

Aeon Metals Limited
(formerly Aussie Q Resources Limited)
31 December 2012
Interim Financial Report

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Aeon Metals Limited

31 December 2012 Interim Financial Report

Directors' report

The directors of Aeon Metals Limited (the "Company") present their report together with the consolidated financial report for the six months ended 31 December 2012 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
Mr Thomas Joseph Mann Chairperson Non-executive director	Appointed 28 June 2010 Re-elected at AGM 28 November 2012
Mr Edgar George Newman Non-Executive Director	Appointed 31 December 2008 Re-elected at AGM 24 November 2011
Mr Hamish Collins Managing Director	Appointed 28 March 2012
Mr John Leslie Goody Executive Director Director of Exploration	Appointed 28 September 2006 Re-elected AGM 18 November 2010

Aeon Metals Limited

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Directors' report (continued)

Review of Operations

Exploration

During the six months to December 31 2012 the Company has been actively drilling and collecting soil samples on its Permits near Monto in Queensland. Specifically, the Company's exploration consisted of the following:

- A 4 hole (946m) drill campaign at the John Hill Project. Based on these holes and the initial 13 holes drilled (3,252m) in early 2012, John Hill has been identified as a large mineralised copper system with the presence of an extended chalcocite supergene area. The Company was 1 of 3 nominees for Queensland Explorer of the Year Award based on the John Hill discovery. All John Hill results have been compiled with significant intercepts including:

Hole	Intersect m	Cu %	Mo ppm	Ag ppm	From m	To m	Cu Equiv ¹ %
47	25	0.31	315	1.6	25	73	0.46
51	128	0.21	71	0.9	26	154	0.25
	<i>Inc 13</i>	<i>0.27</i>	<i>161</i>	<i>0.9</i>	<i>102</i>	<i>115</i>	<i>0.44</i>
	22	0.17	250	2.1	330	352	0.30
	<i>Inc 5</i>	<i>0.18</i>	<i>580</i>	<i>6.2</i>	<i>346</i>	<i>351</i>	<i>0.50</i>
53	41	0.31	18	0.1	14	55	0.32
	<i>Inc 21</i>	<i>0.41</i>	<i>13</i>	<i>0.2</i>	<i>28</i>	<i>49</i>	<i>0.42</i>
	125	0.18	153	0.9	228	353	0.25
	<i>Inc 10</i>	<i>0.22</i>	<i>234</i>	<i>1.1</i>	<i>290</i>	<i>300</i>	<i>0.33</i>
55	494	0.22	163	1.0	25	519	0.30
	<i>incl 35</i>	<i>0.32</i>	<i>63</i>	<i>0.5</i>	<i>25</i>	<i>60</i>	<i>0.36</i>
	<i>incl 20</i>	<i>0.41</i>	<i>48</i>	<i>0.3</i>	<i>39</i>	<i>59</i>	<i>0.43</i>
	<i>incl 10</i>	<i>0.49</i>	<i>54</i>	<i>0.3</i>	<i>39</i>	<i>49</i>	<i>0.52</i>
56	58	0.34	183	1.0	55	113	0.43
	<i>inc 13</i>	<i>0.79</i>	<i>150</i>	<i>1.1</i>	<i>56</i>	<i>69</i>	<i>0.86</i>
58	200	0.31	100	1.5	46	246	0.37
	<i>inc 152</i>	<i>0.32</i>	<i>102</i>	<i>1.5</i>	<i>63</i>	<i>215</i>	<i>0.39</i>
	<i>inc 51</i>	<i>0.42</i>	<i>124</i>	<i>2.1</i>	<i>87</i>	<i>138</i>	<i>0.50</i>
	<i>inc 8</i>	<i>0.55</i>	<i>113</i>	<i>2.2</i>	<i>127</i>	<i>135</i>	<i>0.62</i>

¹Copper Equivalent Calculation:

Cu Equiv 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

- A 6 hole (966m) drill campaign on the SLW Queensland Pty Ltd ("SLWQ", Aeon Metals 60%) tenements.
- Extensive soil sampling campaign over highly prospective geological targets, combined with magnetic anomalies and old copper workings. This resulted in defining anomalous copper and copper-gold drill targets at the Company's 7B Prospect.

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Directors' report (continued)

Review of operations (continued)

Corporate

Name change

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

Rio Tinto Exploration Ltd (RTX) Earn-In Joint Venture Agreement ("EEJVA")

On 8 November 2012 the Company announced that it had executed the EEJVA with RTX for the exploration and evaluation of Aeon Metal's tenement EPM 17060. The key terms are summarised as follows:

- Phase 1 (12 months) - Exploration:
RTX to sole fund an exploration program and any associated expenditure to a minimum of AU\$200,000.
- Phase 2 (36 months) – Earn-In:
If RTX elects to conduct further exploration then RTX will commit to a total expenditure of AU\$2,500,000 over the Phase 2 period to earn its initial interest. RTX and Aeon will form an unincorporated joint venture ("JV") to continue the Project with the following participating interests:
 - RTX: 70%; and
 - Aeon: 30%.
- Phase 3 (5 years) – Pre-Feasibility:
Within thirty days of formation of the JV, Aeon must notify RTX whether or not it will contribute its share of future funding of the Project on a pro-rata basis, as per the parties' participating interests in the JV. If Aeon elects not to contribute its share of future funding, RTX will have no further obligation to fund the Project but may elect, in its sole discretion, to continue to sole fund the Project, in which case it will commit to:
 - expenditure of AU\$15,000,000; or
 - completion of a pre-feasibility study ("PFS"),
 whichever occurs first, within a period of five (5) years from the satisfaction of the Phase 2 commitment to earn an additional 20% interest.

SLW Queensland Pty Ltd ("SLWQ") Transaction

In November 2012, Aeon Metals announced a transaction with SLWQ and SLW Minerals Corporation Pty Ltd ("SLW") via a multi-party deed whereby Aeon Metals received \$675k in cash and increased ownership in SLWQ from 35% to 60% via issue of new SLWQ shares to Aeon Metals. As part of the transaction, a \$2m loan from SLW to SLWQ was extinguished and 16m Aeon Metals shares were issued to SLW, along with up to 13.33m options exercisable at 15c.

SLWQ is a private company with the 2 shareholders Aeon Metals and SLW. SLW is a private investment vehicle comprising a 50:50 joint venture between Australian (Great Pacific Financial Group) and Chinese investors.

Aeon Metals Limited

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Directors' report (continued)

Review of operations (continued)

Corporate (continued)

Greater Whitewash Project Mineral Development License

A Mineral Development Licence ("MDL") was lodged over the Greater Whitewash Project in September 2011. This license was granted on 5th December 2012 and is effective for a 5 year period from 1 January 2013. The MDL covers a 1005ha area, which includes the Greater Whitewash resource.

Financial Position

The net assets of the Group at 31 December 2012 were \$22,641,000 including cash of \$942,000. The Directors have prepared cash flow projections for the coming 12 months which include the Group raising additional cash funding (refer Note 3(a)).

Significant Changes in State of Affairs

Other than the matters noted above there have been no other significant changes in the state of affairs.

After Balance Date Events

In March 2013 the Company agreed to place 5.227 million ordinary fully paid shares to institutional and sophisticated investors to raise \$1,150,000 before issue costs.

Apart from the matter noted above, in the interval between the end of the half year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Future Developments, Prospects and Business Strategies

The Group is focussed on advancing its core advanced exploration assets, which consist of the following:

- 3 large porphyry projects:
 - Greater Whitewash Polymetallic Project
 - John Hill Copper Project
 - Kiwi Carpet Copper Project; and
- 7B Project - consistent with a volcanic massive sulphide ("VMS") deposit environment.

The Group also has a large portfolio of early stage targets which are continuously reviewed and exploration undertaken to assess for base and/or precious metals.

A mix of geochemical sampling, geophysical surveys, and RC and diamond drilling has been prioritised for each project and will be systemically implemented over the next 6 months. 7B Project geophysics and a follow up drill campaign is a priority as is a drill campaign at both the large John Hill and Kiwi Carpet Projects.

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Directors' report (continued)

Review of operations (continued)

Environmental Issues

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 significant environmental issues. However, environmental issues will arise as and when the Group moves into production and these issues 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.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 21 and forms part of the directors' report for the six months ended 31 December 2012.

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 condensed consolidated interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



Hamish Collins
Managing Director

Dated at Bundall this 15th day of March 2013.

Aeon Metals Limited

Condensed consolidated interim statement of financial position

As at 31 December 2012

In thousands of AUD

	Note	31 Dec 2012	30 Jun 2012
Assets			
Cash and cash equivalents		942	1,000
Trade and other receivables	7	561	54
Other investments		40	39
Prepayments		26	41
Total current assets		1,569	1,134
Other investments		26	45
Investments in equity accounted investees		-	-
Property, plant and equipment	8	193	205
Other assets		23	24
Exploration and evaluation assets	13	21,031	17,373
Total non-current assets		21,273	17,647
Total assets		22,842	18,781
Liabilities			
Trade and other payables		78	100
Employee benefits		73	64
Provisions		50	50
Total current liabilities		201	214
Total non-current liabilities		-	-
Total liabilities		201	214
Net assets		22,641	18,567
Equity			
Share capital	9	29,432	28,119
Reserves		647	164
Accumulated losses		(9,023)	(9,716)
Total equity attributable to owners of the Company		21,056	18,567
Non-controlling interests		1,585	-
Total equity		22,641	18,567

The condensed notes on pages 11 to 17 are an integral part of these condensed consolidated interim financial statements.

Aeon Metals Limited

Condensed consolidated interim statement of comprehensive income For the six months ended 31 December 2012

<i>In thousands of AUD</i>	<i>Note</i>	31 Dec 2012	31 Dec 2011
Revenue		25	63
Gain on revaluation of investment in equity accounted associate	6	1,387	-
Other income		49	-
Administrative expenses		(268)	(455)
Impairment loss		(72)	(497)
Other expenses		(423)	(281)
Results from operating activities		698	(1,170)
Finance income		14	71
Finance costs		(19)	(47)
Net finance income/(costs)		(5)	24
Share of profit of equity accounted investees (net of tax)		-	-
Profit/(loss) before income tax		693	(1,146)
Income tax expense		-	-
Profit/(loss) for the period		693	(1,146)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		693	(1,146)
Profit/(loss) attributable to:			
Owners of the company		693	(1,146)
Non-controlling interest		-	-
Profit/(loss) for the period		693	(1,146)
Total comprehensive income attributable to:			
Owners of the company		693	(1,146)
Non-controlling interest		-	-
Total comprehensive income for the period		693	(1,146)
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents per share)	10	0.44 cents	(0.79) cents
Diluted earnings/(loss) per share (cents per share)		0.44 cents	(0.79) cents

The condensed notes on pages 11 to 17 are an integral part of these condensed consolidated interim financial statements.

Aeon Metals Limited

Condensed consolidated interim statement of changes in equity

For the six months ended 31 December 2012

		Attributable to owners of the company					
	Note	Share capital	Equity Compensation Reserve	Retained earnings	Total	Non-controlling interests	Total equity
<i>In thousands of AUD</i>							
Balance at 1 July 2011		27,271	92	(7,731)	19,632	-	19,632
Total comprehensive income for the period							
Loss for the period		-	-	(1,146)	(1,146)	-	(1,146)
Total comprehensive income for the period							
		-	-	(1,146)	(1,146)	-	(1,146)
Transactions with owners of the Company, recognised directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Share options exercised		204	(4)	-	200	-	200
Total contributions by and distributions to owners of the Company		204	(4)	-	200	-	200
Balance at 31 December 2011							
		27,475	88	(8,877)	18,686	-	18,686
Balance at 1 July 2012							
		28,119	164	(9,716)	18,567	-	18,567
Total comprehensive income for the period							
Profit for the period		-	-	693	693	-	693
Total comprehensive income for the period							
		-	-	693	693	-	693
Transactions with owners of the Company, recognised directly in equity							
<i>Contributions by and distributions to owners of the Company</i>							
Share based payment		638	483	-	1,121	-	1,121
Issue of ordinary shares	9	675	-	-	675	-	675
Total contributions by and distributions to owners of the Company		1,313	483	-	1,796	-	1,796
<i>Changes in ownership interests in subsidiaries</i>							
Acquisition of subsidiary with non-controlling interests	6	-	-	-	-	1,585	1,585
Total changes in ownership interests in subsidiaries		-	-	-	-	1,585	1,585
Balance at 31 December 2012							
		29,432	647	(9,023)	21,056	1,585	22,641

The condensed notes on pages 11 to 17 are an integral part of these condensed consolidated interim financial statements.

Aeon Metals Limited

Condensed consolidated interim statement of cash flows

For the six months ended 31 December 2012

In thousands of AUD

	<i>Note</i>	31 Dec 2012	31 Dec 2011
Cash flows from operating activities			
Cash receipts from service fees		25	40
Cash paid to suppliers and employees		(490)	(781)
Cash used in operations		(465)	(741)
Interest received		14	71
Net cash from (used in) operating activities		(451)	(670)
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	-	(4)
Payments for exploration activities		(434)	(831)
Acquisition of subsidiary, net of cash acquired	6	153	-
Acquisition of other investments		(1)	(2)
Net cash from (used in) investing activities		(282)	(837)
Cash flows from financing activities			
Proceeds from the issue of share capital	9	675	-
Proceeds from the exercise of share options	9	-	200
Net cash from (used in) financing activities		675	200
Net increase (decrease) in cash and cash equivalents		(58)	(1,307)
Cash and cash equivalents at 1 July		1,000	3,336
Cash and cash equivalents at 31 December		942	2,029

The condensed notes on pages 11 to 17 are an integral part of these consolidated interim financial statements.

Aeon Metals Limited

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Notes to the condensed consolidated interim financial statements

1. Reporting entity

Aeon Metals Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in prospect and tenement exploration for a range of minerals including copper and molybdenum.

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

The consolidated annual financial report of the Group as at and for the year ended 30 June 2012 is available upon request from the Company's registered office at Level 1, 27-29 Crombie Avenue Bundall Qld 4217 or at <http://www.aeonmetals.com.au>.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2012.

This condensed consolidated interim financial report was approved by the Board of Directors on 15 March 2013.

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

Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2012.

3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in the condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2012.

Aeon Metals Limited

31 December 2012 Interim Financial Report

Notes to the condensed consolidated interim financial statements

3. Significant accounting policies (continued)

(a) Going concern

The condensed interim 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 interim period ended 31 December 2012, the Group recorded a net profit before tax of \$693 thousand and net cash outflow from operations and investing activities was \$733 thousand. As at 31 December 2012, the Group had net assets of \$22,641 thousand including cash of \$942 thousand and receivables of \$561 thousand.

Subsequent to year end the Company agreed to place 5.227 million ordinary fully paid shares to institutional and sophisticated investors to raise \$1,150 thousand before issue costs (refer note 14).

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 interim financial report.

(b) Government grants

Government grants that relate to capitalised Exploration and Evaluation expenditure is deducted from the carrying amount of the asset when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. When the assets are reclassified from exploration and evaluation expenditure to mining property and development assets the grant is recognised in profit or loss over the life of the asset as a reduced amortisation expense.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(c) Change in accounting policies

Presentation of transactions recognised in other comprehensive income

From 1 July 2012 the Group applied amendments to AASB 134 *Interim Financial Reporting* outlined in AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income. The change in accounting policy only relates to disclosures and has had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and require the Group to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss.

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Notes to the condensed consolidated interim financial statements

4. Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2012.

5. Operating segments

The Group forms a single business segment performing exploration activities in one geographical segment, being Queensland.

6. Acquisition of subsidiary

During the half-year period ended 31 December 2012 the Group acquired an additional 25 percent share holding in SLW Queensland Pty Ltd (SLW Queensland) immediately prior to the Group increasing its interest in SLW Queensland. As a result the Group's equity interest in SLW Queensland increased from 35 percent to 60 percent and the Group acquired control of the exploration and evaluation assets located in Queensland.

As a result of the above transaction the Group has acquired four (4) tenements south of the Group's existing tenements, the largest of which borders the Group's Rio Tinto Exploration Pty Ltd joint venture tenement.

Total consideration for the 25 percent acquisition was \$991 thousand comprising cash of \$12.50, shares with a fair value of \$638 thousand and options with a fair value of \$353 thousand.

In accordance with Australian Accounting Standards the transaction has been accounted for as an acquisition of assets rather than a business combination, and the cost of the acquisition has been allocated between the individually identifiable assets and liabilities acquired.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

In thousands of AUD

	Recognised value on acquisition	Fair value adjustments	Pre- acquisition carrying amounts
	\$	\$	\$
Cash	153	-	153
Property, plant and equipment	17	-	17
Exploration and evaluation assets	3,793	2,883	910
Net identifiable assets and liabilities	3,963	2,883	1,080
25% net identifiable assets and liabilities acquired	991		
Consideration payable	991		
Less non-cash consideration	(991)		
Cash acquired	(153)		
Net cash consideration / (acquired)	(153)		

The values of assets and liabilities recognised on acquisition are their estimated fair values.

Aeon Metals Limited

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Notes to the condensed consolidated interim financial statements

6. Acquisition of subsidiary (continued)

Gain on revaluation of existing investment

The re-measurement to fair value of the Group's existing 35 percent interest in SLW Queensland Pty Ltd resulted in a gain of \$1,387 thousand. This amount has been included in the condensed consolidated statement of comprehensive income as 'Gain on revaluation of investment in equity accounted associate'.

7. Trade and other receivables

At 31 December 2012 the Group had total trade and other receivables of \$561 thousand (30 June 2012: \$54 thousand). Included in the receivable at 31 December 2012 was the refundable research and development tax offset from the Australian Tax Office totalling \$538 thousand (30 June 2012: \$Nil).

The refundable tax offset has been accounted for in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* and \$489 thousand has been recognised as a reduction to the carrying value of the capitalised Exploration and Evaluation assets it relates to. The remaining balance of \$49 thousand has been recognised as 'Other income' for the period.

8. Property, plant and equipment

Acquisitions and disposals

Refer note 6 for property plant and equipment acquired during the period through acquisition of a subsidiary. During the six months ended 31 December 2011 the Group acquired assets with a total cost of \$4 thousand.

9. Capital and reserves

Issues of ordinary shares

16 million ordinary shares were issued on 9 November 2012 for cash of \$675 thousand. All issued shares are fully paid.

2 million 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 consulting services. Options were exercised at an average price of \$0.10 per option. All issued shares are fully paid.

Issue of unlisted options

13.3 million unlisted options were granted on 9 November 2012 with a total fair value of \$353 thousand. The unlisted options expire on 9 November 2014 and are exercisable on payment of \$0.15 per option. The fair value of the options issued, calculated in accordance with the Black-Scholes model, is \$0.0266 per option.

Equity compensation reserve

The equity compensation reserve records the fair value of options and performance rights issued (refer note 11).

Aeon Metals Limited

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Notes to the condensed consolidated interim financial statements

9. Capital and reserves (continued)

Issue of performance rights

4 million performance rights were issued to Hamish Collins on 24 August 2012 with a total fair value of \$130 thousand. The first tranche of 2 million performance rights has a fair value of \$0.025 per right and 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 remaining 2 million performance rights have a fair value of \$0.040 per right and will vest when the Company's share price is at least 45 cents for 10 consecutive days within 4 years after the issue date. Upon a performance right vesting the Company will be obliged to issue one fully paid ordinary share for no consideration. The fair value of services received in return for the performance rights granted is based on the fair value of the rights granted, measured using the Monte Carlo simulation model.

10. Earnings/(loss) per share

Basic earnings/(loss) per share has been calculated using:

	31 Dec 2012	31 Dec 2011
Net profit for the period <i>(in thousands of AUD)</i>	693	(1,146)
Weighted average number of ordinary shares <i>(in thousands of shares)</i>	157,344	145,022

Diluted earnings/(loss) per share has been calculated using:

	31 Dec 2012	31 Dec 2011
Net profit for the period <i>(in thousands of AUD)</i>	693	(1,146)
Weighted average number of ordinary shares - basic	157,344	145,022
Effect of share options on issue	-	-
Weighted average number of ordinary shares - diluted <i>(in thousands of shares)</i>	157,344	145,022

At 31 December 2012, 7,773 thousand options (31 December 2011: nil) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Aeon Metals Limited

31 December 2012 Interim Financial Report

Notes to the condensed consolidated interim financial statements

11. Share-based payments

Description of the share-based payment arrangements

On 24 August 2012, 4 million 5 year performance rights were issued 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 10 consecutive days within 4 years after the issue date. Upon a performance right vesting, the Company will be obliged to issue one fully paid ordinary share to Hamish for no consideration. The fair value of services received in return for the performance rights granted is based on the fair value of the rights granted, measured using the Monte Carlo simulation model.

On 9 November 2012, 16 million shares and 13.3 million options were issued in exchange for \$675 thousand cash and 25% share holding in SLW Queensland Pty Ltd. The shares issued are fully paid ordinary shares. The options issued expire 9 November 2014 and vest immediately. The fair value of the shares was determined by reference to the market price of the shares on the date of issue and the fair value of the options was calculated using the Black Scholes Model.

On 8 September 2010, 200 thousand 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.

Inputs for measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share-based payment plans:

	Performance Rights Tranche 1 2013	Performance Rights Tranche 2 2013	Options 2013
Number of options	2,000,000	2,000,000	13,300,000
Grant date	24 August 2012	24 August 2012	9 November 2012
Fair value at grant date	\$0.025	\$0.040	\$0.0266
Share price at grant date	7.5 cents	7.5 cents	8 cents
Exercise price	-	-	15 cents
Expected volatility (weighted average volatility)	80%	80%	91%
Option life (expected weighted average life)	-	-	2 years
End performance period	24 August 2014	24 August 2016	-
Risk-free interest rate (based on government bonds)	2.79%	2.68%	2.67%
Share price hurdle	\$0.30	\$0.45	-

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

Aeon Metals Limited

31 December 2012 Interim Financial Report

Notes to the condensed consolidated interim financial statements

12. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2012 annual financial report.

Transactions with key management personnel

On 24 August 2012, 4 million, 5 year performance rights were issued to Hamish Collins. Refer note 11 for details of performance rights issue.

Other related party transactions

<i>In thousands of AUD</i>	Transaction value		Balance outstanding	
	For the six months ended		31 Dec 2012	30 June 2012
	31 Dec 2012	31 Dec 2011		
Sale of services				
SLW Queensland Pty Ltd	25	63	-	-

All outstanding balances with these related parties are to be settled in cash within 2 months of the reporting date. None of the balances are secured.

13. Impairment of exploration and evaluation assets

During the six months ended 31 December 2012 the Group recognised an impairment loss of \$72 thousand (2011: \$497 thousand) relating to exploration and evaluation assets, due to there being no planned substantive expenditure on further exploration and evaluation of mineral resources with respect to two EPM's.

14. Subsequent events

In March 2013 the Company agreed to place 5.227 million ordinary fully paid shares to institutional and sophisticated investors to raise \$1,150 thousand before issue costs.

Apart from the matter noted above, in the interval between the end of the half year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Aeon Metals Limited

Directors' declaration

In the opinion of the directors of Aeon Metals Limited ("the Company"):

1. the financial statements and notes set out on pages 7 to 17, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Hamish Collins
Managing Director

Dated at Bundall this 15th day of March 2013

Independent auditor's review report to the members of Aeon Metals Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Aeon Metals Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2012, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 14 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 half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Aeon Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Aeon Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

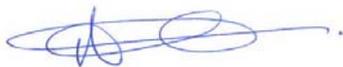
Material uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to note 3(a) to the interim 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 3(a), 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 \$21,031 thousand at 31 December 2012, or settle its liabilities at the amounts recorded in the interim financial report.

KPMG

KPMG



Adam Twemlow
Partner

Bundall

15 March 2013

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

To: the directors of Aeon Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG



Adam Twemlow
Partner

Bundall

15 March 2013