asset given the failure of the counterparty to meet its payment obligations and uncertainty in relation to resolution of the matter. While AIC intends to exhaust all avenues to recover value from this transaction, there have not been any developments in the year ended 31 December 2020 which would indicate any change in the decision to fully impair the value of the asset.

5. SEGMENT REPORTING

The Company operates in one geographical area being Australia and one industry, being exploration for the year to 31 December 2020. 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.

		For the financial year ended 31 December 2020 \$'000	For the financial year ended 31 December 2019 \$'000
6. OTHER INCOME AND EXPENSES			
(a) Other income			
Interest on bank and term deposits	8	32	109
Interest on deferred consideration receivable	10(a)	-	320
Grant income – EIS funding (Lamil Project)		120	-
Government grants – COVID relief		100	-
Other		-	3
		252	432

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FOR THE YEAR ENDED 31 DECEMBER 2020

(b) Expenses

Exploration Expenses

Exploration activities	1,778	290
Tenement costs (rates, rents, native title etc)	632	434
Exploration employees/contractors	1,052	576
Allocation from corporate employees	181	75
Other exploration costs	606	284
	4,249	1,659

Corporate and administration

Compliance (audit, legal fees, registry, ASX etc)	297	695
Stamp duty and merger costs	-	212
Business development	183	191
Office rent	46	38
Other	234	146
	760	1,282

Directors', employee and consultant benefits

Employee benefits	817	593
Directors remuneration	153	157
Payments to consultants	-	15
Allocation to exploration costs	(181)	(75)
	789	690

For the financial year ended 31 December 2020 \$'000	For the financial year ended 31 December 2019 \$'000
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7. INCOME TAX

Reconciliation between tax expense and pre-tax loss

Accounting loss before income tax	(6,837)	(8,165)
Tax benefit at the statutory income tax rate 30%	2,051	2,450
Adjustment for impact of non-temporary differences	(506)	(1,495)
Movement of income tax benefit not brought to account	(1,545)	(955)
Income tax benefit	-	-

Deferred income tax

The following temporary differences existed at the balance sheet date:

Deferred tax asset

Accruals	(18)	215
Unused tax losses	18,864	18,395
Net deferred tax asset not recognised	(18,846)	(18,610)
Net deferred tax balance	-	-

Deferred tax liability

There was no deferred tax liability as at 31 December 2020 (2019: \$nil).

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The unused tax losses and deferred tax assets not recognised have been adjusted to account for the tax losses that arose as a result of the acquisition of Intrepid Mines Limited in the prior year. Comparatives have been updated for consistency. The Group has \$62,879,000 (2019: \$61,317,000) in losses for income tax purposes. The aggregate deferred tax benefit has not been carried forward as an asset in the Statement of Financial Position as realisation of the benefit is not regarded as probable and will only be obtained if:

- (a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the exploration expenditure and tax losses to be realised;
- (b) the Group continues to comply with the conditions for deductibility imposed by the law; and
- (c) no changes in tax legislation adversely affect the Group in realising the benefit from the tax losses.

	As at 31 December 2020 \$'000	As at 31 December 2019 \$'000
8. CASH AND CASH EQUIVALENTS		
(i) Cash and cash equivalents		
Cash at bank and on hand	5,066	5,422
	5,066	5,422

The above figures are shown as cash and cash equivalents at the end of the financial year in the cash flow statement. Cash at bank includes interest-bearing amounts. The average rate applicable to the Group's balance at 31 December 2020 was 0.34% (2019: 0.67%)

(ii) Reconciliation of net loss after tax to net cash flows from operations

	For the financial year ended 31 December 2020 \$'000	For the financial year ended 31 December 2019 \$'000
Loss for the year	(6,837)	(8,165)
Adjustments to reconcile loss to net cash flows from operating activities:		
Depreciation	35	84
Impairment	-	5,696
Gain/loss on investments	1,136	(1,268)
Gain on sale of property, plant and equipment	-	(2)
Share based payment expense	120	572
Unclaimed shareholder monies returned	109	-
Unrealised foreign exchange	-	(109)
Operating loss before changes in working capital and provisions	(5,437)	(3,192)
Changes in operating assets & liabilities:		
(Increase)/decrease in prepayments	(51)	51
(Increase)/decrease in receivables	(313)	98
Increase/(decrease) in trade and other payables	325	669
Increase/(decrease) in provisions	68	68
Net cash flows used in operating activities	(5,408)	(2,306)

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	As at 31 December 2020 \$'000	As at 31 December 2019 \$'000
9. PREPAYMENTS		
Tenement rents	127	79
Shire rates	51	51
Insurances	61	48
Stock exchange fees	1	14
Other	3	-
	243	192

	As at 31 December 2020 \$'000	As at 31 December 2019 \$'000
10. TRADE AND OTHER RECEIVABLES		
Sundry debtors	132	42
GST receivable	234	50
Interest receivable	2	2
Deferred consideration receivable (note 10a)	5,696	5,696
Impairment of deferred consideration receivable (note 10a)	(5,696)	(5,696)
	368	94

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

(a) Deferred consideration receivable

Pre merger

On 7 September 2018, Intrepid announced that it had entered into a conditional share sale agreement with Vulcan Copper Limited ("Vulcan") in respect of its interest in the Mumbwa and Kitumba Copper projects located in Zambia, for cash consideration of US \$5 million subject to customary adjustments ("Kitumba Sale Agreement"). The sale was successfully completed on 14 February 2019. Intrepid received US\$0.5 million of the consideration on 17 January 2019 and a further US\$0.5 million on 28 February 2019. The remaining US\$4 million was recorded in the acquisition balance sheet at 16 April 2019 at the fair value of AUD \$5.7 million (refer acquisition balance sheet in note 17).

Post merger

The remaining US\$4 million was due on or before 14 August 2019, however on 14 August 2019, the Group announced an agreement to extend the deferred payment date by 3 months to 14 November 2019, with the deferred consideration being increased by US \$0.5 million to US \$4.5 million. The deferred consideration was bearing interest at 12.5% pa with monthly interest payments through to 14 October 2019 being received as and when they became due. The extended deferred payment date of 14 November 2019 was not met and the monthly interest payment for that month was also not received.

On 22 November 2019, the Group announced that the parties had agreed to the following variations to the payment arrangements under the Kitumba Sale Agreement:

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- Payment of the deferred consideration of US\$4,500,000 owing to AIC be made over three payments as follows:-
 - US\$1,000,000 payment by 30 November 2019
 - US\$1,500,000 payment by 31 December 2019
 - US\$2,000,000 payment by 31 January 2020
- The agreement outlines that the outstanding amount of the deferred consideration should continue to accrue interest for the benefit of AIC at an increased rate of 15% pa (previously 12.5% pa)

Vulcan has failed to make any of the repayments noted above and has not paid any of the interest due since 14 October 2019. AIC has been unable to resolve the non-payment through consultation with Vulcan but continues to consider remedial actions available to the Group.

During the year ended 31 December 2019, the Directors made the decision to fully impair the value of the asset and not record any accrued interest given the failure of the counterparty to meet its payment obligations and uncertainty in relation to resolution of the matter. While AIC intends to exhaust all avenues to recover value from this transaction, there have not been any developments in the year ended 31 December 2020 which would indicate any change in the decision to fully impair the value of the asset.

	As at 31 December 2020 \$'000	As at 31 December 2019 \$'000
11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		
Fair value of listed shares in Kalium Lakes Limited (KLL)	975	2,425
Fair value of unlisted options over shares in KLL	282	1,200
Fair value of listed shares in Ausgold Resources Limited (AUC)	830	230
Fair value of listed shares in Rumble Resources Limited (RTR)	479	279
Fair value of unlisted shares in Tesoro Resources Pty Ltd	-	375
	2,566	4,509

The fair value movement of these financial assets held at fair value through profit and loss for the period was a loss of \$1,136,000 (2019: gain of \$1,268,000).

a) Fair value hierarchy

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

	31 December 2020 (\$'000)			
	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non- market observable inputs (Level 3)	Total
Financial Assets				
Financial assets at fair value through profit and loss				
Listed shares	2,284	-	-	2,284
Unlisted shares	-	-	-	-
Unlisted options	-	282	-	282
	2,284	282	-	2,566

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	31 December 2019 (\$'000)			
	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non- market observable inputs (Level 3)	Total
Financial Assets				
Financial assets at fair value through profit and loss				
Listed shares	2,934	-	-	2,934
Unlisted shares	-	-	375	375
Unlisted options	-	1,200	-	1,200
	2,934	1,200	375	4,509

b) Listed shares

The Company holds 5,000,000 shares in Kalium Lakes Limited (ASX:KLL) ("Kalium"). Kalium is an ASX listed junior mining company with tenements in Western Australia. As at 31 December 2020, Kalium's share price was \$0.195 (31 December 2019: \$0.485) representing a fair value of \$975,000 (31 December 2019: \$2,425,000).

In the comparative period, the Company participated in a rights issue by Kalium, acquiring 2,283,106 shares at a price of \$0.50 representing an investment of \$1,141,553. All of these shares were re-sold during the comparative period at an average price of \$0.493. Net proceeds received (or receivable at period end) from sales totalled \$1,123,885 representing a loss of \$17,000 including brokerage.

The Group holds 17,665,000 shares in Ausgold Limited (ASX:AUC) ("Ausgold"). Ausgold is an ASX listed gold exploration and development company based in Western Australia. As at 16 April 2019 (refer acquisition balance sheet in note 17), the Group held 16,665,000 shares and Ausgold's share price was \$0.019 representing a fair value of \$316,635. In the comparative period, the Group purchased a further 1,000,000 shares in Ausgold at a price of \$0.015 per share representing a further investment of \$15,000 and bringing the Group's holding in Ausgold to 17,665,000 shares. As at 31 December 2020, Ausgold's share price was \$0.047 (31 December 2019: \$0.013) representing a fair value of \$830,255 (31 December 2019: \$229,645).

In the comparative period, the Group also purchased 4,166,667 shares in Rumble Resources Limited at a price of \$0.06 representing a total investment of \$250,000. This was in accordance with the Lamil JV agreement announced 22 July 2019. As at 31 December 2020, Rumble's share price was \$0.115 (31 December 2019: \$0.067) representing a fair value of \$479,167 (31 December 2019: \$279,167).

The Group previously held 3,333,333 shares in Tesoro Resources Pty Limited, a non-related unlisted Australian company with gold and copper-gold exploration projects in Chile. As at 31 December 2019 the unlisted shares were attributed a fair value of \$0.113 deemed to be the best estimate based on planned capital raising activity, valuing the investment at \$375,000 at this date. During the period, the backdoor listing of Tesoro Resources Pty Limited to the ASX was successfully completed resulting in the Group being issued 12,499,999 shares in Tesoro Resources Limited (ASX:TSO)("Tesoro") on 7 February 2020. The closing share price on the date of listing was \$0.028, valuing the investment at \$350,000 on this date.

During the period, the Group sold all of its 12,499,999 shares in Tesoro reducing the holding at the date of this report to nil. The shares were sold at an average price of \$0.065 with net proceeds after brokerage of \$807,000 representing a realised gain of \$432,000 from the fair value at 31 December 2019.

c) Unlisted shares

As outlined above, the unlisted investment previously held in Tesoro Resources Pty Limited was listed to the ASX in the year ended 31 December 2020.

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d) Unlisted options

AIC Resources holds 5 million options to acquire Shares (Options) in Kalium. The Options have an exercise price of \$0.36 (2019: \$0.50) each and will expire on 30 June 2025.

The options were valued using the Black Scholes pricing method, using 56% volatility (2019: 60%), the prevailing government interest rate reflecting the relevant term to maturity at each balance date, and no discount.

e) Transfer between categories

Aside from the impact of previously unlisted shares becoming listed shares during the period, 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.

	As at 31 December 2020 \$'000	As at 31 December 2019 \$'000
12. PLANT AND EQUIPMENT		
Cost	227	199
Accumulated depreciation	(188)	(153)
Net carrying amount	39	46
At beginning of year, net accumulated depreciation	46	119
Acquired	28	11
Disposals - cost	-	(20)
Disposals – accumulated depreciation	-	20
Depreciation charge for the year	(35)	(84)
At end of year, net accumulated depreciation	39	46

The useful life of the assets was estimated between 2 and 4 years for both 2020 and 2019.

	As at 31 December 2020 \$'000	As at 31 December 2019 \$'000
13. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE		
Costs carried forward in respect of:		
Acquisition of tenements – at cost		
Balance at beginning of the period	1,643	1,200
Acquisition of tenements	10	443
Total capitalised exploration and evaluation expenditure	1,653	1,643

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.

In the comparative period, \$150,000 was capitalised reflecting the payment made to acquire the surrender of E52/2215 from the previous licence holder. Following the surrender agreement a tenement application was submitted and the tenement (E52/3721) was granted in early 2020.

In the comparative period, a further \$293,000 was capitalised reflecting the fair value attributed to the issuance of shares to Rumble Resources Limited, a condition required upon execution of the Lamil farm-in and joint venture agreement. The 714,286

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FOR THE YEAR ENDED 31 DECEMBER 2020

shares were issued on 23 August 2019 for nil consideration, therefore fair value was estimated using the AIC share price on the day of the issuance being \$0.41 per share. The acquisition was recorded using the fair value of shares issued as the fair value of the asset could not be reliably determined given that it is an early stage exploration asset.

In the current period, \$10,000 was capitalised reflecting the payment made to acquire the tenement rights for E52/3768. 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.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas. As at 31 December 2020 there are no indicators of impairment under AASB 6 related to Deferred Exploration Expenditure.

The Company also has farm-in and joint venture agreements in relation to the Doolgunna (refer ASX announcement 4 June 2018), Curara Well (refer ASX announcement 20 August 2020) and Lamil (refer ASX announcement 22 July 2019) Project's. Expenditure incurred under these agreements is recorded as exploration expenditure in the statement of comprehensive income, consistent with the accounting policy in relation to expenditure on exploration properties.

	As at 31 December 2020 \$'000	As at 31 December 2019 \$'000
14. TRADE AND OTHER PAYABLES		
Trade payables	527	96
Accruals	533	660
Other creditors	23	2
	1,083	758

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

Accruals include stamp duty payable on merger to the WA OSR, audit and tax compliance services, exploration activities and potential legal costs in relation to Canadian based litigation and resolution of the deferred consideration receivable.

	As at 31 December 2020 \$	As at 31 December 2019 \$
15. EMPLOYEE BENEFIT LIABILITIES		
Annual leave	136	68
	136	68

	2020 Number	\$'000
16. ISSUED CAPITAL		
Issued capital at beginning of year as at 1 January 2020	52,000,272	21,515
Issue of shares ¹	16,714,746	4,681
Cost of Issue – acquisition shares	-	(328)
Issued capital at end of year as at 31 December 2020	68,715,018	25,868

¹ The capital raising activities in relation to the issue of shares was outlined in an ASX announcement dated 6 July 2020 and completed as follows:

- Private Placement, Tranche 1 - 6,785,714 fully paid ordinary shares at a price of \$0.28 per share, issued on 13 July 2020

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- Entitlement Offer - 7,429,032 fully paid ordinary shares at a price of \$0.28 per share, 5,957,898 issued on 31 July 2020 and 1,471,134 issued on 5 August 2020
- Private Placement, Tranche 2 - 2,500,000 fully paid ordinary shares at a price of \$0.28 per share, issued on 5 August 2020

	2019	
	Number	\$,000
Issued capital at beginning of year as at 1 January 2019	75,000,001	11,927
Elimination of AIC Resources Ltd shares on acquisition of AIC Mines Ltd	(75,000,001)	-
Existing shares of AIC Mines at acquisition	13,785,992	-
Acquisition of AIC Resources	37,499,994	9,326
Cost of Issue – acquisition shares	-	(28)
Shares issued to Rumble in relation to Lamil JV Agreement (note 13)	714,286	293
Cost of Issue – Rumble shares	-	(3)
Issued capital at end of year as at 31 December 2019	52,000,272	21,515

Refer to note 17 for further detail in relation to the accounting treatment of the acquisition of AIC Resources Limited (the acquirer for accounting purposes) by AIC Mines Limited.

There were no other significant movements in equity after the 2020 reporting period until the lodgement of this report.

Terms and conditions of contributed equity

Ordinary shares (including escrowed shares)

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. As per the *Corporations Act 2001*, the Company does not have authorised capital and ordinary shares do not have a par value.

17. ACQUISITION ACCOUNTING

In the comparative period, AIC Mines Limited (then Intrepid Mines Limited) acquired AIC Resources Limited. As a result of the acquisition, the former shareholders of AIC Resources Limited effectively obtained control of the combined entity. At the date of the transaction, it was determined that AIC Mines Limited was not a business. For accounting purposes, the acquisition has been treated as a share-based payment using the reverse acquisition principles of the business combination accounting standard. Accordingly, the consolidated financial statements of AIC Mines Limited have been prepared as a continuation of the consolidated financial statements of AIC Resources Limited.

As the deemed acquirer, AIC Resources Limited accounted for the acquisition of AIC Mines Limited from 16 April 2019 and this is reflected in the comparative information within this report.

Under the acquisition, AIC Mines Limited acquired all the shares in AIC Resources Limited by issuing 37,499,994 shares in AIC Mines Limited. For accounting purposes, the value of the AIC Mines Limited shares was determined with reference to the fair value of the net assets of AIC Mines Limited at the acquisition date of 16 April 2019 and has been recognised as contributed equity on acquisition in the statement of changes in equity.

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	Intrepid's fair value on acquisition \$'000	
Net assets acquired		
Cash and cash equivalents		2,955
Trade and other receivables		5,850
Financial assets at fair value through profit and loss		817
Trade and other payables		(280)
Employee provisions		(16)
Fair value of net assets acquired		9,326
Contributed equity recognised on acquisition		9,326

	For the financial year ended 31 December 2020 \$	For the financial year ended 31 December 2019 \$
18. LOSS PER SHARE		
Loss used in calculation of basic and diluted	(6,837,000)	(8,165,000)
Weighted average number of ordinary shares (basic and diluted)	Number 59,319,556	Number 47,576,515
Basic and diluted loss per share	(0.115)	(0.172)

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.

As at 31 December 2020 the Company had 7,275,000 unlisted performance rights (2019: 6,250,000) and no listed options (2019: Nil) on issue. 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.

The weighted average number of ordinary shares in the comparative period is the weighted average of:

- the weighted average number of shares that were on issue for AIC Resources Limited (the accounting acquirer) for the period up to acquisition date, adjusted for the exchange ratio established in the acquisition agreement (i.e. 1 AIC Mines share for every 2 AIC Resources share); and
- the weighted average number of shares on issue for AIC Mines Limited (the legal acquirer) post acquisition date

Refer to note 16 which outlines the movement in ordinary shares on issue including the impact on the comparative period as a result of the acquisition accounting treatment outlined in note 17.

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.

Notes to the Consolidated Financial Statements

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	As at 31 December 2020 \$'000	As at 31 December 2019 \$'000
19. COMMITMENTS		
(a) Exploration Expenditure Commitment		
In order to maintain the Company's interest in mining tenements, the Company is committed to meet the minimum expenditure conditions under which the tenements were granted. These amounts change annually and are also based on whether extensions of term are granted for each tenement. The amounts disclosed below represent expenditure commitments for tenements owned by the Group and those covered by earn in arrangements. The disclosure also assumes that all tenements will be renewed at the relevant milestone date.		
Within 1 year	2,611	1,857
After 1 year but not more than 5 years	12,300	9,474
Total	14,911	11,331

(b) Lease Expenditure Commitment

The only lease currently being maintained is in relation to the Company's registered office which the Company is committed to meeting. The term of the lease is less than twelve months and therefore the Group has applied the short-term exemption and continues to record this lease over a straight-line basis in profit or loss.

Expenditure in relation to the office lease was \$46,000 in 2020 (2019: \$38,000)

There are no other known commitments or contingencies as at 31 December 2020.

20. FINANCIAL RISK MANAGEMENT

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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 8, 10 and 14 to the financial statements.

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

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

Commodity price risk

Presently the Company is not exposed to commodity price risk.

Interest rate risk

The Company's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Board. The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss. During the financial year, the Company has managed its cash assets by entering into a fixed interest term deposits to maximise its cash balance.

A sensitivity analysis was performed to assess the impact of reasonably possible changes on interest rates for the Company as at 31 December 2020 based on the assumption that a reasonably possible interest rate change would be 25 basis points. The analysis assumed all other variables held are constant. The 25 basis points sensitivity is based on reasonably possible changes over a financial year, using the observed historical trend. The analysis was performed on the same basis for the

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comparative period. The analysis demonstrated that the impact of reasonably possible changes on interest rates would be immaterial for the Company as at 31 December 2020 and 31 December 2019. Please see Note 8 for information on cash balances held with variable and fixed interest rates.

Foreign currency risk

The Company has no material foreign currency exposure.

Credit risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Company is exposed to credit risk from its operating activities, financing activities including deposits with banks and receivables. The credit risk control procedures adopted by the Company is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences. The compliance with credit limits is regularly monitored as part of day-to-day operations. Any credit concerns are highlighted to senior management. As the Company is yet to commence mining operations it has no significant exposure to customer credit risk. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets in the Statement of Financial Position.

Credit Quality of Financial Assets

	S&P Credit rating				
	AAA	A1+	A1	A2	Unrated
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2020					
Cash and cash equivalents	5,066	-	-	-	-
Trade and other receivables	-	-	-	-	134
As at 31 December 2019					
Cash and cash equivalents	5,422	-	-	-	-
Trade and other receivables	-	-	-	-	44

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The Company's liquidity needs can be met through a variety of sources, including: cash generated from interest accrued on cash balances, short and long term borrowings and issue of equity instruments. Alternatives for sourcing our future capital needs include our current cash position, future operating cash flow, project debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. As at 31 December 2020 and 31 December 2019, the Company's financial liabilities have contractual terms of less than 6 months.

Capital risk management

The Company's capital management objectives are:

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

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

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FOR THE YEAR ENDED 31 DECEMBER 2020

21. SHARE BASED PAYMENTS

Comparative period

On 3 June 2019, the Company granted 6,000,000 performance rights to Aaron Colleran (Managing Director and CEO) in conjunction with his employment agreement with AIC Mines. The rights are split across three tranches with vesting conditions as follows:

- Tranche 1 – 2,000,000 performance rights, vesting and converting to fully paid ordinary shares at any time up to 11 February 2021 when the 60 day VWAP of the Company's share price is \$0.30 or more; and
- Tranche 2 – 2,000,000 performance rights, vesting and converting to fully paid ordinary shares at any time up to 11 February 2022 when the 60 day VWAP of the Company's share price is \$0.40 or more; and
- Tranche 3 – 2,000,000 performance rights, vesting and converting to fully paid ordinary shares at any time up to 11 February 2023 when the 60 day VWAP of the Company's share price is \$0.60 or more.

The performance rights granted in Tranche 1 and 2 were granted subsequent to the acquisition of AIC Resources Limited as a replacement for rights that were initially granted by AIC Resources on 11 February 2019 in conjunction with Aaron's previous employment agreement with AIC Resources. The terms of the rights initially granted by AIC Resources are consistent with the above, adjusted in accordance with the exchange ratio in the acquisition (i.e. Tranche 1 was 4,000,000 incentives, vesting condition when 60 day VWAP of AIC Resources share price is \$0.15 or more). The performance rights granted in Tranche 3 were also to replace incentives awarded to Aaron under his previous employment agreement with AIC Resources, however these rights had not yet been granted prior to the acquisition.

On 4 October 2019, the Company also awarded 250,000 performance rights to an eligible employee in conjunction with their employment agreement with AIC Mines. These performance rights will vest and convert to fully paid ordinary shares at any time up to 4 October 2022 when the 60 day VWAP of the Company's share price is \$0.60 or more.

The performance rights were valued at each grant date using a Monte-Carlo simulation model (60% volatility and government interest rate relevant to the respective vesting periods) with the June 2019 grants being treated as a modification of the February 2019 grants. Therefore, the value is amortised on a straight-line basis over the vesting period with the current period expense reflecting amortisation of the rights from the original grant date as well as the incremental fair value from the replacement awards being amortised over the remaining period. The incremental fair value from the replacement rewards was deemed to be nil.

Tranche 1 and Tranche 2 vested during the comparative period but were not exercised. There has been no further vesting of these performance rights in the current period, nor have any performance rights been exercised. Current period amortisation is recognised as share based payment expense in the statement of comprehensive income.

Current period

On 13 February 2020, the Company awarded 250,000 performance rights to an eligible employee in conjunction with their employment agreement with AIC Mines.. These performance rights will vest and convert to fully paid ordinary shares at any time up to 13 October 2023 when the 60 day VWAP of the Company's share price is \$0.60 or more.

On 21 December 2020, the Company awarded a further 775,000 performance rights to eligible employees as a result of annual performance reviews. These performance rights will vest and convert to fully paid ordinary shares at any time up to 1 December 2023 when the 60 day VWAP of the Company's share price is \$0.60 or more.

The performance rights were valued at each grant date using a Monte-Carlo simulation model (60% volatility and government interest rate relevant to the respective vesting periods) The value is amortised on a straight-line basis over the vesting period. Current period amortisation is recognised as share based payment expense in the statement of comprehensive income.

The performance rights awarded on 21 December 2020 included 500,000 performance rights awarded to Aaron Colleran (MD/CEO) which are subject to shareholder approval at the next annual general meeting. In relation to Aaron's incentives pending shareholder approval, a preliminary valuation has been performed at balance date 31 December 2020. These performance rights are amortised over the service period from the award date of 21 December 2020, with current period amortisation being \$1,000.

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22. RELATED PARTY TRANSACTIONS

(a) Parent entity

While AIC Resources Limited was the deemed acquirer for accounting purposes, the ultimate parent entity of the Group for legal purposes is AIC Mines Limited. Refer note 17 for further detail.

Parent entity disclosures in note 23 reflect AIC Mines Limited (formerly Intrepid Mines Limited).

(b) Subsidiaries

Interests in subsidiaries are set out in note 24. Disclosures within this note are also based on the corporate structure of the group from a legal perspective with AIC Mines Limited as the ultimate parent entity.

(c) Key management personnel

Key management personnel (KMP) comprises the Board of Directors and the Managing Director/CEO. Consistent with disclosure throughout the consolidated financial statements, the comparative period disclosures in the table below represents the KMP of the Group with AIC Resources Limited as the deemed parent for financial reporting purposes. Note that this is different to the KMP disclosures for the Group within the Remuneration Report which reflects AIC Mines Limited as the legal parent entity of the Group.

Key management personnel compensation comprised the following:

	2020 \$	2019 \$
Short term benefits	393,285	395,308
Post-employment benefits	30,848	34,179
Share based payments	86,820	572,234
	<u>510,953</u>	<u>1,001,721</u>

(d) Share Based Payments

Refer to note 21 in relation to disclosure of share based payments awarded to Aaron Colleran (MD/CEO). There have not been any share based payments awarded to other related parties in either the current or comparative periods.

(e) Agreements with Directors

The Group has entered into the following agreements with the Directors:-

- Josef El-Raghy
 - Letter of Appointment – Director fee (dated 18 April 2019) - \$60,000 + superannuation per annum
 - Deed of Access and Indemnity (dated 17 April 2019)
- Aaron Colleran
 - Executive Service Agreement (dated 17 April 2019) - \$250,000 per annum including superannuation (to increase to \$300,000 per annum including superannuation from 1 August 2020)
 - Deed of Access and Indemnity (dated 17 April 2019)
- Brett Montgomery
 - Letter of Appointment – Director fee (dated 18 April 2019) - \$40,000 + superannuation per annum (subsequently increased by Board Resolution to \$45,000 + superannuation per annum effective 1 January 2021)
 - Deed of Access and Indemnity (dated 17 April 2019)
- Tony Wolfe
 - Letter of Change to Non-Executive Director Fees – Director fee (dated 30 April 2019, effective 1 May 2019) - \$40,000 + superannuation per annum
 - Deed of Access, Insurance and Indemnity (dated 15 November 2016)

Prior to the merger, the following arrangements were in place with the directors of AIC Resources (the deemed acquirer):-

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- Josef El-Raghy
 - Director fee - \$60,000 + superannuation per annum (until 30 April 2019)
- Brett Montgomery
 - Executive Service Agreement - \$144,000 + superannuation per annum (until 11 February 2019)
 - Director fee - \$40,000 + superannuation per annum (11 February 2019 to 30 April 2019)
- Aaron Collieran
 - Executive Service Agreement \$250,000 per annum including superannuation (from 11 February 2019 to 17 April 2019)
- Heidi Brown
 - Director fee – \$40,000 + superannuation per annum (until 30 April 2019)
 - Employment agreement - \$80,000 per annum including superannuation for Company Secretarial Services (until 30 April 2019)

Apart from the details disclosed in this note, no director or other related party has entered into a material contract with the Company since the end of the financial year, and there were no material contracts involving directors' interests at year end.

Other than the change in directors and company secretary as a result of the merger of AIC Mines Limited and AIC Resources Limited in the comparative period, there has not been any other material change in related parties or related party transactions.

23. PARENT ENTITY DISCLOSURES

As outlined in note 22, the parent entity for legal purposes is AIC Mines Limited. Therefore, both the current and comparative period disclosures represent this entity.

	2020 \$'000	2019 \$'000
Loss for the period	(3,598)	(5,861)
Other comprehensive income for the period	-	-
	(3,598)	(5,861)
Financial position of the parent entity at period end		
Current assets	6,763	4,402
Total assets	7,059	4,699
Current liabilities	1,202	793
Total liabilities	8,924	7,439
Total equity of the parent entity comprising of:		
Share capital	231,504	227,152
Accumulated losses	(234,062)	(230,464)
Share based payment reserve	693	572
Total equity	(1,865)	(2,740)
Parent entity commitments		
Within one year	476	326
One year or later and no later than five years	2,656	1,379
Total operating commitments	3,132	1,705

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	Country of Incorporation	Ownership interest 2020 %	Ownership interest 2019 %
24. SUBSIDIARIES			
African Investments Pty Limited	Australia	100	100
AIC Resources Limited ¹	Australia	100	100
Blackthorn Resources Pty Limited	Australia	100	100
Intrepid Mines (Zambia) Limited ²	Zambia	-	-
Emperor Mines Pty Limited	Australia	100	100
Nantou Mining Limited B.V.	Netherlands	100	100

¹ Acquired through completion of merger transaction on 16 April 2019. As a result of the acquisition, the former shareholders of AIC Resources effectively obtained control of the combined entity. Therefore, AIC Resources is the deemed acquirer for financial reporting purposes and has been presented as the parent entity throughout the rest of the consolidated financial statements (unless otherwise stated). Refer to note 17 for further detail.

² Disposed through completion of the Kitumba Sale Agreement on 14 February 2019. Refer to note 10(a) for further detail in relation to this transaction.

25. AUDITORS' REMUNERATION

	For the financial year ended 31 December 2020 \$	For the financial year ended 31 December 2019 \$
Audit of statutory financial reports		
Audit and review of AIC Mines Limited	42,640	61,360
	42,640	61,360
Fees for other services		
Tax compliance and advice	22,012	40,551
Lodgement of stamp duty in relation to merger	-	15,000
	22,012	55,551
Total fees paid to auditor of the Company	64,652	116,911

26. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to period end, the Group has sold 1,371,122 shares of its investment in Kalium Lakes Limited (ASX:KLL). The shares were sold at an average price of \$0.217 with net proceeds after brokerage of \$296,000 representing a realised gain of \$29,000 from the fair value at 31 December 2020. At the date of this report the Group's remaining holding in KLL is 3,628,878 shares.

No other 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.

Independent auditor's report to the members of AIC Mines Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AIC Mines Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying Value of Capitalised Exploration and Evaluation Expenditure

Why significant	How our audit addressed the key audit matter
As described in Note 13, at 31 December 2020, the Group had \$1,653,000 in capitalised exploration and evaluation expenditure ("E&E") relating to projects in Western Australia. The carrying value of the E&E asset is impacted by the Group's ability and intention, to continue to explore their E&E assets. The results of exploration work also determine to what extent the mineral reserves and resources may or may not be commercially viable for extraction. The Group is required at the end of each reporting period to assess whether any indicators of impairment are present. Given the judgment required in assessing impairment indicators, we considered this a key audit matter.	Our audit procedures included the following: ▶ Assessed the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements and tenement registers from the Government of Western Australia's Department of Mines, Industry Regulation and Safety; ▶ Evaluated the Group's ability and intent to carry out significant exploration and evaluation activity in the relevant exploration area which included assessment of the Group's cash-flow forecast models, review of the Group's exploration budgets, and enquiries of senior management and Directors as to their intentions and strategy of the Group; ▶ Considered whether there was any other data or information that indicated the carrying value of the capitalised exploration and evaluation expenditure would not be recovered in full from successful development or by sale; and ▶ Assessed the adequacy of the associated disclosures in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

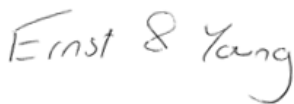
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2020.

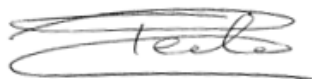
In our opinion, the Remuneration Report of AIC Mines Limited for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



Ernst & Young



Philip Teale
Partner
Perth
30 March 2021

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 23 March 2021.

SUBSTANTIAL SHAREHOLDERS (holding more than 5%)

The name of the substantial holder in the Company and the number of equity securities to which the substantial holder and the substantial holder's associates have a relevant interest, as disclosed in the substantial holding notices given to the Company as at 23 March 2021 and the directors interest notices are as follows.

	Fully Paid Ordinary Shares	
Shareholder	Shares	Percentage
Nordana Pty Ltd; El-Raghy Kriewaldt Pty Ltd and Mr Josef El-Raghy	12,794,414	18.62%
Brahman Pure Alpha Pte Ltd and Brahman Capital Management Pte Ltd	4,206,383	8.44%
Gold Elegant (HK) Investment Limited	4,100,001	5.97%
Total	21,100,798	33.03%

TOP 20 SHAREHOLDERS OF QUOTED SECURITIES

	Quoted Securities – Fully Paid Ordinary Shares	
Shareholder	Number	% Held
NORDANA PTY LTD	7,428,572	10.81
EL'RAGHY KRIEWALDT PTY LTD	5,365,842	7.81
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	5,347,665	7.78
GOLD ELEGANT (HK) INVESTMENT LIMITED	3,814,287	5.55
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,562,672	5.18
MR AARON COLLERAN	2,900,000	4.22
BPM CAPITAL LIMITED	1,900,000	2.77
TAZGA TWO PTY LTD	1,428,572	2.08
MR SURYA PALOH	1,384,000	2.01
SINGPAC INVESTMENT HOLDING PTE LIMITED	1,145,116	1.67
MATRIX NOMINEES PTY LTD	1,048,572	1.53
MR RICHARD LOCKWOOD	1,000,000	1.46
ARGONAUT EQUITY PARTNERS PTY LTD	901,804	1.31
SZE WAI CHONG	857,143	1.25
MR BRETT MONTGOMERY	857,143	1.25
MRS HEIDI BROWN	828,154	1.21
MR GRANT MICHAEL ROBERTS	729,685	1.06
RUMBLE RESOURCES LIMITED	714,286	1.04
JETOSEA PTY LTD	687,721	1.00
MS WAI HENG HO	680,109	0.99
Top 20 holders of ORDINARY FULLY PAID SHARES	42,581,343	61.97

ASX Additional Information

DISTRIBUTION OF EQUITY SECURITIES

Holding Range	Number of Holders	Number of Fully Paid Ordinary Shares	% of Issued Capital
1 - 1,000	238	67,052	0.10
1,001 - 5,000	383	965,967	1.41
5,001 - 10,000	114	886,913	1.29
10,001 - 100,000	278	9,472,828	13.79
100,001 and over	79	57,322,258	83.42
Total	1092	68,715,018	100.00

As at 23 March 2021, there were 366 shareholders with less than a marketable parcel of 1,667 fully paid shares.

VOTING RIGHTS

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

CANADIAN SHAREHOLDERS

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

Corporate Governance Statement

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

The information in this Statement is current as at 31 December 2020 and has been approved by the Board of the Company.

Unless otherwise disclosed, the Company has adopted the ASX Corporate governance Council's *The Corporate Governance Principles and Recommendations (4th Edition)* as published by ASX Corporate Governance Council (**Recommendations**) for the full year to 31 December 2020.

The Company's policies and charters were updated effective 1 January 2020 to take into account the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (4th Edition)*.

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

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

Principles and Recommendations		Compliance	Comment
1.	Lay solid foundations for management and oversight		
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Complies	The Board Charter (available on the Company's website at www.aicmines.com.au/investors/corporate-governance/) adopted by the board outlines the role and responsibilities of the Board, as well as the role and responsibility of management. The board delegates responsibility for the day to day operations and administration of the Company to the Managing Director.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complies	The board has procedures in place to select suitable candidates with suitable experience to ensure a balanced and effective board. The Board Charter adopted by the board outlines the pre-appointment procedures undertaken when appointing new directors, and undertakes to provide sufficient information to allow shareholders to make an informed decision on whether or not to elect or re-elect a director. Full details of current directors are outlined in the directors' report contained within this Annual Report.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	As per the Board Charter, new directors receive a Letter of Appointment which sets out the terms of their appointment. Senior executives are also presented with an

Corporate Governance Statement

			Executive Service Agreement which sets out the terms, rights, responsibilities and any entitlements. Please refer to Note 22 for the key terms of the agreements with director and/or senior management.												
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies	All directors have access to the Company Secretary who is accountable directly to the board, through the Chair, on all matters to do with the proper functioning of the board. Please refer to the Board Charter.												
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	Complies	A dedicated Diversity Policy has been adopted by the board. On 9 December 2020, the board set measurable objectives for achieving gender diversity. Below is a list of the objectives and the progress to 31 December 2020. <table><tr><th>Measurable Objective</th><th>Progress</th></tr><tr><td>Adoption and promotion of a Formal Diversity Policy</td><td>✓ Adoption complete. Promotion ongoing.</td></tr><tr><td>To ensure Company policies are aligned with the goals of the Diversity Policy</td><td>✓ Complete.</td></tr><tr><td>To provide flexible work and salary arrangements to accommodate family commitments, study, cultural traditions and other personal choices of current and potential employees</td><td>✓ In place. Ongoing.</td></tr><tr><td>To provide professional development and training opportunities for all employees</td><td>✓ In place. Ongoing.</td></tr><tr><td>Actively review our job</td><td>✗ No job advertisements</td></tr></table>	Measurable Objective	Progress	Adoption and promotion of a Formal Diversity Policy	✓ Adoption complete. Promotion ongoing.	To ensure Company policies are aligned with the goals of the Diversity Policy	✓ Complete.	To provide flexible work and salary arrangements to accommodate family commitments, study, cultural traditions and other personal choices of current and potential employees	✓ In place. Ongoing.	To provide professional development and training opportunities for all employees	✓ In place. Ongoing.	Actively review our job	✗ No job advertisements
Measurable Objective	Progress														
Adoption and promotion of a Formal Diversity Policy	✓ Adoption complete. Promotion ongoing.														
To ensure Company policies are aligned with the goals of the Diversity Policy	✓ Complete.														
To provide flexible work and salary arrangements to accommodate family commitments, study, cultural traditions and other personal choices of current and potential employees	✓ In place. Ongoing.														
To provide professional development and training opportunities for all employees	✓ In place. Ongoing.														
Actively review our job	✗ No job advertisements														

Corporate Governance Statement

			advertisements to remove gender bias have been placed since the objectives were set. The Company has not at this time, implemented measurable objectives regarding the proportion of females to be employed or appointed to Board positions. The Board will consider doing so when more appropriate to the size and nature of the Company's operations. As at 31 December 2020, the respective proportions of men and women were:- (a) On the board was 100% men and 0% women; (b) In senior executive positions was 66.67% men and 33.33% women (outside the board); and (c) Across the whole organization (including directors, contract geologists / field hands etc) was 82.35% men and 17.65% women.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	Complies	The Board is responsible for assessing its performance each year and examining ways of performing its duties more effectively. The process for evaluating the performance of the board, its committees and individual directors during the previous year involved all board members completing a board performance assessment questionnaire, rating 62 statements out of five, about the board's role, the people, the procedures and practices, and the behaviours of the board. The responses were combined, presented to the board and discussed in December 2019. As the business has not changed nor the members of the Board it was agreed not to repeat the assessment for the 2020 year at a board meeting held 9th December 2020.
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that	Complies	Details of the principles used to determine executive remuneration and performance are set out in the Remuneration Report contained within this Annual Report. Performance evaluations were undertaken during the year, with an evaluation of all senior executives occurring in December

Corporate Governance Statement

	process during or in respect of that period.		2020 in accordance with the process described.				
2.	Structure the board to be effective and add value						
2.1	The board of a listed entity should: (a) Have a nomination committee which:- (1) Has at least three members, a majority of whom are independent directors; and (2) Is chaired by an independent director; and disclose (3) The charter of the committee; (4) The members of the committee; and (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Does not comply	The Company has a Remuneration and Nomination Committee made up of all four directors, none of which are considered independent. The Remuneration and Nomination Committee is chaired by Mr Tony Wolfe who is not the Chair of the board. The Remuneration and Nomination Committee Charter is available for review on the Company's website at www.aicmines.com.au/investors/corporate-governance/ Details of the number of meetings of the Remuneration and Nomination Committee are outlined in the directors' report contained within this Annual Report.				
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	Complies	The board's composition and the experience and qualification of each board member is disclosed in the Directors' Report. With the Company's activities currently in the form of mineral exploration, the Board considers that the key desired skillsets are geological and technical expertise, and sound corporate management. The board is of the opinion that the skills and expertise provided by its current composition is appropriate. The Board Charter adopted by the board defines the skills matrix of the board and senior management. In addition, management established an internal Board Skills Matrix in December 2019. Below is a summary of the Board Skills Matrix. <table><tr><td>Experience and Skills</td><td>Number of Directors (out of 4)</td></tr><tr><td>Industry knowledge / experience</td><td></td></tr></table>	Experience and Skills	Number of Directors (out of 4)	Industry knowledge / experience	
Experience and Skills	Number of Directors (out of 4)						
Industry knowledge / experience							

Corporate Governance Statement

			Industry	3
			Sector	4
			Broad public policy direction	2
			Government legislation/legislative process	2
			Technical skills / experience	
			Accounting / Finance	4
			Law	1
			Marketing	4
			Information technology	1
			Public relations	3
			Developing and implementing risk management systems	2
			Human resource management	3
			CEO / senior management	3
			Strategy development and implementation	2
			Governance competencies	
			Director – medium organisation (10 to 99 employees)	3
			Director – large organisation (100+ employees)	2
			Financial literacy	4
			Strategic thinking / planning from a governance perspective	3
			Executive performance management – management of the CEO	1
			Governance related risk management experience	2
			Compliance focus	2
			Profile / reputation	2

Corporate Governance Statement

2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Complies	The board does not comprise of any independent directors. Each director has an interest, position, association or relationship of the type described in Box 2.3. The board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met. The board believes that the individuals on the board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the board meeting before commencement of discussion on the topic. The names and length of service of the directors are detailed in the Directors Report contained within this Annual Report.
2.4	A majority of the board of a listed entity should be independent directors.	Does not comply	The board does not comprise a majority of independent directors. The board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met. The board believes that the individuals on the board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the board meeting before commencement of discussion on the topic.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Does not comply	Mr El-Raghy, who is not considered independent, currently holds the position of Non-Executive Chairman which does not comply with the Recommendations. While the board considers the importance of a division of responsibility and independence at the head of the Company, the existing structure is considered appropriate and provides a unified

Corporate Governance Statement

			leadership structure. Mr El-Raghy is an integral force behind the establishment of the Company and its current growth and direction. The board considers that, at this stage of the Company's development, he is able to bring quality and independent judgement to all relevant issues, and the Company benefits from his long-standing experience of its operations and business relationships.
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Complies	As per the Board Charter, upon appointment, new Directors are subject to relevant induction procedures to provide the incoming individual with sufficient knowledge of the entity and its operating environment to enable them to fulfil their role effectively. In order to achieve continuing improvement in board performance, all directors are encouraged to undergo continuing professional development. However, the Company does not have a program for professional development for its directors. Members of the board are expected to provide for their own professional development.
3.	Instil a culture of acting lawfully, ethically and responsibly		
3.1	A listed entity should articulate and disclose its values.	Complies	The board has adopted a Statement of Values. A copy of the Statement is available on the Company's website at www.aicmines.com.au/investors/corporate-governance/
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	Complies	The board has adopted a Code of Conduct for directors, senior executives and employees. The Code sets out the reporting procedure. A copy of the Code is available on the Company's website at www.aicmines.com.au/investors/corporate-governance/.
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Complies	The board has adopted a Whistle-blower Policy. The Policy sets out the reporting procedure. A copy of the Policy is available on the Company's website at www.aicmines.com.au/investors/corporate-governance/
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and	Complies	The board has adopted an Anti-Bribery and Corruption Policy. The Policy sets out the reporting procedure. A copy of the Policy is available on the Company's website at

Corporate Governance Statement

	(b) ensure that the board or committee of the board is informed of any material breaches of that policy.		www.aicmines.com.au/investors/corporate-governance/
4.	Safeguard integrity in corporate reports		
4.1	The board of a listed entity should: (a) Have an audit committee which: (1) Has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) Is chaired by an independent director, who is not the chair of the board, and disclose: (3) The charter of the committee; (4) The relevant qualifications and experience of the members of the committee; and (5) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and rotation of the audit engagement partner.	Does not Comply	The Company has an Audit and Risk Committee made up of all four directors, none of which are considered independent. The Audit and Risk Committee is chaired by Mr Brett Montgomery who is not the Chair of the board. The full board operates under the adopted Audit and Risk Committee Charter, which is available for review on the Company's website at www.aicmines.com.au/investors/corporate-governance/ and carries out the functions delegated under that charter. The Board believes that the individuals on the Board can make, and do make, quality and informed judgements in the best interests of the Company on all relevant issues. External audit recommendations, internal control matters and any other matters that arise from half yearly reviews and the annual statutory audit will be discussed directly between the Board and the Audit Engagement Partner. The Board encourages contact between Non-Executive Directors and the Company's external auditors, independently of executive management. Details of the number of meetings of the Audit and Risk Committee are outlined in the Directors Report contained within this Annual Report.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies	The board requires the Managing Director and CFO (or equivalent) to provide such a statement for the half year and annual financial accounts.

Corporate Governance Statement

4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Complies	The board agreed a declaration from the Managing Director/CEO should be provided to verify the integrity of periodic reports including the directors' report in the Annual Report at a board meeting held 9 th December 2020.
5.	Make timely and balanced disclosure		
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	Complies	The board has a Continuous Disclosure Policy available on the Company's website at: www.aicmines.com.au/investors/corporate-governance/. The board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure information to the ASX as well as communicating with the ASX. The Managing Director and Company Secretary are responsible for ensuring that the Company's announcements are made in a timely manner, are factual and do not omit material information.
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Complies	The Company Secretary is responsible for ensuring the board receives copies of all material market announcements promptly after they have been made.
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Complies	The Company undertakes to release a copy of new and substantive investor or analyst presentation materials on the ASX Market Announcements Platform ahead of the presentation.
6.	Respect the rights of security holders		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Company is committed to maintaining a company website with general information about the Company and its operations, details of the Company's corporate governance policies and procedures, and information specifically targeted at keeping the Company's shareholders informed about the Company.
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Complies	The board has established a formal Shareholder Communications Policy (available on the Company's website at www.aicmines.com.au/investors/corporate-governance/) aimed at communicating effectively with shareholders. The Company seeks to inform investors of developments regularly by communicating through ASX announcements and by providing information on its website.

Corporate Governance Statement

			Investors are encouraged to attend the Company's security holder meetings, and are able to contact management by email info@aicmines.com.au or by phone +61 8 6269 0110.
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Complies	All shareholders are notified in writing of general meetings and encouraged to attend and participate. The Company discloses how it facilitates and encourages participation at meetings of security holders within the Shareholder Communications Policy (available on the Company's website at www.aicmines.com.au/investors/corporate-governance/)
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Complies	The Company ensures that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands as set out in the Shareholder Communications Policy – section Meetings of the Company (available on the Company's website at www.aicmines.com.au/investors/corporate-governance/)
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	Shareholders may communicate via electronic means with the Company's share registry and may register to access personal shareholding information and receive electronic information. Details of how to access the communications are available on the website www.aicmines.com.au and requests can be emailed via info@aicmines.com.au .
7.	Recognise and manage risk		
7.1	The board of a listed entity should: (a) Have a committee or committees to oversee risk, each of which: (1) Has at least three members, a majority of whom are independent directors; and (2) Is chaired by an independent director, and disclose: (3) The charter of the committee; (4) The members of the committee; and (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	Does not comply	The Company has an Audit and Risk Committee made up of all four directors, none of which are considered independent. The Audit and Risk Committee is chaired by Mr Brett Montgomery who is not the Chair of the board. The Committee operates under the Audit and Risk Committee Charter and in accordance with the Risk Management Policy (adopted on 31 May 2019 - both available on the Company's website at www.aicmines.com.au/investors/corporate-governance/). Under the Risk Management Policy, responsibility and control risk management is delegated to the appropriate level of management within the Company with the

Corporate Governance Statement

	(b) If it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.		Managing Director, supported by the senior executive team, having ultimate responsibility to the Board for the implementation of the risk management and control framework. Details of the number of meetings of the Audit and Risk Committee are outlined in the directors' report contained within this Annual Report.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Complies	The full board is ultimately responsible for approving and overseeing the risk management system. The Company's risk management systems and control frameworks include the ongoing monitoring of management and operational performance, a comprehensive system of budgeting, forecasting and reporting to the board, approval procedures for expenditure above threshold levels, and regular communication between directors on compliance and risk. The Risk Management framework was reviewed during the year and presented to and adopted by the board at a meeting dated 9 December 2020.
7.3	A listed entity should disclose: (a) If it has an internal audit function, how the function is structure and what role it performs; or (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Complies	The board believes that the Company is not of a size or complexity that justifies having an internal audit function. The Company's risk management systems and control frameworks include the ongoing monitoring of management and operational performance, a comprehensive system of budgeting, forecasting and reporting to the board, approval procedures for expenditure above threshold levels, and regular communication between directors on compliance and risk.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies	The board does not believe it has any material exposure to economic, environmental and social sustainability risks not otherwise disclosed to the market. Due to the size and scale of operations, the Company does not publish a sustainability report. To reduce risks, the company has in place an experienced Board, regular Board meetings, and six-monthly financial audits. The board is of the view that its risk management systems promote informed and measured decision making on risk issues based on a systematic approach to

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			risk identification, assessment, control, review and reporting. The Company reviewed the risk register during the year. Management will, in time, establish an Enterprise Risk Management Committee and other dedicated risk forums to approve risk policies, monitor framework execution and coordinate general risk matters. Within this framework, and in addition to daily management of business activities, AIC management will formally profile its risk environment every six months, including identification of key risks, assessment of control design and operation, and evaluation of key risk indicators. The outcomes of each risk profile are aggregated into an overall AIC Enterprise Risk Register and individual risk reports for reporting to the Audit and Risk Committee.
8.	Remunerate fairly and responsibly		
8.1	The board of a listed entity should: (a) Have a remuneration committee which: (1) Has at least three members, a majority of whom are independent directors; and (2) Is chaired by an independent director, and disclose: (3) The charter of the committee; (4) The members of the committee; and (5) As at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Does not comply	The Company has a Remuneration and Nomination Committee made up of all four directors, none of which are considered independent. The Remuneration and Nomination Committee is chaired by Mr Tony Wolfe who is not the Chair of the board. The Remuneration and Nomination Committee Charter is available for review on the Company's website at www.aicmines.com.au/investors/corporate-governance/ The Committee meets to consider both the level and structure of remuneration and incentive policies for the Executive directors and key executives within the Company and decides on the Company's remuneration policies. The level and of remuneration is established by comparison with peer companies. No Director or Executive is involved in discussing their own remuneration. Details of the number of meetings of the Remuneration and Nomination Committee

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			are outlined in the directors' report contained within this Annual Report.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	The Company has separate policies relating to the remuneration of non-executive directors and that of executive directors and senior executives. This information is detailed in the Remuneration Report which forms part of the Directors' Report in this Annual Report. The Company's constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting (currently \$750,000 pa – approved by shareholders on 3 March 2008).
8.3	A listed entity which has an equity-based remuneration scheme should: (a) Have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) Disclose that policy or a summary of it.	Complies	The Company introduced an equity-based remuneration scheme on 31 May 2019 when shareholders approved the Employee Incentive Plan (the Plan) at the AGM of the Company. The Company has a Share Trading Policy (available on the Company's website at www.aicmines.com.au/investors/corporate-governance/) which outlines restrictions on trading in the Company's securities.