



Aeon Metals Limited

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ASX Code - AQR

30 October 2015.

Market Announcements Office
Australian Securities Exchange
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Quarterly Activities Report For the three months ending 30 September 2015

HIGHLIGHTS

- **Equity rights issue and refinancing completed:**
 - Strong cash position with +\$8m¹ enabling extensive 2016 drill program.
 - Major shareholders' support.
 - Near to longer term market risks mitigated.
- **Walford Creek PFS advancement:**
 - Mining - Runge Pincock Minarco life-of-mine pit optimisation incorporating metallurgical and infrastructure options ongoing.
 - Metallurgy – bulk concentrate flowsheet option defined.
 - Infrastructure – assessment of local area options for access, power and water.
- **Mt Isa 3rd Quarter drill campaign:**
 - 3 RC holes (534m) completed along strike at Hero Prospect.
 - Confirms the broad zones of low grade copper present at the Hero Prospect

¹ Subject to issue of warrants as per EGM held yesterday

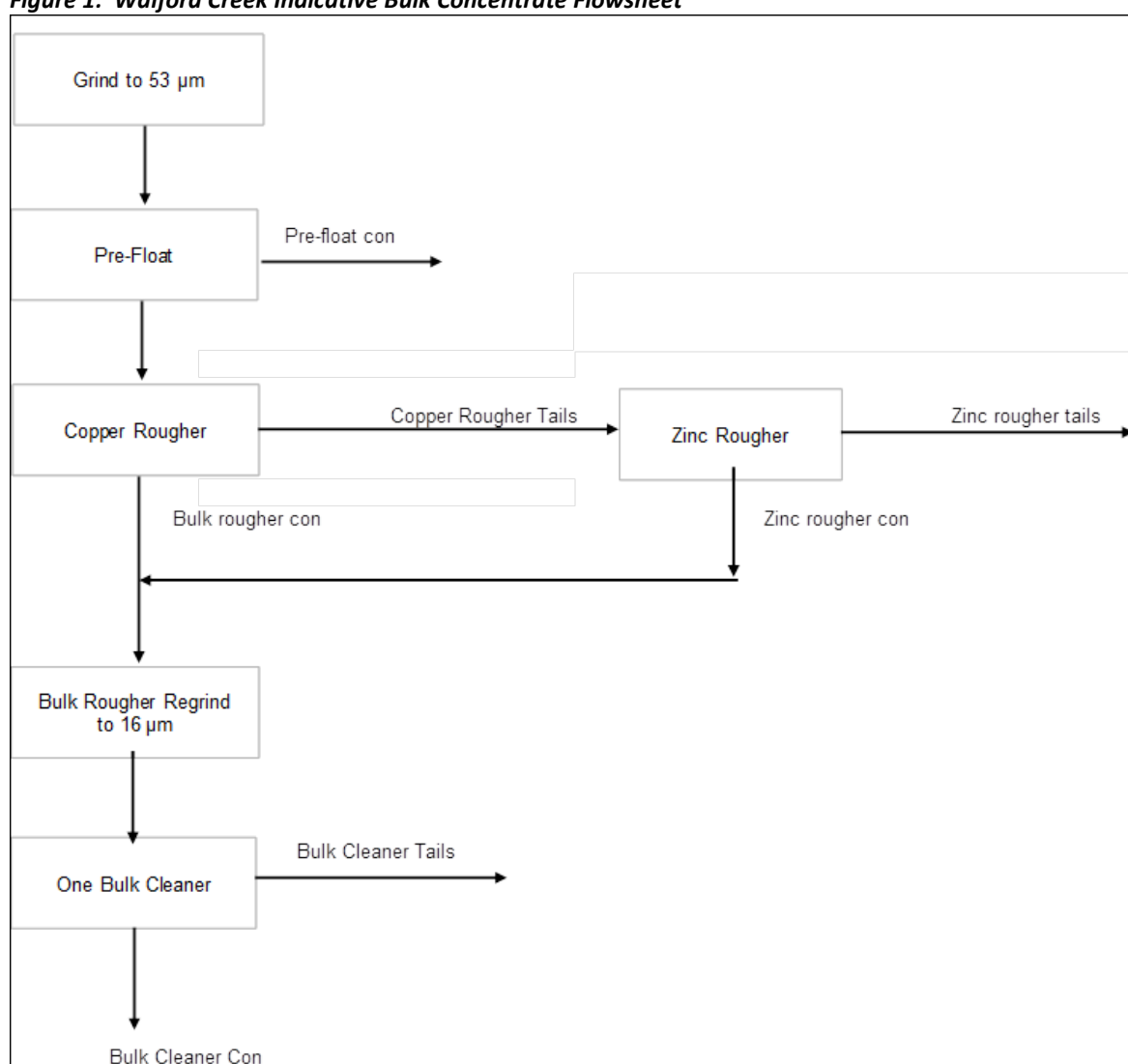
Walford Creek Project, North West Queensland

Aeon Metals Ltd (“Aeon” or “the Company”) is pleased to provide an update on the Walford Creek Project for the quarter, with work focusing on metallurgical, mining and infrastructure options to be included in a pre-feasibility study.

Extensive metallurgical testwork continued during the quarter aimed at determining the process parameters required for a bulk metal concentrate that would be used in testing hydrometallurgical recovery of copper, zinc and cobalt.

A basic flowsheet is shown below where ore is ground to 53 microns, pre-float, then sequential copper and zinc roughers. The copper and zinc rougher concentrates were combined, and then floated in one stage of cleaning.

Figure 1: Walford Creek Indicative Bulk Concentrate Flowsheet



The bulk concentrate flowsheet is an alternate option to the multistage flowsheet reported previously. The multistage flowsheet required a hydrometallurgical recovery circuit to recover the cobalt and silver from the flotation tailings of the base metal concentrates. Consideration in the current work was to determine if the economics of recovery could be improved by producing a bulk

concentrate of all the metals including the cobalt and silver, which would then be recovered in a hydrometallurgical circuit producing metal products.

The current test program has achieved a bulk concentrate reducing the feed mass by 75% with recovery of base metals +80% (Cu 83%, Zn 89%). Recovery of cobalt and silver to this concentrate has been low and further regrinding for liberation is required.

The infrastructure in the Gulf region of northwest Queensland is undergoing change with the Century Mine closing in November and conversely the focus by Government to upgrade the road system. The Company is therefore continuing to review a number of possible options which could be cost effective for a Walford Creek mining, processing, and logistics project.

Figure 2 below shows the infrastructure (roads, townships including Century Mine, and Karumba port) for the northwest Gulf area.

Figure 2: Northwest Queensland road/port infrastructure and Walford Creek location



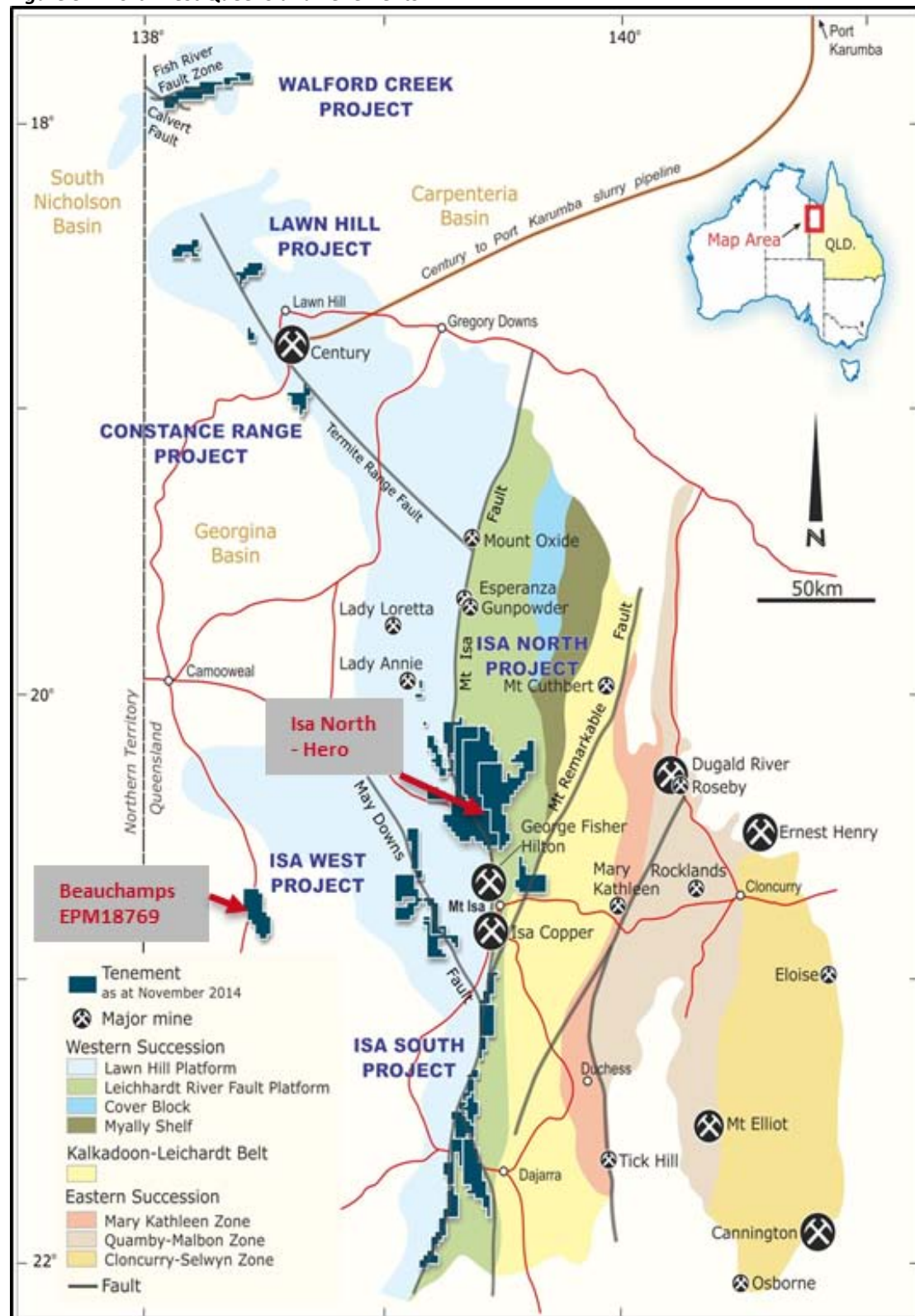
During the quarter, mining consultant Runge Pincock Minarco continued work on Whittle pit optimisations utilising input parameters for current mining costs and the metallurgical and infrastructure options currently under review. Once the metallurgical and infrastructure options are better defined, the mine plan and associated life-of-mine schedule can be completed.

Northwest Queensland 3rd Quarter Drill Program

A map showing Aeon's interest in various exploration permits in Northwest Queensland is provided in Figure 3 below.

This tenement package, is extensive (covering some 3,400km²) and located in the world-class Mt Isa minerals province in North West Queensland. It includes contiguous land holding (~170km) along the Mt Isa Fault, bordering north and south of Glencore Xstrata's Mount Isa Mines.

Figure 3: Northwest Queensland Tenements

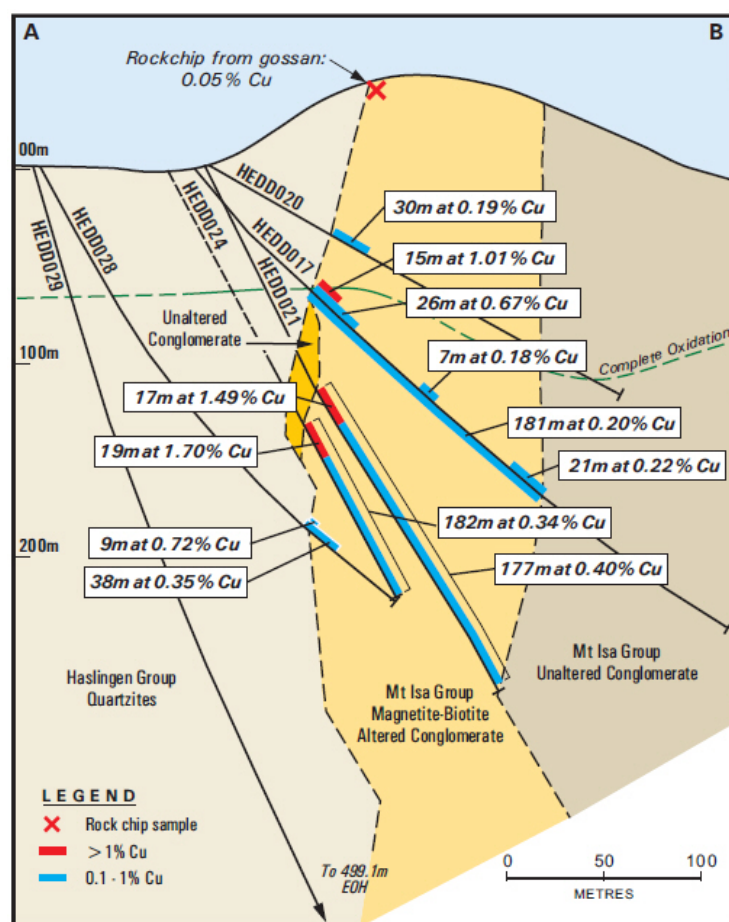


Hero Prospect

The Hero prospect is located 30km north of the township of Mount Isa on the main highway and is the most advanced of any of the Isa Projects with copper mineralisation hosted in the dolomitic Hero Conglomerate, a basal unit of the Isa Group sediments. High grade mineralisation is associated with magnetite-biotite alteration overprinted by a late copper phase. Broad lower grade copper mineralisation is also associated with a silica-dolomite alteration phase including low temperature silica flooding and veining along the hanging wall of the Hero Fault.

A significant number of drill holes have been drilled in the past 6 years into the northern area which encountered some good intersections as shown in Figure 4.

Figure 4: Cross section showing significant intersections at the northern end of the Hero Prospect



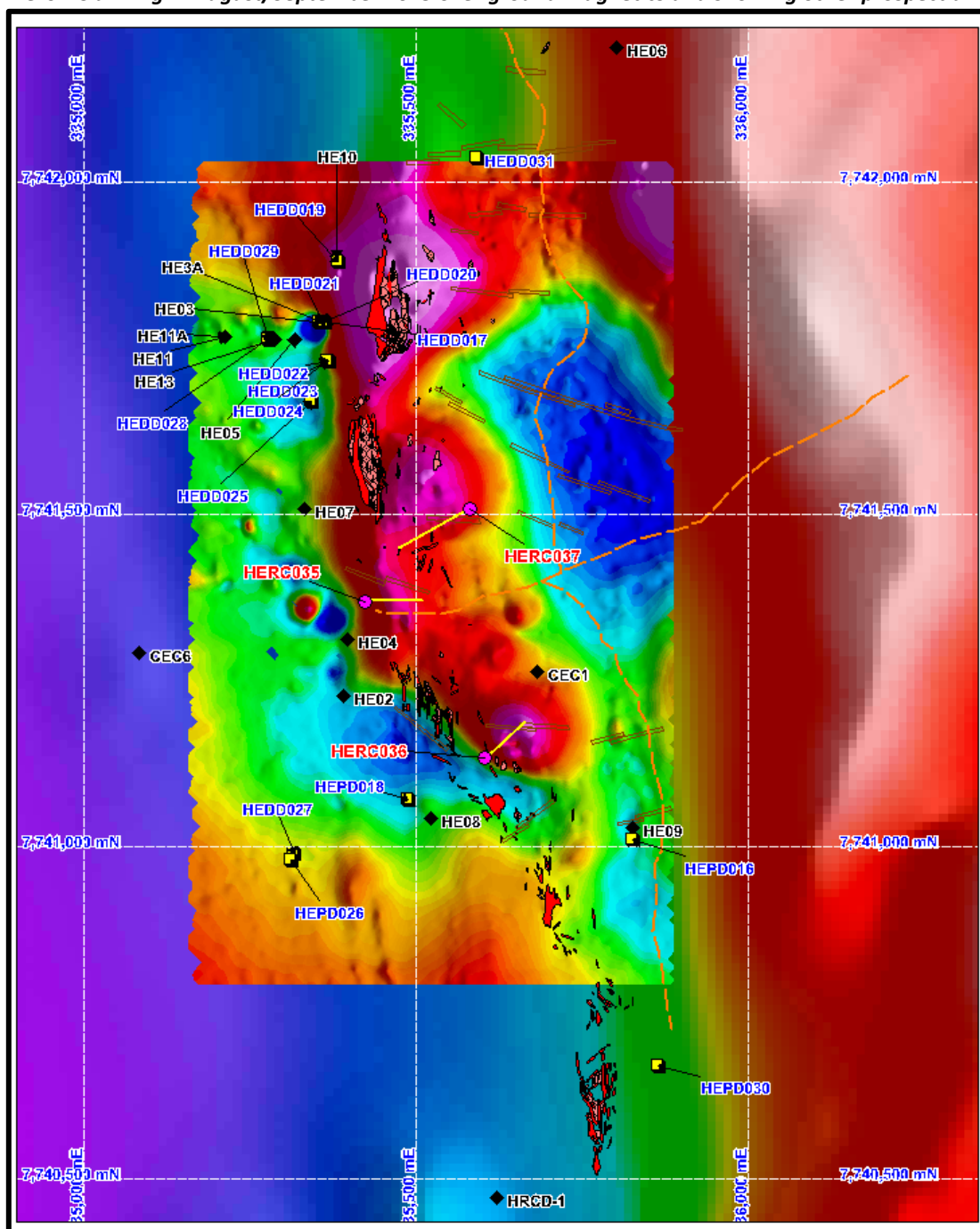
During the quarter, 3 RC holes (534m) were completed along strike at Hero Prospect. Assay results from these 3 holes substantiate encouraging previous exploration drilling along the Hero trend. Variably gossanous conglomerate outcrop over one kilometre in strike along the eastern side of the north south trending Hero Fault, an interpreted splay fault off the Isa Fault and ~30km due north of the Glencore Mount Isa Copper-Lead-Zinc mines.

The RC drilling undertaken confirms the broad zones of low grade copper present at the Hero Prospect. Although the three holes did not intersect any high grade copper as seen previously at the northern end of the Prospect tested in 2009 and 2010, the wide intercepts of mineralisation including 106m at 0.17% copper from 20m down hole indicate that significant hydrothermal fluids altered and mineralised the conglomerate unit over a significant strike length.

Figure 5: Mitchell drill rig collared over hole HERC036 at Hero



Figure 6: Hero RC drilling in August/September 2015 over ground magnetics and showing other prospect drilling



Beauchamps

Beauchamps tenement is an ex-BHP tenement and is situated 100km west of the town of Mount Isa, in Northwest Queensland. The EPM contains at least two untested large geophysical anomalies (Figure 7) consisting of coincident magnetic and gravity anomalies over a strike length of approximately 12km.

Due to the large size of the gravity anomaly and wide spaced old data it was decided to undertake a more detailed ground gravity survey in order to better define the densest source rocks closest to surface.

The conclusion following the modelling of the new gravity data collected by Daishsat in September 2015 is that this no longer represents an IOCG exploration target and that the source of the gravity is deeper (around 800m vs predicted 450m) than previously modelled using the wide spaced old data. It is now considered more likely that this target is a layered or at least tabular mafic body and that it might be more likely prospective for either nickel or platinum group elements (PGE's).

In conclusion, although disappointing, the gravity data has prevented the drilling of a potentially expensive hole which would likely not have answered any questions as to the gravity and magnetic target it was supposed to test.

The following reasons for this conclusion are in summary:

- **Depth to target** – The processing of the data now models the top of the coincident gravity and magnetics response at around 800m. This is at least 300m deeper than the previous model based on the old wide spaced gravity data which modelled a target at between 450m to 500m. To adequately test this deeper feature, a hole around 900m would need to be drilled.
- **Tabular body** - The gravity data now defines a clear north north-west trending, steeply east dipping tabular body which would now be most likely interpreted as a dense mafic body and possibly lithologically strata bound.
- **Unlikely to be an IOCG system** – The new gravity data is not considered characteristic of an IOCG target. The density is high but not to the levels previously thought similar to an Olympic Dam type body. The elongate nature is also unlike IOCG type geophysical responses. The northern gravity mass is interpreted at this stage as a fold of the dense tabular unit to the south.
- **Cost to test** – The new data models the top of the body which appears shallowest in the south at around 800m. That would be the top of the target and any hole would ideally need to drill at least 100m further into the target.

Figure 7: Comparative 2nd order residual gravity images without and with the new gravity data
The new stations are displayed in magenta with the 2006 stations in blue and the 1993 stations in black

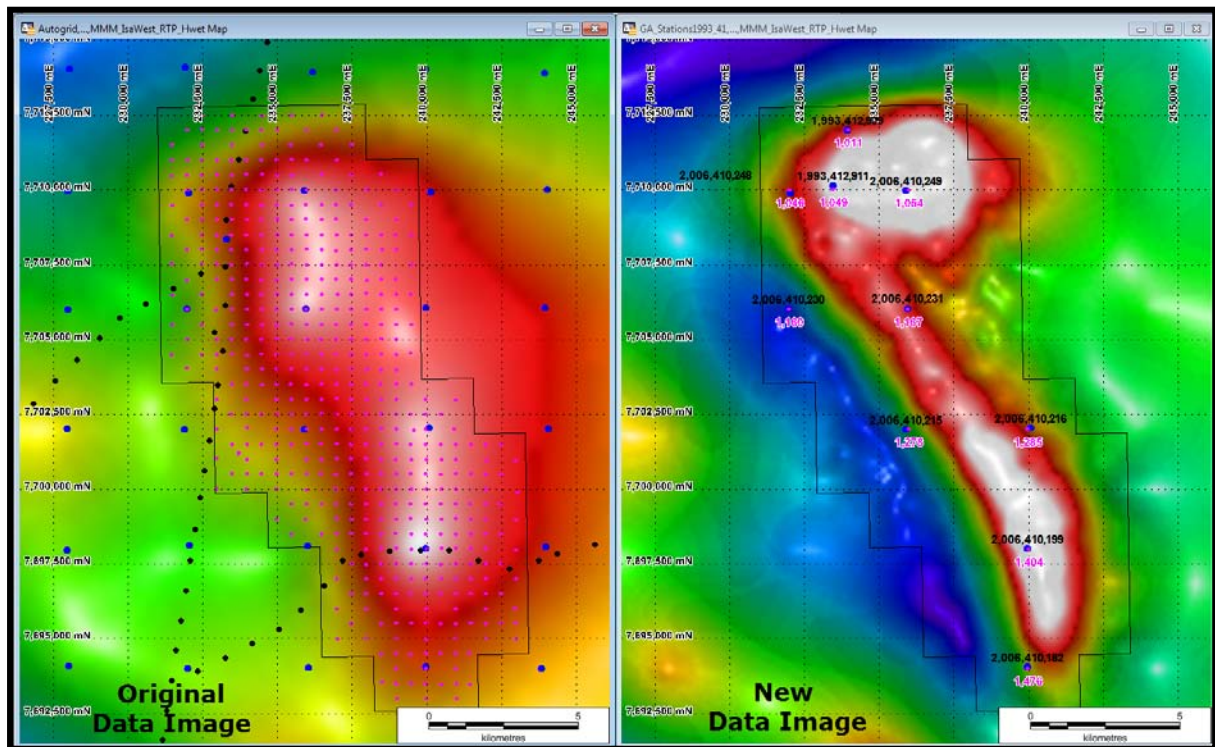
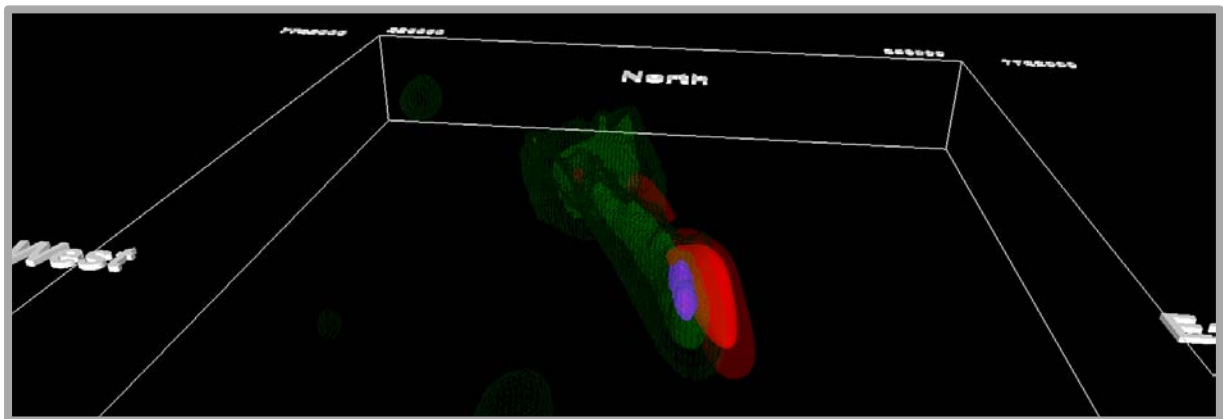


Figure 8: The newly modelled gravity data merged with old data and showing magnetic anomaly in red immediately adjacent to the east of the gravity high. Viewed from the south looking north at oblique angle.



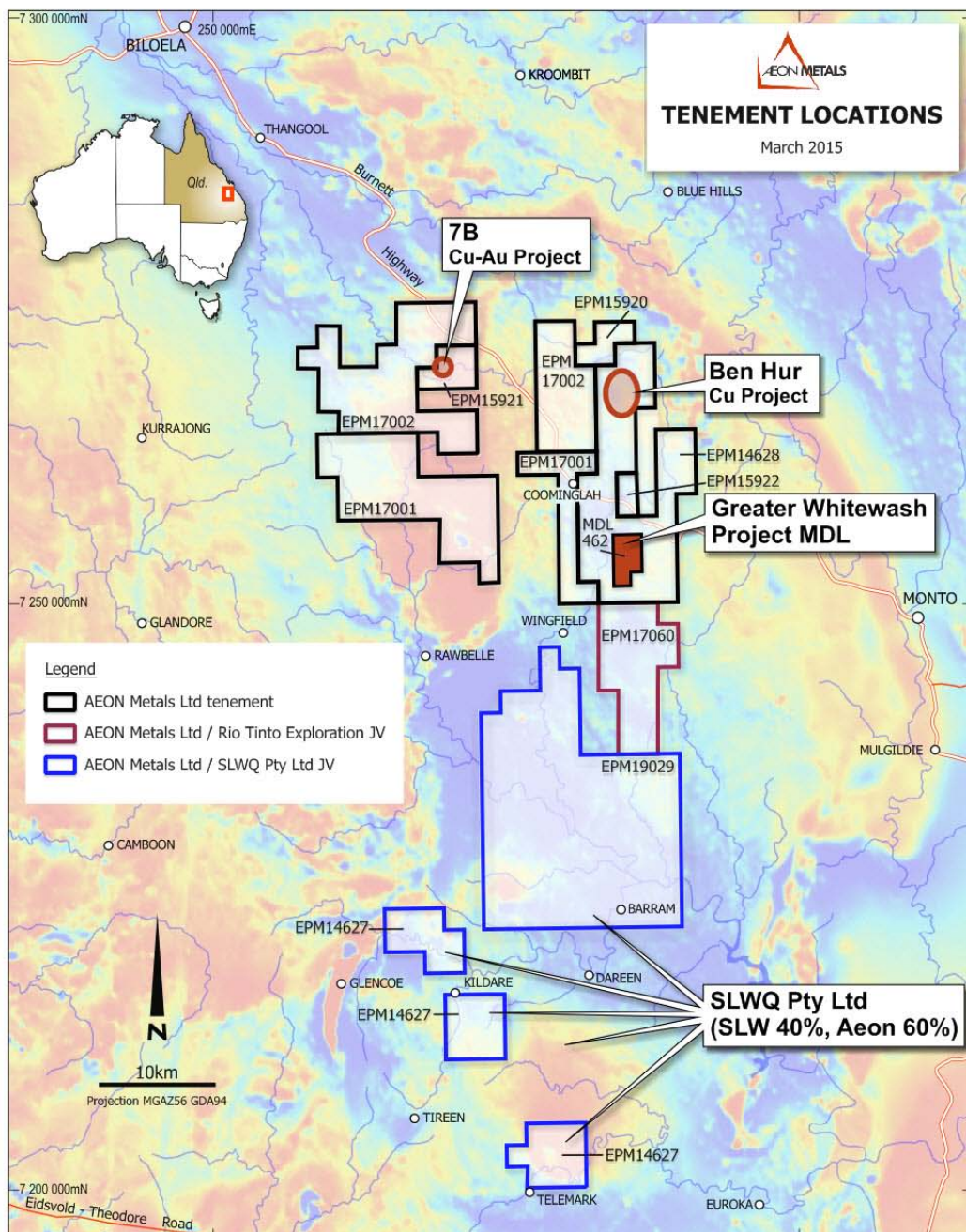
It is also concluded that the large geophysical anomalies could potentially be a mafic/ultramafic unit which could be nickel and or platinum group element bearing. In order to better define such a target over the strike length of 15 kilometres, it would necessitate gathering some electrical data to see if either a conductive or chargeable sulphide system can be detected in association with the gravity and magnetic target.

Southeast Queensland Tenements

The Group controls 7 EPMs: 14628, 15920, 15921, 15922, 17001, 17002 and 17060 all of which are held 100% by the Company.

In 2012 the Company entered into an earn-in and joint venture with Rio Tinto Exploration Pty Ltd ("RTX") on EPM 17060. After completing Phase 1 Commitment to sole fund an exploration program and any associated expenditure to a minimum of AU\$200,000 RTX has given notice not to extend the Phase 2 Period (Earn In). Although a disappointing decision for Aeon, the exploration work completed and associated data collected by RTX over this tenement has enabled a better understanding of the geological conditions along strike to the south of Aeon's Greater Whitewash, John Hill and Kiwi Carpet Projects.

Figure 9: Southeast Queensland Tenement locations



Corporate

On 1 July 2015, the Company announced a pro rata, non-renounceable entitlement issue of 43,479,431 shares at an issue price of 7.5 cents per share on the basis of 1 New Share for each 7 shares held by shareholders on 10 July 2015. On 4 August the rights issue was closed raising \$3.26m before costs. The issue was fully underwritten by Pitt Capital Partners Ltd, a wholly owned subsidiary of Washington H Soul Pattinson Ltd and sub underwritten by OCP Asia (Hong Kong) Limited.

The Company also secured an additional \$4.85m of debt to advance the Walford Creek Project. Combined with the \$3.26m raised in the rights issue, the additional facility will mean Aeon will have over \$8m cash on hand. This is a huge step forward in setting a long term platform of growth for Aeon and specifically advancing Walford Creek towards a Bankable Feasibility Study, uninterrupted from near to medium term capital market restraints.

The Company's 2015 Annual General Meeting will be held on 25 November 2015.

Exploration Expenditure

During the quarter, the Company expended approximately \$643,000 on exploration activities.

As at 30 September 2015, the Company had available cash of approximately \$3.7M.

Appendix 5B

The Company's Appendix 5B cash report is attached.

A handwritten signature in black ink, appearing to read 'H. Collins', with a stylized flourish at the end.

Hamish Collins
Managing Director
Aeon Metals Limited

APPENDIX 1 - TENEMENT HOLDINGS AS AT 30 September 2015

TENEMENT HOLDER	TENEMENT I.D.	LOCATION	INTEREST HELD
Aeon Metals Limited	EPM 14628	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15920	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15921	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15922	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17001	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17002	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17060	West of Monto, Qld	100%
Aeon Metals Limited	MDL 462	Northwest of Monto, Qld	100%
Aussie NQ Resources Pty Ltd	EPM 18359	South of Georgetown, Qld	100%
SLW Queensland Pty Ltd	EPM 14627	Southwest of Monto, Qld	60%
SLW Queensland Pty Ltd	EPM 15919	Southwest of Monto, Qld	Relinquished
SLW Queensland Pty Ltd	EPM 18202	Southwest of Monto, Qld	Relinquished
SLW Queensland Pty Ltd	EPM 19029	West of Monto, Qld	60%
Aeon Walford Creek Limited	EPM 11897	Mount Isa West	80%
Aeon Walford Creek Limited	EPM 11898	Mount Isa West	80%
Red Metal Limited	EPM 12653	Mount Isa South	
Summit Resources (Aust) Pty Ltd	EPM 13412	Mount Isa South	20%
Summit Resources (Aust) Pty Ltd	EPM 13413	Mount Isa South	20%
Summit Resources (Aust) Pty Ltd	EPM 13682	Mount Isa South	20%
Aeon Walford Creek Limited	EPM 14040	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 14220	Walford Creek	100%
Aeon Walford Creek Limited	EPM 14233	Mount Isa South	72%
Aeon Walford Creek Limited	EPM 14694	Mount Isa North	80%
Aeon Walford Creek Limited	EPM 14712	Constance Range	80%
Aeon Walford Creek Limited	EPM 14713	Constance Range	80%
Aeon Walford Creek Limited	EPM 14821	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 14854	Walford Creek	100%
Aeon Walford Creek Limited	EPM 14935	Constance Range	80%
Aeon Walford Creek Limited	EPM 15156	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 15186	Constance Range	80%
Aeon Walford Creek Limited	EPM15212	Mount Isa West	80%
Mount Isa Mines Limited	EPM15911	Mount Isa South	100% **
Aeon Walford Creek Limited	EPM 16921	Mount Isa North	20%
Mount Isa Mines Limited	EPM 17297	Mount Isa South	100% **
Aeon Walford Creek Limited	EPM 17300	Mount Isa North	100%
Summit Resources (Aust) Pty Ltd	EPM 17511	Mount Isa North	20%
Summit Resources (Aust) Pty Ltd	EPM 17513	Mount Isa North	20%
Summit Resources (Aust) Pty Ltd	EPM 17514	Mount Isa North	20%
Summit Resources (Aust) Pty Ltd	EPM 17519	Mount Isa North	20%
Aeon Walford Creek Limited	EPM 18395	Mount Isa west	100%
Aeon Walford Creek Limited	EPM 18552	Walford Creek	100%
Aeon Walford Creek Limited	EPM 18769	Mount Isa West	100%

** 100% JV AWC earned 100%, transfer of title pending

APPENDIX 2 – COMPETENT PERSONS

The data in this report that relates to Mineral Resource Estimates for the Walford Creek Deposit is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”). Mr Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion in the presentation of the Mineral Resources in the form and context in which they appear.

The information in this report that relates to Aeon Metals exploration targets and mineral resources is based on information compiled Mr Dan Johnson who is a Member of the Australian Institute of Geoscientists and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”). Mr Dan Johnson is a full-time employee of Aeon Metals and consents to the inclusion in the presentation of the Exploration Targets and Exploration Results in the form and context in which they appear.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

AEON METALS LIMITED

ABN

91 121 964 725

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors – Service Fees	-	-
1.2	Payments for (a) exploration & evaluation	(643)	(643)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(523)	(523)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	16	16
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes received (R&D Tax Incentive)	-	-
1.7	Other (provide details if material)		
	– GST Receipts/Payments	(20)	(20)
	– Security Deposits	-	-
Net Operating Cash Flows		(1,170)	(1,170)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(3)	(3)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(3)	(3)
1.13	Total operating and investing cash flows (carried forward)	(1,173)	(1,173)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,173)	(1,173)
1.14	Cash flows related to financing activities Proceeds from issues of shares, options, etc. (Proceeds were received from institutional and sophisticated investors in accordance with placement announced on 3 April 2014. Placement is currently subject to shareholder approval).	3,261	3,261
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	– Capital Raising Costs	(212)	(212)
	– On market purchase of shares for equity based compensation	-	-
	Net financing cash flows	3,049	3,049
	Net increase (decrease) in cash held	1,876	1,876
1.20	Cash at beginning of quarter/year to date	1,856	1,856
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,732	3,732

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	211
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil
1.25	Explanation necessary for an understanding of the transactions Transactions include the payment of Consultancy fees to the associated entities of the Directors, J. Goody & T. Mann, the payment of Superannuation and Directors fees to the Directors, E. Newman, H. Collins, T. Mann & P. Harris, as well as the reimbursement of ordinary expenditure incurred by Directors.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

The company has a corporate credit card facility for the purpose of the company expenses. There are four cards issued with a combined credit limit of \$30,000.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	30	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	580
4.2 Development	-
4.3 Production	-
4.4 Administration	400
Total	980

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,732	1,856
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,732	1,856

+ See chapter 19 for defined terms.

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Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	N/A			
7.2	N/A			
7.3	347,832,628	347,832,628		
7.4	43,479,028	43,479,028	7.5	7.5
7.5	N/A			
7.6	N/A			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.7	Options (description and conversion factor)	Unlisted Options 1,000,000 63,251,107 52,174,894		Exercise price 12.5 15.81 9.35	Expiry date 8 February 2016 17 June 2017 17 December 2017
7.8	Issued during quarter	52,174,894		9.35	17 December 2017
7.9	Exercised during quarter	N/A			
7.10	Expired during quarter	N/A			
7.11	Debentures (totals only)	N/A			
7.12	Unsecured notes (totals only)	N/A			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: Date: 30 October 2015
(Managing Director/Company secretary)

Print name: Hamish Collins
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Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

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Mining exploration entity and oil and gas exploration entity quarterly report

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.