

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2020

Aeon Metals Limited (ASX:AML) (“Aeon” or “the Company”) is pleased to present its activities report for the quarter ended 31 March 2020.

Highlights

- Pre-Feasibility Study (**PFS**) on the Walford Creek Project continued with key activities including:
 - Updated optimisation shows that open pit mining continues for approximately 8 years with underground mining starting in Year 4 and reaching full production in Year 8.
 - Processing testwork and assessment including:
 - Flotation Pilot Plant - results to date in line with Scoping Study¹.
 - Bioleach Pilot Plant - results to date better than Scoping Study¹.
 - Heap Leach Bottle Roll Testwork - results to date in line with Scoping Study¹.
 - Product Purification Pilot Plant - product quality in line with Scoping Study¹.
 - Option to source power from grid connection at Century Mine is being investigated.
- Expected Walford Creek PFS completion now 3Q 2020; impact of COVID-19 related operating restrictions and associated timeframes in finalising several workstreams.

Walford Creek Project (100% Aeon)

Pre-Feasibility Study progress

The Pre-Feasibility Study (**PFS**) on the Walford Creek Project continued during the quarter. The PFS is being run by leading consultant engineering firm, Ausenco, with expert consultants utilised for each discipline. The PFS is set to incorporate the updated Walford Creek Mineral Resources estimates² (previously released) and a maiden Ore Reserve estimate underpinning the PFS optimised mine schedule.

Mining

As outlined in the Scoping Study, extraction of the Vardy and Marley Resources is via a combination of open pit and underground mining. An updated PFS mining optimisation shows that open pit mining now continues for approximately 8 years, with underground mining starting in Year 4 and expected to reach full production in Year 8.

Work on finalising the PFS mine design, mining schedule, waste dump design, and backfilling schedule continued during the quarter.

¹ Refer to ASX release dated 21 October, 2019, *Walford Creek Scoping Study*

² Refer to ASX release dated 17 December, 2019, *Substantial Walford Creek Resource Upgrade*

Testwork for underground paste fill was started during the quarter and an underground ventilation and escapeway study was conducted to assist the mine design and to allow sizing of the primary ventilation shafts and fans.

Processing

Ausenco has completed the process flow sheets for the treatment plant and are now compiling detailed PFS-level capital and operating cost estimates. The site layout is well advanced as are the earthworks designs, heap leach pads and tailings storage facilities.

Metallurgical Testwork

During the quarter metallurgical testwork and assessment continued for the PFS process flowsheet. This included:

- A. **Flotation Pilot Plant** – undertaken at ALS Burnie, Tasmania (15 Jan to 29 Jan, 2020)
 - 529 kg treated, producing 316 kg of cobalt concentrate
 - Results to date in line with Scoping Study.
 - Approximate 87% copper recovery to copper concentrate. Concentrate grade within expectations at approximately 24% copper. Another approximate 12% of the copper was recovered in the cobalt concentrate. Current indications are that around two thirds of this will be extracted in the cobalt leach, with overall copper recovery increasing to 95%.
 - Cobalt and nickel recovery to cobalt concentrate both approximately 85%.

- B. **Bioleach Pilot Plant** (see Figure 1) – undertaken at ALS Burnie, Tasmania (3 Feb to 10 Mar 10, 2020)
 - 300 kg of cobalt concentrate treated.
 - Metal recoveries in line with or slightly better than those achieved with Scoping Study.
 - Average approximate cobalt extraction of 97% from cobalt concentrate to pregnant leach solution (PLS).

Figure 1: Aeon Bioleach Pilot Plant (ALS Burnie, Tasmania)



C. **Heap Leach Bottle Roll Testwork** (see Figure 2) – undertaken at ALS Burnie, Tasmania (27 Feb to 6 Mar 6, 2020)

- Results to date in line with Scoping Study.
- With the success of the bottle roll testwork the column leach plant is now being constructed. However there is potential for modest delay due to the Burnie COVID-19 lockdown.

Figure 2: Aeon Heap Leach Bottle Roll Setup (ALS Burnie, Tasmania)



D. **Product Purification Pilot Plant** - undertaken at Outotec Research Facility, Finland (Oct/Nov 2019)

- The campaign consisted of two phases,
 - a leach phase for generation of PLS, including iron-arsenic removal, and;
 - a purification phase where copper sulphide, zinc sulphide and cobalt-nickel sulphide products were produced (see Figure 3 overleaf).
- Average approximate cobalt extraction from pregnant leach solution (PLS) to product of 95% for cobalt.

Infrastructure & Logistics

The option to supply power from a grid connection at Century Mine is being investigated. An initial estimate for a third party to build, own, and operate the power line has been received and is an option being assessed for the PFS.

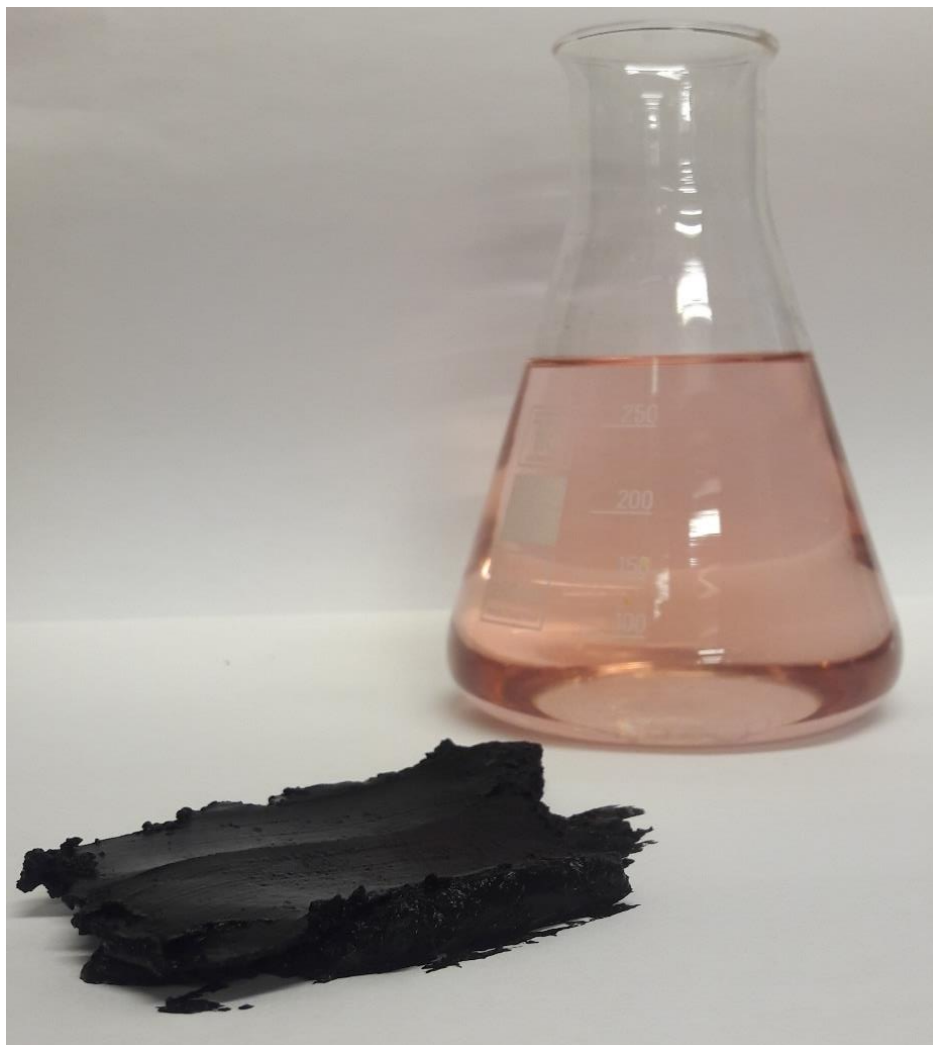
A logistics study is underway, however COVID-19 restrictions have meant that this has been delayed due to access restrictions over the local road network. Aeon has made an application for special exemption for access to this road network in order to complete this study.

Environmental

Environmental consultant group, Epic Consulting was selected to manage the environmental permitting process for the Walford Creek Project. Their work has commenced with an Initial Advice Statement (IAS) and with various aspects of the Environmental Impact Study (EIS). As a component of the EIS, a stakeholder management plan has been prepared for the community engagement process. Community

engagement has become more challenging in the COVID-19 environment, however every effort is being made to safely and efficiently streamline this activity.

Figure 3: Pregnant Leach Solution (PLS) and Cobalt-Nickel Sulphide Product



Collection of site background data including dust, wet season creek flows and water quality continued during the quarter. Restrictions to travel in the Burke Shire due to COVID-19 have made it more difficult to continue field work associated with seasonal flora and fauna studies. However, special exemption approval to gain access to the site has recently been received and will allow a small number of consultants to undertake this work during the current quarter.

Kinetic testwork of the waste rock and tailings continues, with results being used to plan waste disposal.

Safety

There were no reported injuries at the Walford Creek Project during the quarter.

Exploration & Evaluation Expenditure

Aeon expended approximately A\$1.0 million on exploration and evaluation activities at the Walford Creek Project during the quarter.

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

As at 31 March 2020, the Company had available cash of approximately A\$5.0 million.

Corporate

On 29 January 2020, Mr David Hwang was appointed as Company Secretary of the Company, replacing Mr Stephen Lonergan. The Board wishes to thank Mr Lonergan for his services to the Company. David is a Principal and CCO of Automic Group. He is an experienced corporate lawyer specialising in listings on the ASX, equity capital markets and providing advice on corporate governance and compliance issues.

During the quarter, Aeon agreed with its major shareholder and lender, OL Master Limited (a fund managed by OCP Asia), to increase the limit, as well as extend the maturity date, on its existing loan facility (**OCP Facility**). Under these agreements, the OCP Facility limit has increased by A\$4 million and the maturity date has been extended by a year to 17 December 2021. All other terms of the OCP Facility remain unchanged. In particular there are no changes to the existing security arrangements under the OCP Facility.

The increased OCP Facility provides sufficient funds to take Aeon through to completion of the current PFS on the Walford Creek Project. It also delivers added flexibility in advancing other project activities through the remainder of 2020.

Appendix 5B

The Company's Appendix 5B cash report has also been released today.

This ASX release has been authorised for and on behalf of the Aeon Board by:

Hamish Collins, Managing Director and CEO

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ABOUT AEON METALS

Aeon Metals Limited (**Aeon**) is an Australian based mineral exploration and development company listed on the Australian Securities Exchange (ASX: AML). Aeon holds a 100% ownership interest in the Walford Creek Copper-Cobalt Project (**Walford Creek Project**) located in north-west Queensland, approximately 340km to the north north-west of Mount Isa. Aeon has completed a Scoping Study in October 2019 on the development of a 3.5Mtpa open pit and underground mining operation at the Walford Creek Project producing approximately 146kt copper and 22kt cobalt (plus zinc, lead, silver and nickel) for sale to global metal markets. This Scoping Study demonstrated that the Walford Creek Project represents a technically robust and highly economic mine development. A Pre-Feasibility Study (**PFS**) is currently in process and expected to be completed during 3Q 2020.

Aeon confirms that all material assumptions underpinning the production target and forecast financial information within the Scoping Study continue to apply and have not materially changed.

APPENDIX 1 - TENEMENT HOLDINGS AS AT 31 MARCH 2020

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%
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 18552	Walford Creek	100%
Aeon Walford Creek Limited	EPM 18769	Mount Isa West	100%
Aeon Walford Creek Limited	EPM 26906	Walford Creek	100%
Footprint Resources Pty Ltd	EPM 26316	Walford Creek	Farm In

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 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 Results in the form and context in which they appear.

The data in this report that relates to Mineral Resource Estimates 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 Mineral Resource Estimates in the form and context in which they appear.