

ASX ANNOUNCEMENT

22 September 2020



ABOUT AIC MINES

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

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

CAPITAL STRUCTURE

Shares on Issue: 68.7m
Share Price (21/9/20): \$0.415
Market Capitalisation: \$28.5m
Cash & Liquids (31/8/20): \$10.4m
Enterprise Value: \$18.1m

CORPORATE DIRECTORY

Josef El-Raghy

Non-Executive Chairman

Aaron Colleran

Managing Director & CEO

Brett Montgomery

Non-Executive Director

Tony Wolfe

Non-Executive Director

Linda Hale & Heidi Brown

Joint Company Secretaries

CORPORATE DETAILS

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Computershare Investor

Services

Drilling Commences at Lamil Project

AIC Mines Limited (ASX: A1M) ("AIC" or the "Company") is pleased to announce that drilling has commenced at its Lamil Gold-Copper Project ("Lamil") located 30 kilometres west of the Telfer Gold-Copper Mine in the highly prospective Paterson Province of Western Australia.

Overview:

- The drilling will focus on high priority geophysical and geochemical targets centred on the Lamil Main Dome prospect area.
- This initial phase will comprise up to 7,500m of aircore and reverse circulation ("RC") drilling and approximately 2,500m of diamond drilling.
- All the targets are under cover (up to 100m) and have never been drill tested before.
- Wide-spaced aircore and RC drilling will be used to gather litho-geochemical data over the prospect area and test the basement-cover sequence interface.
- Deeper diamond drilling will be used to gather information about the basement geology (i.e. the target horizon) and structure.
- Additional surface geochemical and geophysical surveys are also underway.



Aircore Drilling Commences at Lamil Main Dome

The 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 (ASX: RTR). 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.

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 basement sequences of interest are under cover. 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 which together secure an area totalling 1,280km² situated only 30 kilometres west of the world-class Telfer Gold-Copper Mine (see Figure 1). The licences are underlain by Proterozoic Basement rocks that are prospective for Telfer and Havieron-style Gold-Copper Deposits and Winu-style Copper-Gold deposits.

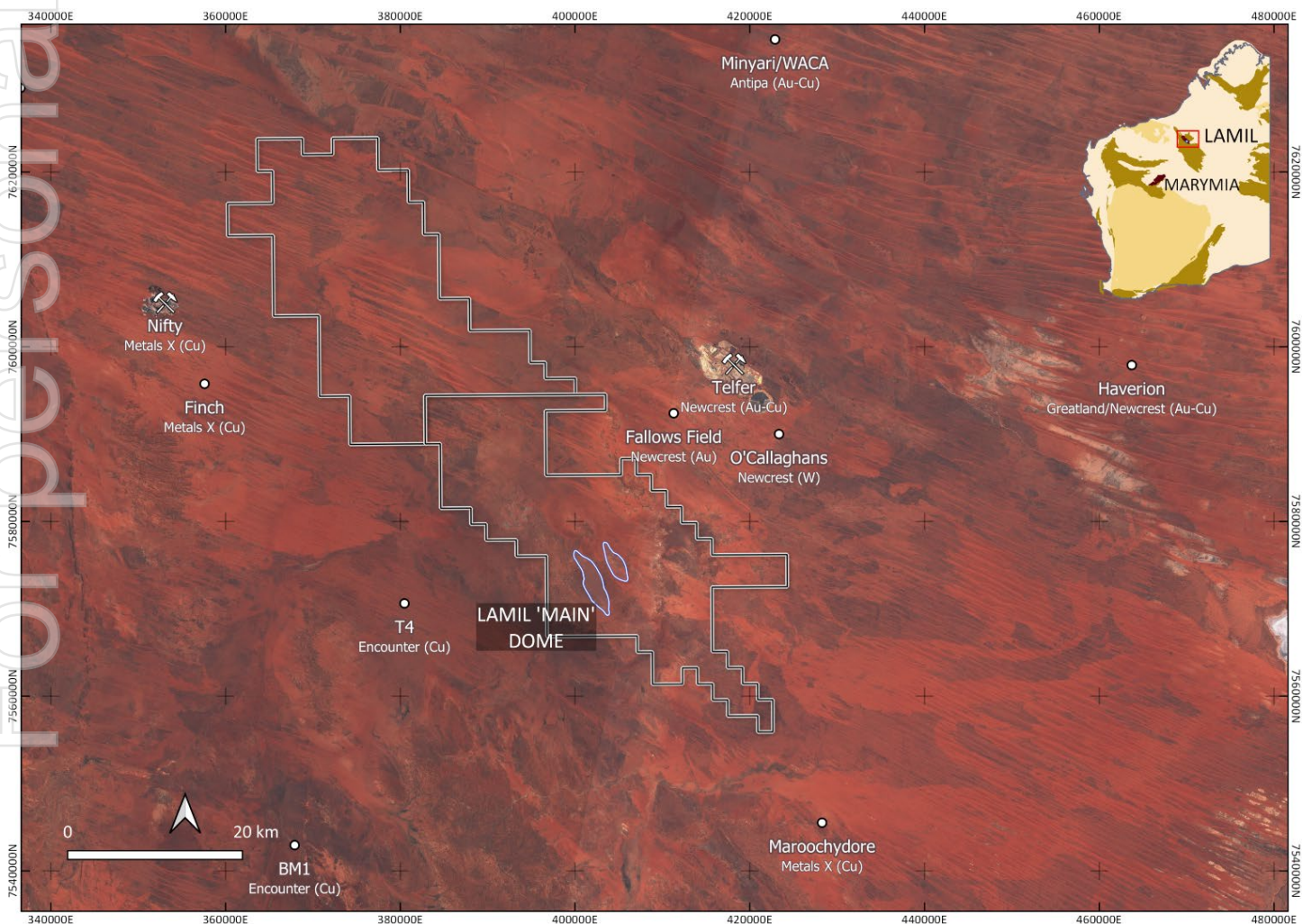


Figure 1. Location of the Lamil Project – Tenements E45/5270 and E45/5271

Aircore and Reverse Circulation Reconnaissance Drilling

Broad-spaced (1600m x 400m) litho-geochemical aircore and/or reverse circulation reconnaissance drilling will be completed across the Lamil Main Dome, Lamil NE Dome and the southern geochemical anomalies (see Figure 2).

The aim of the program is to confirm depth to Proterozoic basement across the area and to map and sample the basement-cover interface to provide geochemical vectors towards basement hosted mineralisation.

Diamond Drilling

The diamond drilling program is designed to test several targets which exhibit geophysical and geochemical responses consistent with intrusive related gold-copper deposits (e.g. Telfer, Winu and Havieron). This initial program will consist of 7 holes each expected to be drilled to approximately 350m depth (see Figure 2).

Additional aircore and/or reverse circulation and diamond drill holes are planned to both extend and infill the current program however this is dependent on completion of Heritage Surveys by the Traditional Landowners.

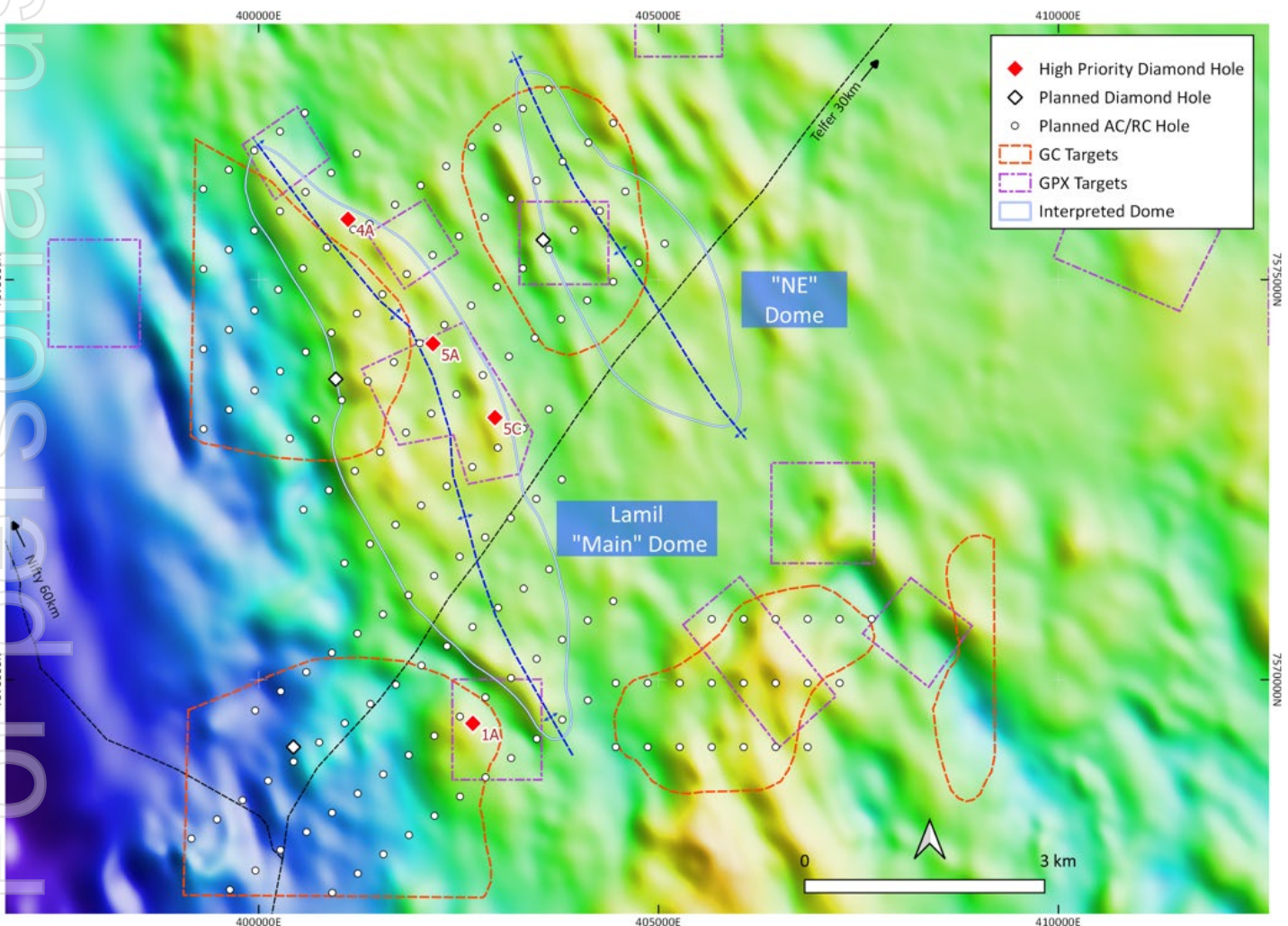


Figure 2. Location of Interpreted Lamil Main Dome and NE Dome with Inaugural Drilling Program
Background is 25m RTP aeromagnetic data and outlines of previously released geochemical ("GC") and geophysical ("GPX") targets

Three of the diamond holes are located along the eastern flank of the Lamil Main Dome and one hole is designed to intersect a combined magnetic and gravity anomaly identified southwest of the Lamil Main Dome:

- **Target 4A** – located at the northeastern flank, northern fold closure of the Lamil Main Dome this target is defined by a prominent northwesterly trending structure derived from detailed ground gravity data coincident with an area of multi-element surface geochemical anomalism. The target is a Telfer analogue. Importantly, the northern extents of the Lamil Main Dome and the northern extent of the Telfer Domes are linked by a prominent regional scale NW-SE trending gravity cross-structure.
- **Target 5A** – located on the eastern limb of the Lamil Main Dome this target is defined by a discrete gravity high and a magnetic low coincident with a broad zone of surface geochemical anomalism. The magnetic low potentially represents de-magnetisation associated with alteration of basement rocks. The target is a Telfer analogue.
- **Target 5C** – located on the central-outer flank of the eastern limb of the Lamil Main Dome. The position is coincident with a gravity high where the domal structure is disrupted by a prominent northeast trending cross-structure. The target is a Telfer analogue.
- **Target 1A** – located 2 kilometres southwest of the Lamil Main Dome this target is defined by a prominent, discrete, combined magnetic and gravity high, a convergence of major gravity derived structures and is coincident with a well-defined, multi-element surface geochemical anomaly displaying characteristics associated with intrusive related gold-copper mineral systems. The target is a Havieron analogue.

The cost of the drilling will be partly funded by a co-funding grant awarded to the project by the Western Australian Government under the Exploration Incentive Scheme for innovative exploration drilling projects. The grant amount totals \$150,000 and drilling is required to be completed prior to 31 December 2020.

Geophysics

Geophysical surveys have been successful in developing an improved understanding of the regional framework, depth to basement and the structural architecture of the basement sequence at Lamil. Understanding these key elements is critical in guiding effective exploration across such a large ground holding. Interpretation of geophysical data has identified 26 targets including 15 which are considered high priority and “drill ready” (see AIC ASX Announcement dated 6 April 2020). The success of this work has warranted follow-up ground gravity surveys over a larger area. Extensional surveys, extending to the far northern end of the tenement area over areas where basement has been interpreted to be less than 400m depth, are also planned and are expected to be completed before the end of the year.

Geochemistry

Ultra-fine soil geochemistry has identified five areas of interest that are defined by multi-element anomalism (including elevated gold-in-soil results with peak values of 100ppb gold, 67ppb gold and 13ppb gold) displaying characteristics consistent with intrusive related gold-copper mineral systems (see AIC ASX Announcement dated 25 May 2020). Infill soil sampling over these areas and broad spaced regional surveys to extend the existing coverage to areas with relatively shallow cover is currently in progress.

Authorisation

This announcement has been approved for issue by, and enquiries regarding this announcement may be directed to:

Aaron Colleran

Managing Director

Email: info@aicmines.com.au

Exploration Information Extracted from ASX Announcements

This announcement contains information extracted from previous AIC Mines 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 announcement lodged on the ASX:

- | | |
|--|--------------|
| • Paterson Province Exploration Joint Venture | 22 July 2019 |
| • Multiple New Gold-Copper Targets Identified at Lamil Project | 6 April 2020 |
| • Geochemical Survey Results from Lamil Project | 25 May 2020 |
| • Lamil Project Exploration Update | 18 June 2020 |

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 the original ASX announcement.

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 the Senior Exploration Geologist and a 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.