Aeon Metals Limited

31 December 2013

Interim Financial Report

Contents

Aeon Metals Limited

31 December 2013 Interim Financial Report

Directors' report

The directors of Aeon Metals Limited (the "Company" or "Aeon") present their report together with the consolidated financial statements for the six months ended 31 December 2013 and the review report thereon.

Directors

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

Name	Period of directorship
Mr Thomas Joseph Mann Chairperson Non-executive director	Appointed 28 June 2010 Re-elected at AGM 28 November 2012
Mr Edgar George Newman Non-executive Director	Appointed 31 December 2008 Re-elected at AGM 24 November 2011
Mr Hamish Collins Managing Director	Appointed 28 March 2012
Mr John Leslie Goody Executive Director Director of Exploration	Appointed 28 September 2006 Re-elected at AGM 14 November 2013

Review of operations

Exploration

On 12 November, 2013, Aeon announced a maiden JORC Mineral Resource estimate for the John Hill copper-silver-molybdenum deposit within the Ben Hur Project. It contains 190,000 tonnes of copper, 2,700,000 ounces of silver and 16,665,000 lbs of molybdenum (at a 0.24% copper cut-off). The Mineral Resource estimate was completed by geological consultant SRK Consulting in accordance with the guidelines of the JORC Code (2012 edition). The Resource comprises:

JORC Classification (@ 0.24% Cu cut-off)	Tonnage (Mt)	Cu Grade (%)	Mo Grade (%)	Ag Grade (g/t)	Cu (t)	Mo (Mlb)	Ag (Moz)
Inferred	62	0.30	0.012	1.30	190,000	16.7	2.7

Complete grade tonnage results are given in the 12 November 2013 ASX Announcement noting the fresh component of the resource comprises:

JORC Classification (@ 0.24% Cu cut-off)	Tonnage (Mt)	Cu Grade (%)	Mo Grade (%)	Ag Grade (g/t)	Cu Equiv[1] (%)	Cu (t)	Mo (Mlb)	Ag (Moz)
Inferred	52	0.30	0.013	1.40	0.36	160,000	16.7	2.3

Aeon Metals Limited

31 December 2013 Interim Financial Report

Directors' Report (continued)

Review of operations (continued)

[1]Metal equivalents were used for reporting the Mineral Resource in the fresh domains. The price assumptions used to derive the Cu equivalent value are, in Australian dollars: Cu $3.25/lb, Ag $25/oz, Mo $14/lb.

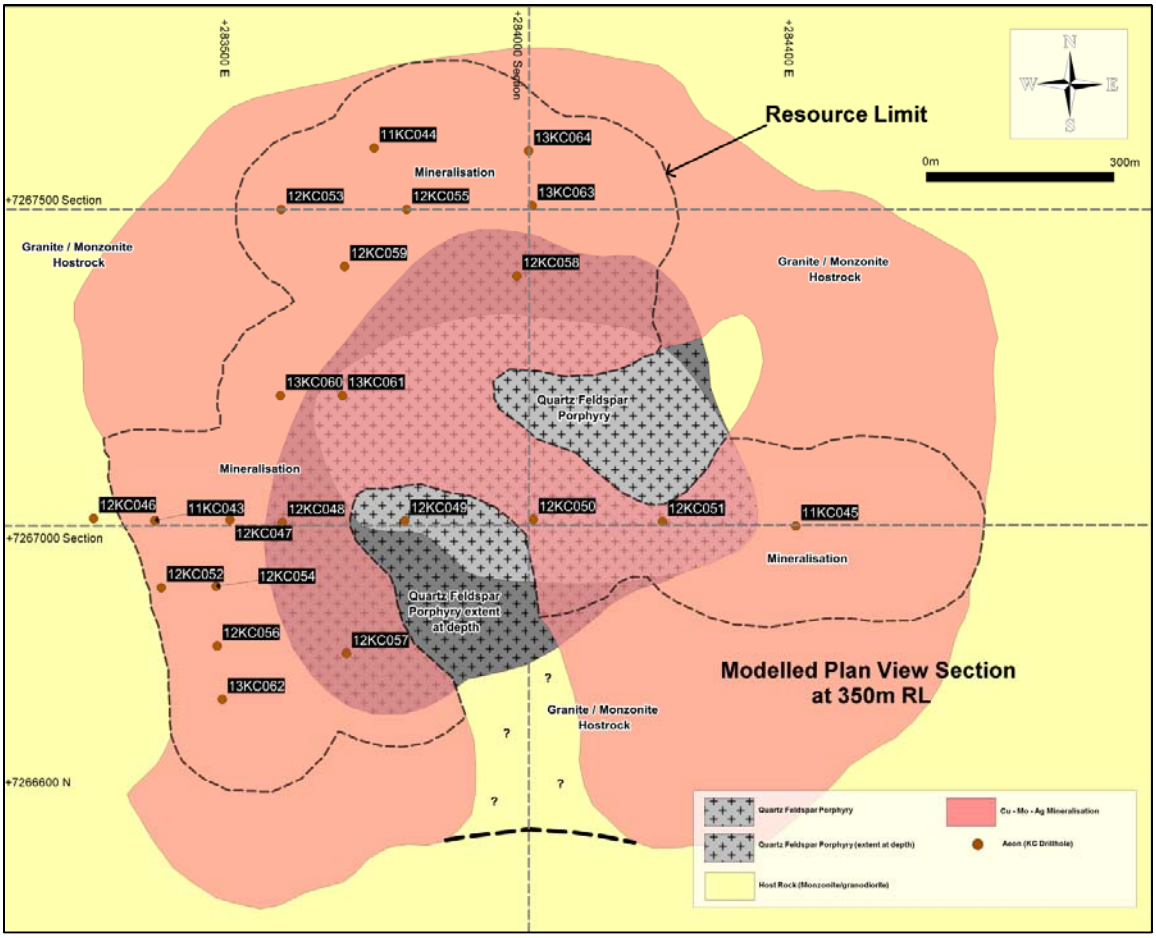
The recovery factors assumed for the metal equivalent equation are from analysis done by ALS Ammtec in Sydney. This laboratory carried out a demonstration flotation test on a 1 kg subsample of primary mineralised John Hill material, split from an 8 kg composite of four assay reject samples. The test sample assayed 0.4% Cu, 1ppm Ag and 190 ppm Mo. The test yielded recoveries of 86.1% Cu, 56.1% Ag and 69% Mo.

Combining the price and recovery assumptions, the Cu equivalent equation is:

Cu eq (ppm) = Cu (ppm) + 73.1 Ag (ppm) + 3.45 Mo (ppm).

Metal equivalents are not used for reporting the Mineral Resource in the oxide domain. No recovery information is available for this domain.

The bulk of mineralisation occurs as a halo of disseminated sulphide and stockwork quartz veins, hosted by monzo-granodiorite marginal to a quartz-feldspar porphyry seen below in the plan diagram showing the current outlines of the John Hill deposit:



Aeon Metals Limited

31 December 2013 Interim Financial Report

Directors' Report (continued)

Review of operations (continued)

Additionally, during the six months to December 31, 2013, the Company has been actively drilling and collecting soil samples on its Permits near Monto in Queensland. Specifically, the Company's exploration consisted of the following:

- A 27 hole (2,464m) Stage 3 drill campaign was completed at the 7B Project. Total drilling at 7B (Stages 1-3) since the first drill hole in February 2013 is now 5,464m, covering an area of 2,500m North-South and 900m East-West and with a focus on the Wild Chilli mineralised area. Some highlights of the Stage 3 drill campaign as follows:

    - 10m @ 1.77% Cu, 1.1g/t Au and 6g/t Ag from surface;
    - 7m @ 1.25% CuEquiv2 from 61;
    - 16m @ 0.64% CuEquiv2 from 65;
    - 6m @ 0.51% CuEquiv2 from 75;
    - 9m @ 0.53% Cu, 0.1g/t Au and 2.4g/t Ag from 21m; and
    - 22m @ 0.49% Cu, 0.1g/t Au and 6.2g/t Ag from 2m.

    [2]Copper Equivalent Calculation as per commodity prices Cu $3.25/lb, Zn $0.89/Lb, Ag A$22/oz, Au A$1,300/oz, Co A$36,000/t.

    Cu Equiv Formula = Copper grade + (Zn grade(Zn price/Cu price) + Ag grade*((Ag price/0.0625)/Cu price) + Au grade*((Au price/0.0625)/Cu price) + (Co grade*(Co price/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.

- The Stage 3 campaign was designed to expand the known mineralisation, discovered in Stage 1 and 2 campaigns, as well as targeting new opportunities within close proximity to the known sheeted vein style lodes within the Wild Chilli area. Both strategies have been successful:

    - a step out of the Wild Chilli lode achieved;
    - new areas of discovery within close proximity that will require further follow-up drilling.

- Extensive soil sampling campaign over highly prospective geological targets, combined with magnetic anomalies. This resulted in further defining anomalous copper and copper-gold drill targets at the Company's 7B Prospect.

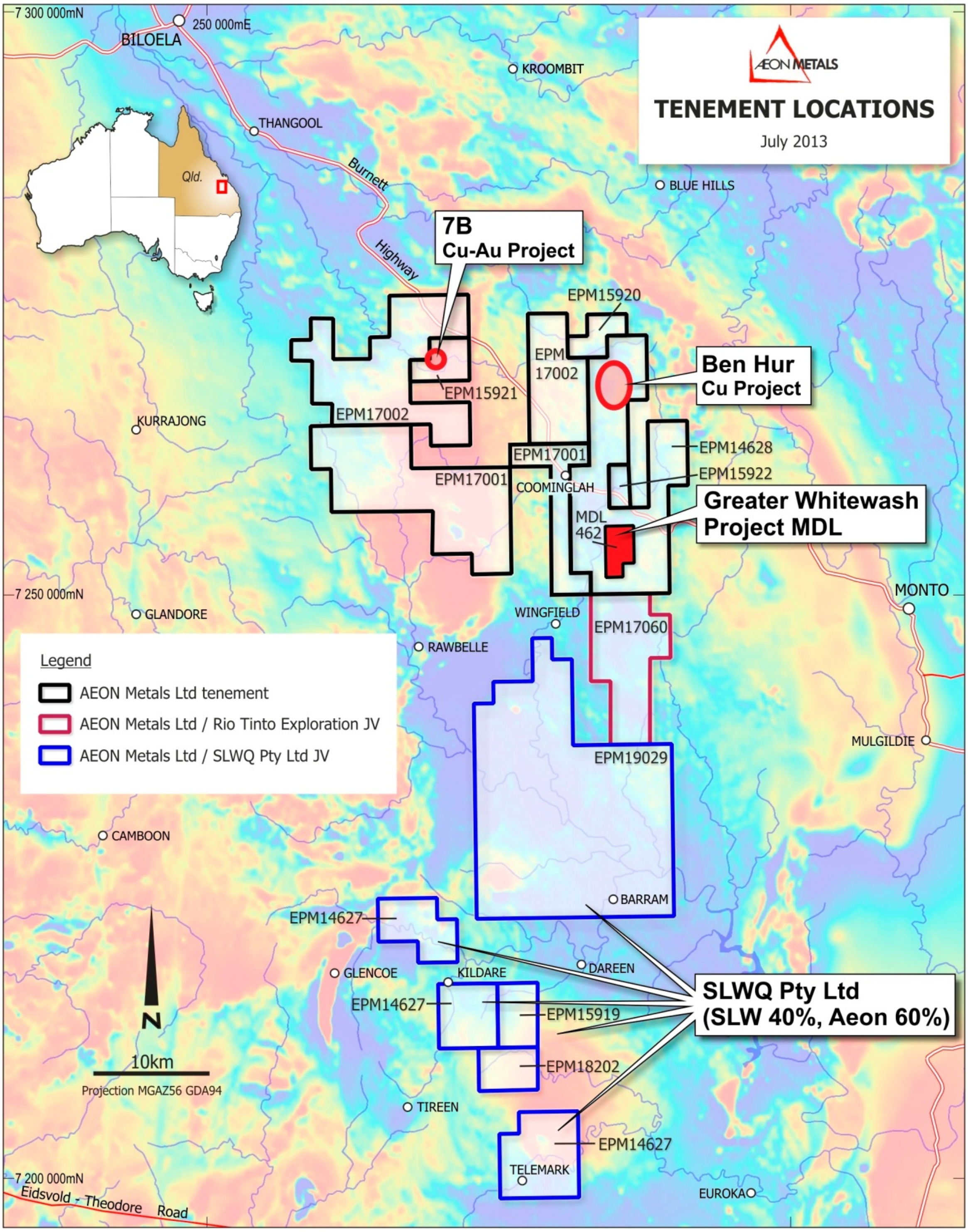
Aeon Metals Limited

31 December 2013 Interim Financial Report

Directors' Report (continued)

Review of operations (continued)

Tenement Locations



Aeon Metals Limited

31 December 2013 Interim Financial Report

Directors' Report (continued)

Review of operations (continued)

Tenement Holdings 31/12/13

TENEMENT HOLDER	TENEMENT I.D.	LOCATION	INTEREST HELD
Aeon Metals Limited	EPM 14628	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15920	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15921	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15922	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17001	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17002	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17060	West of Monto, Qld	100% with RTX*
Aeon Metals Limited	MDL 462	Northwest of Monto, Qld	100%
Aussie NQ Resources Pty Ltd	EPM 18359	South of Georgetown, Qld	100%
SLW Queensland Pty Ltd	EPM 14627	Southwest of Monto, Qld	60%
SLW Queensland Pty Ltd	EPM 15919	Southwest of Monto, Qld	Relinquished Dec Qtr
SLW Queensland Pty Ltd	EPM 18202	Southwest of Monto, Qld	60%
SLW Queensland Pty Ltd	EPM 19029	West of Monto, Qld	60%

*100% with Rio Tinto Exploration Pty Ltd, earning 70%

Corporate

During the six months to December 31, 2013 Aeon agreed to place 8,062,500 ordinary fully paid shares at A$0.16 per share to institutional and sophisticated investors in Australia to raise $1,290,000 before costs of the issue.

Financial Position

The net assets of the Group at 31 December 2013 were $23,733 thousand including cash of $975 thousand. The Directors have prepared cash flow projections for the coming 12 months which include the Group raising additional cash funding (refer Note 2).

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs.

Aeon Metals Limited

31 December 2013 Interim Financial Report

Directors' Report (continued)

Review of operations (continued)

After Balance Date Events

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

Future Developments, Prospects and Business Strategies

The 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

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 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.

Due to the drop in corporate and asset valuations the Company has continued to pursue copper assets and corporate mergers and acquisitions. Aeon wishes to be an active party in this regard and believes it has the management expertise and proven skills in identifying value and structuring to act quickly on any "corporate growth" transaction. Additionally, a strategic decision has been taken to review Joint Venture proposals for Ben Hur following renewed interest prompted by the November 2013 Resource announcement.

Environmental Issues

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

> The exploration undertaken at Rawbelle to date has not created significant environmental issues. However, environmental issues will arise as and when the Group moves into production and these issues will be thoroughly assessed at the time any mining authority is sought. Usual measures are undertaken pre and post drilling to ensure that the environmental impact is minimised. This includes re-contouring and re-seeding affected areas and capping drill collars. The work undertaken to date has produced minimal impact on the environment. No issues regarding compliance were encountered during the reporting period.

Aeon Metals Limited

31 December 2013 Interim Financial Report

Directors' Report (continued)

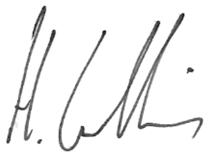
Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 23 and forms part of the directors' report for the six months ended 31 December 2013.

Rounding off

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

Signed in accordance with a resolution of the directors:



Hamish Collins
Managing Director

Dated at Sydney this 14th day of March 2014.

The information in this report that relates to exploration targets and mineral resources is based on information compiled by Mr Martin I'Ons who is a Member of the Australian Institute of Geoscientists and who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Martin I'Ons is a self-employed consultant who consults to Aeon and has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Aeon Metals Limited

Condensed consolidated interim statement of financial position

As at 31 December 2013

In thousands of AUD	*Note*	31 Dec 2013	30 Jun 2013
Assets			
Cash and cash equivalents		975	1,129
Trade and other receivables		51	84
Other investments		41	41
Prepayments		26	41
Total current assets		1,093	1,295
Other investments		9	11
Property, plant and equipment		146	165
Other assets		43	43
Exploration and evaluation assets	11	22,627	21,871
Total non-current assets		22,825	22,090
Total assets		23,918	23,385
Liabilities			
Trade and other payables		56	200
Employee benefits		79	78
Provisions		50	50
Total current liabilities		185	328
Total non-current liabilities		-	-
Total liabilities		185	328
Net assets		23,733	23,057
Equity			
Share capital	7	31,770	30,525
Reserves		656	737
Accumulated losses		(10,269)	(9,788)
Total equity attributable to owners of the Company		22,157	21,474
Non-controlling interests		1,576	1,583
Total equity		23,733	23,057

The condensed notes on pages 14 to 19 are an integral part of these condensed consolidated interim financial statements.

Aeon Metals Limited

Condensed consolidated interim statement of profit or loss and other comprehensive income

For the six months ended 31 December 2013

In thousands of AUD	*Note*	**31 Dec 2013**	**31 Dec 2012**
Revenue		-	25
Gain on revaluation of investment in equity accounted associate	*6*	-	1,387
Other income		-	49
Administrative expenses		(273)	(268)
Impairment loss		(12)	(72)
Other expenses		(303)	(423)
Results from operating activities		(588)	698
Finance income		21	14
Finance costs		(2)	(19)
Net finance income/(costs)		19	(5)
Share of profit of equity-accounted investees (net of tax)		-	-
Profit/(loss) before income tax		(569)	693
Income tax expense		-	-
Profit/(loss) for the period		(569)	693
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(569)	693
Profit/(loss) attributable to:			
Owners of the Company		(562)	693
Non-controlling interests		(7)	-
Profit/(loss) for the period		(569)	693
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(562)	693
Non-controlling interests		(7)	-
Total comprehensive income/(loss) for the period		(569)	693
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents per share)	8	(0.32) cents	0.44 cents
Diluted earnings/(loss) per share (cents per share)		(0.32) cents	0.44 cents

The condensed notes on pages 14 to 19 are an integral part of these condensed consolidated interim financial statements.

Aeon Metals Limited

Condensed consolidated interim statement of changes in equity

For the six months ended 31 December 2013

		Attributable to owners of the Company					
in thousands of AUD	***Note***	**Share capital**	**Equity Compensation reserve**	**Retained earnings**	**Total**	**Non-Controlling interests**	**Total equity**
Balance at 1 July 2012, as previously reported		28,119	164	(9,716)	18,567	-	18,567
Total comprehensive income/(loss) for the period							
Profit/(loss) for the period		-	-	693	693	-	693
Total comprehensive income/(loss) for the period		-	-	693	693	-	693
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the company							
Share-based payment transactions	*9*	638	483	-	1,121	-	1,121
Issue of ordinary shares	*7*	675	-	-	675	-	675
Total contributions by and distributions to owners of the company		1,313	483	-	1,796	-	1,796
Changes in ownership interests in subsidiaries							
Acquisition of subsidiary with non-controlling interests	*6*	-	-	-	-	1,585	1,585
Total changes in ownership interests in subsidiaries		-	-	-	-	1,585	1,585
Balance at 31 December 2012		29,432	647	(9,023)	21,056	1,585	22,641
Balance at 1 July 2013, as previously reported		30,525	737	(9,788)	21,474	1,583	23,057
Total comprehensive income/(loss) for the period							
Profit/(loss) for the period		-	-	(562)	(562)	(7)	(569)
Total comprehensive income/(loss) for the period		-	-	(562)	(562)	(7)	(569)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the company							
Issue of ordinary shares	*7*	1,290	-	-	1,290	-	1,290
Capital raising costs		(45)	-	-	(45)	-	(45)
Expiry of options	*9*	-	(81)	81	-	-	-
Total contributions by and distributions to owners of the company		1,245	(81)	81	1,245	-	1,245
Changes in ownership interests in subsidiaries							
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-
Balance at 31 December 2013		31,770	656	(10,269)	22,157	1,576	23,733

The condensed notes on pages 14 to19 are an integral part of these condensed consolidated interim financial statements.

Aeon Metals Limited

Condensed consolidated interim statement of cash flows

For the six months ended 31 December 2013

In thousands of AUD	***Note***	**31 Dec 2013**	**31 Dec 2012**
Cash flows from operating activities			
Cash receipts from service fees		-	25
Cash paid to suppliers and employees		(627)	(490)
Cash used in operations		(627)	(465)
Interest received		21	14
Net cash (used in) from operating activities		(606)	(451)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1)	-
Payments for exploration activities		(792)	(434)
Acquisition of subsidiary, net of cash acquired		-	153
Acquisition of other investments		-	(1)
Net cash (used in) from investing activities		(793)	(282)
Cash flows from financing activities			
Proceeds from the issue of share capital		1,290	675
Payment of capital raising costs		(45)	-
Net cash from (used in) financing activities		1,245	675
Net increase (decrease) in cash and cash equivalents		(154)	(58)
Cash and cash equivalents at 1 July		1,129	1,000
Cash and cash equivalents at 31 December		975	942

The condensed notes on pages 14 to 19 are an integral part of these consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Aeon Metals Limited (the "Company") is a company domiciled in Australia. These condensed consolidated interim financial statements as at and for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in prospect and tenement exploration for a range of minerals including copper and molybdenum.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2013 are available upon request from the Company's registered office at Level 3, 88 Pitt Street, Sydney Nsw 2000 or at http://www.aeonmetals.com.au

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2013. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2013.

These condensed consolidated interim financial statements were approved by the Board of Directors on 14 March 2014.

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

Going concern

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

During the interim period ended 31 December 2013, the Group incurred a net loss before tax of $569 thousand and net cash outflow from operations and investing activities was $1,399 thousand. As at 31 December 2013, the Group had net assets of $23,733 thousand including cash of $975 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 to the extent that adequate funding is not obtained, the Group plans to reduce expenditures to the level of cash funds available.

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

Notes to the condensed consolidated interim financial statements (continued)

2. Basis of preparation (continued)

Judgements and estimates

In preparing these interim financial statements, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2013.

3. Significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2013. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2014.

(a) 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 to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 *Financial Instruments: Disclosures*.

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(b) Joint arrangements

As a result of AASB 11, the Group has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the Group classifies 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 considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its only joint arrangement and classified the investment as a joint operation. The Group continues to account for its share of the assets, liabilities, revenue and expenses in the joint operation; accordingly, there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

(c) Subsidiaries

As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has 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 consolidate investees that it controls on the basis of de facto circumstances.

The Group has reassessed the control conclusion for its investees at 1 July 2013 and consider there to be no change to the investees it consolidated at 30 June 2013. Accordingly there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

Notes to the condensed consolidated interim financial statements (continued)

4. Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2013.

5. Operating segments

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

6. Acquisition of subsidiary

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

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

Total consideration for the 25 percent acquisition was $991 thousand comprising cash of $12.50, shares with a fair value of $637 thousand and options with a fair value of $354 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)

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 being recognised in the Group's income statement for the period ended 31 December 2012. This amount has been included in the condensed consolidated statement of comprehensive income as 'Gain on revaluation of investment in equity accounted associate'.

Notes to the condensed consolidated interim financial statements (continued)

7. Capital and reserves

Issues of ordinary shares

8,062 thousand ordinary shares were issued on 14 August 2013 for cash of $1,290 thousand. All issued shares are fully paid.

Equity compensation reserve

The equity compensation reserve records the fair value of options and performance rights issued (refer note 9).

8. Earnings/(loss) per share

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

	31 Dec 2013	31 Dec 2012
Net profit/(loss) for the period *(in thousands of AUD)*	(569)	693
Weighted average number of ordinary shares *(in thousands of shares)*	177,120	157,344

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

	31 Dec 2013	31 Dec 2012
Net profit/(loss) for the period *(in thousands of AUD)*	(569)	693
Weighted average number of ordinary shares - basic	177,120	157,344
Effect of share options on issue	-	-
Weighted average number of ordinary shares - diluted *(in thousands of shares)*	177,120	157,344

At 31 December 2013, 14,333 thousand options (31 December 2012:7,773 thousand) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Notes to the condensed consolidated interim financial statements (continued)

9. Share-based payments

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 was interest free and repayable within 3 years. In accordance with AASB 2 the loan provided to the manager and shares issued were valued as an option. During the period ended 31 December 2013 the loan became due and payable. As settlement of the loan the shares issued with a fair value at grant date of $81 thousand were transferred to the Company.

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 prior period 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.

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 payments:

	Performance Rights Tranche 1	**Performance Rights Tranche 2**	**Options**
	31 Dec 2012	**31 Dec 2012**	**31 Dec 2012**
Number of options	2,000,000	2,000,000	13,333,333
Grant date	24 August 2012	24 August 2012	9 November 2012
Fair value at grant date	$0.025	$0.040	$0.0266
Share price at grant date	7.5 cents	7.5 cents	8 cents
Exercise price	-	-	15 cents
Expected volatility (weighted average volatility)	80%	80%	91%
Option life (expected weighted average life)	-	-	2 years
End performance period	24 August 2014	24 August 2016	-
Risk-free interest rate (based on government bonds)	2.79%	2.68%	2.67%
Share price hurdle	$0.30	$0.45	-

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

Notes to the condensed consolidated interim financial statements (continued)

10. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2013 annual financial report.

Other related party transactions

	Transaction value For the six months ended		**Balance outstanding**	
In thousands of AUD	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2013**	**30 June 2013**
Sale of services				
SLW Queensland Pty Ltd	-	25	-	-

11. Impairment of exploration and evaluation of assets

During the six months ended 31 December 2013 the Group recognised an impairment loss of $12 thousand (2012: $72 thousand) relating to exploration and evaluation assets, due to there being no planned substantive expenditure or further exploration and evaluation of mineral resources with respect to two EPM's.

12. Subsequent events

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

Directors' declaration

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

1. the condensed consolidated financial statements and notes set out on pages 10 to 19, are in accordance with the Corporations Act 2001 including:

    (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the six month period ended on that date; and

    (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Hamish Collins
Managing Director

Dated at Sydney this 14th day of March 2014.

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

We have reviewed the accompanying interim financial report of Aeon Metals Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2013, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Aeon Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

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

Due to the matters set out in note 2, 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 $22,627 thousand at 31 December 2013, or settle its liabilities at the amounts recorded in the interim financial report.

KPMG

KPMG

Adam Twemlow
Partner

Gold Coast

14 March 2014

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

To: the directors of Aeon Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

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

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

KPMG

KPMG

Adam Twemlow
Partner

Gold Coast

14 March 2014