Aeon Metals Limited
(formerly Aussie Q Resources Limited)
ABN 91 121 964 725

Annual report
30 June 2012

Contents

The directors present their report together with the consolidated financial report of Aeon Metals Limited (formerly Aussie Q Resources Limited) (the Company), comprising the Company and its subsidiaries (together referred to as the Group) for the financial year ended 30 June 2012 and the auditor's report thereon.

1. Directors and chief executive officer

The names of Directors and the Chief Executive Officer in office at any time during or since the end of the financial year:

Directors:	
Mr. Thomas Joseph Mann	(appointed 28 June 2010)
Mr. John Leslie Goody	(appointed 28 September 2006)
Dr. Richard John Haren	(retired 21 May 2012)
Mr. Edgar George Newman	(appointed 31 December 2008)
Mr. Sydney Leslie Griff	(retired 21 May 2012)
Mr. Hamish Collins	(appointed 28 March 2012)
Chief Executive Officer:	
Mr. Charles Carnie	(resigned 29 July 2011)

Directors and the Chief Executive Officer have been in office since the start of the financial period to the date of this report unless otherwise stated. Information on each person's qualifications, experience and special responsibilities is given in section 8 of the Directors' report.

2. Company secretary

The following person held the position of Company Secretary at the end of the financial period:

Mr. Stephen J. Lonergan LLB (Hons), LLM (Mc Gill)

Mr. Lonergan was the general counsel and company secretary of CBH Resources Ltd until its takeover in 2010. He is a director and company secretary of Paradigm Gold Ltd and is a director of Finders Resources Limited. He is also an executive director and company secretary of KBL Mining Limited. He was General Counsel of Savage Resources and Pancontinental Mining. He has been involved in the Australian and international mining industry for more than 30 years.

Mr. Lonergan was appointed Company Secretary on 28 September 2006.

3. Principal activities

The principal activities of the Group during the financial period were exploration of the Rawbelle tenements for porphyry copper/molybdenum mineralisation near Monto, Queensland. The Group is exploring ten (3 under joint venture) Exploration Permits for Minerals (EPMs) in the Monto region (exceeding 1,200 sq kms in area) for base metals. The principal project is the advanced Greater Whitewash Polymetallic Project, which consists of 4 deposits over a strike length of 5kms and width of 1km. These deposits are called Whitewash, Gordon's, Whitewash South and Windmill Hill and contain a total JORC compliant Resource of 242mt. There are also two advanced exploration copper/molybdenum projects, John Hill and Kiwi Carpet which are approximately 10kms along strike from the Greater Whitewash Project. It is the Group's intention to move towards a mining operation on the leases if the exploration phase is successful.

There were no significant changes in the nature of the Group's principal activities during the financial period.

4. Operating and financial review

Operating Results

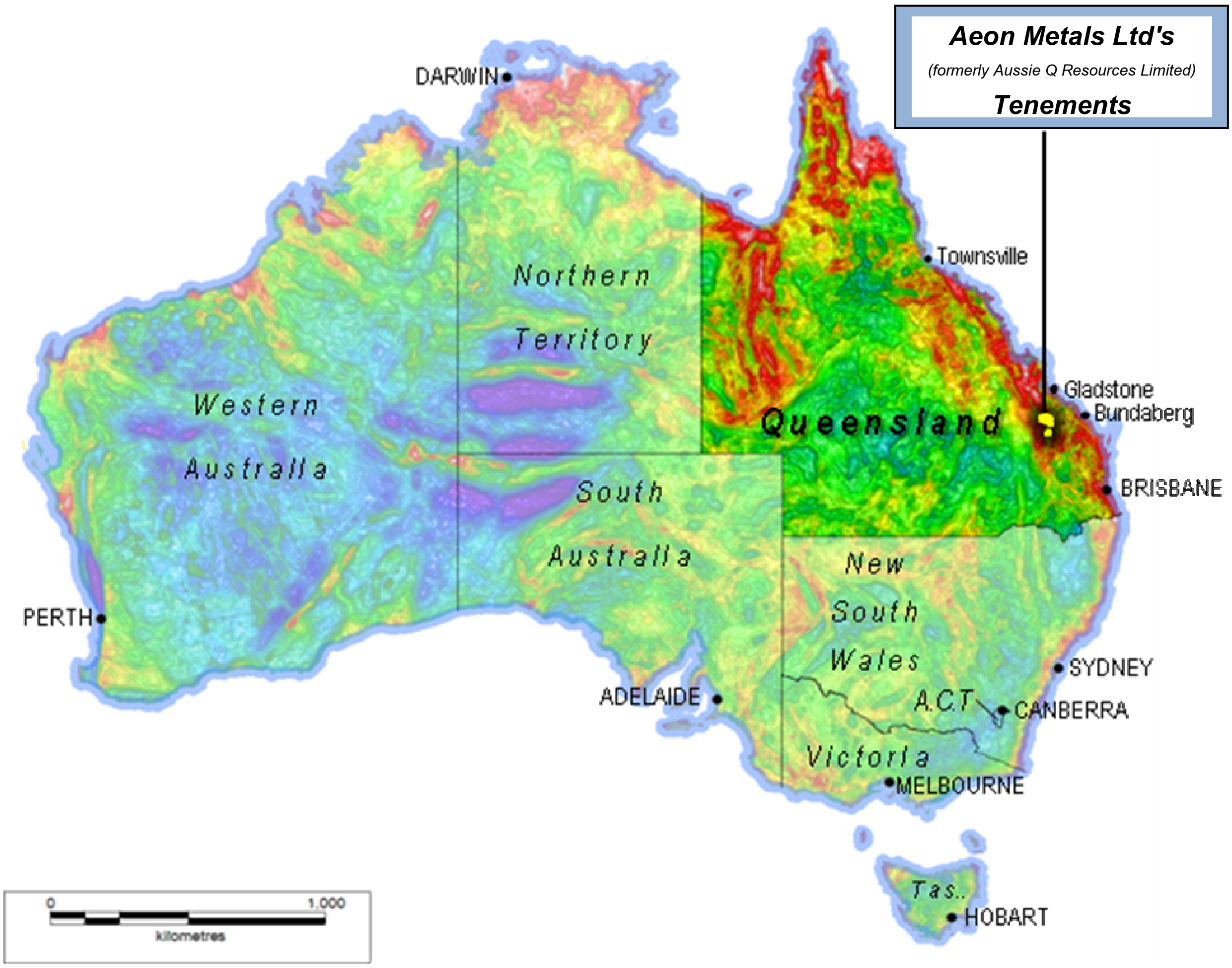
The loss of the Group after providing for income tax amounted to $1,995,000 (2011: $5,231,000).

Dividends

No dividends were paid or declared and no dividends have been recommended by the Directors.

Review of Exploration Operations

The Group's principal activity is the exploration of the Rawbelle Project tenements in southern Queensland which is situated approximately 30kms west of the town of Monto. Monto is a town of 1,500 people and approximately 110kms south of Gladstone, a deep-water port. The region hosts exceptionally good infrastructure including a mining-oriented town with a willing workforce, bitumen highways that pass through the Permit areas, a viable rail system, extensive power grid and large scale water resources.

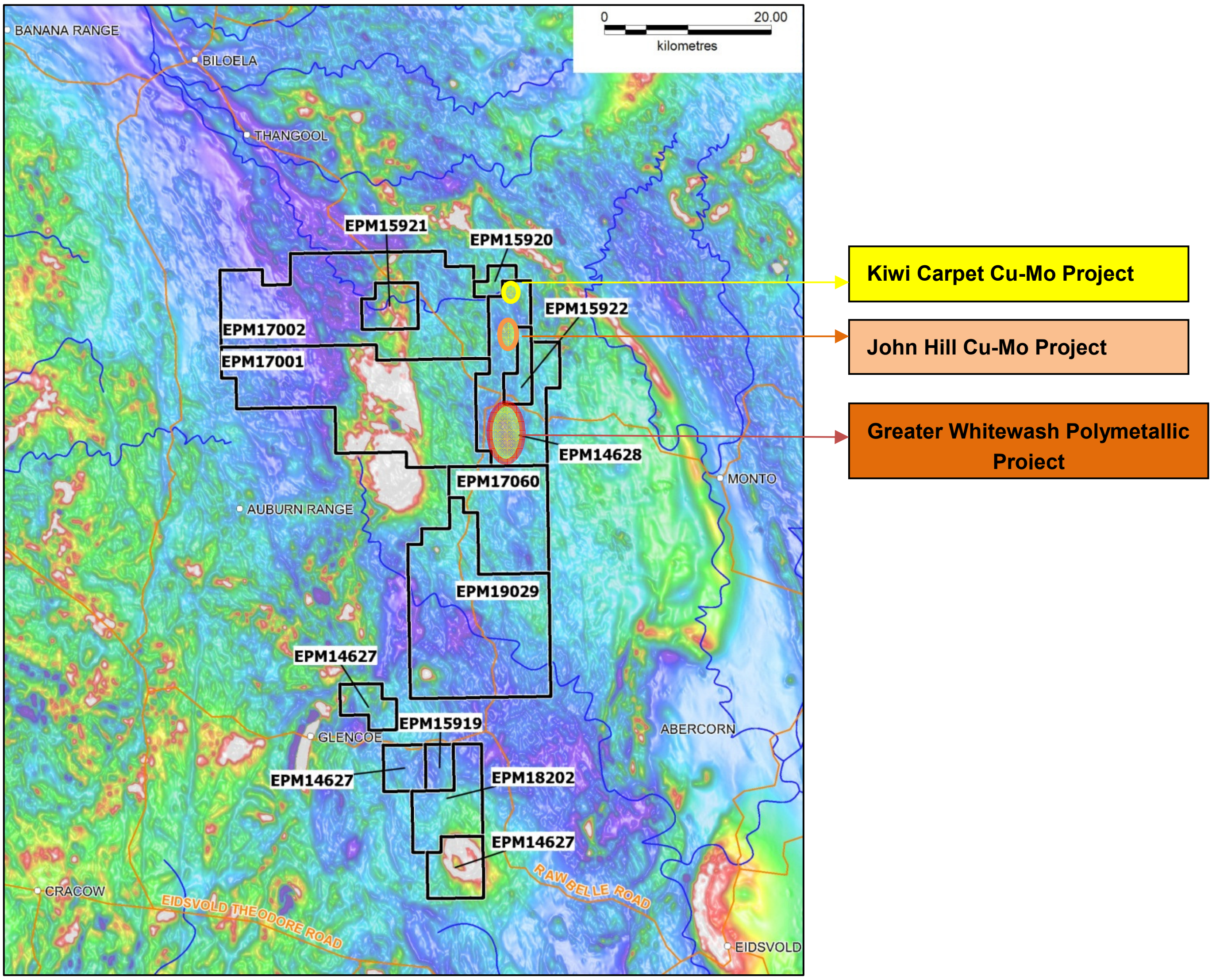


The Group controls seven contiguous Exploration Permits for Minerals ("EPM's") 14628, 15920, 15921, 15922, 17001, 17002, 17060 which are held 100% by the Company and three contiguous EPMs at Kildare, namely, 14627,15919 and 18202 which are situated approximately 20kms to the south of the group of seven and were joint ventured with SLW Minerals Corporation Pty Ltd (SLW) in January 2011. The Company and SLW formed an entity

4. Operating and financial review (continued)

Review of Exploration Operations (continued)

SLW Queensland Pty Ltd with SLW holding 65% and the Company, holding 35%. SLWQ also holds EPM 19029, called Oakey Creek, which borders the Company's EPM 17060.



The twelve month period to 30 June, 2012 has seen the Company advance the Greater Whitewash Project with lodgement of a Mineral Development Licence ("MDL") with the Department of Natural Resources and Mines on 26 October 2011 over the project. Additionally, metallurgical testing by AMEC Minproc of the mineralisation at the Greater Whitewash Project has been undertaken, which showed excellent recoveries at the rougher flotation stage of processing for molybdenum, copper and silver, the three major economic minerals in the polymetallic mineralisation at Greater Whitewash.

The Company continued to actively drill during the twelve month period on the Rawbelle tenements with a total of 37 holes drilled for 9,112m, being 7,440m of reverse circulation drilling ("RC") and 1,672m of diamond drilling ("DD").

4. Operating and financial review (continued)

Review of Exploration Operations (continued)

The breakdown of metres versus project location and a description of work undertaken on each project is as follows:

Greater Whitewash Project - 13 holes drilled for 2,892m, being 2,501m of RC and 391m of DD

This drilling was completed to enable metallurgical testwork to be undertaken as described above and not to update the current JORC Resource at Greater Whitewash, which stands at 242 million tonnes grading 604ppm MoEq[1] based on a 425ppm MoEq cutoff.

JORC Classification (@ 425ppm cut-off)	Total MoEqiv					Contained Metal		
		MoEq	Mo	Cu	Ag	Mo	Cu	Ag
	Mt	ppm	ppm	ppm	ppm	lb	t	oz
INDICATED	185	615	263	1189	1.55	108,533,294	220,403	9,220,589
	Inc 10	*941*	*436*	*1688*	*2.03*			
INFERRED	56	569	239	1123	1.54	29,941,538	63,201	2,792,268
TOTAL	242	604	258	1173	1.54	138,880,000	284,000	12,046,000
	Inc 85	*808*	*366*	*1470*	*2.09*	*68,876,066*	*124,331*	*5,988,844*

NOTES:

1. *MoEqiv = Mo + Cu/3.8 + Ag*28.8. All elements are assumed to have the same process recovery of 85%.*
2. *Includes all fresh transition and weathered material.*
3. *Two overall domains used for estimation, high grade >500 MoEq (500) and background >50 MoEq (GD_REM).*
4. *Density = 2.73 in the granodiorite model (GD), 2.66 in the high grade domain (500) and 2.62 in the remaining.*
5. *Hard boundary used between the 500 MoEq high grade domain and the combined GR, REM domain.*
6. *This table is the total of Indicated and Inferred classifications.*
7. *Estimation method is 5 element Multivariate Uniform Conditioning on 10 x 10 x 5m blocks from Ordinary Co-Kriging on 50 x 50 x 5m blocks.*

4. Operating and financial review (continued)

Review of Exploration Operations (continued)

John Hill Project - 13 holes drilled for 3,931m, being 2,650m of RC and 1,281m of DD

The John Hill Project is situated 10kms north, and along strike, of the large JORC resource at Greater Whitewash and 2.5kms south, and along strike, of the Kiwi Carpet Copper Project. This John Hill drill campaign resulted in the discovery of a large porphyry system with potentially ore grade mineralisation occurring over a wide area and with very thick intersections (+400m). Like Greater Whitewash, John Hill is a polymetallic deposit. However due to the dominance of copper at John Hill, and in keeping with the JORC Code, the results are quoted in copper equivalent and significant intercepts included:

Hole	Intersect m	Cu %	Mo ppm	Ag ppm	From m	To m	Cu Equiv[1] %
45	**45**	**0.23**	**69**	**1.2**	**43**	**88**	**0.27**
47	**25**	**0.31**	**315**	**1.6**	**25**	**73**	**0.46**
51	**128**	**0.21**	**71**	**0.9**	**26**	**154**	**0.25**
	Inc 13	0.27	161	0.9	102	115	0.44
	22	**0.17**	**250**	**2.1**	**330**	**352**	**0.30**
	Inc 5	0.18	580	6.2	346	351	0.50
53	**41**	**0.31**	**18**	**0.1**	**14**	**55**	**0.32**
	Inc 21	0.41	13	0.2	28	49	0.42
	125	**0.18**	**153**	**0.9**	**228**	**353**	**0.25**
	Inc 10	0.22	234	1.1	290	300	0.33
55	**494**	**0.22**	**163**	**1.0**	**25**	**519**	**0.30**
	incl 35	0.32	63	0.5	25	60	0.36
	incl 20	0.41	48	0.3	39	59	0.43
	incl 10	0.49	54	0.3	39	49	0.52

*[1]Copper Equivalent Calculation: Cu Eqiv Formula = Copper grade + (Molybdenum grade*4.1 + Silver*136)*
Metal Prices used: Copper = US$3.50/lb, Molybdenum = US$14.28/lb, Silver = $33/oz

Kildare - 11 RC holes drilled for 2,289m

A total of 11 reverse circulation holes were drilled on the SLW Queensland joint venture tenement EPM 14627. Drill holes were targeted at molybdenum and tungsten mineralisation. Targets were determined from geochemical, geophysical and geological inputs. Best results were as follows:

12KD012	**6m**	**from**	**136**	**to**	**142m**	**4,264ppm Mo**
12KD015	**40m**	**from**	**94**	**to**	**134m**	**475ppm Mo**
12KD015	**8m**	**from**	**154**	**to**	**162m**	**375ppm Mo**
12KD015	**17m**	**from**	**182**	**to**	**199m**	**485ppm Mo**
12KD017	**7m**	**from**	**63**	**to**	**70m**	**2,403ppm Mo**

In addition to this drilling, the Company's exploration program over all the tenements included, amongst others, collecting soil and stream sediment samples, ground magnetic surveys and Induced Polarisation (IP) surveys on its Permits near Monto in Queensland.

4. Operating and financial review (continued)

Review of Exploration Operations (continued)

The information in this report that relates to exploration results and mineral resources is based on information compiled by Mr. John Goody, Executive Director of Exploration, Aeon Metals Limited formerly Aussie Q Resources Limited (AQR) and supervised by Mr Martin I'Ons who is a Member of the Australian Institute of Geoscientists and who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Martin I'Ons is a self employed consultant who consults to Aeon Metals Limited (formerly Aussie Q Resources Limited) and has consented to the inclusion in this report of the matters based on this information in the form and context which it appears.

Financial Position

The net assets of the Group at 30 June 2012 were $18,567,000 (2011: $19,632,000), with cash on hand of $1,000,000 (2011: $3,336,000).

The Directors have prepared cash flow projections for the coming 12 months which include the Group raising additional cash funding.

The Group would like to increase its current exploration operations and is therefore in discussion with other parties regarding joint ventures and/or placements.

Aeon Metals Limited (formerly Aussie Q Resources Limited)'s opening share price on 1 July 2011 was $0.290 per share. During the year ended 30 June 2012 the share price varied between $0.065 and $0.310 per share. The closing share price at 30 June 2012 was $0.068 per share.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial period.

5. Events subsequent to reporting date

(i) Name change

At the General Meeting of shareholders held on 24 August 2012, shareholders approved a change of the Company's name to Aeon Metals Limited.

(ii) Issue of performance rights

At the General Meeting of Shareholders held on 24 August 2012, shareholders approved the issuance of 4 million, 5 year performance rights to Hamish Collins.

2 million of these will vest when the Company's share price is at least 30 cents for 20 consecutive days within 2 years after the issue of the performance rights. The other 2 million performance rights will vest when the Company's share price is at least 45 cents for 20 consecutive days within 4 years after the issue date.

(iii) Letter of intent with Rio Tinto Exploration Pty Ltd signed

The Company has signed a Letter of Intent with Rio Tinto Exploration Pty. Ltd. regarding entering into an Earn-in and Joint Venture of EPM 17060, a tenement which is outside the Company's main Greater Whitewash, John Hill and Kiwi Carpet Projects.

6. Future developments, prospects and business strategies

Aeon Metals Ltd's (formerly Aussie Q Resources Limited) vision is to become a pre-eminent Australian base metals company focused on growing JORC Resources, internally and externally, to enable mine developments. This is to be achieved via a 2 prong growth strategy:

Organic growth:

Advancement of current project base to Definitive Feasibility Study, mainly the Greater Whitewash Polymetallic Project, the John Hill Cu-Mo Project, and the Kiwi Carpet Cu-Mo Project;

a. Greater Whitewash Polymetallic Project:
   i. Engage consultants to undertake desktop studies to identify potential economic mining limits, mineable quantities and development strategies;
   ii. Metallurgical test program to refine process flowsheet;
   iii. Economic modelling; and
   iv. Complete Feasibility Study.
b. John Hill and Kiwi Carpet Cu-Mo Projects:
   i. John Hill drill program to define large JORC Resource, copper dominated;
   ii. Assess Kiwi Carpet historical drill data (Kennecott, CRA) in order to categorise resource to JORC classification; and
   iii. Review mine development synergies with Greater Whitewash Project.
c. Continuous review of exploration strategy of all other prospects.

Corporate growth:

Corporate and/or asset mergers and acquisitions;

a. Identification and acquisition of copper and/or molybdenum assets with JORC resources or potential to advance to JORC status; and
b. Merger or acquisition of copper and/or molybdenum companies.

Post 30 June 2012, the Group undertook a 1,000m drill program at the John Hill Project and a 500m drill program on the SLW tenements.

The focus on the John Hill Project is due to the proximity to the Greater Whitewash Project and the potential to increase the tonnage, copper grade, life of mine and subsequent economics of a Greater Whitewash processing plant.

The Board continues to review the exploration strategy for all the Group's prospects.

7. Environmental regulation

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and State. Details of the Group's performance in relation to environmental regulation are as follows:-

The exploration undertaken at Rawbelle to date has not created any significant environmental issues. However, environmental issues will arise as and when the Group moves into production and these issues

7. Environmental regulation (continued)

will be thoroughly assessed at the time any mining authority is sought. Usual measures are undertaken pre and post drilling to ensure that the environmental impact is minimised. This includes re-contouring and re-seeding affected areas and capping drill collars. The work undertaken to date has produced minimal impact on the environment. No issues regarding compliance were encountered during the reporting period.

8. Information on directors

Thomas Joseph Mann age 66	—	Non Executive Chairman
Experience	—	Mr. Mann has over 30 years' experience in financial markets and global trade having established a global trading corporation with offices in North America and the Asia-Pacific. Mr. Mann has been actively involved in capital raising and strategic development initiatives for public and private companies.
Interest in Shares and Options	—	5,050,430 shares held by TJ & CJ Mann Super Pension Fund
Special Responsibilities	—	Member of the Audit Committee
Directorships held in other listed entities in the last 3 years	—	Resource & Investment NL (appointed 27 April 2010) Medical Australia Limited (Chairman until May 2010)

Mr. Mann is considered to be an independent Director

John Leslie Goody age 60	—	Executive Director
Qualifications	—	Member of the Geological Society of Australia
Experience	—	Mr. Goody has over 40 years experience in the mining industry and has been responsible for the development of various prospects throughout Australia, Papua New Guinea, Vanuatu, Philippines, China and Chile.
Interest in Shares and Options	—	29,451,112 shares held by Goody Investments Pty. Ltd. 2,000,000 shares held by Goody Family Trust 1,000,000 shares held by John Leslie Goody 50,000 shares held by Goody Super Fund
Directorships held in other listed entities in the last 3 years	—	None

Mr. Goody is considered to be a non independent Director

8. Information on directors (continued)

Richard John Haren age 67	—	Non Executive Director (retired 21 May 2012)
Qualifications	—	First Class Honours Degree and University Medal in Physics and a PhD in Exploration Geophysics from the University of New South Wales. Dr. Haren is a corporate member of the Australasian Institute of Mining and Metallurgy, the Society of Exploration Geophysicists and the Australian Society of Exploration Geophysicists.
Experience	—	Dr. Haren has over 20 years of project management experience involving numerous industries including minerals exploration and mining finance and IT. Dr. Haren has consulted to a variety of public and private companies in Australia, Asia, Africa, the C.I.S, North and South America involving exploration and mining.
Interest in Shares and Options	—	2,100,000 shares held by R & S Haren Superfund
Special Responsibilities	—	Member of the Audit Committee
Directorships held in other listed entities in the last 3 years	—	South American Iron and Steel Corporation Limited (appointed 13 May 2009)

Dr. Haren is considered to be an independent Director

Edgar George Newman age 60	—	Non Executive Director
Qualifications	—	Dip AppSc (Chem)
Experience	—	Mr. Newman has over 33 years experience in the mining and exploration industry. He has held positions as chemist and manager of an analytical services laboratory as well as being involved in feasibility studies, design, construction and commissioning of several mining and processing operations in Australia and Papua New Guinea.
Interest in Shares and Options	—	None
Special Responsibilities	—	Chairman of the Audit Committee
Directorships held in other listed entities in the last 3 years	—	Macmin Silver Ltd (resigned August 2009)

Mr. Newman is considered to be an independent Director

8. Information on directors (continued)

Sydney Leslie Griff age 87	—	Non Executive Director (retired 21 May 2012)
Experience	—	Mr. Griff has over 40 years' experience in the mining and Resources sector in Australia and abroad. He has been involved in the corporate and operational development of a range of successfully developed ASX listed companies.
Interest in Shares and Options	—	11,033,334 shares held by SLG Australia Pty. Ltd. 200,000 shares held by Bertney Pty. Ltd. 10,400 shares held by Travelly Pty. Ltd.
Directorships held in other listed entities in the last 3 years	—	None

Mr. Griff is considered to be an independent Director

Hamish Collins age 42	—	Managing Director (appointed 28 March 2012)
Experience	—	Mr. Collins is a qualified mining engineer (BEng. (Mining) Hons) with a graduate diploma in Applied Finance and Investments from the Securities Institute of Australia. He has a combined 21 years of mining industry and mine finance experience. His recent positions as Managing Director of MM Mining Limited and Chief Executive Officer of Aston Resources Limited were preceded by senior level positions in corporate finance at BNP Paribas, NM Rothschild & Sons (Australia) Ltd, Commonwealth Bank of Australia and SG Hambros (Australia) Ltd.
Interest in Shares and Options	—	None
Directorships held in other listed entities in the last 3 years	—	MM Mining Limited (resigned October 2011)

Mr. Collins is considered to be a non independent Director

9. Remuneration report – audited

9.1 Principles of compensation

This report details the nature and amount of remuneration for each Director of the Company and Group and for key management personnel of the Group.

The Board establishes appropriate remuneration for Directors and remuneration levels and incentive structures for key management personnel. Key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the Group. This category comprises the Executive Director of the

9. Remuneration report – audited (continued)

9.1 Principles of compensation (continued)

Company, Mr. John Goody who is engaged under a consultancy arrangement and the Managing Director, Mr. Hamish Collins who is an employee of the Company.

Compensation levels have been, and will be, set to be in line with Australian mineral exploration entities of equivalent size and comparable operations in order to attract and retain suitably qualified and experienced key management personnel but also having regard to the prevailing financial capacity of the Company.

Executive Director, Mr. John Goody is retained on a contract which commenced on the date the entity was admitted to the Official List of the ASX (14 June 2007) and which terminates when he ceases to be a Director of the Company. The consultancy contract requires Mr. Goody to provide services for an aggregate of 10 days per month. Mr. Goody's remuneration is, from 7 June 2012, $131,250 per annum exclusive of GST.

The Managing Director, Mr. Hamish Collins is a full time employee of the Company. Mr. Collins' current salary is $275,000 per annum (Base Salary) plus a superannuation contribution by the Company of 9% of Base Salary. Following shareholder approval at a General Meeting held on 24 August 2012, Mr. Collins has been issued with an aggregate of four (4) million, 5 year performance rights. Two (2) million of these will vest when the AQR share price is at least 30 cents for 20 consecutive days within 2 years after the issue of the performance rights (Tranche 1). The other two (2) million performance rights will vest when the AQR share price is at least 45 cents for 20 consecutive days within 4 years after the issue date (Tranche 2). Upon a performance right vesting, the Company will be obliged to issue one fully paid ordinary share to Mr. Collins for no consideration and ASX quotation will be sought for all shares issued on vesting of performance rights.

Mr. Collins' service agreement may be terminated at any time by the Company giving to the employee not less than three months' prior written notice. In the event of termination, the Company must pay Mr. Collins an amount equal to the fee payable for so much of the notice period as the employee is not so retained.

The agreement may be terminated at any time by Mr. Collins giving to the Company not less than three months prior written notice.

The Company may terminate Mr. Collins' service agreement immediately in certain events including serious misconduct and material breach of contract.

All non-executive Directors receive directors' fees coupled with superannuation payments and, when providing additional services to the Group, they are paid at normal commercial rates for their work. Neither non-executive Directors nor key management personnel are entitled to any retirement benefits.

All remuneration paid to Directors and key management personnel is valued at cost to the Group and is expensed or capitalised as appropriate.

9. Remuneration report – audited (continued)

9.1 Principles of compensation (continued)

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the board has regard to the following indices in respect of the current financial year and the previous four financial years.

In thousands of AUD	2012	2011	2010	2009	2008
Net loss attributable to owners of the company	$ (1,995)	$ (5,231)	$ (969)	$ (1,085)	$ (348)
Dividends paid	-	-	-	-	-
Change in share price	$ (0.212)	$ 0.010	$ 0.240	$ (0.060)	$ (0.115)

Loss amounts for 2008 to 2012 have been calculated in accordance with Australian Accounting Standards (AASBs).

9.2 Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company, each of the two named Company executives and other key management personnel of the Group are:

		Short-term		Post-employment	Share-based payments		
in AUD		Salary & fees $	Consulting fees $	Super-annuation benefits $	Options $	Total $	Value of options as proportion of remuneration %
Directors							
Non-executive directors							
Thomas Mann	2012	120,000	-	10,800	-	130,800	
	2011	120,000	-	10,800	-	130,800	-
Richard Haren (retired 21 May 2012)	2012	45,833	17,675	4,125	-	67,633	
	2011	50,000	25,979	4,500	-	80,479	-
Edgar Newman	2012	16,667	-	37,833	-	54,500	
	2011	25,000	-	29,500	-	54,500	-
Sydney Griff (retired 21 May 2012)	2012	45,833	-	-	-	45,833	
	2011	50,000	28,300	-	-	78,300	-
Executive Directors							
John Goody	2012	-	277,832	-	-	277,832	
	2011	-	295,786	-	-	295,786	-
Hamish Collins (appointed 28 March 2012)	2012	71,707	-	6,454	-	78,161	
Chief Executive Officer							
Charles Carnie (resigned 29 July 2011)	2012	28,935	-	1,500	-	30,435	-
	2011	183,333	-	16,500	809,200	1,009,033	80.20%

Short-term salaries and fees include non-executive Director's fees and fees paid to related parties for consulting services provided. The remuneration disclosed above represents the cost to the Group for the services provided by Directors.

Performance income as a proportion of total remuneration: Nil

9. Remuneration report – audited (continued)

9.2 Directors' and executive officers' remuneration (continued)

Details of performance related remuneration

During the reporting period there was no performance-based component to remuneration of the persons referred to above. However in August 2012, shareholders approved the issue of performance rights to the Managing Director which by their vesting terms are performance based.

9.3 Equity instruments

All options refer to options over ordinary shares of Aeon Metals Limited (formerly Aussie Q Resources Limited) which are exercisable on a one-for-one basis.

9.3.1 Options and rights over equity instruments granted as compensation

During the reporting period there were no shares in the Company that were granted as compensation to key management personnel.

There has been no exercise of options granted as compensation during the current period or the prior period.

9.3.2 Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

9.3.3 Analysis of movements in options

There was no movement, during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties.

9.4 Non-executive directors

At the 2011 Annual General Meeting, shareholders approved an aggregate amount of $325,000 to be available for payment of non-executive Directors' fees. During the year ended 30 June 2012, the non-executive Directors' fees were paid as follows:

Thomas Mann:	$120,000 plus statutory superannuation of 9%.
Richard Haren:	$45,833 plus statutory superannuation of 9% and consulting fees of $17,675.
Edgar Newman:	$50,000 of which $33,333 was salary sacrificed for superannuation, plus statutory superannuation of 9%.
Sydney Griff:	$45,833.

As at 30 June 2012, the serving non-executive Directors' fees were reduced by 50%.

10. Directors' meetings

During the financial period, five (5) Meetings of the Board of Directors were held. Attendances by each Director during the period were as follows:

Director	Number attended	Number eligible to attend
Thomas Mann	5	5
John Goody	5	5
Richard Haren	5	5
Edgar Newman	5	5
Sydney Griff	4	5
Hamish Collins	1	1

As well, two (2) Audit Committee meetings were held. They were attended by Thomas Mann (1), Richard Haren (2) and Edgar Newman (2).

11. Share options

Unissued shares under options

At the date of this report there were no unissued ordinary shares of the Company under option, other than those under non recourse loan agreements as outlined in Note 22.

Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of shares	Amount paid on each share
2,000,000	$0.10

12. Indemnification and insurance of officers and auditors

The Company has agreed to indemnify the current directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of the conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving wilful breach of duty in relation to the Company. The directors have not included details of the amount of the premium paid in respect of the directors' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

13. Non-audit services

During the period, KPMG, the Company's auditor, has not performed any other services in addition to their statutory duties.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit services provided during the year are set out in Note 31 of the consolidated financial report.

14. Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

15. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 54 and forms part of the directors' report for the financial year ended 30 June 2012.

16. Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the consolidated financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors:

Hamish Collins
Managing Director

Dated at Bundall this 28th day of September 2012.

Aeon Metals Limited (formerly Aussie Q Resources Limited)

Consolidated statement of financial position

As at 30 June 2012

in thousands of AUD	*Note*	2012	2011
Assets			
Cash and cash equivalents	*18A*	1,000	3,336
Trade and other receivables	*17*	54	84
Other investments	*15*	39	36
Prepayments		41	38
Total current assets		1,134	3,494
Other investments	*15*	45	124
Investments in equity-accounted investees	*14*	-	-
Property, plant and equipment	*12*	205	261
Other assets		24	29
Exploration and evaluation assets	*13*	17,373	16,016
Total non-current assets		17,647	16,430
Total assets		18,781	19,924
Liabilities			
Trade and other payables	*24*	100	192
Provisions	*23*	50	50
Employee benefits	*21*	64	50
Total current liabilities		214	292
Total non-current liabilities		-	-
Total liabilities		214	292
Net assets		18,567	19,632
Equity			
Share capital	*19*	28,119	27,271
Reserves	*19*	164	92
Accumulated losses		(9,716)	(7,731)
Total equity attributable to equity holders of the Company		18,567	19,632
Total equity		18,567	19,632

The notes on pages 22 to 50 are an integral part of these consolidated financial statements.

Aeon Metals Limited (formerly Aussie Q Resources Limited)

Consolidated statement of comprehensive income

For the year ended 30 June 2012

in thousands of AUD	***Note***	**2012**	**2011**
Continuing operations			
Revenue	*7*	164	6
Other income	*8*	-	14
Administrative expenses		(834)	(920)
Other expenses	*9*	(1,341)	(4,522)
Results from operating activities		(2,011)	(5,422)
Finance income		95	191
Finance costs		(79)	-
Net finance income	*11*	16	191
Share of loss of equity-accounted investees (net of tax)	*14*	-	-
Loss before income tax		(1,995)	(5,231)
Income tax expense	*16*	-	-
Loss for the period		(1,995)	(5,231)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,995)	(5,231)
Loss attributable to:			
Owners of the Company		(1,995)	(5,231)
Loss for the period		(1,995)	(5,231)
Total comprehensive income attributable to:			
Owners of the Company		(1,995)	(5,231)
Total comprehensive income for the period		(1,995)	(5,231)
Earnings per share			
Basic loss per share (AUD)	*20*	(1.36) cents	(3.71) cents
Diluted loss per share (AUD)	*20*	(1.36) cents	(3.71) cents

The notes on pages 22 to 50 are an integral part of these consolidated financial statements.

Aeon Metals Limited (formerly Aussie Q Resources Limited)

Consolidated statement of changes in equity

For the year ended 30 June 2012

		Attributable to equity holders of the Company			
in thousands of AUD	***Note***	**Share capital**	**Equity compensation reserve**	**Accumulated losses**	**Total equity**
Balance at 1 July 2010		19,796	16	(2,505)	17,307
Total comprehensive income for the period					
Profit or loss		-	-	(5,231)	(5,231)
Total comprehensive income for the year		-	-	(5,231)	(5,231)
Transactions with owners of the Company, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Issue of ordinary shares	*19*	6,737	-	-	6,737
Capital raising costs		(338)	-	-	(338)
Share-based payment transactions	*22*	1,034	81	-	1,115
Share options exercised	*19*	42	(5)	5	42
Total contributions by and distributions to owners of the Company		7,475	76	5	7,556
Total transactions with owners of the Company		7,475	76	5	7,556
Balance at 30 June 11		27,271	92	(7,731)	19,632
Balance at 1 July 2011		27,271	92	(7,731)	19,632
Total comprehensive income for the year					
Profit or loss		-	-	(1,995)	(1,995)
Total comprehensive income for the year		-	-	(1,995)	(1,995)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares	*19*	700	-	-	700
Capital raising costs		(52)	-	-	(52)
Share-based payment transactions	*22*	-	82	-	82
Share options exercised	*19*	200	(4)	4	200
Share options expired	*22*	-	(6)	6	-
Total contributions by and distributions to owners of the Company		848	72	10	930
Total transactions with owners of the Company		848	72	10	930
Balance at 30 June 2012		28,119	164	(9,716)	18,567

The notes on pages 22 to 50 are an integral part of these consolidated financial statements.

Aeon Metals Limited (formerly Aussie Q Resources Limited)

Consolidated statement of cash flows

For the year ended 30 June 2012

in thousands of AUD	***Note***	**2012**	**2011**
Cash flows from operating activities			
Cash receipts for service fees		171	1
Cash paid to suppliers and employees		(1,396)	(1,318)
Cash generated from operations		(1,225)	(1,317)
Interest received		95	151
Net cash used in operating activities	*18B*	(1,130)	(1,166)
Cash flows from investing activities			
Acquisition of property, plant and equipment	*12*	(17)	(100)
Payments for exploration activities		(1,956)	(4,219)
Acquisition of other investments		(3)	(2)
Net cash used in investing activities		(1,976)	(4,321)
Cash flows from financing activities			
Proceeds from issue of share capital	*19*	900	6,220
On market purchase of shares for equity-based compensation	*22*	(78)	-
Payment of capital raising costs	*19*	(52)	(113)
Payment of loans repaid by director		-	560
Net cash from/(used in) financing activities		770	6,667
Net increase/(decrease) in cash and cash equivalents		(2,336)	1,180
Cash and cash equivalents at 1 July		3,336	2,156
Cash and cash equivalents at 30 June		1,000	3,336

The notes on pages 22 to 50 are an integral part of these consolidated financial statements.

1. Reporting entity

Aeon Metals Limited (formerly Aussie Q Resources Limited) (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 1, 27-29 Crombie Avenue, Bundall, Qld 4217. The consolidated financial statements of the Company as at and for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. The Group is a for-profit entity and is involved in prospect and tenement exploration for a range of minerals including copper and molybdenum.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 28 September 2012.

(b) Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

During the year ended 30 June 2012, the Group incurred a net loss before tax of $1,995,000 and net cash outflow from operations and investing activities was $3,106,000. As at 30 June 2012, the Group had net assets of $18,567,000, including cash of $1,000,000. The Directors have prepared cash flow projections for the coming 12 months that support the ability of the Group to continue as a going concern. These cash flow projections assume either the Group obtains sufficient additional cash funding from shareholders or other parties, or if such funding is not obtained, the Group plans to reduce expenditures to the level of cash funds available.

In the event that the Group does not obtain additional funding and/or reduce expenditure in-line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the annual financial report.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value

The methods used to measure fair values are discussed further in note 4.

2. Basis of preparation (continued)

(d) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(e) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- note 2(b) – going concern
- note 16 – utilisation of tax losses
- note 13 – exploration and evaluation asset recoverability
- note 16 – deferred tax assets and liabilities
- note 22 – measurement of share-based payments
- note 23 – provisions
- note 25 – valuation of financial instruments

(f) Changes in accounting policies

(i) Presentation of transactions recognised in other comprehensive income

From 1 July 2011 the Group has applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2010-4 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Project*. The change in accounting policy only relates to disclosures and had no impact on consolidated earnings per share or net income.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree’s employees (acquiree’s awards) and relate to past services, then all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree’s awards and the extent to which the replacement awards relate to past and/or future service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity-accounted investees) and are initially recognised at cost. The cost of investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit and loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, and cash and cash equivalents.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(e)(i)), are recognised in other comprehensive income and presented within equity in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

(ii) Non-derivative financial liabilities

The Group's financial liabilities are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial positions when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3. Significant accounting policies (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour,
- any other costs directly attributable to bringing the assets to a working condition for their intended use,
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The depreciation rates used for each class of depreciable assets are:

- Computer equipment 20% - 67%
- Mining and exploration equipment 5% - 67%
- Plant and equipment 5% - 50%
- Motor vehicles 10% - 25%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3. Significant accounting policies (continued)

(d) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the entity has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operation in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and revaluation expenditure to mining property and development assets within property, plant and equipment.

(e) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management’s judgement as to whether current

3. Significant accounting policies (continued)

(e) Impairment (continued)

(i) Non-derivative financial assets (continued)

economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than exploration and evaluation assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or

3. Significant accounting policies (continued)

(e) Impairment (continued)

(ii) Non-financial assets (continued)

group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Employee benefits

(i) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the options. The amount recognised as an expense is adjusted to reflect the number of share options that vest, except for those that fail to vest due to market conditions not being met.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the group.

Shares issued to employees, including shares funded by a limited recourse interest free loan, are accounted for as an option and the fair value of the options are calculated at the date the shares are issued.

(g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. Significant accounting policies (continued)

(g) Provisions (continued)

(i) Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of disturbed land, and the related expense, is recognised when the land is disturbed.

(h) Revenue

(i) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

The Group is involved in managing the exploration operations of SLW Queensland Pty Ltd, as well as performing related services. Costs incurred on behalf of SLW Queensland Pty Ltd which are reimbursed to the Group are not recorded in profit or loss. Where the Group is entitled to charge a margin in relation to these costs this amount is recorded as revenue in profit or loss.

(i) Leases

(i) Lease payments

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Other leases are operating leases and leased assets are not recognised on the Group's statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the contingency no longer exists and the lease adjustments is known.

(j) Finance income and finance costs

Finance income and finance costs comprise interest income on funds invested (including available-for-sale financial assets), gains/losses on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(k) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss

3. Significant accounting policies (continued)

(k) Income tax (continued)

- temporary differences related to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised.

(l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability on the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(n) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate

3. Significant accounting policies (continued)

(n) Segment reporting (continued)

Determination and presentation of operating segments (continued)

assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Group's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investments in Equity and debt securities

The fair value of financial assets at fair value through profit or loss and held-to-maturity investments is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(ii) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. Operating segments

The Group's only operation is exploration of minerals in Queensland, Australia. The Group's Board reviews the internal financial statements on a monthly basis which are prepared on the same basis as these financial statements.
The Group's operations are all based in one geographic segment, being Queensland, Australia and the Group's operations are in the exploration phase so it has no products or services nor any major customers.

6. Acquisitions of subsidiary and non-controlling interests

Acquisition of subsidiary

On 19 October 2009 the Group formed a company, Aussie NQ Resources Pty Ltd, (ACN 140 072 680). Aeon Metals Limited (formerly Aussie Q Resources Limited) holds all 100 of the issued ordinary shares in Aussie NQ Resources Pty Ltd, for $100 in cash. This company has been set up for the exploration for gold, copper and other minerals in the North Queensland region. The subsidiary was dormant at year-end.

On 13 December 2010 the Group formed a company, SLW Queensland Pty Ltd, (ACN 147 824 815). Aeon Metals Limited (formerly Aussie Q Resources Limited) held all 200 of the issued ordinary shares in SLW Queensland Pty Ltd, for $40 in cash. On 15 February 2011, 130 of the issued ordinary shares in SLW Queensland Pty Ltd were sold and subsequently, the Group's remaining interest is accounted for as an investment in associate (refer note 14).

7. Revenue

in thousands of AUD	**2012**	**2011**
Service fees	164	6
	164	6

8. Other income

in thousands of AUD	**2012**	**2011**
Net gain (loss) on loss of control of subsidiary	-	14
	-	14

9. Other expenses

in thousands of AUD	**2012**	**2011**
Employee benefits expense	(623)	(654)
Share-based payments	(82)	(890)
Impairment loss on exploration and evaluation assets	(541)	(2,978)
Other expenses	(95)	-
	(1,341)	(4,522)

10. Expenses by nature

in thousands of AUD	**2012**	**2011**
Employee benefits expense	623	654
Depreciation expense	73	88
Consultancy expense	391	280
Advertising expense	8	46
Repairs and maintenance expense	6	7
Impairment losses	558	2,978
Share-based payments	82	890
Finance costs	79	-
Other expenses	434	499

11. Finance income and finance costs

Recognised in profit or loss

in thousands of AUD	**2012**	**2011**
Interest income from bank deposits	95	155
Net change in fair value of financial assets at fair value through profit or loss	-	36
Finance income	95	191
Net change in fair value of financial assets at fair value through profit or loss	(79)	-
Finance costs	(79)	-
Net finance costs recognised in profit or loss	16	191
The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:		
Total interest income on financial assets	95	155
Total interest expense on financial liabilities	-	-

12. Property, plant and equipment

in thousands of AUD	***Note***	**Computer Equipment**	**Mining and Exploration Equipment**	**Plant and Equipment**	**Motor Vehicles**	**Total**
Cost						
Balance at 1 July 2010		32	171	5	137	345
Additions		15	84	-	-	99
Balance at 30 June 2011		47	255	5	137	444
Balance at 1 July 2011		47	255	5	137	444
Additions		2	10	1	4	17
Balance at 30 June 2012		49	265	6	141	461
Depreciation						
Balance at 1 July 2010		(28)	(48)	(1)	(18)	(95)
Depreciation for the year		(10)	(50)	(1)	(27)	(88)
Balance at 30 June 2011		(38)	(98)	(2)	(45)	(183)
Balance at 1 July 2011		(38)	(98)	(2)	(45)	(183)
Depreciation for the year		(6)	(44)	(1)	(22)	(73)
Balance at 30 June 2012		(44)	(142)	(3)	(67)	(256)
Carrying amounts						
at 1 July 2010		4	123	4	119	250
at 30 June 2011		9	157	3	92	261
at 1 July 2011		9	157	3	92	261
at 30 June 2012		5	123	3	74	205

13. Exploration and evaluation assets

in thousands of AUD	**Capitalised Exploration Expenditure**	**Total**
Balance at 1 July 2010	14,914	14,914
Additions	4,080	4,080
Accumulated impairment losses for the year	(2,978)	(2,978)
Balance at 30 June 2011	16,016	16,016
Balance at 1 July 2011	16,016	16,016
Additions	1,897	1,897
Accumulated impairment losses for the year	(540)	(540)
Balance at 30 June 2012	17,373	17,373

The Group tested the exploration and evaluation assets for impairment and recognised an impairment loss of $540,000 with respect to exploration and evaluation assets, due to there being no planned substantive expenditure on further exploration and evaluation of mineral resources with respect to EPM 17001 and EPM 17002.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of porphyry copper/ molybdenum mineralisation. $1,956,000 (2011: $4,219,000) of the capitalised costs have been included in cash flows from investing activities in the cash flow statement.

14. Equity-accounted investees

The Group's share of loss in its equity accounted investees for the year was $38,000 (2011: $26,000). The Group's carrying value of the investment is nil and it has not recognised losses in relation to SLW Queensland Pty Ltd, totalling $38,000 in 2012, since the Group has no obligation in respect of these losses.

None of the Group's equity-accounted investees are publicly listed entities and consequentially do not have published price quotations.

The Group has 35 percent ownership and the voting rights of SLW Queensland Pty Ltd.

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

in thousands of AUD	**Reporting date**	**Owner-ship**	**Current assets**	**Non-current assets**	**Total assets**	**Current liabilities**	**Non-current liabilities**	**Total liabilities**	**Net assets**	**Income**	**Expenses**	**Profit/ (loss)**
2011												
SLW Queensland Pty Ltd (associate)	30-Jun	35%	1,953	67	2,020	34	2,076	2,110	(90)	41	131	(90)
			1,953	67	2,020	34	2,076	2,110	(90)	41	131	(90)
2012												
SLW Queensland Pty Ltd (associate)	30-Jun	35%	1,087	755	1,842	4	2,035	2,039	(197)	89	196	(107)
			1,087	755	1,842	4	2,035	2,039	(197)	89	196	(107)

The Group provides exploration management services to the investee (see note 28).

15. Other investments

in thousands of AUD	*Note*	2012	2011
Non-current investments			
Financial assets designated at fair value through profit or loss - listed shares	*(i)*	45	124
		45	124
Current investments			
Held-to-maturity investments		39	36
		39	36

(i) 1,556,500 shares held in Zamia Metals Ltd (ZGM)

Held-to-maturity investments have an interest rate of 5.5% (2011: 6.0%) and mature in 6 months.

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 25.

Sensitivity analysis – equity price risk

All of the Group's equity investments are listed on the Australian Securities Exchange. For such investments classified at fair value through profit and loss, a 5 percent increase in the price of the stock held at the reporting date would have increased or decreased profit or loss by $2,000 after tax (2011: $6,000). The analysis is performed on the same basis for 2011 and assumes that all other variables remain the same.

16. Income tax

in thousands of AUD	2012	2011
Income tax recognised in profit or loss		
Current tax expense		
Current year	-	-
Deferred tax expense	-	-
Total income tax expense	-	-

Reconciliation of effective tax rate

in thousands of AUD	2012	2011
Loss for the period	(1,995)	(5,231)
Total tax expense	-	-
Loss excluding tax	(1,995)	(5,231)
Tax using the Company's domestic tax rate of 30 percent (2011: 30 percent)	(599)	(1,569)
Non-deductible expenses	248	267
Current year losses for which no deferred tax asset was recognised	351	1,302
	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

in thousands of AUD	2012	2011
Deductible temporary differences	-	94
Tax losses	3,512	3,414
	3,512	3,508

16. Income tax (continued)

Unrecognised deferred tax assets (continued)

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

17. Trade and other receivables

in thousands of AUD	**2012**	**2011**
Other receivables	3	26
GST receivable	51	58
	54	84

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in note 25.

18A. Cash and cash equivalents

in thousands of AUD	**2012**	**2011**
Bank balances	1,000	3,336
Cash and cash equivalents in the statement of cash flows	1,000	3,336

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 25.

18B. Reconciliation of cash flows from operating activities

in thousands of AUD	***Note***	**2012**	**2011**
Cash flows from operating activities			
Profit (loss) for the period		(1,995)	(5,231)
Adjustments for:			
Depreciation	*12*	73	88
Impairment of exploration and evaluation assets	*13*	540	2,978
Change in fair value of investment through profit and loss	*15*	79	(35)
Impairment loss on trade receivables	*25*	17	-
Equity-settled share-based payment transactions	*22*	82	890
		(1,204)	(1,310)
Change in borrowings		-	(6)
Change in trade and other receivables	*17*	30	112
Change in trade receivables for exploration		(3)	-
Change in prepayments		(3)	(5)
Change in trade and other payables	*24*	(92)	(114)
Change in trade and other payables for exploration		131	141
Change in provisions and employee benefits	*21*	14	17
Change in interest bearing investments	*15*	(3)	(1)
Cash generated from operating activities		(1,130)	(1,166)
Net cash used in operating activities		(1,130)	(1,166)

19. Capital and reserves

Share capital

	Ordinary shares	
In thousands of shares	**2012**	**2011**
On issue at 1 July	145,022	128,823
Issued for cash	5,600	13,310
Issued for services	200	2,200
Issued for placement fees	-	479
Exercise of share options	2,000	210
On issue at 30 June	152,822	145,022

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to no vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Issuance of ordinary shares

2,000,000 ordinary shares were issued on 31 December 2011 as a result of the exercise of vested options issued on 9 March 2009 in exchange for the provision of consultancy service. Options were exercised at an average price of $0.10 per option. All issued shares are fully paid.

Additionally, 5,600,000 ordinary shares were issued at an issue price of $0.125 per share, as a result of the share placement announced 7 May 2012. Capital raising costs included in equity in relation to this share issue was $52,000.

Lastly, 200,000 ordinary shares were issued at an issue price of $0.18 per share to a manager. The acquisition of the ordinary shares was funded by a limited recourse loan from the company (refer to note 22).

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Equity compensation reserve

The equity compensation reserve records the fair value of options issued (refer to note 22).

20. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2012 was based on the loss attributable to ordinary shareholders of $1,995,000 (2011: $5,231,000) and a weighted average number of ordinary shares outstanding of 146,951,000 (2011: 140,889,000), calculated as follows:

Loss attributable to ordinary shareholders

in thousands of AUD	**2012**	**2011**
Loss for the period	(1,995)	(5,231)
Profit (loss) attributable to ordinary shareholders	(1,995)	(5,231)

20. Earnings per share (continued)

Weighted average number of ordinary shares

in thousands of shares	*Note*	2012	2011
Issued ordinary shares at 1 July	*19*	145,022	128,823
Effect of share options exercised		1,044	178
Effect of shares issued in November 2010		-	11,888
Effect of shares issued in February 2012		74	-
Effect of shares issued in May 2012		811	-
Weighted average number of ordinary shares at 30 June		146,951	140,889

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2012 was based on the loss attributable to ordinary shareholders of $1,995,000 (2011: $5,231,000), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 146,951,000 (2011: 140,889,000), calculated as follows:

Loss attributable to ordinary shareholders (diluted)

in thousands of AUD	2012	2011
Loss attributable to ordinary shareholders (basic)	(1,995)	(5,231)
Loss attributable to ordinary shareholders (diluted)	(1,995)	(5,231)

Weighted average number of ordinary shares (diluted)

in thousands of shares	2012	2011
Weighted average number of ordinary shares (basic)	146,951	140,889
Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted) at 30 June	146,951	140,889

At 30 June 2012, no options were on issue, other than those under non recourse loan agreement as outlined in Note 22. As at 30 June 2011 2,250,000 options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

21. Employee benefits

in thousands of AUD	2012	2011
Salaries and wages accrued	19	16
Liability for annual leave	45	34
Total employee benefits - current	64	50

22. Share-based payment arrangements

Description of the share-based payment arrangements

On 5 August 2008, 600,000 share options were granted to employees for ordinary shares at an exercise price of 20 cents each. The options were able to be exercised 1 year after grant date and expired on 31 January 2012. The options held no voting or dividend rights and were not transferable. At balance date, 100,000 share options had been forfeited because the employee ceased employment, 250,000 share options expired and 250,000 share options had been exercised.

22. Share-based payment arrangements (continued)

Description of the share-based payment arrangements (continued)

On 9 March 2009, 2,000,000 share options were granted for the provision of consultancy services for ordinary shares at an exercise price of 10 cents each. The options were able to be exercised at grant date and expired on 31 December 2011. The options held no voting or dividend rights and were transferable upon director approval. At balance date, 2,000,000 share options had been exercised.

On 8 September 2010 200,000 ordinary shares were issued at an issue price of $0.50 per share to a manager. The acquisition of the ordinary shares was funded by a loan from the Company, with recourse of this loan being limited to the shares issued. The loan is interest free and repayable within 3 years. In accordance with AASB 2 the loan provided to the manager and shares issued are required to be valued as an option. At balance date, the loan has not been repaid.

On 16 February 2012 200,000 ordinary shares were issued at an issue price of $0.18 per share to a manager. The acquisition of the ordinary shares was funded by a loan from the Company, with recourse of this loan being limited to the shares issued. The loan is interest free and repayable within 3 years. In accordance with AASB 2 the loan provided to the manager and shares issued are required to be valued as an option. At balance date, the loan has not been repaid.

During April 2012 450,000 ordinary shares were purchased by the Company via on market transactions, for issuance to two managers. Total cash paid by the Company to purchase the ordinary shares was $78,000. The acquisition of the ordinary shares is funded by loans from the Company, with recourse of these loans being limited to the shares issued. The loans are interest free and repayable within 3 years. In accordance with AASB 2 the loans provided to the managers are required to be valued as options. At balance date, the loans have not been repaid.

Disclosure of share option programme

There were no options outstanding as at 30 June 2012, other than those under non recourse loan agreements.

Inputs for measurement of grant date fair values

The fair value of employee share options granted during the year ended 30 June 2012 was $82,000 (2011: $890,000). There were no supplier share options granted for the year ended 30 June 2012 or the year ended 30 June 2011.

The grant date fair value of the services received in return for share options granted during the year ended 30 June 2012 was based on the fair value of options granted. The price is calculated by using the Black-Scholes option pricing model applying the following inputs:

22. Share-based payment arrangements (continued)

Inputs for measurement of grant date fair values (continued)

	Employee Options			
	2012	2012	2012	2011
Number of options	200,000	200,000	250,000	2,200,000
Grant date	16 February 2012	17 April 2012	17 April 2012	8 September 2010
Fair value at grant date	$0.130	$0.138	$0.137	$0.405
Share price at grant date	18 cents	18 cents	18 cents	55 cents
Exercise price	18 cents	17 cents	18 cents	50 cents
Expected volatility (weighted average)	122%	122%	122%	120%
Expected life (weighted average)	3 years	3.5 years	3.5 years	3 years
Risk-free interest rate (based on government bonds)	3.5%	3.2%	3.2%	5.0%

The expected share price volatility of 122% has been calculated based on Aeon Metals Limited's historical share price performance.

23. Provisions

In thousands of AUD	Site restoration	Total
Balance at 1 July 2011	50	50
Provisions made during the year	-	-
Provisions reversed during the year	-	-
Balance at 30 June 2012	50	50
Non-current	-	-
Current	50	50
	50	50

Site restoration

A provision of $50,000 was made in respect of the Group's obligation to rectify environmental damage. The required work is completed throughout the year on an ongoing basis. There has been no change to the provision in the current year.

24. Trade and other payables

In thousands of AUD	Note	2012	2011
Trade payables due to related parties	*28*	1	8
Other trade payables		25	91
Accrued expenses and non-trade payables		74	93
		100	192

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 25.

25. Financial instruments

Financial risk management

The Group's financial instruments consist mainly of deposits with banks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity, other than deposits with Australian regulated banks.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

		Carrying amount	
In thousands of AUD	**Note**	**2012**	**2011**
Interest bearing investments	*15*	39	36
Trade and other receivables	*17*	54	84
Cash and cash equivalents	*18A*	1,000	3,336
		1,093	3,456

Impairment losses

The aging of the Group's loans and receivables at the reporting date that were not impaired was as follows:

In thousands of AUD	**2012**	**2011**
Neither past due nor impaired	54	63
Past due 1 - 30 days	-	-
Past due 31 - 90 days	-	4
Past due 91 - 120 days	-	17
	54	84

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Balance at 1 July 2010	-
Balance at 30 June 2011	-
Balance at 1 July 2011	-
Impairment loss recognised	17
Amounts written off	-
Balance at 30 June 2012	17

At 30 June 2012 an impairment loss of $17,000 relates to a reimbursement of a deposit paid which the Group is not expecting to be received.

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

25. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group managed liquidity risk by monitoring forecast cash flows and ensuring that adequate cash in operating accounts is maintained. The Group has access to a $30,000 credit card facility (2011: $30,000). At 30 June 2012 the undrawn amount is $30,000 (2011: $30,000).

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Board monitors interest rates and equity prices and regularly reviews cashflow requirements.

The Group has no exposure to currency fluctuations and considers its exposure to interest rates and equity prices is minimal.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Interest Rate	Carrying amount	Interest Rate	Carrying amount
In thousands of AUD	**2012**	**2012**	**2011**	**2011**
Variable rate instruments				
Financial assets	4.82%	1,000	4.40%	3,336
Held-to-maturity assets	5.50%	39	6.00%	36
Financial liabilities	18.19%	-	18.84%	-
		1,039		3,372

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
Effect in thousands of AUD	**100bp increase**	**100bp decrease**
30 June 2012		
Variable rate instruments	22	(22)
Cash flow sensitivity (net)	22	(22)
30 June 2011		
Variable rate instruments	27	(27)
Cash flow sensitivity (net)	27	(27)

25. Financial instruments (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Group's operations. There were no changes in the Group's approach to capital management during the year.

Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

In thousands of AUD	*Note*	30 June 2012		30 June 2011	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets carried at fair value					
Financial assets designated at fair value through profit or loss	*15*	45	45	124	124
		45	45	124	124
Assets carried at amortised cost					
Interest bearing investments	*15*	39	39	36	36
Trade and other receivables	*17*	54	54	84	84
Cash and cash equivalents	*18A*	1,000	1,000	3,336	3,336
		1,093	1,093	3,456	3,456
Liabilities carried at amortised cost					
Trade and other payables	*24*	(100)	(100)	(192)	(192)
		(100)	(100)	(192)	(192)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

25. Financial instruments (continued)

Accounting classifications and fair values (continued)

Fair value hierarchy (continued)

In thousands of AUD	Level 1	Level 2	Level 3
30 June 2012			
Financial assets designated as at fair value through profit or loss	45	-	-
Total assets	45	-	-
30 June 2011			
Financial assets designated as at fair value through profit or loss	124	-	-
Total assets	124	-	-

There have been no transfers from Level 2 to Level 1 during the year ended 30 June 2012 (2011: no transfers in either direction).

26. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

in thousands of AUD	2012	2011
Less than one year	4	4
Between one and five years	-	-
More than five years	-	-
	4	4

The Group leases two premises under operating leases. The leases currently run on a month to month basis. The leases were entered into on 14 February 2010 and 1 February 2010 respectively. The total rental payments are $3,950 per month.

One of the premises was previously sublet by the Group. The sublease expired 30 April 2011.

To determine the operating lease classification, the Group considered that the land title did not pass, the rent paid to the landlord for the building is increased to market rent at regular intervals, and the entity does not participate in the residual value of the building. Accordingly, it was judged that substantially all the risks and rewards of the building are with the landlord. Based on these qualitative factors it was concluded that the leases are operating leases.

27. Commitments and contingencies

in thousands of AUD	2012	2011
Exploration commitments		
EPM security contracts		
Commitments under non-mining tenements with the Queensland government:		
Within one year	2,351	1,301
One year later and no later than five years	1,231	1,983
Later than five years	12	-
	3,594	3,284

28. Related parties

Key management personnel compensation

The key management personnel compensation comprised:

in AUD	**2012**	**2011**
Short-term employee benefits	328,975	428,333
Consulting fees	295,507	350,065
Other long term benefits	-	-
Post-employment benefits	60,712	61,300
Share-based payments	-	809,200
	685,194	1,648,898

The compensation disclosed above represents an allocation of the key management personnel's estimated compensation from the Group in relation to their services rendered to the Group.

Individual directors and executives compensation disclosures

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

Key management personnel and director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or joint control were as follows:

			Transaction value year ended 30 June		**Balance outstanding as at 30 June**	
in AUD		*Note*	**2012**	**2011**	**2012**	**2011**
Key management person						
Thomas Mann	Reimbursements	(i)	-	3,171	-	-
John Goody	Reimbursements	(i)	2,843	27,393	-	-
Edgar Newman	Reimbursements	(i)	407	451	-	-
Charles Carnie	Reimbursements	(i)	-	28,666	-	-
Charles Carnie	Relocation costs	(ii)	-	50,894	-	-
Hamish Collins	Reimbursements	(i)	3,666	-	1,169	-
Other related parties						
Richard Haren - Flatoak Pty Ltd	Reimbursements	(i)	1,103	1,741	-	1,650
Total and current liabilities					1,169	1,650

(i) The Group reimbursed John Goody, Edgar Newman, Thomas Mann, Charles Carnie, Hamish Collins and Flatoak Pty Ltd for business related expenditure. The amounts were paid as per third party receipts.

(ii) The Group reimbursed Charles Carnie for the costs associated with his relocation to Queensland including transportation of personal effects, temporary accommodation costs and rental of Charles' previous residence.

28. Related parties (continued)

Options and rights over equity instruments

During the reporting period and during the year ended 30 June 2011, there were no options over ordinary shares in Aeon Metals Limited (formerly Aussie Q Resources Limited) held, directly, indirectly or beneficially, by each key management person, including their related parties.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Aeon Metals Limited (formerly Aussie Q Resources Limited) held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2011	Purchases	Received on exercise of options	Sales	Held at 30 June 2012
Directors					
Thomas Mann	5,050,430	-	-	-	5,050,430
John Goody	32,351,112	150,000	-	-	32,501,112
Richard Haren	-	-	-	-	-
Edgar Newman	-	-	-	-	-
Sydney Griff	11,243,734	-	-	-	11,243,734
Hamish Collins	-	-	-	-	-

		Held at 1 July 2010	Purchases	Received on exercise of options	Sales	Held at 30 June 2011
Directors						
Thomas Mann	(i)	5,017,096	33,334	-	-	5,050,430
John Goody		32,340,000	11,112	-	-	32,531,112
Richard Haren		2,100,000	-	-	-	2,100,000
Edgar Newman		-	-	-	-	-
Sydney Griff	(ii)	11,210,400	33,334	-	-	11,243,734
Executives						
Charles Carnie		-	2,000,000	-	2,000,000	-

(i) Thomas Mann received 200,000 shares as placement fees prior to his appointment as a director. All other sales and purchases of shares were also prior to his appointment.

(ii) All sales and purchases of shares were prior to the appointment of Sydney Griff as a director.

No shares were granted to key management personnel during the reporting period as compensation in 2011 or 2012.

Associates

	Transaction value year ended 30 June		Balance outstanding as at 30 June	
In AUD	**2012**	**2011**	**2012**	**2011**
Associate - sale of services	164	6	-	5

29. Group entities

	Note	Country of incorporation	Ownership interest 2012	2011
Parent entity:				
Aussie Q Resources Limited				
Significant subsidiaries				
Aussie NQ Resources Pty Ltd	6	Australia	100	100

30. Subsequent events

(i) Name change

At the General Meeting of shareholders held on 24 August 2012, shareholders approved a change of the Company's name to Aeon Metals Limited.

(ii) Issue of performance rights

At the General Meeting of Shareholders held on 24 August 2012, shareholders approved the issuance of 4 million, 5 year performance rights to Hamish Collins.

2 million of these will vest when the Company's share price is at least 30 cents for 20 consecutive days within 2 years after the issue of the performance rights. The other 2 million performance rights will vest when the Company's share price is at least 45 cents for 20 consecutive days within 4 years after the issue date.

(iii) Letter of intent with Rio Tinto Exploration Pty Ltd signed

On 6 September 2012 the Company announced that it had signed a letter of intent with Rio Tinto Exploration Pty Ltd, which sets out the indicative terms in regard to a proposed earn-in and joint venture of the Company's tenement EPM 17060.

31. Auditors' remuneration

In AUD	2012	2011
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit and review of financial statements	67,463	50,221
	67,463	50,221

32. Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2012 the parent entity of the Group was Aeon Metals Limited (formerly Aussie Q Resources Limited).

in thousands of AUD	**2012**	**2011**
Result of parent entity		
Loss for the year	(1,995)	(5,230)
Other comprehensive income	-	-
Total comprehensive income for the year	(1,995)	(5,230)
Financial position of parent entity at year end		
Current assets	1,134	3,494
Non-current assets	17,650	16,432
Total assets	18,784	19,926
Current liabilities	214	292
Total liabilities	214	292
	18,570	19,634
Total equity of parent entity comprising of:		
Share capital	28,119	27,271
Equity compensation reserve	164	92
Accumulated losses	(9,713)	(7,729)
Total equity	18,570	19,634

Aeon Metals Limited (formerly Aussie Q Resources Limited)

Directors' declaration

1 In the opinion of the directors of Aeon Metals Limited (formerly Aussie Q Resources Limited) ('the Company'):

(a) the consolidated financial statements and notes that are set out on pages 18 to 50 and the Remuneration report in section 9 in the Directors' report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the 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.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer (who also performs the duties of the chief financial officer) for the financial year ended 30 June 2012.

3. The directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Bundall this 28th day of September 2012.

Hamish Collins
Managing Director

Independent auditor's report to the members of Aeon Metals Ltd (formerly Aussie Q Resources Ltd)

Report on the financial report

We have audited the accompanying financial report of Aeon Metals Ltd (the company), which comprises the consolidated statement of financial position as at 30 June 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 32 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

KPMG

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Material uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 2(b) to the financial report which indicates that the ability of the Group to continue as a going concern is dependent upon the Group obtaining sufficient additional cash funding from shareholders or other parties, or if such funding is not obtained, the Group plans to reduce expenditure to the level of cash funds available.

Due to the matters set out in Note 2(b), a material uncertainty exists which may cast significant doubt about the Group's ability to continue as a going concern, and therefore whether the Group is able to realise its assets, including exploration and evaluation assets with a carrying value of $17,373,000, or settle its liabilities, at the amounts recorded in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in section 9 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Aeon Metals Ltd for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Adam Twemlow
Partner

Bundall
28 September 2012

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Aeon Metals Limited (formerly Aussie Q Resources Limited)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adam Twemlow
Partner

Bundall

28 September 2012