



ASX Announcement — 18 April 2019

Quarterly Report For the three months ending 31 March 2019

Aeon Metals Limited

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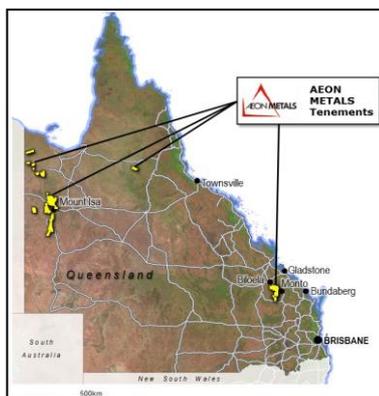
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ASX Code - AML

Shares on Issue: 673m
Share Price: \$0.24

Market Capitalisation: \$161m
Cash (31 March 2019): \$2.6m

All mineral resources projects
located in Queensland:



On 25 February 2019 Aeon Metals Limited (“Aeon” or “the Company”) announced an upgraded Resource at Walford Creek. Highlights of the upgraded Resource¹ include:

- **Total Vardy and Marley Resources now 37.4mt @ 1.53% CuEq over 3.6km with total Measured & Indicated (“M&I”) increase of 103% to 26.9mt @ 1.57% CuEq of which 76% within the Copper Lode Resources.**
- **Geological continuity proven over additional 5.7km with definition of new Amy Copper Lode Resource.**
- **Geological continuity known to continue along strike west and east of updated Resources for another combined ~20km.**

Independent geological consultant, H&S Consultants Pty Ltd, (“H&SC”), incorporated drill results from the 2018, 35,000m drill campaign to complete the upgraded Resource.

H&SC also provided estimates in relation to an **Amy Copper Lode Exploration Target of 6 to 13mt @ 2.45% CuEq**. The Exploration Target is based on the interpretation of the Exploration Results from drilling, particularly during 2018, and is based on 50% of the blocks within the Amy PY3 copper lode. All drill hole locations and sections underpinning the Exploration Target have been the subject of prior public reports and a list of the relevant ASX announcements is attached as Appendix 3 in the 25 February 2019 ASX announcement.

The potential quantity and grade referred to above is conceptual in nature, as there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Company proposes to undertake and complete further drilling within the Amy Zone during 2019.

¹Refer 25 February 2019 ASX announcement for all Resource upgrade details including, amongst others, JORC Table 1 and details of the component Resource categories.

CuEq calculations are based on the following:

Note 1 (con'd)

Exchange rate Aus\$/US\$ = 72.5

Metal	Price	Recovery (%)
<i>Cu</i>	<i>US\$6,614/ tonne</i>	<i>92</i>
<i>Pb</i>	<i>US\$2,205/ tonne</i>	<i>24</i>
<i>Zn</i>	<i>US\$2,756/ tonne</i>	<i>46</i>
<i>Ag</i>	<i>US\$16/ ounce</i>	<i>50</i>
<i>Co</i>	<i>US\$45,000/tonne</i>	<i>68</i>

*Copper equivalent formula = (0.92*Cu_pc) + (0.09*Pb_pc)+(0.21*Zn_pc)+(0.0042*Ag_ppm) +(0.0005*Co_ppm).*
Estimated recoveries are based on testwork by Aeon.

The material increase from the Inferred Resource to M&I facilitates project development as mining assessment can now be finalised. The large 26.9Mt @ 1.57% CuEq of M&I enables a long mine life (+15years) with a forecast initial run-of-mine (“ROM”) throughput rate in the order of 1.25-1.5mtpa. It should be noted that the Copper Lode Resource is the core and higher-grade component (13.5mt @ 2.09% CuEq) of the 26.9Mt.

During the quarter, metallurgical work continued developing the float, roast precipitate, purification flow sheet with the pilot roasting of a pyrite concentrate currently being carried out by Outotec in Germany. This is to be followed by precipitation and purification tests at the Outotec lab in Finland. It is noted that the roast pilot plant planned for February was delayed by Outotec due to their internal timetable disruptions. This has delayed the finalisation of the complete process flow sheet by approximately 6-8 weeks, however it is currently not expected to affect the planned completion of a pre-feasibility study in Q3 2019.

In parallel with the Outotec testwork, investigation is ongoing into an alternative to roast only some of the pyrite concentrate in a smaller roaster and then acid leach the remaining pyrite concentrate with the sulphuric acid produced. This configuration would generate enough sulphuric acid (the roaster would be a scaled down version of what was previously envisaged) for the leach circuit and remove the need to transport sulphuric acid from site. The acid leach test work is being undertaken by ALS.

During the quarter, significant work has been undertaken on logistics alternatives to handle marketable concentrates of sulphuric acid (if excess acid has to leave the site) and possibly pyrite concentrates if roasting is to take place away from the site.

Work has also been ongoing on the design and implementation of the 2019 drilling program at Walford Creek. A large component of the meterage this year will be on the Amy Copper Lode Exploration Target and on the strike extension west of Amy to the tenement boundary.

Environmental monitoring, data collection and test work to underpin the Environmental Impact Statement (EIS) has continued across the summer “wet” season.

Surface water samples after the only two rain events during the quarter in February and March were collected. This follows recommendations compiled in a desktop study of surface water flows, surface and groundwater quality, stream and soils sediment completed by consultant Stantec in February 2019. The project area received 485mm of rainfall for the period October 2018 to April 2019 which is again below historic rainfall recorded for this period. Most streams and creeks intersecting through the project area did not flow this wet season.

A draft report on the pump testing of the Vardy pit has been received which indicated that the proposed initial pit is within a confined aquifer region. Recommendations include a further test using an existing production bore to the west be carried out to confirm the connectivity across the length of the pit and the western peripheral boundary.

Planning on exploration has commenced for a processing water source to the west of the pit area during the 2019 drill campaign.

The long-term leaching work continues. Data from the leaches to date and from previous assaying of waste and ore material has been used to develop an initial block model using fourteen waste characterisation classes. This data is currently being fed back into the mine schedule model to evaluate the waste rock distribution, volumes and possible storage requirements.

The Troglifauna traps were collected during March and have been sent off for identification work. A further trap program has been set down for later this year.

Baseline borehole and dust sampling were carried out during the quarter as a continuation of data gathering.

No significant exploration work was undertaken on the Company's other exploration tenements during the quarter.

Corporate

On 18 March 2019, the Company received formal notice from OL Master Limited, a fund managed by OCP Asia (Singapore) Pte Ltd ("OCP"), of exercise of the 85 million warrants (each exercisable at 16 cents) it holds in Aeon. The exercise price was paid by offset against the debt outstanding by the Company to OCP reducing this loan to approximately \$4m.

To enable Aeon to defer its next funding until the value of the Walford Creek project is better understood, OCP agreed to advance an \$8 million cash loan to Aeon with an arrangement fee of \$0.4 million to be capitalised and repaid with the principal. Following the drawdown of the new loan, the Company's net debt position will be approximately \$12 million. The maturity date of the loan balance (\$4 million) and the new loan (\$8.4 million) have been extended to 17 December 2020. The new loan funds were received by the Company on 12 April 2019.

Exploration & Evaluation Expenditure

During the quarter, the Company expended approximately \$597k on exploration and evaluation activities.

As at 31 March 2019, the Company had available cash of approximately \$2.58 million.

Appendix 5B

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

For more information, please contact:

Hamish Collins
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www.aeonmetals.com.au



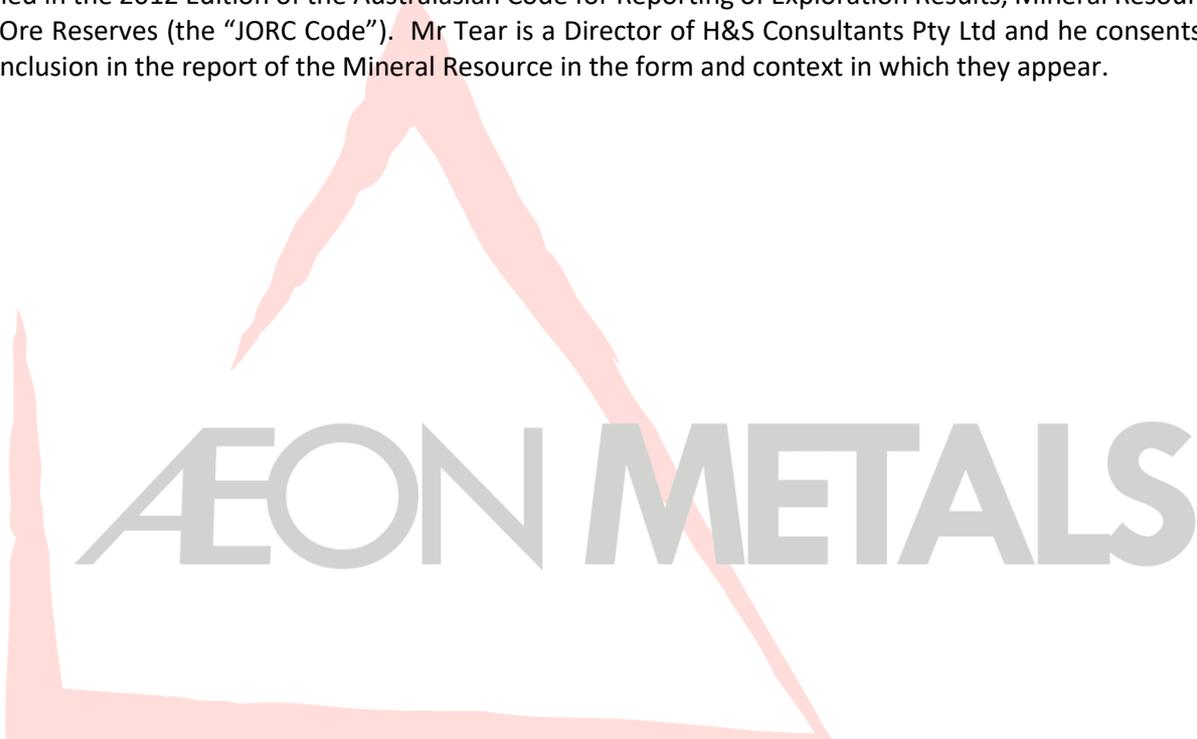
APPENDIX 1 - TENEMENT HOLDINGS AS AT 31 MARCH 2019

TENEMENT HOLDER	TENEMENT I.D.	LOCATION	INTEREST HELD
Aeon Metals Limited	EPM 14628	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15921	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 19029	West of Monto, Qld	60%
Aeon Walford Creek Limited	EPM 11898	Mount Isa West	80%
Aeon Walford Creek Limited	EPM 13412	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 13413	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 13682	Mount Isa South	80%
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	EPM 15911	Mount Isa South	100%
Aeon Walford Creek Limited	EPM 16921	Mount Isa North	100%
Aeon Walford Creek Limited	EPM 17297	Mount Isa South	100%
Aeon Walford Creek Limited	EPM 17300	Mount Isa North	100%
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%
Aeon Walford Creek Limited	EPM 26906	Walford Creek	100%

APPENDIX 2 - COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results for the Walford Creek Deposit is based on information compiled by 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 Limited and consents to the inclusion in the presentation of the Exploration Targets and Exploration Results in the form and context in which they appear.

The data in this report that relates to Mineral Resource Estimates and Exploration Targets 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 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 Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

A large, semi-transparent watermark of the AEON METALS logo is centered on the page. It consists of a large, light-red triangle with the text "AEON METALS" in a bold, grey, sans-serif font overlaid on its base.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

AEON METALS LIMITED	
ABN	Quarter ended ("current quarter")
91 121 964 725	31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(597)	(7,951)
(b) development	-	-
(c) production	-	-
(d) staff costs	(341)	(1,426)
(e) administration and corporate costs	(235)	(847)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	72
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,164)	(10,152)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(4)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(4)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	33	33
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	33	33

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,710	12,702
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,164)	(10,152)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	33	33
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,579	2,579

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	629	660
5.2 Call deposits	1,950	3,050
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,579	3,710

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	217
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	30	Nil
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The company maintains an ANZ Credit Card Facility totalling \$30,000, with a rate of 17.74%PA on purchases. This facility is split evenly across four separate cards, and the full \$30,000 is undrawn.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	2,950
9.2 Development	-
9.3 Production	-
9.4 Staff costs	450
9.5 Administration and corporate costs	365
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	3,765

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

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Managing Director

Date:18 April 2019.....

Print name:Hamish Collins.....

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.