

Aeon Metals Limited
ABN 91 121 964 725

Annual report
30 June 2013

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Aeon Metals Limited

Directors Report

For the year ended 30 June 2013

The directors present their report together with the consolidated financial statements of the Group comprising of Aeon Metals Limited (formerly Aussie Q Resources Limited) ("Aeon Metals" or the "Company"), and its subsidiaries, and the Group's interest in associates (the "Group") for the financial year ended 30 June 2013 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Directors:

Mr. Thomas Joseph Mann	(appointed 28 June 2010)
Mr. John Leslie Goody	(appointed 28 September 2006)
Mr. Edgar George Newman	(appointed 31 December 2008)
Mr. Hamish Collins	(appointed 28 March 2012)

The directors 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 (McGill)

Mr. Lonergan is an executive director and company secretary of KBL Mining Limited. He was the general counsel and company secretary of CBH Resources Ltd until its takeover in 2010, a director and company secretary of Paradigm Metals Ltd until November 2012 and a director of Finders Resources Limited until August 2013. He is also an executive director and company secretary of KBL Mining Limited. He was also 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 for base and precious metals mineralisation near Monto, Queensland. The Group is exploring twelve (12), including five (5) under joint venture, Exploration Permits for Minerals ("EPM"s) in the Monto region (exceeding 984 sq kms in area) for base and precious metals. There are three (3) principal projects within this tenement package: Greater Whitewash Polymetallic Project ("Greater Whitewash"), Ben Hur Copper Project ("Ben Hur") (a combined John Hill/Kiwi Carpet project), and 7B Copper/Gold Project ("7B").

The Group is actively advancing these projects as a priority with the intention to move these projects towards a feasibility status.

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 \$74 thousand (2012: \$1,995 thousand).

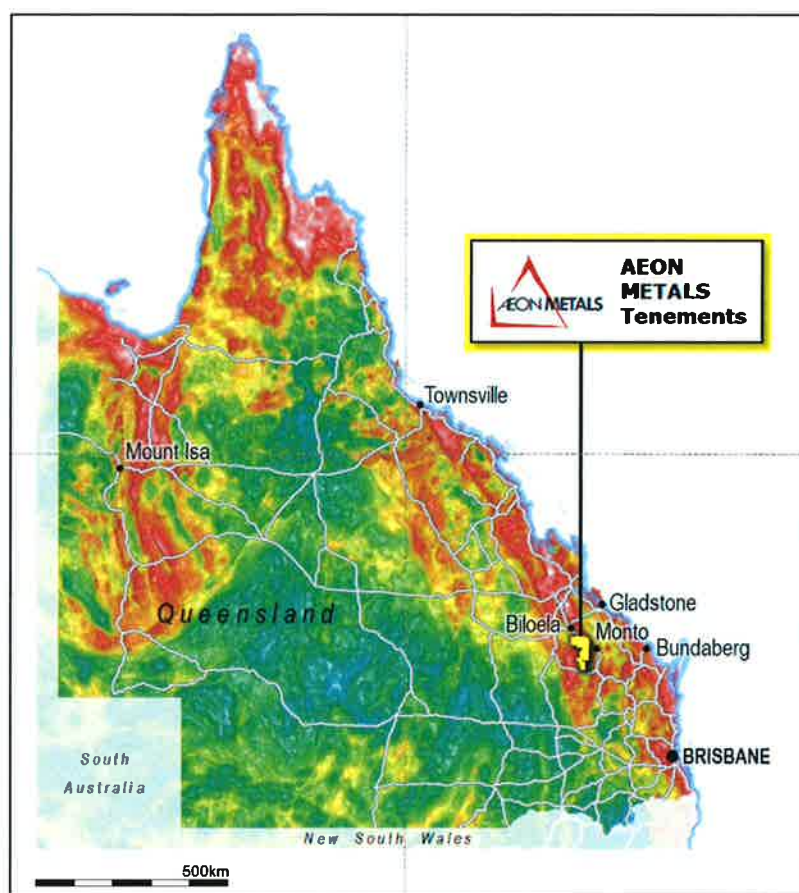
4. Operating and financial review (con'd)

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. They are situated approximately 30kms west of the town of Monto. Monto is a town of 1,300 people and located approximately 115kms south west 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.



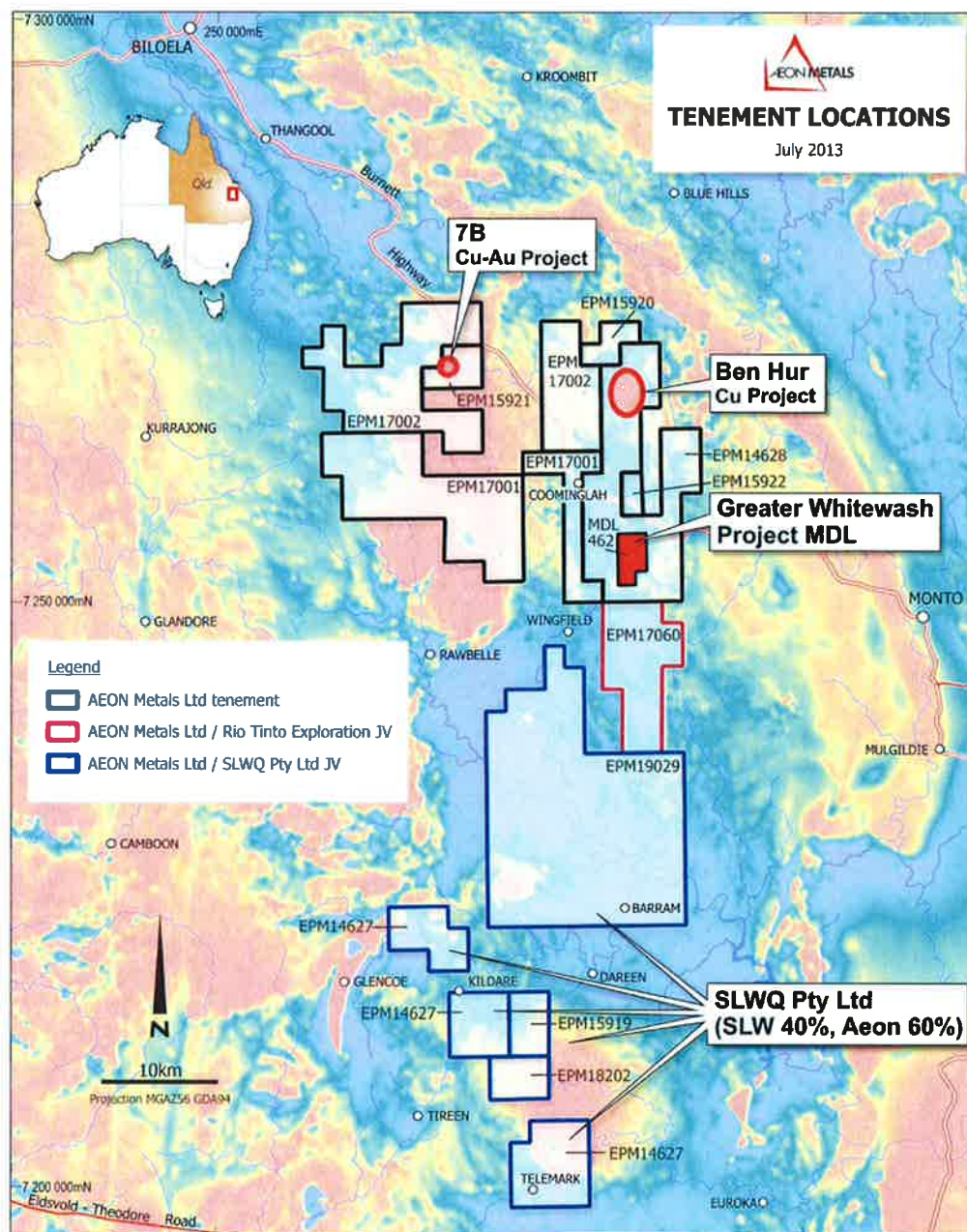
The Group controls six contiguous EPMs; 14628, 15920, 15921, 15922, 17001, and 17002 all of which are held 100% by the Company.

During the year, the Company entered into a Earn-in and Joint Venture Agreement ("EIJVA") with Rio Tinto Exploration Pty Ltd ("RTX") for the exploration and evaluation of Aeon Metal's tenement EPM 17060, a tenement which borders the Company's Greater Whitewash resource.

Additionally, the Company increased its ownership in SLW Queensland Pty Ltd ("SLWQ") from 35% to 60%. SLWQ holds three contiguous EPMs at Kildare, namely, 14627, 15919 and 18202 which are situated approximately 20kms to the south of the group of six and were joint ventured with SLWQ in January 2011. SLWQ also holds EPM 19029, called Oakey Creek, which borders the RTX EIJVA tenement EPM 17060.

4. Operating and financial review (con'd)

Review of Exploration Operations (con'd)



The twelve month period to 30 June 2013 has seen the Company advance the Greater Whitewash Project, with the granting of a Mineral Development Licence ("MDL") on 5 December 2012, as well as enjoying exploration success at the newly named Ben Hur Project and the 7B Project.

The Company continued to actively drill during the twelve month period on the Rawbelle tenements with a total of 50 holes drilled for 6,176m. The breakdown of metres versus project location and a description of work undertaken on each project during the twelve month period is as follows:

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For the year ended 30 June 2013

4. Operating and financial review (con'd)

Review of Exploration Operations (con'd)

Ben Hur Project - 11 holes drilled for 2,258m

After a 17 hole drill campaign undertaken in early 2012, Aeon Metals announced the major new discovery of a large porphyry related hydrothermally altered mineralised body at Ben Hur. The Company was 1 of 3 nominees for 2012 Queensland Explorer of the Year Award based on the Ben Hur discovery.

The 2012/13 drilling consisted of 11 holes for approximately 2,258m. This takes the total metres of drilling at Ben Hur, since commencing in early 2012, to approximately 6,190m. Significant intercepts for Ben Hur 2012/2013 drilling are as follows:

Hole No.	Easting	Northing	Azimuth degrees	Dips degrees	Intersect m	Cu %	Mo ppm	Ag ppm	From m	To m	Cu Equiv ¹ %
54	7266896	283498	81.5	60	141	0.22	69	0.9	45	186	
					incl 41	0.32	111	1.2	46	87	0.38
					incl 6	0.78	81	1.05	46	52	0.83
					incl 4	0.99	82	1.05	47	51	1.04
56	7266800	283498	80	60	58	0.34	183	1.0	55	113	
					inc 13	0.79	150	1.1	56	69	0.86
58	7267398	283982	80	60	200	0.31	100	1.5	46	246	
					inc 152	0.32	102	1.5	63	215	
					inc 51	0.42	124	2.1	87	138	0.50
					inc 8	0.55	113	2.2	127	135	0.62
60	7267204	283597	80	60	130	0.25	63	1.1	53	183	0.29
					inc 63	0.28	77	1.2	54	117	0.32
					and 11	0.32	115	1	54	65	0.38
63	7267505	284000	80	60	202	0.25	178	1.2	42	244	
					inc 166	0.26	203	1.2	78	244	0.36
					inc 77	0.38	290	1.8	78	155	0.52
					incl 44	0.49	248	2.2	78	122	0.62
64	7267588	283995	260	55	287	0.22	161	1.2	41	328	
					inc 111	0.26	212	1.4	177	288	0.37
					inc 14	0.26	251	1.3	197	211	0.39
					and 10	0.31	244	2.1	218	228	0.44
					and 7	0.26	260	1.6	273	280	0.39

¹Copper Equivalent Calculation as per updated commodity prices:

Cu Equiv Formula = (Copper grade + (Mo grade*(Mo price/Cu price) + Ag grade*((Ag price/0.0625)/Cu price))
Metal Prices used: Copper = A\$3.25/lb, Molybdenum = A\$14/lb, Silver = A\$25/oz

Note:

*Certain intercepts in Hole 63, 202m not reported in Cu Equiv as top component of hole in oxide zone.

*A composite sample from 12KC051 91to 92m and 12KC055 80 to 85m that assayed 0.4% Cu, 1ppm Ag and 190ppm Mo was submitted to ALS Amtec Laboratories in Sydney in May 2012 for a demonstration floatation test to determine possible rates of recovery. This test indicated a recovery of 91% for Cu, 65% for Ag and 95% for Mo.

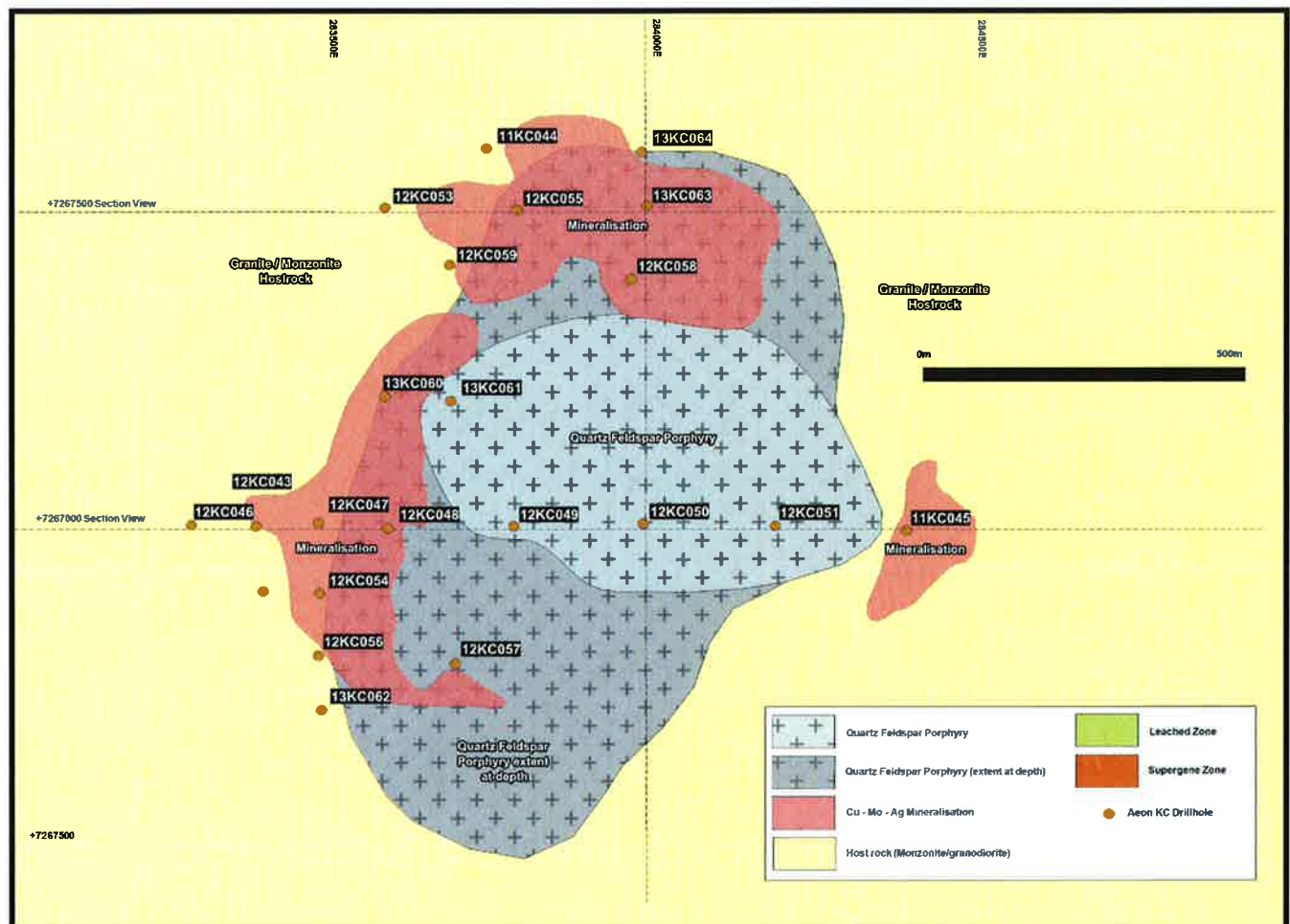
4. Operating and financial review (con'd)

Review of Exploration Operations (con'd)

Ben Hur has been identified as a large mineralised copper system with the presence of an extended chalcocite supergene zone. 3D modelling utilising raw copper grades on Ben Hur has been undertaken by geological consultants resulting in a clear geological porphyry model with a significant supergene blanket present.

The next step at Ben Hur is to undertake an initial resource and scoping study assessment.

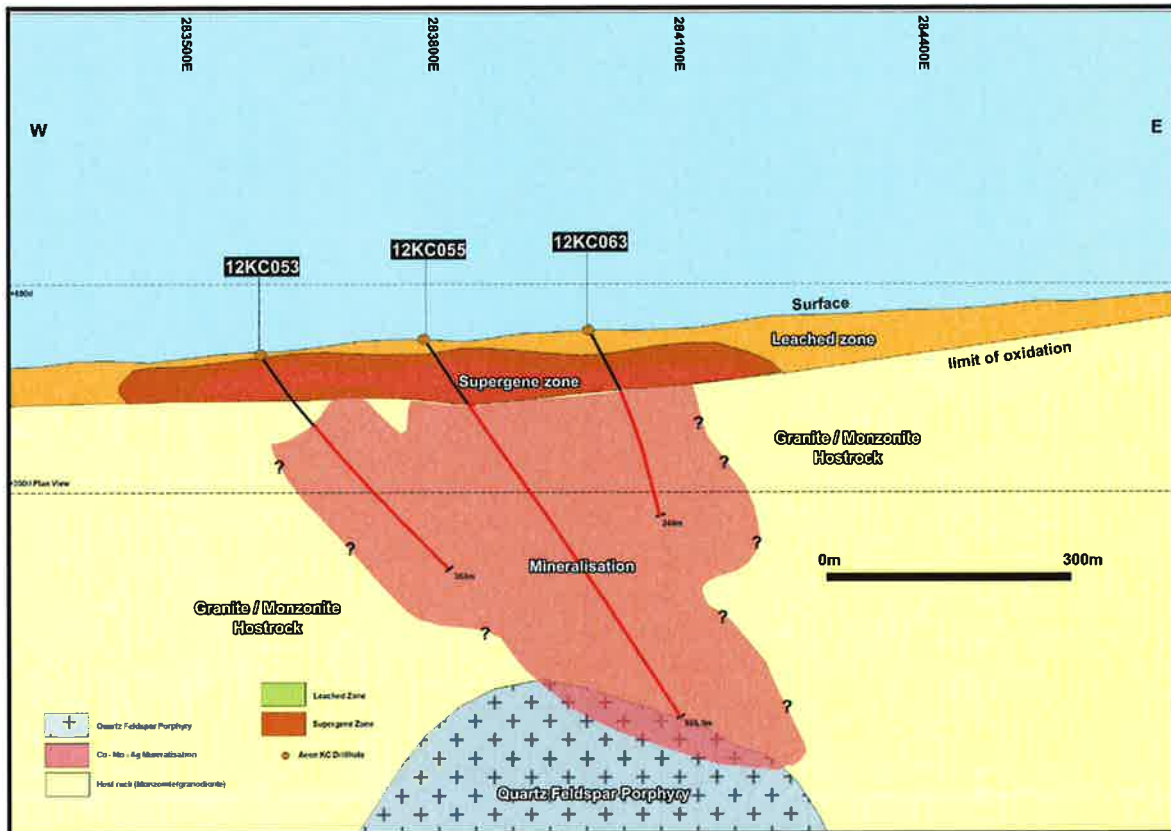
Ben Hur Plan View of Aeon Drilling:



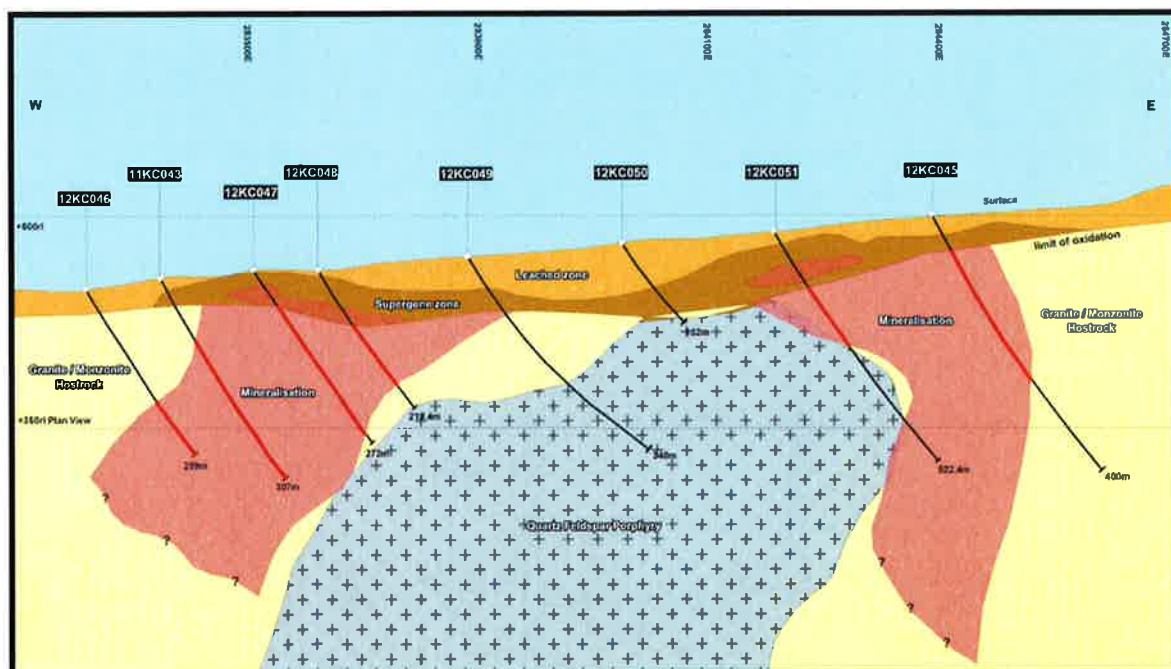
4. Operating and financial review (con'd)

Review of Exploration Operations (con'd)

Section view (at 7267500N) through the Ben Hur Co-Mo Porphyry deposit:



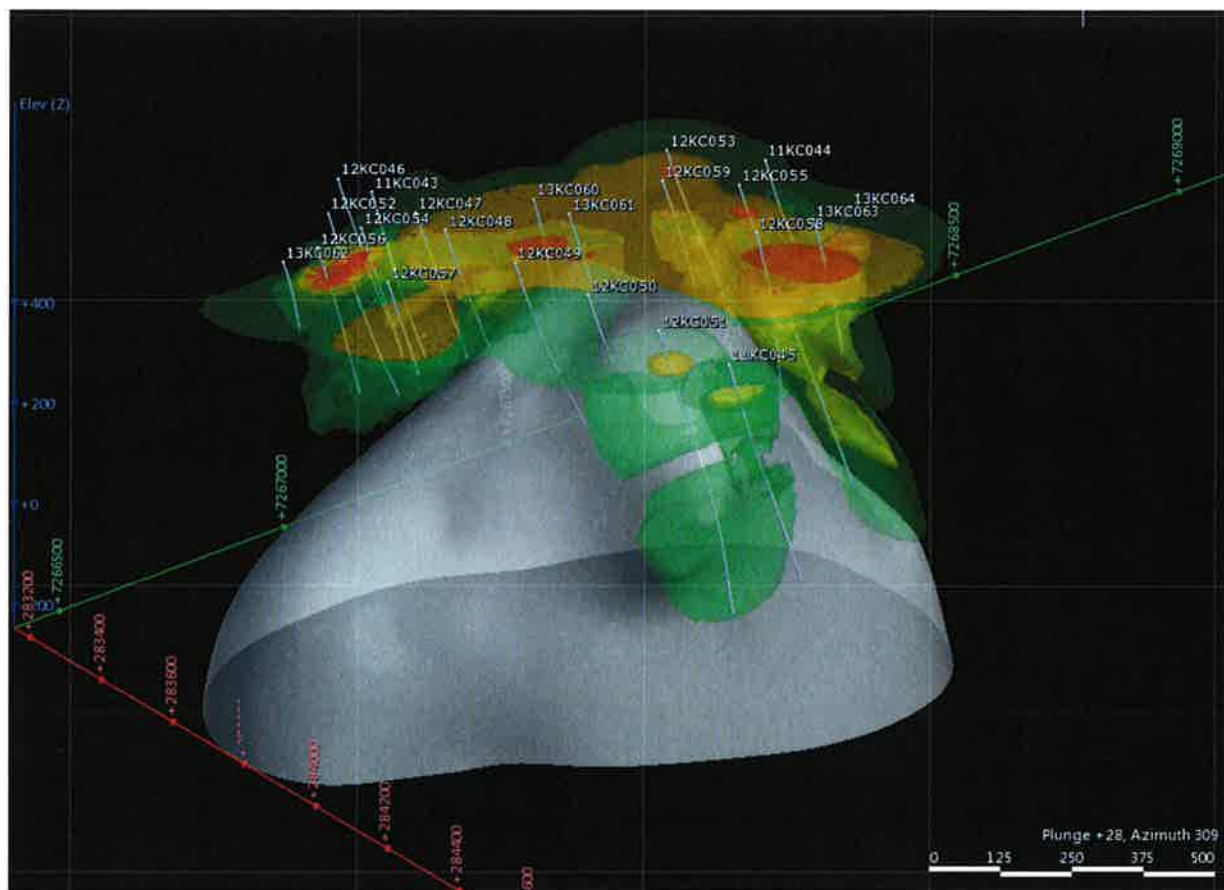
Section view (at 7267000N) through the Ben Hur Co-Mo Porphyry deposit:



4. Operating and financial review (con'd)

Review of Exploration Operations (con'd)

Ben Hur Copper Project 3D Model – looking NW:



7B Copper-Gold Project – 31 holes drilled for 2,776m

At the beginning of 2013, the Company targeted specific areas of prospectivity identified at 7B via distinct magnetic anomalies, historical stream sediment sampling, known major structural features, and the discovery of historical copper pit workings. Also extensive soil sampling campaigns on these specific areas uncovered clear copper and copper-gold anomalies over a large area (approx. 500m x 500m) at the new discovery of 7B.

Since then, the Company has implemented 2 RC drill campaigns at 7B with the target of the drilling, a volcanogenic massive sulphide (“VMS”) style deposit, postulated to be beneath the copper, gold, zinc & arsenic soil anomaly and old copper workings. 31 RC holes were drilled at 7B for a total of 2,776m with VMS halo style mineralisation intersected in most of these holes. Drill holes have now identified significant mineralisation over a continuous strike length of 1.4km i.e. from Hole 13 at 270130E 7269701N in the south to Hole 31 on Line N7271000 in the north with the mineralisation remaining open in all directions, including at depth.

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4. Operating and financial review (con'd)

Review of Exploration Operations (con'd)

Highlights of the drill campaigns include the following:

Hole No.	Easting	Northing	Azimuth degrees	Dips degrees	Intersect m	Cu %	Au g/t	Ag g/t	From m	To m	Cu Equiv ¹ %
B004	269679	7270796	3	55	24 incl 4	0.40 0.70	0.04 0.07	2.3 3.0	1 4	25 8	
B005	269715	7270816	249	55	2 and 3 incl 2 and 6 incl 1	0.54 0.52 0.70 0.39 1.32	0.05	3.7 8.3 10.8 5.1 20.7	0 47 48 58 58	2 50 50 64 59	0.68 0.88 0.48 1.62
B006	269696	7270764	292	55	12 incl 6	0.51 0.73	0.05 0.08	1.7 2.0	1 2	13 8	
B009	269796	7270709	203	55	3 incl 1	1.97 4.92	0.16 0.38	5.9 13.4	6 7	9 8	
B011	270068	7270146	170	60	3 incl 1	0.65 1.86	0.60 0.91	26.7 68.3	19 20	22 21	1.48 3.16
B015	270121	7269871	350	60	13 incl 3	0.35 0.66	0.01	13 5	6 7	19 10	
B016	270100	7270203	259	60	9 incl 2	0.06 0.06	1.00 2.20	41 53	14 17	23 19	1.91 2.46
B020	269750	7270800	260	55	26 incl 20 incl 10	0.78 0.93 1.05	0.11 0.13 0.09	11 14 19	6 8 8	32 28 18	
B021	269747	7270897	260	55	13 incl 5	0.80 1.53	0.10 0.10	11 20	55 61	68 66	1.00 1.88
B022	269726	7270904	260	70	9 incl 3 and 9 incl 5	1.42 3.68 0.79 1.11	0.20 0.40 0.05 0.06	14 36 9 12	30 32 50 51	39 35 59 56	1.67 4.34 0.96 1.32
B023	269828	7270902	260	60	19 incl 2 incl 9 and 2	0.48 1.60 0.72 1.09	0.07 0.27 0.11 0.14	4 10 6 12	66 72 72 79	85 74 81 81	0.59 1.89 0.90 1.36
B029	269800	7270800	255	58	10 incl 6 incl 3	0.87 1.27 2.10	0.06 0.08 0.12	3 4 6	12 15 18	22 21 21	

¹ Copper Equivalent Calculation as per commodity prices Copper = A\$3.25/lb, Molybdenum = A\$14/lb, Silver = A\$25/oz
Cu Equiv Formula = (Copper grade + (Mo grade*(Mo price/Cu price) + Ag grade*((Ag price/0.0625)/Cu price))

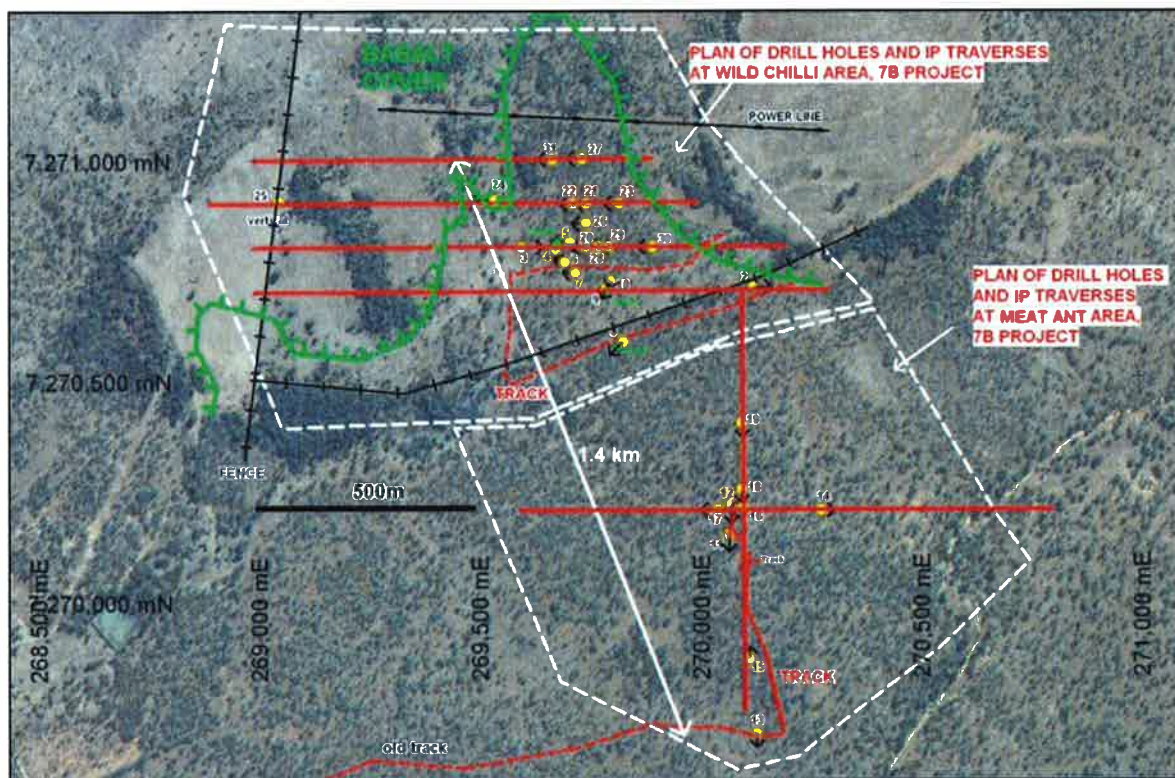
Note:

- Certain intercepts not reported in Cu Equiv as top component of hole in oxide zone. Material from this zone has not yet been tested for metallurgical recovery.
- A composite sample from 13B022 52m to 57m that assayed 0.78% Cu, 7.1ppm Ag was submitted to ALS Ammtec Laboratories in Sydney in June 2013 for a demonstration flotation test to determine possible rates of recovery. This test indicated a recovery of 96% for Cu, 96% for Ag 70.5% for Zinc and 72.7% for Co.

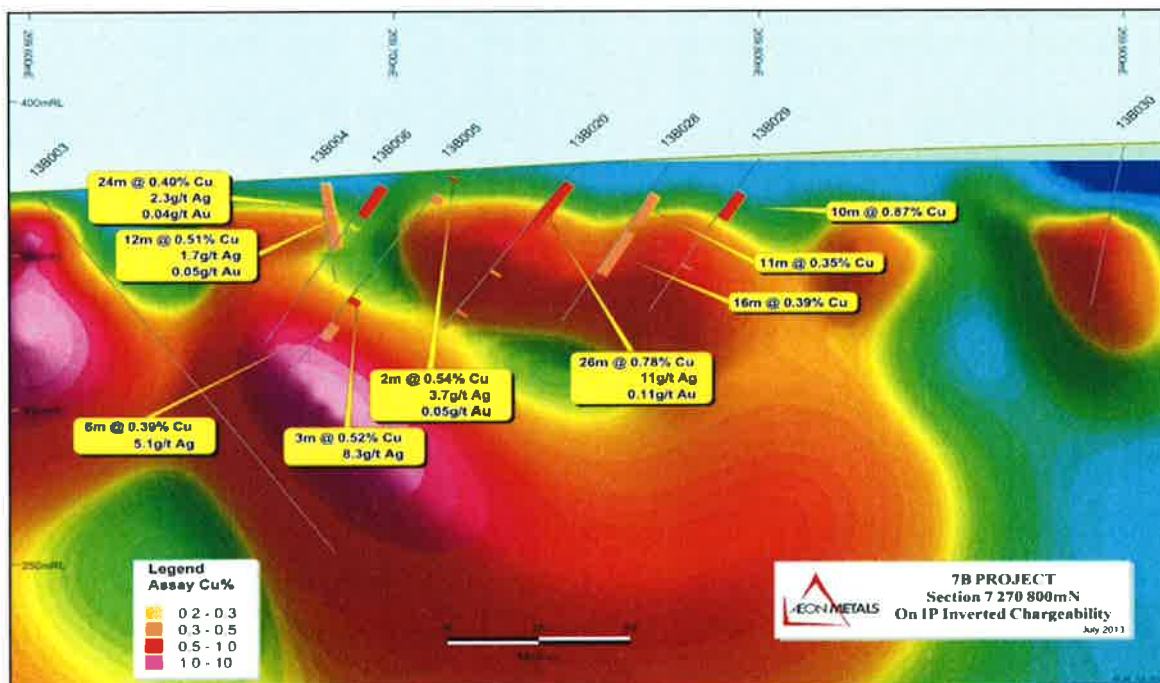
4. Operating and financial review (con'd)

Review of Exploration Operations (con'd)

7B Project Plan Map:



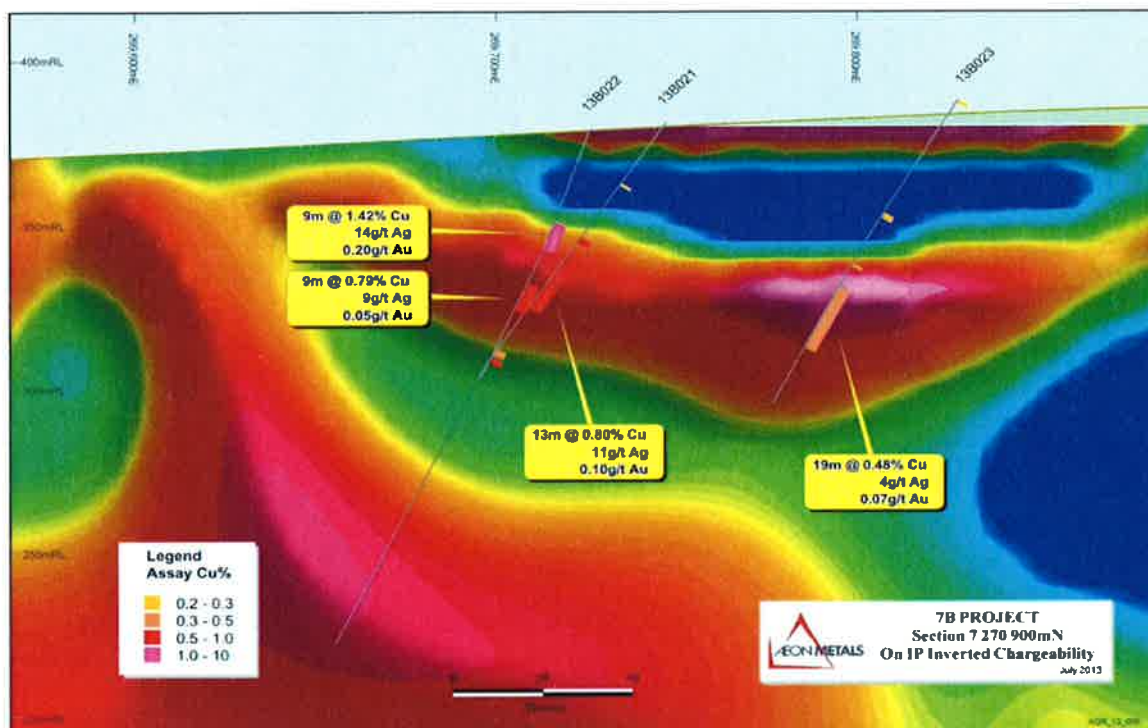
7B Project – 7 270 800N X-Section:



4. Operating and financial review (con'd)

Review of Exploration Operations (con'd)

7B Project – 7 270 900N X-Section:



First pass metallurgical testing undertaken in 2013 by ALS Ammtect Laboratories in Sydney revealed that 7B has exceptionally good metallurgical properties, with recovery of 96% for copper, 96% for silver and 73% for cobalt.

These results further enhance the high potential of 7B, particularly in view of the fact that the flotation techniques used in this test of the 7B ore are identical to those that will be used for the Ben Hur and Greater Whitewash projects.

Greater Whitewash Polymetallic Project

An MDL was lodged over the Greater Whitewash Project in September 2011.

This licence was granted on 5 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.

The granting of the MDL is an important step in the development of Greater Whitewash as it allows the Company to refine the Project's metallurgy by use of bulk sampling and corresponding pilot plant work.

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4. Operating and financial review (con'd)

Review of Exploration Operations (con'd)

SLW Queensland Pty Ltd ("SLWQ") (Aeon Metals Limited 60%, SLW Minerals Corporation Pty Ltd 40%) - 6 holes drilled for 966m

Six holes were drilled on the SLWQ tenements in the 2012-2013 financial year. Four holes were drilled at Kildare (EPM 14627), 12KD022 (142m), 023 (202m), 024 (130m) and 025 (136m) for a total of 610m. Two holes were drilled at Oakey Creek (EPM 19029), 12OC001 (148m) and 002 (208m) for a total of 356m. Drill holes were targeted at molybdenum and copper mineralisation. Targets were determined from geochemical, geophysical and geological inputs.

Best results were as follows:

Hole No	GDA94E	GDA94N	Az degrees M	Dip degrees	Intersect m	Mo ppm	From	To
12KD024	274499	7213970	80	-60	1m	1,675	70	71
12KD024	274499	7213970	80	-60	1m	1,070	75	76
12KD025	274470	7212900	06	-60	18m	726	64	82
12KD025	274470	7212900	06	-60	4m	790	94	98

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.

The information in this report that relates to exploration results and mineral resources is based on information compiled by Mr. Martin l'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 l'Ons is a self-employed consultant who consults to Aeon and has consented to the inclusion in this report of the matters based on this information in the form and context which it appears.

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 ("EIJVA")

On 8 November 2012 the Company announced that it had executed the EIJVA 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 \$200 thousand.
- Phase 2 (36 months) – Earn-In:
If RTX elects to conduct further exploration then RTX will commit to a total expenditure of \$2.5 million over the Phase 2 period to earn its initial interest.
RTX and Aeon Metals will form an unincorporated joint venture ("JV") to continue the Project with the following participating interests:
 - RTX: 70%; and
 - Aeon Metals: 30%.

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4. Operating and financial review (con'd)

Corporate (con'd)

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

- Phase 3 (5 years) – Pre-Feasibility:
Within thirty days of formation of the JV, Aeon Metals 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 Metals 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 \$15 million; 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 \$675 thousand 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 \$2 million loan from SLW to SLWQ was extinguished and 16 million Aeon Metals shares were issued to SLW, along with 13.33 million options exercisable at 15c.

SLWQ is a private company with 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.

Financial Position

The net assets of the Group at 30 June 2013 were \$23,057 thousand (2012: \$18,567 thousand), with cash on hand of \$1,129 thousand (2012: \$1,000 thousand).

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 2012 was \$0.07 per share. During the year ended 30 June 2013 the share price varied between \$0.06 and \$0.34 per share. The closing share price at 30 June 2013 was \$0.21 per share.

Significant changes in the state of affairs

Other than the matters noted above there were no significant changes in the state of affairs of the Group during the financial period.

Aeon Metals Limited
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5. Events subsequent to reporting date

The Company issued 8.063 million fully paid ordinary shares to institutional and sophisticated investors and raised \$1,290 thousand before issue costs.

On 8 September 2013 a limited recourse loan provided to a manager to acquire 200 thousand ordinary shares on 8 September 2010 was due for repayment. The transaction was treated as an option in accordance with AASB 2. The loan was not repaid on 8 September 2013 and the Company has cancelled the 200 thousand shares issued to the manager.

6. Likely developments

The Company is focussed on continuing to grow its 3 core advanced exploration assets, which consist of the following:

- 2 large porphyry projects:
 - Greater Whitewash Copper/Molybdenum Project
 - Ben Hur Copper Project (a combined John Hill and Kiwi Carpet project)
- 7B Copper/Gold Project - consistent with a VMS deposit environment.

Ben Hur and 7B, combined with the large Greater Whitewash resource, are all significant projects within a 15km radius of each other. The success of the drilling at 7B and Ben Hur has turned the Company's contiguous tenement package into a multiple project copper province with the ability to develop a centralised processing plant to service the combined project base. This is assisted by the fact that the location of the projects are all close to major infrastructure (power, sealed highway, water) and only 215kms by highway to Gladstone port. This centralised plant strategy will be continued to be advanced as the resource bases grow.

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.

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 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.

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8. Information on directors

Thomas Joseph Mann age 67	—	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 (resigned 3 March 2010)

Mr. Mann is considered to be an independent Director

John Leslie Goody age 61	—	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	—	30,451,112 shares held by Goody Investments Pty. Ltd. 1,000,000 shares held by Goody Family A/C 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

Aeon Metals Limited
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8. Information on directors

Edgar George Newman age 61 — 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 — None

Mr. Newman is considered to be an independent Director

Hamish Collins age 43 — 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 — 4,000,000 performance rights

Directorships held in other listed entities in the last 3 years — MM Mining Limited (resigned October 2011)
Timpetra Resources Limited (appointed 9 October 2012)

Mr. Collins is considered to be a non independent Director

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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 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 Company 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 Company share price is at least 45 cents for 10 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.

Aeon Metals Limited
Directors Report
For the year ended 30 June 2013

9. Remuneration report – audited (con'd)

9.1 Principles of compensation (con'd)

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.

<i>In thousands of AUD</i>	2013	2012	2011	2010	2009
Net loss attributable to owners of the company	\$ (72)	\$ (1,995)	\$ (5,231)	\$ (969)	\$ (1,085)
Dividends paid	-	-	-	-	-
Change in share price	\$ 0.140	\$ (0.212)	\$ 0.010	\$ 0.240	\$ (0.060)

Loss amounts for 2009 to 2013 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	Total \$	Value of options as proportion of remuneration %	Proportion of remuneration performance related %
		Salary & fees \$	Consultancy fees \$	Super-annuation benefits \$	Options and rights \$			
in AUD								
Directors								
Non-executive directors								
Thomas Mann	2013	60,000	-	5,400	-	65,400		
	2012	120,000	-	10,800	-	130,800		
Richard Haren (retired 21 May 2012)	2013	-	-	-	-	-		
	2012	45,833	17,675	4,125	-	67,633		
Edgar Newman	2013	25,000	-	2,250	-	27,250		
	2012	16,667	-	37,833	-	54,500		
Sydney Griff (retired 21 May 2012)	2013	-	-	-	-	-		
	2012	45,833	-	-	-	45,833		
Executive Directors						-		
John Goody	2013	-	131,250	-	-	131,250		
	2012	-	277,832	-	-	277,832		
Hamish Collins (appointed 28 March 2012)	2013	275,000	-	24,750	130,000	429,750	30%	30%
	2012	71,707	-	6,454	-	78,161		
Chief Executive Officer						-		
Charles Carnie (resigned 29 July 2011)	2013	-	-	-	-	-		
	2012	28,935	-	1,500	-	30,435		

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

Aeon Metals Limited
Directors Report
For the year ended 30 June 2013

9. Remuneration report – audited (con'd)

9.2 Directors' and executive officers' remuneration (con'd)

Details of performance related remuneration

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. The fair value of the performance rights issued during the year was \$130 thousand which has been expensed as remuneration in the current period.

9.3 Equity instruments

All options and performance rights refer to options and rights 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

Details of performance rights that were granted as compensation to each key management person during the reporting period and details on performance rights that vested during the reporting period are as follows:

	Number of performance rights granted during 2013	Grant date	Fair value per performance right at grant date (\$)	Share price hurdle (\$)	End of performance period	Number of performance rights vested during 2013
Directors						
Hamish Collins	2,000,000	24 August 2012	0.025	0.300	24 August 2014	-
Hamish Collins	2,000,000	24 August 2012	0.040	0.450	24 August 2016	-

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

Apart from the performance rights outlined above 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.

Aeon Metals Limited

Directors Report

For the year ended 30 June 2013

9. Remuneration report – audited (con'd)

9.4 Non-executive directors

At the 2011 Annual General Meeting, shareholders approved an aggregate amount of \$325 thousand to be available for payment of non-executive Directors' fees. At 30 June 2012, the serving non-executive Directors' fees were reduced by 50%. During the year ended 30 June 2013, the non-executive Directors' fees were paid as follows:

Thomas Mann:	\$60,000 plus statutory superannuation of 9%.
Edgar Newman:	\$25,000 plus statutory superannuation of 9%.

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
Edgar Newman	5	5
Hamish Collins	5	5

As well, two (2) Audit Committee meetings were held. They were attended by Edgar Newman and Hamish Collins as invitee.

11. Share options

Unissued shares under options and performance rights

At the date of this report unissued ordinary shares of the Group under options and performance rights are:

Expiry date	Exercise price	Number of shares
Options		
09/11/2014	\$0.15	13,333,333
08/02/2016	\$0.13	1,000,000
Performance rights		
24/08/2014	n/a	2,000,000
24/08/2016	n/a	2,000,000

All unissued shares are ordinary shares in the Company.

These options and rights do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares issued on exercise of options

During or since the end of the financial year, the Company did not issue ordinary shares as a result of the exercise of options.

Aeon Metals Limited
Directors Report
For the year ended 30 June 2013

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 year KPMG, the Group's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms, for audit and non-audit services provided during the year are set out below:

Services other than audit and review of financial statements

Other services

Research and development tax incentive assistance

Audit and review of financial statements

Total paid to KPMG

2013 \$
15,000
15,000
70,000
85,000

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.

Aeon Metals Limited
Directors Report
For the year ended 30 June 2013

15. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 65 and forms part of the directors' report for the financial year ended 30 June 2013.

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 19th day of September 2013.

Aeon Metals Limited
Consolidated statement of financial position
As at 30 June 2013

in thousands of AUD

	Note	30 June 2013	30 June 2012
Assets			
Cash and cash equivalents	19	1,129	1,000
Trade and other receivables	18	84	54
Other investments	16	41	39
Prepayments		41	41
Total current assets		1,295	1,134
Other investments	16	11	45
Investments in equity-accounted investees	15	-	-
Property, plant and equipment	13	165	205
Other Assets		43	24
Exploration and evaluation assets	14	21,871	17,373
Total non-current assets		22,090	17,647
Total assets		23,385	18,781
Liabilities			
Trade and other payables	26	200	100
Provisions	25	50	50
Employee benefits	23	78	64
Total current liabilities		328	214
Total non-current liabilities		-	-
Total liabilities		328	214
Net assets		23,057	18,567
Equity			
Share capital	21	30,525	28,119
Reserves	21	737	164
Accumulated Losses		(9,788)	(9,716)
Total equity attributable to equity holders of the Company		21,474	18,567
Non-controlling interests		1,583	-
Total equity		23,057	18,567

The Notes on pages 28 to 61 are an integral part of these consolidated financial statements.

Aeon Metals Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2013

in thousands of AUD

	Note	2013	2012
Continuing operations			
Revenue	8	31	164
Gain on revaluation of investment in equity accounted associate	7	1,387	-
Other income	9	49	-
Impairment loss		(143)	(558)
Administrative expenses		(635)	(817)
Other expenses	10	(764)	(800)
Results from operating activities		(75)	(2,011)
Finance income		35	95
Finance costs		(34)	(79)
Net finance costs	12	1	16
Share of loss of equity-accounted investees (net of tax)		-	-
Loss before tax		(74)	(1,995)
Income Tax expense	17	-	-
Loss for period		(74)	(1,995)
Other Comprehensive Income		-	-
Total comprehensive loss for the year		(74)	(1,995)
Loss attributable to:			
Owners of the Company		(72)	(1,995)
Non-controlling interest		(2)	-
Loss for the period		(74)	(1,995)
Total comprehensive loss attributable to:			
Owners of the Company		(72)	(1,995)
Non-controlling Interest		(2)	-
Total comprehensive loss for the period		(74)	(1,995)
Earnings per share			
Basic loss per share (AUD)	22	0.04 (cents)	1.36 (cents)
Diluted loss per share (AUD)	22	0.04 (cents)	1.36 (cents)

The Notes on pages 28 to 61 are an integral part of these consolidated financial statements.

Aeon Metals Limited
Consolidated statement of changes in equity
For the year ended 30 June 2013

<i>in thousands of AUD</i>	<i>Note</i>	Attributable to owners of the Company				Total equity
		Share capital	Equity compensation Reserve	Accumulated Losses	Non-controlling interests	
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						
<i>Contributions by and distributions to owners</i>						
Issue of ordinary shares	21	700	-	-	-	700
Capital Raising Costs		(52)	-	-	-	(52)
Share-based payment transactions	24	-	82	-	-	82
Share options exercised	21	200	(4)	4	-	200
Share options expired		-	(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
Balance at 1 July 2012		28,119	164	(9,716)	-	18,567
Total comprehensive income for the year		-	-	-	-	-
Profit or loss		-	-	(72)	(2)	(74)
Total comprehensive income for the year		-	-	(72)	(2)	(74)
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Issue of ordinary shares	21	1,825	-	-	-	1,825
Capital Raising Costs		(57)	-	-	-	(57)
Share-based payment transactions	24	638	573	-	-	1,211
Total contributions by and distributions to owners of the Company		2,406	573	-	-	2,979
<i>Changes in ownership interests in subsidiaries</i>						
Acquisition of subsidiary with non-controlling interests		-	-	-	1,585	1,585
Total changes in ownerships interests in subsidiaries		-	-	-	1,585	1,585
Balance at 30 June 2013		30,525	737	(9,788)	1,583	23,057

The Notes on pages 28 to 61 are an integral part of these consolidated financial statements.

Aeon Metals Limited
Consolidated statement of cash flows
For the year ended 30 June 2013

in thousands of AUD

	Note	2013	2012
Cash flows from operating activities			
Cash receipts for service fees		28	171
Government grant received		538	-
Cash paid to suppliers and employees		(1,068)	(1,396)
Cash generated from operations		(502)	(1,225)
Interest received		35	95
Net cash used in operating activities	20	(467)	(1,130)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(2)	(17)
Payments for exploration activities		(1,321)	(1,956)
Acquisition of other investments		(2)	(3)
Acquisition of subsidiary, net of cash acquired	7	153	-
Net cash used in investing activities		(1,172)	(1,976)
Cash flows from financing activities			
Proceeds from issue of share capital		1,825	900
On market purchase of shares for equity-based compensation		-	(78)
Payment of capital raising costs		(57)	(52)
Net cash from/(used in) financing activities		1,768	770
Net decrease in cash and cash equivalents		129	(2,336)
Cash and cash equivalents at 1 July		1,000	3,336
Cash and cash equivalents at 30 June	19	1,129	1,000

The Notes on pages 28 to 61 are an integral part of these consolidated financial statements.

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2013

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 3, 88 Pitt Street, Sydney NSW 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2013 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 primarily is involved 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 (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 19 September 2013.

(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 2013, the Group incurred a net loss before tax of \$74 thousand and recorded net cash outflows from operating and investing activities of \$1,639 thousand. As at 30 June 2013, the Group had net assets of \$23,057 thousand, including cash of \$1,129 thousand. 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.

Subsequent to year end the Company agreed to place 8.063 million ordinary shares to institutional and sophisticated investors to raise \$1,290 thousand before issue costs (refer note 32).

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

The methods used to measure fair values are discussed further in note 5.

Aeon Metals Limited
Notes to the consolidated financial statements
For the year ended 30 June 2013

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 dollars 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 consolidated financial statements is included in the following notes:

- Note 2(b) – going concern
- Note 14 – exploration and evaluation asset recoverability
- Note 17 – unrecognised and deferred tax assets
- Note 24 – measurement of share-based payments
- Note 25 – provisions
- Note 27 – valuation of financial instruments

(f) Changes in accounting policies

(i) Presentation of transactions recognised in the other comprehensive income

From 1 July 2012 the Group applied amendments to AASB 101 *Presentation of Financial Statements* 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. These changes are included in the statement of profit or loss and other comprehensive 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 in the consolidated statement of profit or loss and other comprehensive income 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 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) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2013

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Non-controlling interests (continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

(iii) 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.

(iv) Loss of control

On 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 that retained interest is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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

Associates are those entities in which the Group has significant influence, but not control or joint 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. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for under the equity method 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 interests 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.

Aeon Metals Limited
Notes to the consolidated financial statements
For the year ended 30 June 2013

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

(vii) 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, which is the date that 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 in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such 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 them 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 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 on initial recognition. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, are recognised in profit or loss. Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Aeon Metals Limited
Notes to the consolidated financial statements
For the year ended 30 June 2013

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 (see note 3(e)(i)). Loans and receivables comprise cash and cash equivalents, trade and other receivables, and term deposits.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less that are subject to an insignificant risk of change in fair value, and are used by the Group in the management of its short term commitments. 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. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

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 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 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 realise 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 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 classified as at fair value through profit or loss, including an interest in an equity accounted investee, 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, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or 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. The group considers a decline of 20 percent to be significant and a period of 9 months to be prolonged.

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 financial assets) 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.

Aeon Metals Limited
Notes to the consolidated financial statements
For the year ended 30 June 2013

3. Significant accounting policies (continued)

(e) Impairment (continued)

(i) Non-derivative financial assets (continued)

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 economic and credit conditions are such that the actual losses are likely to be greater or lesser 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.

Equity accounted investees

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the policy set out in Note 3(e)(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than exploration and evaluation assets (refer note 3(d)), 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

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2013

3. Significant accounting policies (continued)

(e) Impairment (continued)

(ii) Non-financial assets (continued)

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 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.

(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 share-based payment awards 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 awards. The amount recognised as an expense is adjusted to reflect the number of awards that vest, except for those that fail to vest due to market conditions not being met. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Aeon Metals Limited
Notes to the consolidated financial statements
For the year ended 30 June 2013

3. Significant accounting policies (continued)

(f) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

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.

(iv) Defined contribution plans

A defined contribution plan is a post employment benefit plan which an entity pays fixed contributions into a separate entity and has no legal or construction obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit or loss in the periods during which related services are rendered by employees.

(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.

(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 does not control the entity and is entitled to charge a margin in relation to these costs this amount is recorded as revenue in profit or loss.

(i) 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.

Aeon Metals Limited
Notes to the consolidated financial statements
For the year ended 30 June 2013

3. Significant accounting policies (continued)

(i) Government grants (continued)

Government grants are recognised in the statement of cash flows as an operating cash flow on receipt.

(j) 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.

(k) 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, changes in the fair value of financial assets at fair value through profit or loss, gains or losses on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(l) 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
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2013

3. Significant accounting policies (continued)

(l) Income tax (continued)

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 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.

(m) 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.

(n) 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.

(o) 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 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.

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2013

4. 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 2012, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(a) **AASB 9 *Financial Instruments* (2010), AASB 9 *Financial Instruments* (2009)**

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The extent of the impact of AASB 9 (2009 and 2010) has not been determined.

(b) **AASB 10 *Consolidated Financial Statements* (2011)**

AASB 10 (2011) is effective for annual periods beginning on or after 1 January 2013 and introduces a new control model that is applicable to all investees, by focusing on whether the Group has the power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, AASB 10 (2011) requires the Group to consolidate investees that it controls on the basis of de facto circumstances.

In accordance with the transitional provisions of AASB 10 (2011), the Group is currently reassessing the control conclusion for its investees.

(c) **AASB 11 *Joint Arrangements* (2011)**

Under AASB 11, the Group will be required to classify its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group will consider the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

AASB 11 is effective for annual periods beginning on or after 1 January 2013. The Group has reassessed its current accounting treatment in respect of joint arrangements and considers no adjustments to the financial statements will be required.

(d) **AASB 12 *Disclosure of Interests in Other Entities* (2011)**

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements under this standard in comparison with existing disclosures.

The requirements of AASB 12 are effective for annual periods beginning on or after 1 January 2013.

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2013

4. New standards and interpretations not yet adopted (continued)

(e) AASB 13 Fair Value Measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants at the measurement date.

In accordance with the transitional provisions of AASB 13, the Group is reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013. It is not expected to have a significant impact on the measurement of the Group's assets and liabilities.

(f) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

5. 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.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(b) 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.

(c) Share-based payment transactions

The fair value of the performance rights is measured using the Monte Carlo Simulation method and the fair value of the employee share options and the share appreciation rights 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 of the Company's share prices, 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.

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2013

6. 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.

7. Acquisitions of subsidiary and non-controlling interests

Acquisition of subsidiary

During the year ended 30 June 2013 the Group acquired an additional 25 percent share holding in SLW Queensland Pty Ltd (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 \$
Cash	153
Property, plant and equipment	17
Exploration and evaluation assets	3,793
Net identifiable assets and liabilities	3,963
25% net identifiable assets and liabilities acquired	991
Consideration payable	991
Less non-cash consideration	(991)
Cash acquired	(153)
Net cash consideration / (acquired)	(153)

Aeon Metals Limited
Notes to the consolidated financial statements
For the year ended 30 June 2013

7. Acquisitions of subsidiary and non-controlling interests (continued)

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 consolidated statement of comprehensive income as 'Gain on revaluation of investment in equity accounted associate'.

8. Revenue

in thousands of AUD

Service fees

2013	2012
31	164
31	164

9. Other income

in thousands of AUD

Government grants

2013	2012
49	-
49	-

10. Other expenses

in thousands of AUD

Employee benefits expense

Superannuation expense

Share - based payments

Other expenses

2013	2012
(484)	(526)
(61)	(97)
(219)	(82)
-	(95)
(764)	(800)

11. Expenses by nature

in thousands of AUD

Employee benefit expense

Depreciation expense

Consultancy expense

Advertising expense

Repairs and Maintenance expense

Impairment Losses

Share- based payments

Finance costs

Other expenses

2013	2012
545	623
58	73
151	391
7	8
2	6
143	558
219	82
34	79
417	434

Aeon Metals Limited
Notes to the consolidated financial statements
For the year ended 30 June 2013

12. Finance income and finance costs

Recognised in profit or loss

in thousands of AUD

	2013	2012
Interest income from bank deposits	35	95
Net change in fair value of financial assets at fair value through profit or loss	-	-
Finance income	35	95
Net change in fair value of financial assets at fair value through profit or loss	(34)	(79)
Finance costs	(34)	(79)
Net finance costs recognised in profit or loss	1	16
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	35	95
Total interest expense on financial liabilities	-	-
	35	95

13. Property, plant and equipment

in thousands of AUD

	Computer equipment	Mining and Exploration equipment	Plant and equipment	Motor Vehicles	Total
Cost					
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
Balance at 1 July 2012	49	265	6	141	461
Additions	1	16	1	-	18
Balance at 30 June 2013	50	281	7	141	479
Depreciation					
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)
Balance at 1 July 2012	(44)	(142)	(3)	(67)	(256)
Depreciation for the year	(3)	(35)	(1)	(19)	(58)
Balance at 30 June 2013	(47)	(177)	(4)	(86)	(314)
Carrying amounts					
at 1 July 2011	9	157	3	92	261
at 30 June 2012	5	123	3	74	205
at 1 July 2012	5	123	3	74	205
at 30 June 2013	3	104	3	55	165

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Notes to the consolidated financial statements
For the year ended 30 June 2013

14. Exploration and evaluation assets

<i>in thousands of AUD</i>	Capitalised Exploration Expenditure	Total
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
Balance at 1 July 2012	17,373	17,373
Additions	5,130	5,130
Government grant received in relation to exploration and evaluation	(489)	(489)
Accumulated impairment losses for the year	(143)	(143)
Balance at 30 June 2013	21,871	21,871

The Group tested the exploration and evaluation assets for impairment and recognised an impairment loss of \$143 thousand 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. \$1,321 thousand (2012: \$1,956 thousand) of the capitalised costs have been included in cash flows from investing activities in the cash flow statement. \$3,793 thousand of the capitalised costs were included in the acquisition of SLW Queensland Pty Ltd (see note 7).

15. Equity accounted investees

The Group's share of loss in its equity accounted investees for the year was \$6 thousand (2012: loss of \$38 thousand). The Group has not recognised losses in relation to SLW Queensland Pty Ltd, totalling \$70 thousand in 2013, since the Group has no obligation in respect of these losses.

The Group's equity-accounted investee is not a publicly listed entity and consequentially does not have published price quotations.

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

<i>in thousands of AUD</i>	Reporting date	Owner- ship	Current assets	Non- current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities	Net assets	Income	Expenses	Profit/ (loss)
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)

On 9 November 2012, the Group's equity interest in SLW Queensland Pty Ltd increased from 35 to 60 percent and SLW Queensland Pty Ltd became a subsidiary from that date (see Note 7). Financial information relating to SLW Queensland Pty Ltd for the year ended 30 June 2013 has not been presented in the above table as the Group only equity accounted its investment for the period from 1 July 2012 to 9 November 2012. The Group's equity accounted investee recorded income of \$12 thousand, expenses of \$29 thousand and a net loss of \$17 thousand for the period 1 July 2012 to 9 November 2012.

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16. Other investments

in thousands of AUD

Non-current investments

Financial assets designated at fair value through profit or loss - listed shares (i)

Current investments

Term deposit

Note	2013	2012
	11	45
	11	45
	41	39
	41	39

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

The term deposit has an interest rate of 4.10% (2012: 5.5%) and matures in 6 months.

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 27.

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/decrease in the price of the stock held at the reporting date would have increased or decreased profit or loss by \$550 after tax (2012: \$2 thousand). The analysis is performed on the same basis for 2012 and assumes that all other variables remain the same.

17. Income tax

in thousands of AUD

Income tax recognised in profit or loss

Current tax expense

Current year

Deferred tax expense

Total income tax expense

2013	2012
-	-
-	-
-	-

Reconciliation of effective tax rate

in thousands of AUD

Loss for the period

Total tax expense

Loss excluding tax

Tax using the Company's domestic tax rate of 30 percent (2012:30 percent)

Non-deductible expenses

Non-assessable income

Current year losses for which no deferred tax asset was recognised

2013	2012
(74)	(1,995)
-	-
(74)	(1,995)
(22)	(599)
136	248
(431)	-
317	351
-	-

Unrecognised deferred tax assets

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

in thousands of AUD

Deductible temporary differences

Tax losses

2013	2012
-	-
2,182	3,512
2,182	3,512

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17. 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.

18. Trade and other receivables

in thousands of AUD

	2013	2012
Other trade receivables	6	3
GST receivable	78	51
	84	54

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in Note 27.

19. Cash and cash equivalents

in thousands of AUD

	2013	2012
Bank balances	1,129	1,000
Cash and cash equivalents in the statement of cash flows	1,129	1,000

20. Reconciliation of cash flows from operating activities

in thousands of AUD

	Note	2013	2012
Cash flows from operating activities			
Profit (loss) for the period		(74)	(1,995)
Adjustments for:			
Depreciation	13	58	73
Impairment of exploration and evaluation assets	14	143	540
Change in fair value of investment through profit and loss	12	34	79
Impairment loss on trade receivables		-	17
Gain on equity interests	7	(1,387)	-
Equity-settled share-based payment transactions	24	219	82
		(1,007)	(1,204)
Government grant received from exploration and evaluation		489	-
Change in borrowings		-	-
Change in trade and other receivables	18	(30)	30
Change in trade receivables for exploration		(6)	(3)
Change in prepayments		(1)	(3)
Change in trade and other payables	26	100	(92)
Change in trade and other payables for exploration		(28)	131
Change in provisions and employee benefits	23	14	14
Change in interest bearing investments	16	2	(3)
Net cash from/(used in) operating activities		(467)	(1,130)

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21. Capital and reserves

Share capital

<i>In thousands of shares</i>	Ordinary shares	
	2013	2012
In issue at 1 July	152,822	145,022
Issued for cash	5,228	5,600
Issued for services	-	200
Issued in acquisition of SLW Queensland Pty Ltd	16,000	-
Exercise of share options	-	2,000
In issue at 30 June	<u>174,050</u>	<u>152,822</u>

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

2013

16,000 thousand ordinary shares were issued on 9 November 2012 for cash of \$675 thousand and consideration for acquisition of 25% of SLW Queensland Pty Ltd (refer note 24).

Additionally, 5,228 thousand ordinary shares were issued on 19 March 2013 at an issue price of \$0.22 per share as a result of the share placement announced 13 March 2013. Capital raising costs included in the share capital attributable to the issue of shares during the year was \$57 thousand.

2012

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

Additionally 5,600 thousand 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 thousand.

Lastly, 200 thousand 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 note 24).

Equity compensation reserve

The equity compensation reserve records the fair value of options and performance rights issued (refer to note 24).

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22. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2013 was based on the loss attributable to ordinary shareholders of \$72 thousand (2012: \$1,995 thousand) and a weighted average number of ordinary shares outstanding of 164,511 thousand (2012: 146,951 thousand), calculated as follows:

Loss attributable to ordinary shareholders (basic)

in thousands of AUD

	2013	2012
Loss for the period	(72)	(1,995)
Profit (loss) attributable to ordinary shareholders	(72)	(1,995)

Weighted average number of ordinary shares (basic)

in thousands of shares

	Note	2013	2012
Issued ordinary shares at 1 July	21	152,822	145,022
Effect of share options exercised		-	1,044
Effect of shares issued in February 2012		-	74
Effect of shares issued in May 2012		-	811
Effect of shares issued in November 2012		10,214	-
Effect of shares issued in March 2013		1,475	-
Weighted average number of ordinary shares at 30 June		164,511	146,951

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2013 was based on loss attributable to ordinary shareholders of \$72 thousand (2012: \$1,995 thousand), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 164,511 thousand (2012: 146,951 thousand), calculated as follows:

Loss attributable to ordinary shareholders (diluted)

in thousands of AUD

	2013	2012
Loss attributable to ordinary shareholders (basic)	(72)	(1,995)
Profit (loss) attributable to ordinary shareholders (diluted)	(72)	(1,995)

Weighted average number of ordinary shares (diluted)

in thousands of shares

	2013	2012
Weighted average number of ordinary shares (basic)	164,511	146,951
Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted) at 30 June	164,511	146,951

At 30 June 2013 14,333 thousand options and 4,000 thousand performance rights (2012: nil) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

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23. Employee benefits

in thousands of AUD

	2013	2012
Salaries and wages accrued	19	19
Liability for annual leave	59	45
Total employee benefits - current	78	64

24. Share-based payment arrangements

Description of the share-based payment arrangements

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.

On 16 February 2012, 200 thousand 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 thousand 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 thousand. 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.

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. The fair value of the performance rights issued during the year was \$130 thousand.

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 of \$638 thousand was determined by reference to the market price of the shares on the date of issue and the fair value of the options of \$353 thousand was calculated using the Black Scholes Model.

On 8 February 2013, 1,000 thousand options were granted at an exercise price of \$0.125 per share as consideration for provision of consultancy services. The options were exercisable at grant date and will expire on 8 February 2016. The fair value of the options of \$89 thousand was calculated using the Black Scholes Model. At balance date no options were exercised.

Aeon Metals Limited

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24. Share-based payment arrangements (continued)

Disclosure of share option programme

The number and weighted average exercise prices of share options are as follows:

<i>in AUD</i>	Number of options 2013	Weighted average exercise price 2013	Number of options 2012	Weighted average exercise price 2012
Outstanding at 1 July	-	-	-	-
Granted during the year	14,333,333	0.15	-	-
Outstanding at 30 June	14,333,333	0.15	-	-
Exercisable at 30 June	14,333,333	0.15	-	-

The options outstanding at 30 June 2013 have an exercise price in the range of \$0.125 to \$0.150 (2012: no options) and a weighted average contractual life of four hundred and ninety seven days (2012: nil days).

Shares issued under non recourse loan agreements are excluded from the number of options on issue outlined above.

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:

	Employee Options		
	2012	2012	2012
Number of options	200,000	200,000	250,000
Grant date	16 February 2012	17 April 2012	17 April 2012
Fair value at grant date	\$0.130	\$0.138	\$0.137
Share price at grant date	18 cents	18 cents	18 cents
Exercise price	18 cents	17 cents	18 cents
Expected volatility (weighted average)	122%	122%	122%
Expected life (weighted average)	3 years	3.5 years	3.5 years
Risk-free interest rate (based on government bonds)	3.50%	3.20%	3.20%

	Performance Rights Tranche 1	Performance Rights Tranche 2	Options	
	2013	2013	2013	2013
Number of options	2,000,000	2,000,000	13,333,333	1,000,000
Grant date	24 August 2012	24 August 2012	9 November 2012	8 February 2013
Fair value at grant date	\$0.025	\$0.040	\$0.0266	\$0.089
Share price at grant date	7.5 cents	7.5 cents	8 cents	12 cents
Exercise price	-	-	15 cents	12.5 cents
Expected volatility (weighted average volatility)	80%	80%	91%	129%
Option life (expected weighted average life)	-	-	2 years	3 years
End performance period	24 August 2014	24 August 2016	-	-
Risk-free interest rate (based on government bonds)	2.79%	2.68%	2.67%	2.80%
Share price hurdle	\$0.30	\$0.45	-	-

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24. Share-based payment arrangements (continued)

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

25. Provisions

In thousands of AUD

	Site restoration	Total
Balance at 1 July 2012	50	50
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Balance at 30 June 2013	50	50
Non-current	-	-
Current	50	50
	50	50

Site restoration

A provision of \$50 thousand 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.

26. Trade and other payables

Trade and other payables

In thousands of AUD

	2013	2012
Trade payables due to related parties	-	1
Other payables	106	25
Other trade payables	94	74
	200	100

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 27.

27. 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.

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27. Financial instruments (continued)

Credit risk (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

<i>In thousands of AUD</i>	Note	Carrying amount	
		2013	2012
Interest bearing investments	16	41	39
Trade and other receivables	18	84	54
Cash and cash equivalents	19	1,129	1,000
		<u>1,254</u>	<u>1,093</u>

Impairment losses

The aging of the trade and other receivables at the end of the reporting period that were not impaired was as follows:

<i>In thousands of AUD</i>	2013	2012
Neither past due nor impaired	84	54
Past due 1 - 30 days	-	-
Past due 31 - 90 days	-	-
Past due 91 - 120 days	-	-
	<u>84</u>	<u>54</u>

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

<i>In thousands of AUD</i>	
Balance at 1 July 2011	-
Impairment loss recognised	17
Amounts written off	-
Balance at 30 June 2012	<u>17</u>
Balance at 1 July 2012	17
Impairment loss recognised	-
Amounts written off	-
Balance at 30 June 2013	<u>17</u>

At 30 June 2013 an impairment loss of \$17 thousand 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.

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

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27. Financial instruments (continued)

Liquidity risk (continued)

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 thousand credit card facility (2012: \$30 thousand). At 30 June 2013 the undrawn amount is \$30 thousand (2012: \$30 thousand).

At 30 June 2013 the Group has payables of \$200 thousand (2012: \$100 thousand) due within 3 months.

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 end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as follows:

<i>In thousands of AUD</i>	2013	2013	2012	2012
Variable rate instruments				
Financial assets	3.82%	1,129	4.82%	1,000
Held-to-maturity assets	4.10%	41	5.50%	39
		1,170		1,039

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

<i>Effect in thousands of AUD</i>	Profit or loss	
	100bp increase	100bp decrease
30 June 2013		
Variable rate instruments	11	(11)
Cash flow sensitivity (net)	11	(11)
30 June 2012		
Variable rate instruments	22	(22)
Cash flow sensitivity (net)	22	(22)

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27. 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 2013		30 June 2012	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value					
Financial assets designated at fair value through profit or loss	16	11	11	45	45
		11	11	45	45
Assets carried at amortised costs					
Interest bearing investments	16	41	41	39	39
Trade and other receivables	18	84	84	54	54
Cash and cash equivalents	19	1,129	1,129	1,000	1,000
		1,254	1,254	1,093	1,093
Liabilities carried at amortised cost					
Trade and other payables	26	(200)	(200)	(100)	(100)
		(200)	(200)	(100)	(100)

Fair value hierarchy

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

- Level 1: quotes 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).

In thousands of AUD

	Level 1	Level 2	Level 3
30 June 2013			
Financial assets designated as at fair value through profit of loss	11	-	-
Total assets	11	-	-
30 June 2012			
Financial assets designated as at fair value through profit of loss	45	-	-
Total assets	45	-	-

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27. Financial instruments (continued)

Accounting classifications and fair values (continued)

There have been no transfers from Level 2 to Level 1 during the year ended 30 June 2013 (2012: no transfers in either direction).

28. Operating leases

Leases as lessee

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows.

in thousands of AUD

Less than one year
Between one and five years
More than five years

2013	2012
27	4
-	-
27	4

The Group leases three premises under operating leases. Two 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.

The remaining lease, is a 12 month lease effective from 15 March 2013. The total rental payments are \$2,750 per month.

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.

29. Commitments and contingencies

There are no contractual commitments or contingent liabilities at 30 June 2013 (2012: nil).

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30. Related parties

Key management personnel compensation

The key management personnel compensation comprised:

<i>in AUD</i>	2013	2012
Short-term employee benefits	360,000	328,975
Share based payments	130,000	-
Consulting fees	131,250	295,507
Post-employment benefits	32,400	60,712
	653,650	685,194

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 during the year. 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 values year ended 30 June		Balance outstanding as at 30 June	
<i>in AUD</i>		<i>Note</i>	2013	2012	2013	2012
Key management person						
Thomas Mann	Reimbursements	(i)	15,551	-	15,000	-
John Goody	Reimbursements	(i)	13,352	2,843	-	-
Edgar Newman	Reimbursements	(i)	-	407	-	-
Hamish Collins	Reimbursements	(i)	6,743	3,666	-	1,169
Other related parties						
Richard Haren - Flatoak Pty Ltd	Reimbursements		-	1,103	-	-
Total and current liabilities					15,000	1,169

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

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30. Related parties (continued)

Options and rights over equity instruments

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

	Held at 1 July 2012	Granted as compensation	Other changes	Held at 30 June 2013	Vested during the year
Directors					
Hamish Collins	-	4,000,000	-	4,000,000	-

There were no performance rights on issue during the year ended 30 June 2012.

During the reporting period and during the year ended 30 June 2012, there were no options over ordinary shares in Aeon Metals Limited (formerly Aussie Q Resources Ltd) 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 2012	Purchases	Received on exercise of options	Sales	Held at 30 June 2013
Directors					
Thomas Mann	5,050,430	-	-	-	5,050,430
John Goody	32,501,112	-	-	-	32,501,112

	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	-	-	-	-	-

No shares were granted to key management personnel during the reporting period as compensation in 2012 or 2013.

Other related party transactions

	Transaction values year ended 30 June		Balance outstanding as at 30 June	
<i>In thousands of AUD</i>	2013	2012	2013	2012
Associate - sale of services	31	164	-	-

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31. Group entities

Significant subsidiaries

	Country of incorporation	Ownership interest	
		2013	2012
Parent Entity:			
Aeon Metals Limited			
Significant Subsidiaries			
Aussie NQ Resources Pty Ltd	Australia	100	100
SLW Queensland Pty Ltd	Australia	60	35

32. Subsequent events

The Company issued 8.063 million fully paid ordinary shares to institutional and sophisticated investors and raised \$1,290 thousand before issue costs.

On 8 September 2013 a limited recourse loan provided to a manager to acquire 200 thousand ordinary shares on 8 September 2010 was due for repayment. The transaction was treated as an option in accordance with AASB 2. The loan was not repaid on 8 September 2013 and the Company has cancelled the 200 thousand shares issued to the manager.

33. Auditors' remuneration

In AUD	2013	2012
Audit and review services		
Auditors of the Company		
KPMG Australia:		
Audit and review of financial statements	70,000	67,463
	70,000	67,463
Other services		
Auditors of the Company		
KPMG Australia:		
Research and development tax incentive assistance	15,000	-
	15,000	-

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34. Parent entity disclosures

As at, and throughout, the financial year ending 30 June the parent entity of the Group was Aeon Metals Limited.

in thousands of AUD

	2013	2012
Result of parent entity		
Loss for the year	(66)	(1,995)
Other comprehensive income	-	-
Total comprehensive income for the year	(66)	(1,995)
Financial position of parent entity at year end		
Current assets	1,135	1,134
Non-current assets	20,673	17,650
Total assets	21,808	18,784
Current liabilities	325	214
Total liabilities	325	214
	21,483	18,570
Total equity of parent entity comprising of:		
Share capital	30,525	28,119
Equity compensation reserve	382	164
Option reserve	355	-
Accumulated losses	(9,779)	(9,713)
Total equity	21,483	18,570

Parent entity commitments and contingencies

The Group commitments and contingencies noted in Note 29, if any, reflect the commitments and contingencies of the parent entity.

Aeon Metals Limited

For the year ended 30 June 2013

Directors' declaration

- 1 In the opinion of the directors of Aeon Metals Limited (the "Company"):
 - (a) the consolidated financial statements and notes that are set out on pages 24 to 61 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 2013 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 Managing Director (who performed the duties of the chief executive officer and chief financial officer) for the financial year ended 30 June 2013.
- 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.....NINETEENTH.....day of.....SEPTEMBER.....2013.



Hamish Collins
Managing Director



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

Report on the financial report

We have audited the accompanying financial report of Aeon Metals Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2013, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 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*.



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 2013 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 \$21,871 thousand, 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 2013. 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 Limited for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Adam Twemlow
Partner

Gold Coast
19 September 2013



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

To: the directors Aeon Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 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

Gold Coast

19 September 2013