

Aeon Metals Limited
ABN 91 121 964 725

Annual report
30 June 2014

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Aeon Metals Limited

Directors Report

For the year ended 30 June 2014

The directors present their report together with the consolidated financial statements of the Group comprising of Aeon Metals Limited (the Company and/or Aeon) and its subsidiaries (the Group) for the financial year ended 30 June 2014 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 was company secretary of KBL Mining Limited until 1 May 2014 and retired as an executive director of that company on 15 May 2014. He was the general counsel and company secretary of CBH Resources Ltd until its takeover in 2010 and was a director and company secretary of Paradigm Metals Ltd until November 2012 and a director of Finders Resources Limited until August 2013. He was also general counsel of Savage Resources and Pancontinental Mining and 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. Additionally, in April 2014, the Company agreed to acquire a 100% interest in Aston Metals (Qld) Ltd ("Aston") with the acquisition completing in June 2014. Aston (now renamed Aeon Walford Creek Limited) holds an extensive exploration tenement portfolio in the Mount Isa and Constance Range areas of northwest Queensland as well as the advanced Walford Creek Project also in northwest Queensland.

Post the Aston transaction, the Group's mineral assets comprise a regionally extensive, but disparate, tenement holding in Queensland, namely:

- A 100% interest in the Walford Creek copper-lead-zinc project
- A 100% interest in permits comprising:
 - 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").
- Various interests in 7 permits of the Isa North base metals EPMs
- Various interests in 2 permits of the Isa West base metals-phosphate EPMs

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3. Principal activities (continued)

- Various interests in 10 permits of the Isa South copper-gold EPMS
- JV with Rio Tinto on one EPM

Other than the acquisition of Aston 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 amounted to \$5,489,000 (2013: \$74,000) including impairment losses of \$3,881,000 (2013: \$143,000).

Dividends

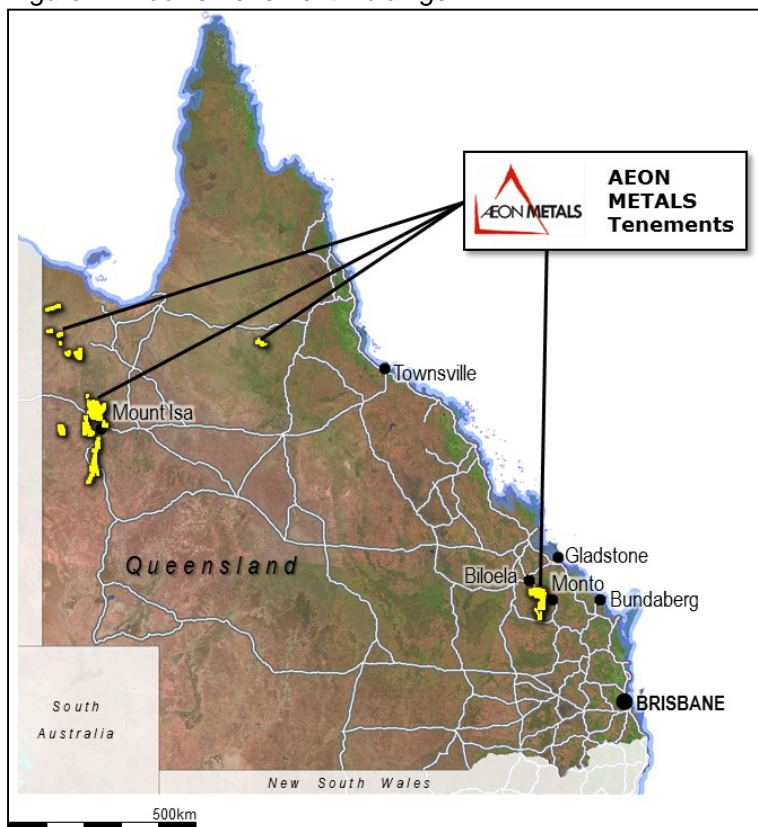
No dividends were paid or declared and no dividends have been recommended by the Directors.

Review of Exploration Operations

The twelve month period to 30 June 2014 has seen the Company continue to actively advance the Rawbelle tenement package with the announcement of a maiden JORC (2012) compliant Inferred Mineral Resource at the Ben Hur Project and the completion of a Stage 3 drill program at the 7B Project. In addition, on 3 April 2014 the Company announced a material corporate transaction with the acquisition of Aston, which includes the advanced Walford Creek Project, from receivers and managers.

The location of Aeon's Queensland tenement holdings, including those acquired through Aston, is shown below.

Figure 1: Aeon's Tenement Holdings

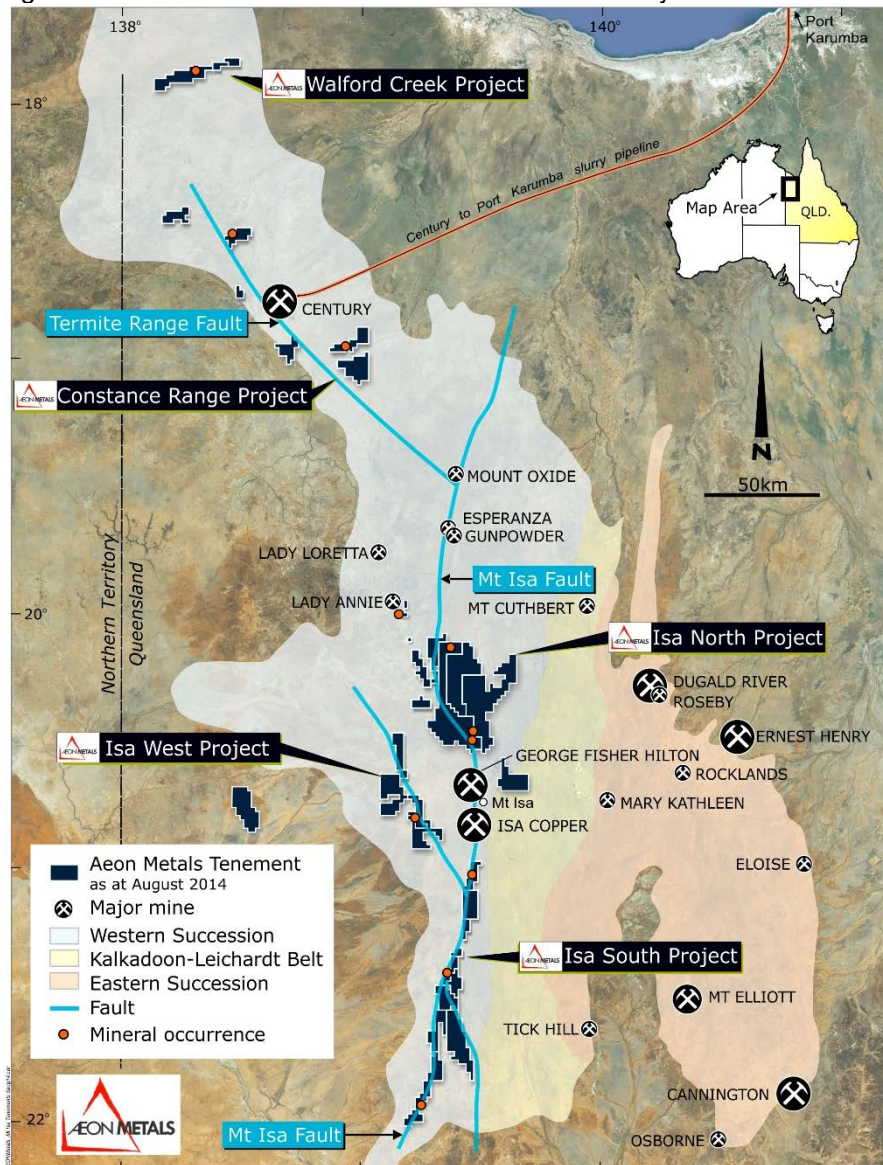


4. Operating and financial review (continued)

Review of Exploration Operations (continued)

Following the Aston acquisition, Aeon now holds interests in a regionally extensive tenement package in the Mount Isa and Constance Range areas of northwest Queensland. The most advanced of Aeon's projects in northwest Queensland is the Walford Creek Project where exploration completed to date has defined an Indicated and Inferred Resource at a 0.5% copper equivalent ("CuEq") cut-off in accordance with the JORC Code (2012).

Figure 2: Location of Aeon's northwest Queensland Projects



THE WALFORD CREEK PROJECT

The Walford Creek Project is located approximately 350km northwest of Mount Isa in northwest Queensland, close to the Northern Territory border. The closest town is Doomadgee, approximately 70km to the east, which is accessed by a sealed road from Cloncurry. Doomadgee has a commercial airstrip that connects the project site to other major centres within Queensland.

4. Operating and financial review (continued)
Review of Exploration Operations (continued)

At Walford Creek, Aeon holds the right to explore for minerals on 3 granted exploration permits covering a total area of 176km² as summarised below.

Table 1: Aeon's Tenement Holdings - Walford Creek Project

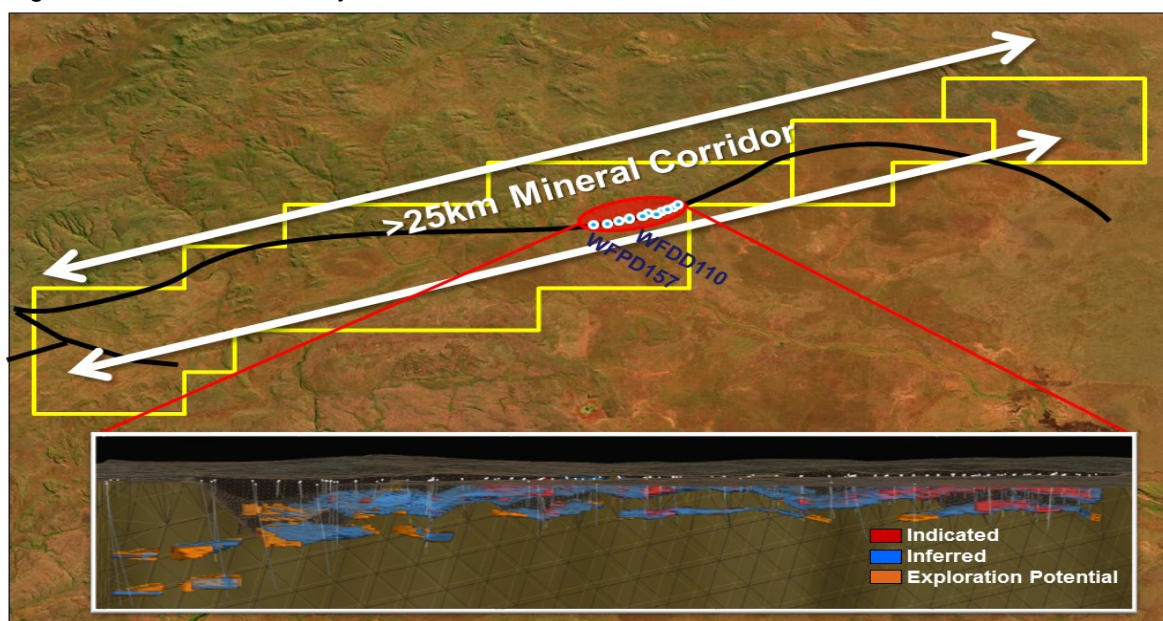
Tenement Summary							
EPM	Tenement Name	Project	Status	Sub Block	Km's ²	Grant Date	Expiry Date
EPM 14220	Walford Creek	WC	Granted	41	131.282	08-Mar-04	07-Mar-17
EPM 14854	Walford East	WC	Granted	6	19.212	22-Nov-05	21-Nov-15
EPM 18552	Walford Far East	WC	Granted	7	22.414	30-Nov-12	29-Nov-17

Exploration of the Walford Creek Project area commenced in the early 1960s, however it was not until the mid-1980s that any concerted activities were completed. Between 1961 and 2012, 217 exploratory drill holes were completed at Walford for a total of 34,504m.

The Walford Creek mineralisation shows affinities to both early sedimentary exhalative ("SEDEX") and late Mississippi Valley Type (MVT) styles of mineralisation. The structurally controlled Walford Creek mineralisation generally abuts the steeply southward dipping, regionally extensive east-west to east-northeast trending Fish River Fault.

The current Mineral Resource has been defined along a 5km strike length of the Fish River Fault corridor, which extends over a distance of approximately 25km within the Walford Creek tenements. The mineralisation is largely structurally controlled and there is further potential for extension to the defined Mineral Resource along the strike length of the fault.

Figure 3: Walford Creek Project tenement and Fish River Fault strike

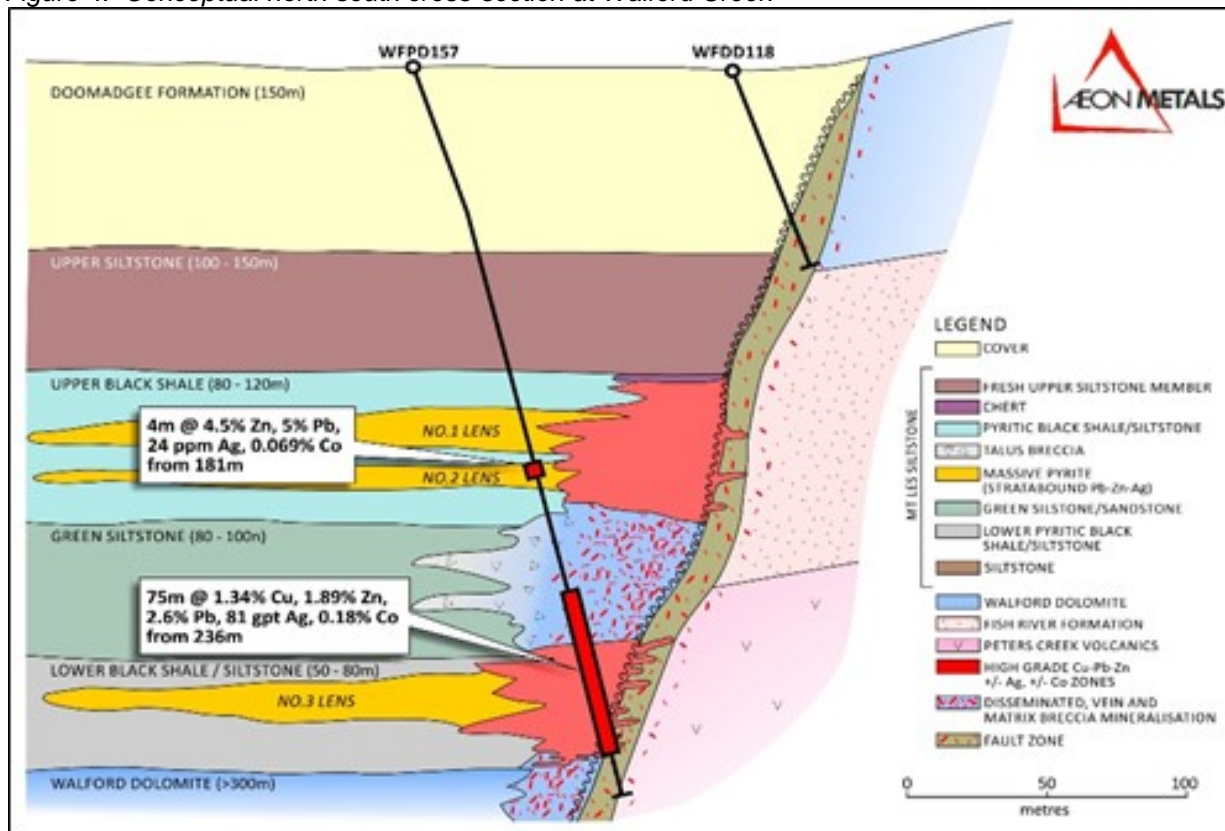


4. Operating and financial review (continued)

Review of Exploration Operations (continued)

The following figure is a conceptual north south cross-section which summarises the western stratigraphy at Walford Creek. It details the location of the presently defined mineralisation against the Fish River Fault.

Figure 4: Conceptual north south cross-section at Walford Creek



The Walford Creek Project hosts a Mineral Resource, prepared by H&SC Consultants Pty Ltd ("H&SC") for Aston, as summarised in the table below.

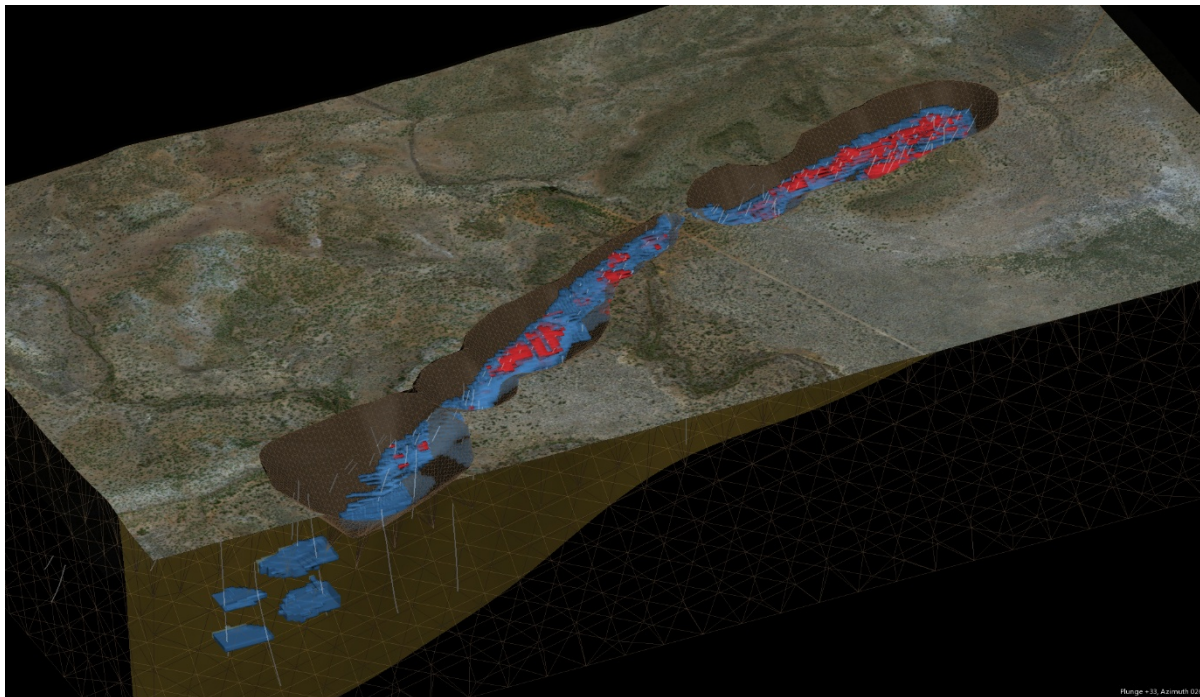
The Resource has been estimated at a 0.5% CuEq cut-off above the -100m RL (ie approximately within 200m of surface), with the cut-off based on A\$3.00/lb copper, A\$0.75/lb zinc, A\$0.75/lb lead, and A\$30/oz silver. Assumed recoveries are 95% for copper and 75% for lead, zinc, silver, and cobalt.

Table 2: Walford Creek Project Mineral Resource

Mineral	Category	Tonnes (mt)	Cu (%)	Pb (%)	Zn (%)	Ag (gpt)	Co (ppm)
Combined	Indicated	14.7	0.46	0.83	1.04	20.1	920
	Inferred	33.6	0.36	0.83	0.81	20.5	648
	Total	48.3	0.39	0.83	0.88	20.4	731

4. Operating and financial review (continued)
Review of Exploration Operations (continued)

Figure 5: 3D Model of the Walford Creek Prospect displaying the Fish River Fault (brown), the block model showing the Indicated (red) and Inferred (blue) Resource (approximate 4km strike length), the conceptual pit at 20 years and Quickbird satellite imagery draped over the digital terrain model, approximate 5km strike length.



The Walford Creek Project has a clear pathway to project development with the potential for open pit mine development of world scale. Walford Creek Project drilling commenced on 23 June 2014.

Exploration at Walford Creek is currently in the project definition phase, which includes further Resource delineation, as well as establishing metallurgical and mining parameters ultimately in support of a pre-feasibility study.

Aeon's near term exploration strategy at Walford Creek includes further drilling to a total of approximately 12,000m during the 2014 and 2015 dry seasons. The proposed drilling is designed to increase the tonnage and contained metal within the currently defined Mineral Resource and establish mining and metallurgical parameters for a pre-feasibility study by December 2015.

NORTHWEST QUEENSLAND PROJECTS (excluding Walford Creek)

In addition to the Walford Creek Project, the Aston acquisition provided Aeon with interests in a number of other base metal projects in the Mount Isa and Constance Range areas of northwest Queensland. These permits extend over a distance of approximately 500km from north to south and are subdivided into 4 main project areas, namely Constance Range, Isa North, Isa West and Isa South.

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4. Operating and financial review (continued)

Review of Exploration Operations (continued)

Northwest Queensland is host to a number of significant base metal mines such as Mount Isa, George Fisher Hilton, Mount Gordon, Ernest Henry, Osborne, Lady Loretta and the Century zinc mine. This area is accessible by road and the city of Mount Isa is the largest population centre in the region. It has its own airport connecting the region to major centres in Australia.

Aeon now has interests (through joint venture and/or 100% ownership) in 26 granted EPMs covering a total area of approximately 3,277km² for the 4 project areas.

Table 3: Aeon's Tenement Holdings - Northwest Queensland Projects

Tenement Summary							
EPM	Tenement Name	Project	Status	Sub Block	Km's ²	Grant Date	Expiry Date
EPM 11897	May Downs	IW	Granted	21	67.242	07-Jul-04	06-Jul-18
EPM 11898	May Downs South	IW	Granted	23	73.646	07-Jul-04	06-Jul-18
EPM 12653	Mt Annable	IS	Granted	9	28.818	09-Jul-03	08-Jul-18
EPM 13412	Yappo	IS	Granted	35	112.07	16-Dec-11	15-Dec-16
EPM 13413	Rufus	IS	Granted	45	144.09	16-Dec-11	15-Dec-16
EPM 13682	Wonomo	IS	Granted	63	201.726	16-Dec-11	15-Dec-16
EPM 14040	Kahko	IS	Granted	8	25.616	20-Apr-05	19-Apr-18
EPM 14233	Mt Guide	IS	Granted	17	54.434	20-Apr-05	19-Apr-17
EPM 14694	Mount Kelly South	IN	Granted	4	12.808	19-Oct-05	18-Oct-18
EPM 14712	Constance Range	C	Granted	23	73.646	21-Aug-06	20-Aug-14
EPM 14713	Constance Range Sth	C	Granted	19	60.838	21-Aug-06	20-Aug-14
EPM 14821	Waverly	IS	Granted	25	80.05	08-Jan-07	07-Jan-15
EPM 14935	Riversleigh	C	Granted	20	64.04	21-Aug-06	20-Aug-16
EPM 15156	Rufus South	IS	Granted	48	153.696	22-Mar-07	21-Mar-17
EPM 15186	Gregory	C	Granted	63	201.726	23-Mar-07	22-Mar-17
EPM15212	Yaringa	IW	Granted	50	160.1	13-Aug-07	12-Aug-15
EPM15911	Blue Hills	IS	Granted	16	51.232	15-Nov-07	14-Nov-16
EPM 16921	Buckley River	IN	Granted	21	67.242	23-Feb-10	22-Feb-15
EPM 17297	Blue Hills West	IS	Granted	3	9.606	21-Jun-10	20-Jun-16
EPM 17300	Waverly North	IN	Granted	5	16.01	06-Jul-09	05-Jul-18
EPM 17511	Andersons	IN	Granted	36	115.272	06-Jan-10	05-Jan-15
EPM 17513	Calton	IN	Granted	114	365.028	06-Jan-10	05-Jan-15
EPM 17514	Valhalla	IN	Granted	136	435.472	06-Jan-10	05-Jan-15
EPM 17519	Skal	IN	Granted	135	432.27	06-Jan-10	05-Jan-15
EPM 18395	Isa South	IW	Granted	33	105.666	14-Apr-11	13-Apr-16
EPM 18769	Beauchamps	IW	Granted	50	160.1	23-May-12	22-May-17

4. Operating and financial review (continued)
Review of Exploration Operations (continued)

Isa North (IN)

The Isa North Mining Rights Agreement, between Summit Resources (Aust) Pty Ltd ("Summit") and Aston, covers the Isa North Project's EPMs. In accordance with the Agreement, Aston has earned an 80% interest in the non-uranium mineral potential within the Isa North Co-operative area through exploration and expenditure. Summit retains 100% ownership of the tenements and sole and exclusive rights to uranium.

The Isa North tenements are located immediately adjacent to the northern boundary of Glencore's Mount Isa Mine Mining Lease covering the world-class Mount Isa copper and the Mount Isa, Hilton and George Fisher zinc-lead-silver deposits.

The Isa North tenements cover a series of intersecting major faults including the Mount Isa, Hero, and Western Fault zones. Aeon's primary target within the Isa North tenement package is the Hero Prospect, which lies along the Hero Fault.

Isa South (IS)

The Isa South Project is located along the southern extensions of the Mount Isa Fault Zone adjacent to the southern margin of the Mount Isa Mining Lease. Priority targets within the Isa South Project area include Mount Annable, Waverly, Mount Guide and the Aztec Ridge prospects.

Isa West (IW)

The Isa West Project comprises 3 tenements from the Western Isa Agreement with Summit and 2 by Aston. Part of the project area straddles approximately 50km of the significant north norwest trending May Downs Fault corridor. Geological mapping and surface geochemical surveys have identified a number of highly significant copper anomalies which require further drill targeting.

Constance Range (C)

The Constance Range tenements lie along or adjacent to the Termite Range Fault associated with stratabound base metal mineralisation at the world-class Century zinc-lead-silver deposit. The Musselbrook copper-gold prospect is the focus of Aeon's near term exploration activities within the Constance Range Project area. The prospect is located approximately 30km north of the Century Mine.

THE RAWBELLE TENEMENT PACKAGE

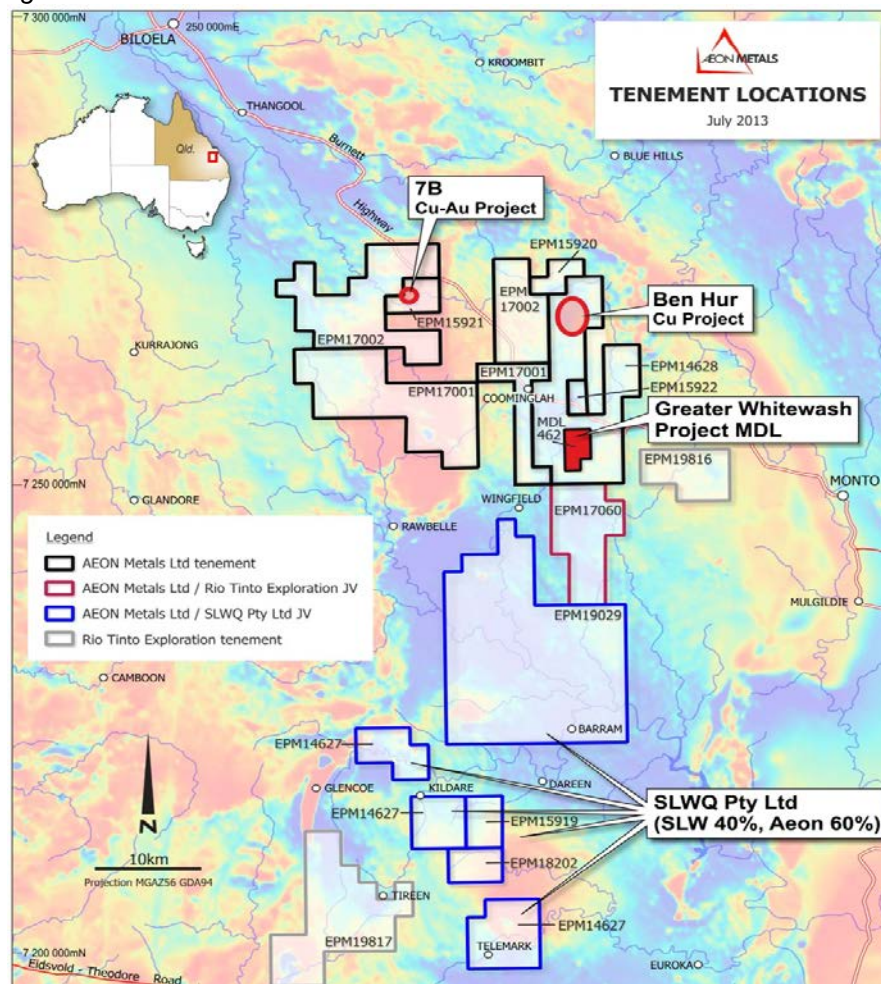
The Rawbelle tenement package lies approximately 30kms west of the town of Monto, Queensland. Monto is a town of 1,300 people and located approximately 115kms south west of Gladstone, a deep-water port. The region hosts exceptionally good infrastructure including a mining-oriented town with a willing workforce, bitumen highways that pass through the permit areas, a viable rail system, extensive power grid and large scale water resources.

The Group controls 7 EPMs: 14628, 15920, 15921, 15922, 17001, 17002 and 17060 all of which are held 100% by the Company.

In 2012 the Company entered into an earn-in and joint venture with Rio Tinto Exploration Pty Ltd on EPM 17060.

4. Operating and financial review (continued)
Review of Exploration Operations (continued)

Figure 6: Rawbelle Tenement locations



Ben Hur Project

After a 17 hole drill campaign undertaken in early 2012, Aeon announced the major new discovery of a large porphyry related hydrothermally altered mineralised body at Ben Hur. On 12 November, 2013 Aeon announced a maiden Ben Hur JORC compliant 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 16,665,000lbs 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).

The Resource comprises:

Table 4: Ben Hur Mineral Resource

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

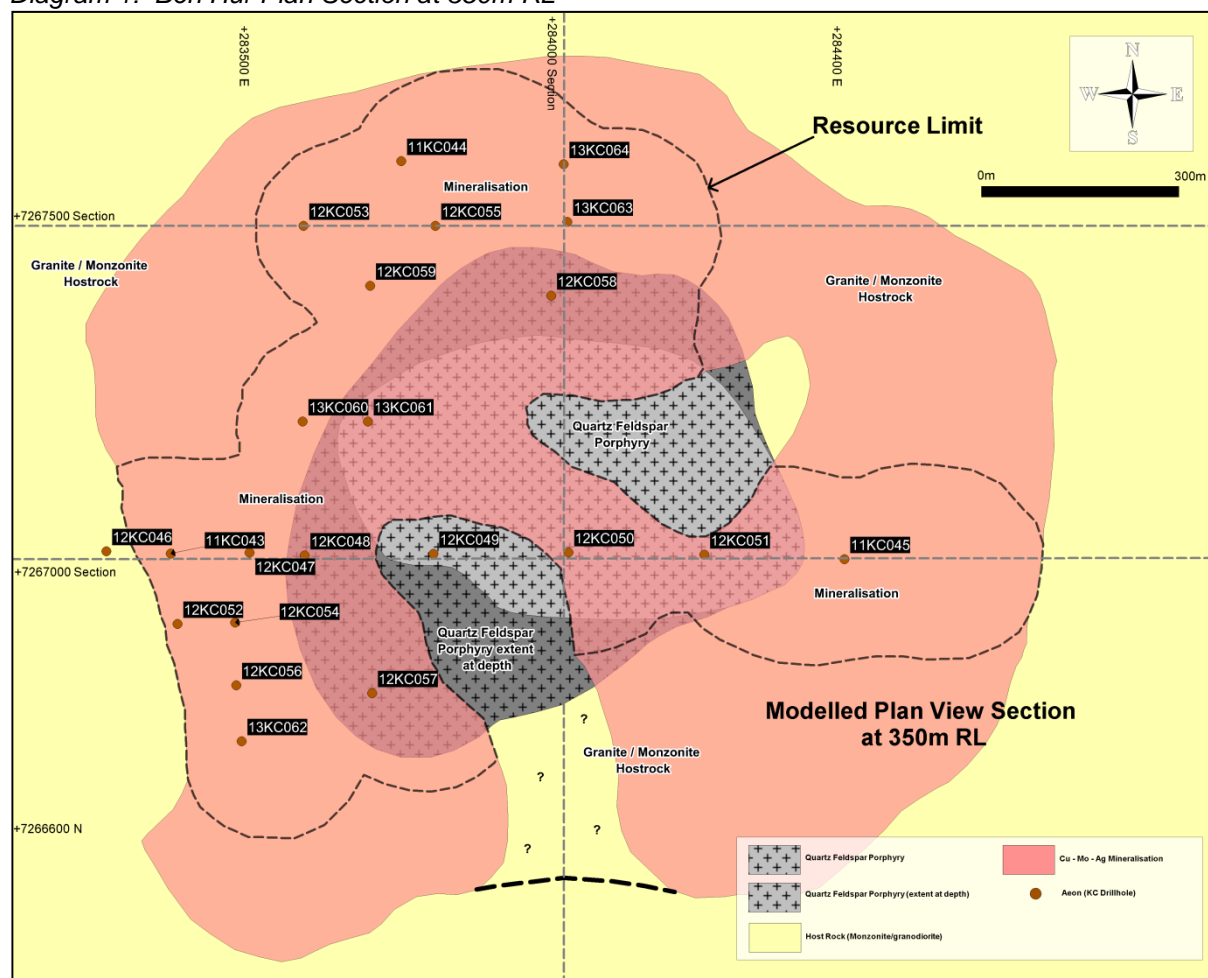
4. Operating and financial review (continued)

Review of Exploration Operations (continued)

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.

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.

Diagram 1: Ben Hur Plan Section at 350m RL



Upside remains with the extent of the John Hill deposit largely set by the drilling coverage, instead of defined geological or grade limits. With further drilling, there is potential to add to the current interpretation of mineralised volume, both laterally and at depth.

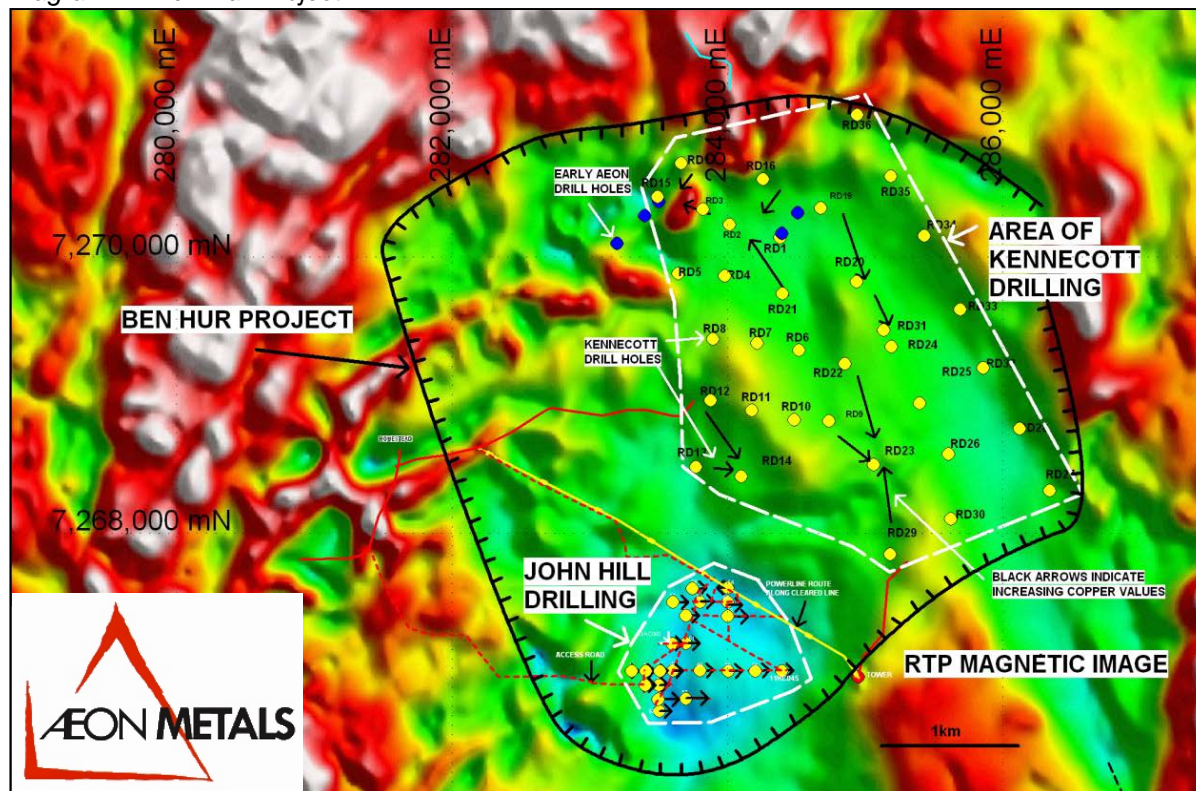
4. Operating and financial review (continued)

Review of Exploration Operations (continued)

The following diagram shows that the known mineralisation at Ben Hur is 6.3km long and 2km wide.

The John Hill deposit is a small component of the overall Ben Hur Project and lies 1km south of the area drilled by Kennecott (1970's). Kennecott drilled 59 holes all of which were shallow, targeting the copper oxide mineralisation.

Diagram 2: Ben Hur Project



7B Copper-Gold Project – 32 holes drilled for 3,770m

During the twelve month period a Stage 3 drill campaign was undertaken at the 7B Project. 32 holes were drilled during this period for approximately 3,770m with total drilling at 7B (Stages 1-3) since the first drill hole in February 2013 is now 6,770m.

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.

The Stage 3 drilling included 2 diamond holes which has enabled the Company to conclude that hornfels and evidence of a metal-bearing magmatic source provided by D veins and metal-anomalous microdiorite dykes all suggest an intrusion target at depth thus providing a high priority drill target for porphyry Cu-Au-Mo mineralisation. The Company is designing a drill program focused on targeting this primary mineralisation.

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4. Operating and financial review (continued)
Review of Exploration Operations (continued)

The recognition of Cu mineralisation in association with diorite intrusions at the 7B Project, as typical of most porphyry belts, in addition to Mo with granite-granodiorite, could change the broad geological model for Rawbelle.

Many individual prospects have emerged during the several years exploration at Rawbelle.

It is now considered appropriate at this stage to review and collate the data on these prospects and develop an up-to-date geological-mineralisation model for the district which would aid in ongoing exploration as well as strategic management decisions.

The information in this report that relates to Aeon Metals Limited's exploration targets and mineral resources within the Rawbelle tenement package 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 2012 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 in which it appears.

The data in this report that relates to Mineral Resource Estimates for the Walford Creek Deposit is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion in this report of the Mineral Resources in the form and context in which they appear.

The information in this report that relates to Exploration Targets and Exploration Results for the Walford Creek Deposit is based on information compiled Mr Dan Johnson who is a Member of the Australian Institute of Geoscientists and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Dan Johnson is a full-time employee of Aeon Metals Limited and consents to the inclusion in the report of the Exploration Targets and Exploration Results in the form and context in which they appear.

The information in this report that relates to Exploration Results and Mineral Resources for Ben Hur is based on information compiled by Mr Robin Simpson, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Simpson is employed by SRK Consulting. Mr Simpson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC, 2012). Mr Simpson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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4. Operating and financial review (continued)

Corporate

Aston Metals (Queensland) Limited ("Aston") Transaction

In June 2014, through a series of complex arrangements due to the involvement of secured creditors and receivers and managers, Aeon Metals acquired 100% of the issued capital of Aston.

Consideration payable by Aeon was:

- o \$20,000,000 limited recourse notes with 12% pa capitalised interest payable after 3 years, secured over Aston;
- o 48,275,862 shares issued in Aeon Metals; and
- o 63,251,107 warrants exercisable at \$0.1581 which expire 17 June 2017.

The assets of Aston included the 100% owned Walford Creek Project with significant JORC indicated and Inferred Resources of 48Mt at 1.42%Cu Equiv.

Financial Position

The net assets of the Group at 30 June 2014 were \$35,532,000 (2013: \$23,057,000), with cash on hand of \$5,241,000 (2013: \$1,129,000).

During the period the Group issued 49,591,000 ordinary shares raising proceeds of \$6,273,000 before share issue costs of \$312,000. In addition, \$889,000 was received pre 30 June 2014 for shares issued post year end.

The Directors have prepared cashflow projections for the Group for the coming 12 months which includes significant exploration and evaluation expenditure.

The Group would like to increase its current exploration operations over its tenement interests outside the Walford Creek EPMs and is therefore in discussion with other parties regarding joint ventures.

Aeon's opening share price on 1 July 2013 was \$0.21 per share. During the year ended 30 June 2014 the share price varied between \$0.12 and \$0.21 per share. The closing share price at 30 June 2014 was \$0.14 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.

5. Events subsequent to reporting date

Subsequent to year end the Company issued 25,135,869 ordinary shares to institutional and sophisticated investors which raised \$3,016,304 before issue costs. At 30 June 2014 an amount of \$889,000 was received in relation to this placement.

In addition, 3,000,000 shares were placed with two senior executives as incentive based remuneration and 300,000 unlisted options were exercised at 15 cents per option.

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6. Likely developments

With the acquisition of Aston in June 2014, the Group now control a large tenement package with a mix of advanced exploration as well as early stage but geologically well located exploration permits. The Company is focussed on continuing to move the more advanced exploration assets towards development status.

These assets include:

- Walford Creek Project; and
- Ben Hur Copper Project (a combined John Hill and Kiwi Carpet project)

Aeon's near term strategy at Walford Creek includes further drilling to a total of approximately 12,000m over the 2014 and 2015 dry seasons. The proposed drilling is designed to increase the tonnage and contained metal within the currently defined Mineral Resource and establish mining and metallurgical parameters for a pre-feasibility study by December 2015.

Ben Hur and 7B, combined with the large Greater Whitewash resource, are all significant projects within a 15km radius of each other. The Company's contiguous tenement package in southeast Queensland has become 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 combined with seeking joint venture partners continues to be advanced.

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 both at Rawbelle and at the Aston tenements 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.

8. Information on directors

Thomas Joseph Mann age 68 — 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 July 2011)

Mr. Mann is considered to be an independent Director

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8. Information on directors (continued)

John Leslie Goody age 62 — 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

Edgar George Newman age 62 — 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

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8. Information on directors (continued)

Hamish Collins age 44 — 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 (surrendered 3 July 2014)
 — 78,235 shares held by the Collins Family Superannuation Fund
 — 4,000,000 shares, as incentive, funded by a limited recourse loan

Directorships held in other listed entities in the last 3 years — MM Mining Limited (resigned October 2011)
 Timpetra Resources Limited (resigned 31 March 2014)

Mr. Collins is considered to be a non independent Director

9. Remuneration report – audited

9.1 Principles of compensation

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

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

The Managing Director, Mr. Hamish Collins is a full time employee of the Company. Mr. Collins' salary for the year ended 30 June 2014 was \$275,000 per annum (Base Salary) plus a superannuation contribution by the Company.

Aeon Metals Limited
Directors Report
For the year ended 30 June 2014

9. Remuneration report – audited (continued)
9.1 Principles of compensation (continued)

Following shareholder approval at a General Meeting held on 24 August 2012, Mr. Collins was issued with an aggregate of four (4) million, 5 year performance rights. 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. On 8 May 2014 Hamish Collins was issued 4 million ordinary shares in Aeon via a limited recourse loan with a term of 3 years. In conjunction with the placement of these shares, 4 million performance rights held by Hamish Collins were surrendered.

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 remuneration 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.

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>	2014	2013	2012	2011	2010
Net loss attributable to owners of the company	(\$ 3,930)	\$ (72)	\$ (1,995)	\$ (5,231)	\$ (969)
Dividends paid	-	-	-	-	-
Change in share price	\$ (0.070)	\$ 0.140	\$ (0.212)	\$ 0.010	\$ 0.240

Loss amounts for 2010 to 2014 have been calculated in accordance with Australian Accounting Standards (AASBs).

Aeon Metals Limited
Directors Report
For the year ended 30 June 2014

9. Remuneration report – audited (continued)

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:

in AUD

		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 \$			
Directors								
Non-executive directors								
<i>Thomas Mann</i>	2014	120,000	85,000	11,100	-	216,100		
	2013	60,000	-	5,400	-	65,400		
<i>Edgar Newman</i>	2014	20,833	-	8,755	-	29,588		
	2013	25,000	-	2,250	-	27,250		
Executive Directors								
<i>John Goody</i>	2014	-	137,740	-	-	137,740		
	2013	-	131,250	-	-	131,250		
<i>Hamish Collins</i>	2014	275,000	-	25,437	406,000	706,437	57%	
	2013	275,000	-	24,750	130,000	429,750	30%	30%

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

Details of incentive based remuneration

On 24 August 2012, 4 million 5 year performance rights were issued to Hamish Collins. 2 million of these were to 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 were to 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 was \$130 thousand which was expensed as remuneration in the prior period. These performance rights were surrendered on 3 July 2014 as a condition of the issue of the incentive shares described below.

On 8 May 2014, shareholders approved the issuance of 4,000,000 fully paid ordinary shares at \$0.12 per share to Hamish Collins, to be funded by a limited recourse loan. The recourse of the loan is limited to the shares issued. The loan is interest free and repayable within 3 years. In accordance with AASB 2 the loan is required to be valued and accounted for as an option. The fair value of \$406,000 was calculated using the Black Scholes model with inputs of 15 cents share price, 12 cents strike price, three year period to expiry, 2.89% risk free interest rate and 101.3% volatility. At balance date the loan was not repaid.

Aeon Metals Limited
Directors Report
For the year ended 30 June 2014

9. Remuneration report – audited (continued)

9.3 Equity instruments

All options and performance rights refer to options and rights over ordinary shares of Aeon Metals Limited and all are exercisable on a one-for-one basis.

9.3.1 Options and rights over equity instruments granted as compensation

Details of performance rights and options 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	-

	Number of options granted during 2014	Grant date	Fair value per performance right at grant date (\$)	Exercise Price per option (\$)	Expiry Date	Number of options vested during 2014
Directors						
Hamish Collins	4,000,000	8 May 2014	0.102	0.120	8 May 2017	4,000,000

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

The Company issued 4 million incentive shares to the nominee of the Managing Director as approved by shareholders on 8 May 2014. In conjunction with the placement of these shares, 4 million performance rights held by Hamish Collins were surrendered subsequent to year end.

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. Subsequent to year end the 4 million performance rights issued to Hamish Collins were surrendered in conjunction with the issuance of 4 million shares funded through a limited recourse loan.

9.3.3 Analysis of movements in options

On 8 May 2014 shareholders approved the issue of, 4 million shares funded through a limited recourse loan with a term of 3 years to Hamish Collins or his nominee. These shares were issued to Mr Collins' nominee on 3 July 2014

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.

Aeon Metals Limited
Directors Report
For the year ended 30 June 2014

9. Remuneration report – audited (continued)

9.5 Key Management Personnel 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>	2014	2013	2014	2013
Key management person						
Thomas Mann	Reimbursements	(i)	891	15,551	-	15,000
John Goody	Reimbursements	(i)	3,008	13,352	1,011	-
Edgar Newman	Reimbursements	(i)	790	-	-	-
Hamish Collins	Reimbursements	(i)	2,482	6,743	542	-
Total and current liabilities					1,553	15,000

(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.

9.5.1 Options and rights over equity instruments

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

	Held at 1 July 2013	Granted as compensation	Other changes	Held at 30 June 2014	Vested during the year
Directors					
Hamish Collins	4,000,000	-	-	4,000,000	-

The 4 million performance rights were surrendered subsequent to year end on 3 July 2014 in conjunction with 4 million ordinary shares issued to Hamish Collins.

The movement during the reporting period in the number of options over ordinary shares in Aeon Metals Limited (constituted by the incentive shares approved by shareholders for issue to Mr Collins; nominee on 8 May 2014 and actually issued on 3 July 2014) held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2013	Granted as compensation	Other changes	Held at 30 June 2014	Vested during the year
Directors					
Hamish Collins	-	4,000,000	-	4,000,000	4,000,000

Aeon Metals Limited
Directors Report
For the year ended 30 June 2014

9. Remuneration report – audited (continued)

9.5.2 Movements in shares

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

	Held at 1 July 2013	Purchases	Received on exercise of options	Sales	Held at 30 June 2014
Directors					
Thomas Mann	5,050,430	-	-	-	5,050,430
John Goody	32,501,112	-	-	-	32,501,112
Hamish Collins	-	78,235	-	-	78,235

	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
Hamish Collins	-	-	-	-	-

10. Directors' meetings

During the financial period, six (6) 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	6	6
John Goody	6	6
Edgar Newman	6	6
Hamish Collins	6	6

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

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
17/06/2014	\$0.16	63,251,107

All unissued shares are ordinary shares in the Company. All shares issued under limited recourse loans are excluded from the above table.

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

Aeon Metals Limited
Directors Report
For the year ended 30 June 2014

11. Share options (continued)

Shares issued on exercise of options

During or since the end of the financial year, the Company issued 300,000 ordinary shares as a result of the exercise of 300,000 unlisted options exercised at 15 cents per option.

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. The Group has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor.

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:

	2014 AUD
Services other than audit and review of financial statements	
Other services	
Due Dilligence related to Aeon Walford Creek Limited acquisition	15,605
Research and development tax incentive assistance	16,500
	32,105
Audit and review of financial statements	76,440
Total paid to KPMG	108,545

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 2014

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 2014.

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:

A handwritten signature in black ink, appearing to read 'H. Collins', is positioned above the printed name of the Managing Director.

Hamish Collins
Managing Director

Dated at Sydney 30th day of September 2014.

Aeon Metals Limited
Consolidated statement of financial position
As at 30 June 2014

in thousands of AUD

	Note	30 June 2014	30 June 2013
Assets			
Cash and cash equivalents	18	5,241	1,129
Trade and other receivables	17	590	84
Other investments	15	50	52
Prepayments		49	41
Total current assets		5,930	1,306
Property, plant and equipment	13	171	165
Other Assets		44	43
Exploration and evaluation assets	14	43,323	21,871
Total non-current assets		43,538	22,079
Total assets		49,468	23,385
Liabilities			
Trade and other payables	25	1,463	200
Provisions	24	50	50
Employee benefits	22	181	78
Total current liabilities		1,694	328
Loans and borrowings	26	12,242	-
Total non-current liabilities		12,242	-
Total liabilities		13,936	328
Net assets		35,532	23,057
Equity			
Share capital	20	43,411	30,525
Reserves	20	5,734	737
Accumulated Losses		(13,637)	(9,788)
Total equity attributable to equity holders of the Company		35,508	21,474
Non-controlling interests		24	1,583
Total equity		35,532	23,057

The Notes on pages 30 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 2014

in thousands of AUD

	Note	2014	2013
Continuing operations			
Revenue	8	-	31
Gain on revaluation of investment in equity accounted associate		-	1,387
Other income	9	33	49
Impairment loss	14	(3,881)	(143)
Administrative expenses		(647)	(635)
Other expenses	10	(1,045)	(764)
Results from operating activities		(5,540)	(75)
Finance income		54	35
Finance costs		(3)	(34)
Net finance income	12	51	1
Share of loss of equity-accounted investees (net of tax)		-	-
Loss before tax		(5,489)	(74)
Income Tax expense	16	-	-
Loss for period		(5,489)	(74)
Other Comprehensive Income		-	-
Total comprehensive loss for the year		(5,489)	(74)
Loss attributable to:			
Owners of the Company		(3,930)	(72)
Non-controlling interest		(1,559)	(2)
Loss for the period		(5,489)	(74)
Total comprehensive loss attributable to:			
Owners of the Company		(3,930)	(72)
Non-controlling interest		(1,559)	(2)
Total comprehensive loss for the period		(5,489)	(74)
Earnings per share			
Basic loss per share (AUD)	21	(2.09) (cents)	(0.04) (cents)
Diluted loss per share (AUD)	21	(2.09) (cents)	(0.04) (cents)

The Notes on pages 30 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 2014

in thousands of AUD	Attributable to owners of the Company				
	Note	Share capital	Equity compensation Reserve	Accumulated Losses	Non-controlling interests
					Total equity
Balance at 1 July 2012		28,119	164	(9,716)	-
Total comprehensive income for the year		-	-	-	-
Profit or loss		-	-	(72)	(2)
Total comprehensive income/(loss) for the year		-	-	(72)	(2)
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of ordinary shares	20	1,825	-	-	-
Capital Raising Costs		(57)	-	-	-
Share-based payment transactions	23	638	573	-	-
Total contributions by and distributions to owners of the Company		2,406	573	-	-
Changes in ownership interests in subsidiaries					
Acquisition of subsidiary with non-controlling interests		-	-	-	1,585
Total changes in ownerships interests in subsidiaries		-	-	-	1,585
Balance at 30 June 2013		30,525	737	(9,788)	1,583
Balance at 1 July 2013		30,525	737	(9,788)	1,583
Total comprehensive income for the year		-	-	-	-
Profit or loss		-	-	(3,930)	(1,559)
Total comprehensive income/(loss) for the year		-	-	(3,930)	(1,559)
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of ordinary shares	20	12,309	-	-	-
Funds Received in Advance	20	889	-	-	-
Capital Raising Costs	20	(312)	-	-	-
Issue of warrants	23	-	4,671	-	-
Issue of share options	23	-	407	-	-
Share options expired	23	-	(81)	81	-
Total contributions by and distributions to owners of the Company		12,886	4,997	81	-
Changes in ownership interests in subsidiaries					
Acquisition of subsidiary with non-controlling interests		-	-	-	-
Total changes in ownerships interests in subsidiaries		-	-	-	-
Balance at 30 June 2014		43,411	5,734	(13,637)	24

The Notes on pages 30 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 2014

in thousands of AUD

	Note	2014	2013
Cash flows from operating activities			
Cash receipts for service fees		4	28
Government grant received		-	538
Cash paid to suppliers and employees		(1,106)	(1,068)
Cash generated from operations		(1,102)	(502)
Interest received		54	35
Interest expense		-	-
Net cash used in operating activities	19	(1,048)	(467)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3)	(2)
Payments for exploration activities		(1,686)	(1,321)
Acquisition of other investments		(1)	(2)
Acquisition of subsidiary, net of cash acquired	7	-	153
Net cash used in investing activities		(1,690)	(1,172)
Cash flows from financing activities			
Proceeds from issue of share capital		7,162	1,825
Payment of capital raising costs		(312)	(57)
Net cash from/(used in) financing activities		6,850	1,768
Net increase in cash and cash equivalents		4,112	129
Cash and cash equivalents at 1 July		1,129	1,000
Cash and cash equivalents at 30 June	18	5,241	1,129

The Notes on pages 30 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 2014

1. Reporting entity

Aeon Metals Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 7, 88 Pitt Street, Sydney NSW 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is a for-profit entity and primarily is involved in prospect and tenement exploration for a range of minerals including copper and molybdenum.

2. Basis of preparation

(a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 30 September 2014.

(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 2014, the Group incurred a net loss before tax of \$5,489 thousand and recorded net cash outflows from operating and investing activities of \$2,738 thousand. As at 30 June 2014, the Group had net assets of \$35,532 thousand, including cash of \$5,241 thousand.

Subsequent to year end the Company issued 25,135 thousand ordinary shares to institutional and sophisticated investors which raised \$3,016 thousand before issue costs (refer note 32) of which an amount of \$889 thousand was received prior to 30 June 2014 in relation to this placement.

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 cashflow projections include significant exploration and evaluation expenditure and assume the Group maintains expenditure in line with the level of funding available.

(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 2014

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 7 – Acquisition of subsidiary
- Note 14 – exploration and evaluation asset recoverability
- Note 16 – unrecognised and deferred tax assets
- Note 23 – measurement of share-based payments
- Note 27 – valuation of financial instruments

(f) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

- a. AASB 10 *Consolidated Financial Statements* (2011)
- b. AASB 11 *Joint Arrangements*
- c. AASB 12 *Disclosure of Interests in Other Entities*
- d. AASB 13 *Fair Value Measurement*

The nature and effects of the changes are explained below.

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2014

2. Basis of preparation (continued)

(f) Changes in accounting policies (continued)

(a) 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 focuses 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 to consolidate investees that it controls on the basis of de-facto circumstances. No adjustments have been made as a result of the change in accounting policy.

(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. No adjustments have been made as a result of the change in accounting policy.

(c) Disclosure of interests in other entities

As a result of AASB 12, the Group has expanded its disclosures about its interests in subsidiaries (see Note 31).

(d) 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.

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.

3. Significant accounting policies (continued)

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

(ii) Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. 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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial 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.

(ii) Non-derivative financial assets – measurement

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. Directly 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, including any dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2014

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Non-derivative financial assets – measurement (continued)

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Available-for-sale financial assets

These assets are initially recognised 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, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss in equity is reclassified to profit or loss.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Share capital

Ordinary shares

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

(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.

If significant 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 gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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 reporting date and adjusted if appropriate.

(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

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

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;

3. Significant accounting policies (continued)

(e) Impairment (continued)

(i) Non-derivative financial assets (continued)

- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets measured at both an individual asset and a collective level. All individually significant assets are individually assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if 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 is calculated as the difference between an asset's 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. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised 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 to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

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. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3. Significant accounting policies (continued)

(e) Impairment (continued)

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets 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. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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.

(ii) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. 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.

3. Significant accounting policies (continued)

(f) Employee benefits (continued)

(iii) 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. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(g) Provisions

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 contaminated land, and the related expense, is recognised when the land is contaminated.

(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.

(ii) 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.

(i) Leases

(i) Lease payments

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.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3. Significant accounting policies (continued)

(j) Finance income and finance costs

Finance income and finance costs comprise interest income on funds invested (including available-for-sale financial assets), gains/losses on the disposal of available-for-sale financial assets, 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.

(k) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) Deferred tax

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 joint arrangements 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; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused 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 used. 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.

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.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(l) Goods and services tax

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

3. Significant accounting policies (continued)

(l) Goods and services tax (continued)

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability on the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) Earnings per share

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

(n) Segment reporting

Determination and presentation of operating segments

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

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

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 2013, 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* (2013), AASB 9 *Financial Instruments* (2010) and AASB 9 *Financial Instruments* (2009) (together AASB 9)

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 additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets.

AASB 9 (2013) introduces new requirements for hedge accounting.

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For the year ended 30 June 2014

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

AASB 9 is effective for annual periods beginning on or after 1 January 2017. The effective date is subject to review pending the finalisation of the outstanding phases of the standard. However, early adoption is permitted. The Group has not yet determined the impact of AASB 9 (2009, 2010 and 2013).

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 or an acquisition of assets 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, share appreciation rights and warrants 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.

(d) Financial liabilities

The fair value of limited recourse notes is determined based on discounted cash flows and an appropriate effective interest rate.

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.

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For the year ended 30 June 2014

7. Acquisitions of subsidiary

On 17 June 2014 the Group acquired Aeon Walford Creek Limited (formerly Aston Metals (QLD) Limited). Total consideration for the acquisition was \$22,753 thousand comprising 48,276 thousand shares with a fair value of \$6,034 thousand, warrants with a fair value of \$4,671 thousand and limited recourse notes with a face value of \$20 million, interest rate of 12% p.a and maturity date of 17 June 2017. The fair value of the limited recourse notes was \$12,048 thousand at the date of acquisition.

In accordance with Australian Accounting Standards the transaction has been accounted for as an acquisition of assets.

a) Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

In thousands of AUD

Equity instruments (48,275,862 ordinary shares) (i)	6,034
Warrants (ii)	4,671
Notes (iii)	12,048
Total consideration transferred	22,753

(i) Equity instruments issued

The fair value of the 48,275,862 ordinary shares issued was based on the listed share price of the Company at 17 June 2014 of 12.5 cents per share.

(ii) Warrants issued

The fair value of the 63,251,107 warrants issued was based on the Black Scholes formula with inputs of 12 cents share price, 15.81 cents strike price, three year time to expiry, 2.79% risk free interest rate and 101.3% volatility.

(iii) Notes issued

The fair value of the limited recourse notes with a face value of \$20 million was calculated based on an effective interest rate of 33%. The notes are secured over the assets of Aeon Walford Creek Limited.

(b) Acquisition-related costs

The Group incurred acquisition-related costs of \$1,121 thousand on legal fees, consultancy fees and due diligence fees and other costs. These costs have been capitalised within the Exploration and Evaluation assets acquired.

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Notes to the consolidated financial statements

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7. Acquisitions of subsidiary (continued)

(c) Effect of acquisition on assets and liabilities

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

In thousands of AUD

	Recognised value on acquisition \$
Other Assets	1
Property, plant and equipment	41
Trade and other receivables	5
Exploration and evaluation assets	23,921
Employee benefits	(94)
Net identifiable assets and liabilities	23,874
Consideration payable	22,753
Acquisition costs	1,121
Total acquisition cost	23,874

8. Revenue

in thousands of AUD

	2014	2013
Service fees	-	31
	-	31

9. Other income

in thousands of AUD

	2014	2013
Government grants	33	49
	33	49

10. Other expenses

in thousands of AUD

	2014	2013
Employee benefits expense	(566)	(484)
Superannuation expense	(73)	(61)
Share - based payments (refer note 23)	(406)	(219)
	(1,045)	(764)

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For the year ended 30 June 2014

11. Expenses by nature

in thousands of AUD

	2014	2013
Employee benefit expense	639	545
Depreciation expense	38	58
Consultancy expense	132	151
Advertising expense	24	7
Repairs and maintenance expense	-	2
Impairment losses	3,881	143
Share-based payments	406	219
Finance costs	3	34
Other expenses	453	417

12. Finance income and finance costs

Recognised in profit or loss

in thousands of AUD

	2014	2013
Interest income from bank deposits	54	35
Net change in fair value of financial assets at fair value through profit or loss	-	-
Finance income	54	35
Net change in fair value of financial assets at fair value through profit or loss	(3)	(34)
Finance costs	(3)	(34)
Net finance costs recognised in profit or loss	51	1
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	54	35
Total interest expense on financial liabilities	-	-
	54	35

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13. Property, plant and equipment

<i>in thousands of AUD</i>	Computer equipment	Mining and Exploration equipment	Plant and equipment	Motor Vehicles	Total
Cost					
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
Balance at 1 July 2013	50	281	7	141	479
Additions	2	1	41	-	44
Balance at 30 June 2014	52	282	48	141	523
Depreciation					
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)
Balance at 1 July 2013	(47)	(177)	(4)	(86)	(314)
Depreciation for the year	(2)	(21)	-	(15)	(38)
Balance at 30 June 2014	(49)	(198)	(4)	(101)	(352)
Carrying amounts					
at 1 July 2012	5	123	3	74	205
at 30 June 2013	3	104	3	55	165
at 1 July 2013	3	104	3	55	165
at 30 June 2014	3	84	44	40	171

14. Exploration and evaluation assets

<i>in thousands of AUD</i>	Capitalised Exploration Expenditure	Total
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
Balance at 1 July 2013	21,871	21,871
Additions	25,743	25,743
Government grant received in relation to exploration and evaluation	(410)	(410)
Accumulated impairment losses for the year	(3,881)	(3,881)
Balance at 30 June 2014	43,323	43,323

The Group tested the exploration and evaluation assets for impairment and recognised an impairment loss of \$3,881 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 the SLW Queensland Ltd and other exploration and evaluation assets (EPM 17001, EPM 17002, EPM 14627, EPM 15919, EPM 18202 and EPM 19029).

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For the year ended 30 June 2014

14. Exploration and evaluation assets (continued)

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and exploitation of porphyry copper/ molybdenum mineralisation. \$1,686 thousand (2013: \$1,321 thousand) of the capitalised costs have been included in cash flows from investing activities in the cash flow statement. \$23,921 thousand of the capitalised costs were included in the acquisition of Aeon Walford Creek Ltd (see note 7).

15. Other investments

in thousands of AUD

Current investments

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

Note	2014	2013
	8	11
	42	41
	50	52

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

The term deposit has an interest rate of 3.85% (2013: 4.10%) 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 (or prior period) would have increased or decreased profit or loss by an immaterial amount.

16. 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

	2014	2013
	-	-
	-	-
	-	-

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 (2013:30 percent)
Non-assessable income
Losses not brought to account

	2014	2013
	(5,489)	(74)
	-	-
	(5,489)	(74)
	(1,647)	(22)
	(10)	(431)
	1,657	453
	-	-

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2014

16. Income tax (continued)

Unrecognised deferred tax assets

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

in thousands of AUD

	2014	2013
Deductible temporary differences	-	-
Tax losses	5,307	3,650
	5,307	3,650

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 there from.

17. Trade and other receivables

in thousands of AUD

	2014	2013
Other trade receivables	443	6
GST receivable	147	78
	590	84

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

18. Cash and cash equivalents

in thousands of AUD

	2014	2013
Bank balances	5,241	1,129
Cash and cash equivalents in the statement of cash flows	5,241	1,129

19. Reconciliation of cash flows from operating activities

in thousands of AUD

	Note	2014	2013
Cash flows from operating activities			
Profit (loss) for the period		(5,489)	(74)
Adjustments for:			
Depreciation	13	38	58
Impairment of exploration and evaluation assets	14	3,881	143
Change in fair value of investment through profit and loss	12	3	34
Gain on equity interests		-	(1,387)
Equity-settled share-based payment transactions	23	406	219
		(1,161)	(1,007)
Government grant received from exploration and evaluation		(33)	489
Change in trade and other receivables	17	(506)	(30)
Change in prepayments		(8)	(1)
Change in trade and other payables	25	557	68
Change in provisions and employee benefits	22, 24	103	14
Net cash from/(used in) operating activities		(1,048)	(467)

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Notes to the consolidated financial statements

For the year ended 30 June 2014

20. Capital and reserves

Share capital

<i>In thousands of shares</i>	Ordinary shares	
	2014	2013
In issue at 1 July	174,050	152,822
Issued for cash	49,591	5,228
Issued in acquisition of SLW Queensland Pty Ltd	-	16,000
Issued in acquisition of Aeon Walford Creek Ltd	48,276	-
In issue at 30 June	271,917	174,050

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 one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Issuance of ordinary shares

2014

48,276 thousand ordinary shares were issued on 8 May 2014 in consideration for the acquisition of Aeon Walford Creek Ltd. The fair value of these shares was \$6,034 thousand as at 8 May 2014 based on the closing share price of 12.5 cents (refer note 23).

Additionally, 8,062 thousand ordinary shares were issued on 14 August 2013 at an issue price of \$0.16 per share as a result of the share placement announced 2 August 2013. 39,796 thousand ordinary shares were issued on 14 May 2014 at an issue price of \$0.12 per share as a result of the first progressive allotment approved by shareholders on 8 May 2014. 1,490 thousand ordinary shares were issued on 21 May 2014 at an issue price of \$0.12 per share as a result of the second progressive allotment approved by shareholders on 8 May 2014. 243 thousand ordinary shares were issued on 17 June 2014 at an issue price of \$0.12 per share as a result of the share placement approved by shareholders on 8 May 2014. Capital raising costs included in the share capital attributable to the issue of shares during the year was \$312 thousand.

As at year end, \$889 thousand was received in advance in relation to 15,669 thousand ordinary shares which were issued subsequent to year end.

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 23).

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.

Equity compensation reserve

The equity compensation reserve records the fair value of options and performance rights issued (refer to note 23).

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2014

21. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of \$3,930 thousand (2013: \$72 thousand loss) and a weighted average number of ordinary shares outstanding of 188,402 thousand (2013: 164,511 thousand), calculated as follows:

Loss attributable to ordinary shareholders (basic)

in thousands of AUD

	2014	2013
Loss for the period	(3,930)	(72)
Profit (loss) attributable to ordinary shareholders	(3,930)	(72)

Weighted average number of ordinary shares (basic)

in thousands of shares

	Note	2014	2013
Issued ordinary shares at 1 July	20	174,050	152,822
Effect of shares issued in November 2012		-	10,214
Effect of shares issued in March 2013		-	1,475
Effect of shares issued in August 2013		7,090	-
Effect of shares issued in May 2014		5,401	-
Effect of shares issued in June 2014		1,861	-
Weighted average number of ordinary shares at 30 June		188,402	164,511

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2014 was based on loss attributable to ordinary shareholders of \$3,930 thousand (2013: \$72 thousand loss), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 188,402 thousand (2013: 164,511 thousand), calculated as follows:

Loss attributable to ordinary shareholders (diluted)

in thousands of AUD

	2014	2013
Loss attributable to ordinary shareholders (basic)	(3,930)	(72)
Profit (loss) attributable to ordinary shareholders (diluted)	(3,930)	(72)

Weighted average number of ordinary shares (diluted)

in thousands of shares

	2014	2013
Weighted average number of ordinary shares (basic)	188,402	164,511
Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted) at 30 June	188,402	164,511

At 30 June 2014 77,584 thousand options and 4,000 thousand performance rights (2013: 14,333 thousand options and 4,000 thousand performance rights) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2014

22. Employee benefits

in thousands of AUD

Salaries and wages accrued
Liability for annual leave
Total employee benefits - current

	2014	2013
Salaries and wages accrued	74	19
Liability for annual leave	107	59
Total employee benefits - current	181	78

23. Share-based payment arrangements

Description of the share-based payment arrangements

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 was \$130 thousand. On 3 July 2014 the performance rights were surrendered.

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.

On 8 May 2014, shareholders approved the issuance of 4,000,000 fully paid ordinary shares to Hamish Collins, to be funded by a limited recourse loan. The recourse of the loan is limited to the shares issued. The loan is interest free and repayable within 3 years. In accordance with AASB 2 the loan is required to be valued as an option. The fair value of the share options of \$406 thousand was calculated using the Black Scholes Model. At balance date the loan was not repaid.

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Notes to the consolidated financial statements

For the year ended 30 June 2014

23. Share-based payment arrangements (continued)

Share Based Payment arrangement on acquisition of Aeon Walford Creek Limited

On 17 June 2014, 48,276 thousand shares, 63,251 thousand warrants and limited recourse notes with a face value of \$20 million were issued as consideration for the acquisition of Aston Metals (QLD) Ltd (name changed to Aeon Walford Creek Limited). The shares issued are fully paid ordinary shares. The warrants issued expire 17 June 2017 and vest immediately. The fair value of the shares of \$6,034 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 \$4,671 thousand was calculated using the Black Scholes Model. The fair value of the limited recourse notes with a face value of \$20 million was calculated based on a discounted cashflow using an effective interest rate of 33%. The notes are secured over the assets of Aeon Walford Creek Limited.

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	Weighted average exercise price	Number of options	Weighted average exercise price
	2014	2014	2013	2013
Outstanding at 1 July	14,333,333	0.15	-	-
Granted during the year	63,251,107	0.16	14,333,333	0.15
Outstanding at 30 June	77,584,440	0.16	14,333,333	0.15
Exercisable at 30 June	77,584,440	0.16	14,333,333	0.15

The options outstanding at 30 June 2014 have an exercise price in the range of \$0.125 to \$0.1581 (2013: \$0.125 to \$0.151) and a weighted average contractual life of eight hundred and five days (2013: four hundred and ninety seven 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%

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Notes to the consolidated financial statements

For the year ended 30 June 2014

23. Share-based payment arrangements (continued)

Inputs for measurement of grant date fair values (continued)

	Performance Rights Tranche 1 2013	Performance Rights Tranche 1 2013	Options 2013	Options 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	\$0.027	\$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)	80%	80%	91%	129%
Option life (expected weighted average life)	-	-	2 years	3 years
End performance period	24/08/2014	24/08/2016		
Risk-free interest rate (based on government bonds)	2.79%	2.68%	2.67%	2.80%
Share price hurdle	\$0.300	\$0.450	-	-

	Employee Options 2014	Options 2014
Number of options	4,000,000	63,251,107
Grant date	8 May 2014	17 June 2014
Fair value at grant date	\$0.102	\$0.085
Share price at grant date	15 cents	12 cents
Exercise price	12 cents	16 cents
Expected volatility (weighted average)	101%	101%
Expected life (weighted average)	3 years	3 years
Risk-free interest rate (based on government bonds)	2.89%	2.79%

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

24. Provisions

In thousands of AUD

	Site restoration	Total
Balance at 1 July 2013	50	50
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Balance at 30 June 2014	50	50
Non-current	-	-
Current	50	50
	50	50

Site restoration

A provision of \$50 thousand was made in respect of the Group's obligations in respect of environmental remediation. The required work is completed throughout the year on an ongoing basis. There has been no change to the provision in the current year. The provision has been capitalised to the Exploration and Evaluation assets at Note 14.

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For the year ended 30 June 2014

25. Trade and other payables

Trade and other payables

In thousands of AUD

	2014	2013
Other payables	569	106
Other trade payables	94	94
Acquisition costs (refer note 7)	800	-
	1,463	200

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

26. Loans and borrowings

See accounting policies in Notes 3.

In thousands of AUD

Non-current liabilities

	2014	2013
Limited recourse notes	12,242	-
	12,242	-

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 27.

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows.

<i>In thousands of AUD</i>	Currency	Nominal interest rate	Year of maturity	30 June 2014		30 June 2013	
				Face value	Carrying amount	Face value	Carrying amount
Limited recourse notes	AUD	12.00%	2017	20,000	12,242	-	-
Total interest-bearing liabilities				20,000	12,242	-	-

The fair value of the 2,000 limited recourse notes with a face value of \$10,000 per note was calculated using a discounted cashflow based on an effective interest rate of 33%. The notes are secured over the assets of Aeon Walford Creek Limited.

27. Financial instruments

Financial risk management

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

Credit risk

Credit risk is the risk of financial loss to the Group if a 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 and trade and other receivables.

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Notes to the consolidated financial statements

For the year ended 30 June 2014

27. Financial instruments (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	
		2014	2013
Interest bearing investments	15	43	41
Trade and other receivables	17	590	84
Cash and cash equivalents	18	5,241	1,129
		<u>5,874</u>	<u>1,254</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>	2014	2013
Neither past due nor impaired	590	84
Past due 1 - 30 days	-	-
Past due 31 - 90 days	-	-
Past due 91 - 120 days	-	-
	<u>590</u>	<u>84</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 2012	17
Impairment loss recognised	-
Amounts written off	-
Balance at 30 June 2013	<u>17</u>
Balance at 1 July 2013	17
Impairment loss recognised	-
Amounts written off	-
Balance at 30 June 2014	<u>17</u>

At 30 June 2014 and 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 liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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Notes to the consolidated financial statements

For the year ended 30 June 2014

27. Financial instruments (continued)

Liquidity risk (continued)

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 (2013: \$30 thousand). At 30 June 2014 the undrawn amount is \$30 thousand (2013: \$30 thousand).

At 30 June 2014 the Group has payables of \$1,463 thousand (2013: \$200 thousand) due within 3 months.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

30 June 2014

		Contractual cash flows					
	Carrying amount	Total	2 mths or less	2-12 mths	1-2 years	2-5 years	More than 5 years
<i>In thousands of AUD</i>							
Non-derivative financial liabilities							
Limited recourse notes (i)	12,242	28,400	-	-	-	28,400	-
Trade payables	1,463	1,463	1,463	-	-	-	-
	13,705	29,863	1,463	-	-	28,400	-

(i) 20,000 thousand of the contractual cash flow and 8,400 thousand of interest payable in years 2-5 relates to a limited recourse loan secured over the assets of Aeon Walford Creek Limited.

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:

In thousands of AUD	Interest Rate		Carrying amount	
	2014	2014	2013	2013
Fixed rate instruments				
Financial liabilities (i)	12%	12,242	-	-
		12,242		-
Variable rate instruments				
Financial assets	2.50%	5,241	3.82%	1,129
Held-to-maturity assets	3.85%	43	4.10%	41
		5,284		1,170

(i) The coupon rate on the limited recourse loan is 12% p.a. however the effective interest rate has been determined to be 33% at the date of entering into the agreement.

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Notes to the consolidated financial statements

For the year ended 30 June 2014

27. Financial instruments (continued)

Market risk (continued)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

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 2014		
Variable rate instruments	69	(69)
Cash flow sensitivity (net)	69	(69)
30 June 2013		
Variable rate instruments	11	(11)
Cash flow sensitivity (net)	11	(11)

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 as required 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:

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2014

27. Financial instruments (continued)

Accounting classifications and fair values (continued)

In thousands of AUD

<i>In thousands of AUD</i>	<i>Note</i>	30 June 2014		30 June 2013	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value					
Financial assets designated at fair value through profit or loss	15	8	8	11	11
		8	8	11	11
Assets carried at amortised cost					
Interest bearing investments	15	42	42	41	41
Trade and other receivables	17	590	590	84	84
Cash and cash equivalents	18	5,241	5,241	1,129	1,129
		5,873	5,873	1,254	1,254
Liabilities carried at amortised cost					
Trade and other payables	25	(1,463)	(1,463)	(200)	(200)
Notes	26	(12,242)	(12,242)	-	-
		(13,705)	(13,705)	(200)	(200)

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 2014			
Financial assets designated as at fair value through profit of loss	8	-	-
Total assets	8	-	-
30 June 2013			
Financial assets designated as at fair value through profit of loss	11	-	-
Total assets	11	-	-

There have been no transfers from Level 1 to Level 2 during the year ended 30 June 2014 (2013: no transfers in either direction).

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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

	2014	2013
Less than one year	14	27
Between one and five years	-	-
More than five years	-	-
	14	27

The Group leases five premises under operating leases. Three of these leases were assumed due to the acquisition of Aeon Walford Creek Ltd during the year. Of the three leases assumed from Aeon Walford Creek Ltd, two leases currently run on a month to month basis. The total rental payments are \$4,284 per month. The third lease, is a six month lease effective from 17 March 2014. The total rental payments are \$2,479 per month.

The fourth lease currently runs on a month to month basis. The total rental payments are \$1,980 per month. The remaining lease, was a 12 month lease which ended on 15 March 2014 then continued on a month to month basis. 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 2014 (2013: nil).

30. Related parties

Key management personnel compensation

Information regarding individual key management personnel compensation and some equity instruments disclosures as permitted by Corporations Regulations 2.M.3.030 are provided in the Remuneration Report section of the Directors' Report.

The key management personnel compensation comprised:

in AUD

	2014	2013
Short-term employee benefits	415,833	360,000
Share based payments	406,000	130,000
Consulting fees	222,740	131,250
Post-employment benefits	45,293	32,400
	1,089,866	653,650

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.

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Notes to the consolidated financial statements

For the year ended 30 June 2014

30. Related parties (continued)

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>	2014	2013	2014	2013
Key management person							
Thomas Mann	Reimbursements	(i)	891	15,551	-	15,000	
John Goody	Reimbursements	(i)	3,008	13,352	1,011	-	
Edgar Newman	Reimbursements	(i)	790	-	-	-	
Hamish Collins	Reimbursements	(i)	2,482	6,743	542	-	
Total and current liabilities						1,553	15,000

- (ii) 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.

Other related party transactions

In thousands of AUD	Transaction values year ended 30 June		Balance outstanding as at 30 June	
	2014	2013	2014	2013
Associate - sale of services	-	31	-	-

31. Group entities

Significant subsidiaries

	Country of incorporation	Ownership interest	
		2014	2013
Parent Entity:			
Aeon Metals Limited			
Significant Subsidiaries			
Aussie NQ Resources Pty Ltd	Australia	100	100
SLW Queensland Pty Ltd	Australia	60	60
Aeon Walford Creek Ltd (previously Aston Metals (QLD) Ltd)	Australia	100	

Aeon Metals Limited

Notes to the consolidated financial statements

For the year ended 30 June 2014

32. Subsequent events

Subsequent to year end the Company issued 25,136 thousand ordinary shares to institutional and sophisticated investors which raised \$3,016 thousand before issue costs. At 30 June 2014 an amount of \$889 thousand was received in relation to this placement.

In addition, 3,000 thousand shares were placed with two senior executives as incentive based remuneration and 300 thousand unlisted options were exercised at 15 cents per option.

33. Auditors' remuneration

In AUD

Audit and review services

Auditors of the Company - KPMG

Audit and review of financial statements

2014

2013

76,440

70,000

76,440

70,000

Other services

Auditors of the Company - KPMG

Due Dilligence related to Aeon Walford Creek Limited acquisition

Research and development tax incentive assistance

15,605

-

16,500

15,000

32,105

15,000

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

Result of parent entity

Loss for the year

Other comprehensive income

Total comprehensive income for the year

2014

2013

(5,447)

(66)

-

-

(5,447)

(66)

Financial position of parent entity at year end

Current assets

Non-current assets

Total assets

6,137

1,135

41,625

20,673

47,762

21,808

Current liabilities

Non-current liabilities

Total liabilities

1,553

325

12,292

-

13,845

325

33,917

21,483

Total equity of parent entity comprising of:

Share capital

Equity compensation reserve

Option reserve

Accumulated losses

Total equity

43,409

30,525

707

382

5,027

355

(15,226)

(9,779)

33,917

21,483

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 26 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 2014 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 2014.
- 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 Sydney this 30th day of September 2014.



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 2014, 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 2014 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).

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 2014. 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 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Adam Twemlow
Partner

Bundall
30 September 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 audit for the financial year ended 30 June 2014 there have been:

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

KPMG

KPMG

Adam Twemlow
Partner

Bundall
30 September 2014