Half Year Financial Report
30 June 2020

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Corporate Directory

ABN 11 060 156 452

ASX CODE

A1M
As at the date of this report the Company had 68,715,018 fully paid ordinary shares (31 December 2019: 52,000,272), and 6,500,000 performance rights on issue (31 December 2019: 6,250,000).

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

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SHARE REGISTER

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INDEPENDENT AUDITORS

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Perth WA 6000

WEBSITE ADDRESS

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Directors' Report

The directors submit their report for AIC Mines Limited ("AIC" or "the Company") for the half year ended 30 June 2020.

DIRECTORS

The names and details of the Company's directors in office during the half year and until the date of this report are provided below. The directors were in office for the entire period unless otherwise stated.

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. 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 and Riversgold Limited.

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. He was previously Managing Director of Kalimantan Gold NL and a Director of Bard 1 Life Sciences Ltd, 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.

Heidi Brown
Joint 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.

Linda Hale
Joint 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.

Mark Davison
Group Financial Controller
Appointed 23 May 2016

Mr Davison has over 19 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.

CORPORATE STRUCTURE

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

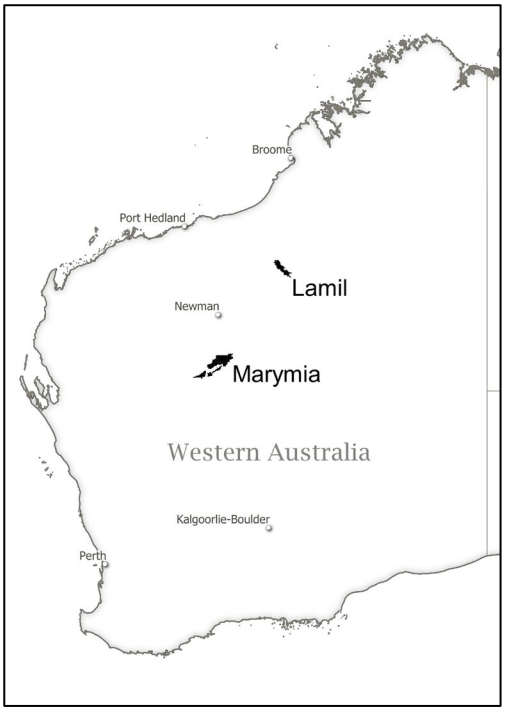
NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

AIC is a for-profit entity whose principal activity is exploration for gold and copper deposits. 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, a wholly owned subsidiary of AIC, and also joint venture agreements with Venus Metals Corporation Limited (ASX:VMC) ("Venus") and Ausgold Limited (ASX:AUC) ("Ausgold").

Exploration at Marymia during the Half Year ended 30 June 2020 has included drilling and field assessment of targets identified from geochemical sampling and airborne magnetic interpretation.



AIC Mines - Project Locations

Lamil Project
AIC is earning an interest in the Lamil Gold-Copper Project in the Paterson Province in the northwest of Western Australia, 500 kilometres east of Port Hedland. Under the terms of the earn-in and exploration joint venture agreement with Rumble Resources (ASX: RTR) ("Rumble"), AIC can earn a 50% interest by spending $6 million over 4 years. Thereafter AIC can earn a further 15% by spending $4 million over 1 year if Rumble elects not to commence contributing. The key terms of the earn-in and exploration joint venture agreement are described in the Company's ASX announcement dated 22 July 2019.

The Lamil Project is located in the Paterson Province, one of the most highly endowed yet under-explored mineral provinces in Australia. It hosts the world-class Telfer gold-copper mine and the Nifty copper mine. The Lamil Project, which covers an area of approximately 1,280 square kilometres, is situated midway between these two mines. The region has attracted renewed

interest following significant recent discoveries by Rio Tinto Limited at the large Winu copper-gold project and by the Newcrest Mining Ltd / Greatland Gold plc joint venture at the Havieron gold-copper project.

The Lamil Dome Target at the Lamil Project has striking similarities to the nearby Telfer Dome, the host of the world-class Telfer gold-copper mine. Recent geophysical work indicates that the target area has a maximum depth of cover of only 100m. The area was previously believed to have much deeper cover and as a result has seen minimal exploration.

Exploration at Lamil during the Half Year ended 30 June 2020 has involved interpretation of geochemical and geophysical data collected in the prior reporting period and planning for upcoming drilling programs.

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

REVIEW OF OPERATIONS

The Company recorded a loss after income tax of $3,230,000 for the half year ended 30 June 2020 (30 June 2019: gain of $707,000).

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

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 access restrictions, the cessation of Heritage Surveys during this period effectively meant that access to new prospect areas was also temporarily limited to non-ground disturbing work. At the date of this report, the access restrictions have been removed and Heritage Survey's have recommenced, allowing the Group to now move forward with planned activities.

To the date of this report, while there has been a temporary delay in executing operations as planned 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 30 June 2020 for the impacts of COVID-19. 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 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 half year ended 30 June 2020.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Capital raising

Subsequent to the period end, 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) will be used to fund an inaugural drilling program at the Lamil Project 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.

Venus JV

On 20 August 2020, the Company announced that its wholly owned subsidiary AIC Resources Limited has completed the earn-in requirements at the Curara Well Joint Venture with Venus Metals Corporation (ASX:VMC) ("Venus"). AIC now holds an 80% interest in five tenements at the Curara Well Joint Venture located within the broader Marymia Project in Western Australia. Venus holds a 20% interest and is free carried through to a decision to mine. Once a decision to mine has been made Venus can elect either to contribute to ongoing expenditure in proportion to its percentage interest or withdraw from the Joint Venture. If Venus withdraws from the Joint Venture it will be entitled to receive a 1.5% net smelter royalty in respect of any production from the Curara Well Joint Venture tenements. Refer ASX announcement dated 20 August 2020 for further details.

Sale of Tesoro investment

Subsequent to period end the remaining 4,829,287 shares held in Tesoro Resources Limited (ASX:TSO) have been sold at an average price of $0.090 with net proceeds after brokerage of $435,000 representing a realised gain of $78,000 from the fair value at 30 June 2020.

ROUNDING OF AMOUNTS

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.

AUDITOR INDEPENDENCE

Section 307C of the *Corporations Act 2001* requires our auditors, Ernst & Young, to provide the directors of the Company with an Independence Declaration in relation to the review of the financial report. This Independence Declaration is disclosed on page 8 of this report and forms part of this Directors' Report for the half year ended 30 June 2020.

Signed in accordance with a resolution of the directors



Aaron Colleran
Managing Director and CEO

9 September 2020

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

As lead auditor for the review of the financial report of AIC Mines Limited for the half-year ended 30 June 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 review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Philip Teale
Partner
9 September 2020

Directors' Declaration

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

In the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001* including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the half year then ended; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Aaron Colleran
Managing Director and CEO

9 September 2020

Statement of Comprehensive Income
FOR THE HALF YEAR ENDED 30 JUNE 2020

	Notes	For the half year ended 30 June 2020 $'000	For the half year ended 30 June 2019 $'000
Other income			
- Interest income		**17**	**133**
- Other		**50**	**3**
Total other income		**67**	**136**
Directors', employee and consultant benefit expenses		**(382)**	**(308)**
Corporate and Administration costs		**(477)**	**(377)**
Exploration and evaluation costs		**(830)**	**(722)**
Depreciation expense		**(19)**	**(45)**
Fair value gain/(loss) on financial assets	5	**(1,671)**	**1,957**
Gain/(loss) on sale of financial assets	5	**142**	**-**
Share based payment expense		**(60)**	**(49)**
Foreign exchange gain/(loss)		**-**	**115**
Gain/(loss) before income tax expense		**(3,230)**	**707**
Income tax expense		**-**	**-**
Net gain/(loss) after income tax expense for the period		**(3,230)**	**707**
Total comprehensive gain/(loss) for the period		**(3,230)**	**707**
Total comprehensive gain/(loss) for the period is attributable to:			
Owners of AIC Mines Limited		**(3,230)**	**707**
		(3,230)	**707**
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share	9	**(0.062)**	**0.016**

The accompanying notes form part of these financial statements.

Statement of Financial Position
AS AT 30 JUNE 2020

	Notes	As at 30 June 2020 $'000	As at 31 December 2019 $'000
Assets			
Current Assets			
Cash and cash equivalents		**4,351**	5,422
Prepayments		**249**	192
Trade and other receivables	4	**45**	94
Financial assets at fair value through profit and loss	5	**2,608**	4,509
Total Current Assets		**7,253**	10,217
Non-Current Assets			
Capitalised exploration and evaluation expenditure	6	**1,643**	1,643
Plant and equipment		**45**	46
Total Non-Current Assets		**1,688**	1,689
Total Assets		**8,941**	11,906
Liabilities			
Current Liabilities			
Trade and other payables		**929**	758
Employee provisions		**102**	68
Total Current Liabilities		**1,031**	826
Total Liabilities		**1,031**	826
Net Assets		**7,910**	11,080
Equity			
Contributed equity	7	**21,515**	21,515
Share based payment reserve		**632**	572
Accumulated losses		**(14,237)**	(11,007)
Total Equity		**7,910**	11,080

The accompanying notes form part of these financial statements.

Statement of Cash Flows
FOR THE HALF YEAR ENDED 30 JUNE 2020

	Notes	For the half year ended 30 June 2020 $'000	For the half year ended 30 June 2019 $'000
Cash flows from operating activities			
Interest received		**19**	**137**
Payments for exploration and evaluation		**(976)**	**(636)**
Payments to suppliers, employees and contractors		**(761)**	**(750)**
Deferred consideration received from Troy Resources		**-**	**212**
Government grants and tax incentives		**50**	**-**
Net cash used in operating activities		**(1,668)**	**(1,037)**
Cash flows from investing activities			
Payment for plant and equipment		**(17)**	**(3)**
Payment for acquisition of mining properties		**-**	**(150)**
Proceeds from the sale of investments		**410**	**-**
Cash acquired on reverse acquisition of AIC Mines Ltd	8	**-**	**2,955**
Net cash used in investing activities		**393**	**2,802**
Cash flows from financing activities			
Proceeds from issue of shares		**-**	**-**
Payment of share issue costs		**-**	**(24)**
Unclaimed shareholder monies		**204**	**-**
Net cash from financing activities		**204**	**(24)**
Net (decrease)/increase in cash and cash equivalents held		**(1,071)**	**1,741**
Cash and cash equivalents at beginning of half year		**5,422**	**5,277**
Effects of exchange rate fluctuations on cash held		**-**	**5**
Cash and cash equivalents at end of half year		**4,351**	**7,023**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
FOR THE HALF YEAR ENDED 30 JUNE 2020

	Contributed equity	Share based payment reserve	Accumulated losses	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2019	**11,927**	**-**	**(2,842)**	**9,085**
Net loss for the period	-	-	(8,165)	**(8,165)**
Contributed equity on acquisition (note 8)	9,326	-	-	**9,326**
Issue of shares	293	-	-	**293**
Share issue costs	(31)	-	-	**(31)**
Share based payment expense	-	572	-	**572**
Balance at 31 December 2019	**21,515**	**572**	**(11,007)**	**11,080**
Net loss for the period	-	-	(3,230)	**(3,230)**
Share based payment expense	-	60	-	**60**
Balance at 30 June 2020	**21,515**	**632**	**(14,237)**	**7,910**

The accompanying notes form part of these financial statements.

Notes to the Half Year Financial Statements

1. CORPORATE INFORMATION

AIC Mines Limited ("AIC" or "the Company") is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. These financial statements are presented in Australian dollars. The condensed financial report was authorised for issue by the directors on 9 September 2020 in accordance with a meeting of the directors. The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(a) Basis of preparation

This general purpose condensed interim financial report for the half year ended 30 June 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

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

The comparative period in this interim financial report was the first of the newly 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 8 for accounting treatment of the acquisition.

As outlined in note 8, 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 the comparatives in this interim financial report are presented as a continuation of the operations of AIC Resources.

The interim financial report should be read in conjunction with the most recent annual financial report of the Group for the year ended 31 December 2019. It is also recommended that the half year financial report be considered together with any public announcements made by the Company during the half year ended 30 June 2020 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

(b) Changes in accounting policies and disclosures

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the period ended 31 December 2019.

3. SEGMENT INFORMATION

The Company operates in one geographical area being Australia and one industry, being mineral exploration for the period to 30 June 2020. The Chief Operating Decision Makers are the Board of Directors and management of the Company. There is only one operating segment identified being mineral 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.

4. TRADE AND OTHER RECEIVABLES

	30 June 2020 $'000	31 December 2019 $'000
Sundry debtors	-	42
GST receivable	45	50
Interest receivable	-	2
Deferred consideration receivable (note 4a)	5,696	5,696
Impairment of deferred consideration receivable (note 4a)	(5,696)	(5,696)
	45	94

a) Deferred consideration receivable

The deferred consideration receivable reflects amounts owning from Vulcan Copper Limited in respect of the sale of Intrepid Mines Zambia Limited. Refer ASX announcement of Intrepid Mines Limited (now AIC Mines Limited) dated 7 September 2018 as well as the most recent annual report for further background in relation to this transaction.

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 half year ended 30 June 2020 which would indicate any change in the decision to fully impair the value of the asset.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	30 June 2020 $'000	31 December 2019 $'000
Fair value of listed shares in Kalium Lakes Limited (KLL)	725	2,425
Fair value of unlisted options over shares in KLL	180	1,200
Fair value of listed shares in Ausgold Resources Limited (AUC)	742	230
Fair value of listed shares in Rumble Resources Limited (RTR)	604	279
Fair value of listed shares in Tesoro Resources Ltd (TSO)	357	-
Fair value of unlisted shares in Tesoro Resources Pty Ltd	-	375
	2,608	4,509

The fair value movement (unrealised and realised) of these financial assets held at fair value through profit and loss for the period was a loss of $1,529,000.

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

b) Fair value hierarchy

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

	30 June 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	2,428	-	-	**2,428**
Unlisted shares	-	-	-	**-**
Unlisted options	-	180	-	**180**
	2,428	**180**	**-**	**2,608**

	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**

c) Unlisted options

AIC Resources entered into an agreement announced on 29 October 2018 to sell a portion of tenement E69/3247 to Kalium Lakes Limited (ASX:KLL) ("Kalium"). The consideration for the sale was 5 million fully paid ordinary shares (Shares) and 5 million options to acquire Shares (Options) in Kalium. The Options have an exercise price of $0.36 each and will expire on 30 June 2025.

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

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

d) Listed shares

The Company holds 5,000,000 shares in KLL. KLL is an ASX listed company developing a sulphate of potash project in Western Australia. As at 30 June 2020, KLL's share price was $0.145 (31 December 2019: $0.485) representing a fair value of $725,000 (31 December 2019: $2,425,000). There were no KLL shares sold during the period, however net proceeds after brokerage of $38,000 were received in this period in relation to the settlement of shares sold in late 2019.

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 30 June 2020, AUC's share price was $0.042 (31 December 2019: $0.013) representing a fair value of $741,000 (31 December 2019: $230,000).

The Group holds 4,166,667 shares in Rumble Resources Limited (ASX:RTR) ("Rumble"). Rumble is an ASX listed mineral exploration company based in Western Australia. As at 30 June 2020, RTR's share price was $0.145 (31 December 2019: $0.067) representing a fair value of $604,000 (31 December 2019: $279, 000).

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 7,670,712 shares in Tesoro reducing the holding at the date of this report to 4,829,287 shares. The shares were sold at an average price of $0.049 with net proceeds after brokerage of $372,000 representing a realised gain of $142,000 from the fair value at 31 December 2019.

As at 30 June 2020, Tesoro's share price was $0.074 representing a fair value of $357,000. Refer to note 12 for detail in relation to the sale of Tesoro shares subsequent to period end.

e) Unlisted shares

As outlined above, the unlisted investment previously held in Tesoro Resources Pty Limited was listed to the ASX in the half year ended 30 June 2020.

f) 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.

6. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	As at 30 June 2019	As at 31 December 2019
	$'000	$'000
Costs carried forward in respect of:		
Acquisition of tenements – At cost		
Balance at beginning of the half year	**1,643**	1,200
Acquisition of tenements	**-**	443
Total capitalised exploration and evaluation expenditure	**1,643**	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.

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 30 June 2020 there are no indicators of impairment under AASB6 related to Deferred Exploration Expenditure.

The Company also has farm-in and joint venture agreement's 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.

7. CONTRIBUTED EQUITY

	30 June 2020	
	Number of Shares	**Amount $'000**
Movement in contributed equity		
At 1 January 2020 and 30 June 2020	**52,000,272**	**21,515**

As noted above, there has not been any movement in contributed equity during the period. Refer to note 12 for detail of shares issued in conjunction with capital raising activities subsequent to period end.

8. 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 was 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 were 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.

	Acquiree'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**

9. EARNINGS/(LOSS) PER SHARE

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

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

	For the half year ended 30 June 2020	For the half year ended 30 June 2019
Net gain/(loss) attributable to ordinary shareholders ($)	**(3,230,000)**	**707,000**
Weighted average number of ordinary shares (basic and diluted)	**52,000,272**	**43,288,591**
Basic and diluted earnings/(loss) per ordinary share ($)	**(0.062)**	**0.016**

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

- the weighted average number of shares on issue for AIC Resources Limited for the period up to acquisition date, adjusted for the exchange ratio established in the acquisition agreement; and
- the weighted average number of shares on issue for AIC Mines Limited (the legal acquirer) post acquisition date

10. RELATED PARTY TRANSACTIONS

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

11. CONTINGENCIES AND COMMITMENTS

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

12. EVENTS AFTER THE BALANCE SHEET DATE

Capital raising

Subsequent to the period end, 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) will be used to fund an inaugural drilling program at the Lamil Project 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.

Venus JV

On 20 August 2020, the Company announced that its wholly owned subsidiary AIC Resources Limited has completed the earn-in requirements at the Curara Well Joint Venture with Venus Metals Corporation (ASX:VMC) ("Venus"). AIC now holds an 80% interest in five tenements at the Curara Well Joint Venture located within the broader Marymia Project in Western Australia. Venus holds a 20% interest and is free carried through to a decision to mine. Once a decision to mine has been made Venus can elect either to contribute to ongoing expenditure in proportion to its percentage interest or withdraw from the Joint Venture. If Venus withdraws from the Joint Venture it will be entitled to receive a 1.5% net smelter royalty in respect of any production from the Curara Well Joint Venture tenements. Refer ASX announcement dated 20 August 2020 for further details.

Sale of Tesoro investment

Subsequent to period end the remaining 4,829,287 shares held in Tesoro Resources Limited (ASX:TSO) have been sold at an average price of $0.090 with net proceeds after brokerage of $435,000 representing a realised gain of $78,000 from the fair value at 30 June 2020.

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

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Building a better working world

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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of AIC Mines Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 30 June 2020, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 30 June 2020 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Building a better working world

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
9 September 2020