

Aeon Metals Limited
31 December 2014
Interim Financial Report

Aeon Metals Limited
31 December 2014 Interim Financial Report

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Aeon Metals Limited

31 December 2014 Interim Financial Report

Directors' report

The directors of Aeon Metals Limited (the "Company") present their report together with the consolidated financial statements for the six months ended 31 December 2014 and the review report thereon.

Directors

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

Name	Period of directorship
Mr Thomas Joseph Mann Chairperson Non-executive director	Appointed 28 June 2010 Re-elected at AGM 28 November 2012
Mr Edgar George Newman Non-executive Director	Appointed 31 December 2008 Re-elected at AGM 24 November 2014
Mr Hamish Collins Managing Director	Appointed 28 March 2012
Mr John Leslie Goody Executive Director Director of Exploration	Appointed 28 September 2006 Re-elected at AGM 14 November 2013
Mr Paul Harris Non-Executive Director	Appointed 17 December 2014

Review of operations

The Company acquired Aston Metals (Qld) Ltd (renamed Aeon Walford Creek Limited) ("AWCL") from Receivers and Managers on 17th June 2014. AWCL, an unlisted public company, holds an extensive (~3,600km²) exploration tenement portfolio, linked by significant fault architecture, in the world-class Mt Isa mineral province in North West Queensland. The most advanced project within the AWCL portfolio is the Walford Creek Project, which is a large base metals project with a significant JORC Indicated and Inferred Resource¹ which was recently updated to reflect the 2014 drill campaign. The updated 2015 Resource is summarised below:

Mineral	Category	Mt	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Co (ppm)
Combined	Indicated	16.2	0.46	0.83	1.02	20.1	909
	Inferred	57.1	0.39	0.86	0.80	24.5	785
	Total	73.3	0.40	0.85	0.85	23.5	813

Mineral	Category	Cu (kt)	Pb (kt)	Zn (kt)	Ag (Moz)	Co (kt)
Combined	Indicated	75	135	166	10.5	14.8
	Inferred	221	491	457	44.9	44.8
	Total	296	626	623	55.4	59.6

At 0.55% Cu-Eq cut off¹.

¹ See 6 March 2015 Announcement for full 2015 Resource details and JORC Table 1.

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 Directors' Report (continued)
 Review of operations (continued)

Walford Creek Project, North West Queensland

The flagship asset and highest priority tenement holding of AWCL is the 100% owned Walford Creek Project. The Walford Creek Project has a clear pathway to project development with the potential for open pit mine development of world class scale.

The 2015 JORC Resource has been defined along this 5km strike length of the Fish River Fault Zone which extends for 25km within the Walford Creek Project tenements. The mineralisation is largely structurally controlled, thus there is substantial potential for Resource extensions along the strike-length of the fault.

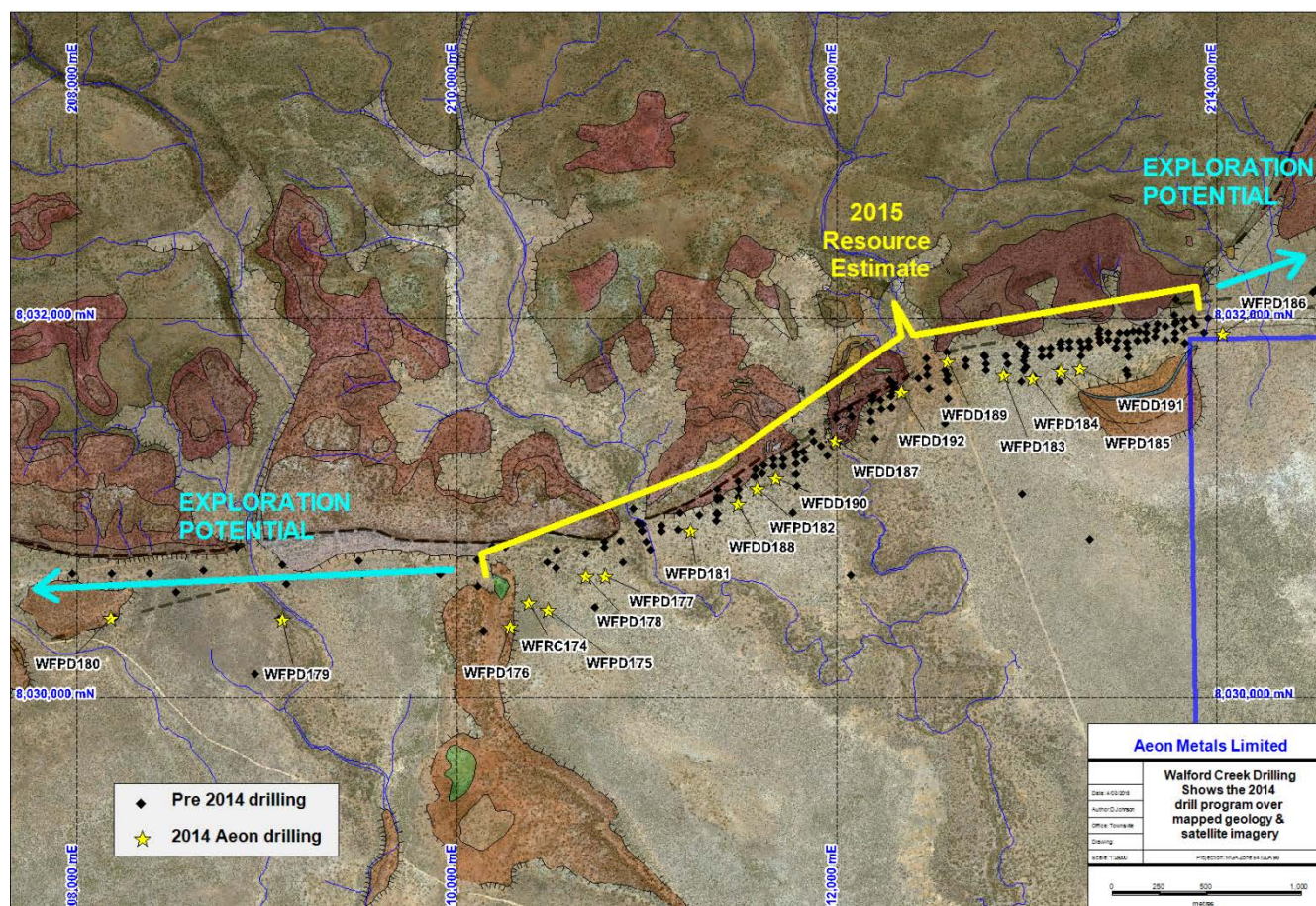


Figure 1: Walford Creek 2014 Drill Plan and 2015 Resource strike

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 Directors' Report (continued)
 Review of operations (continued)

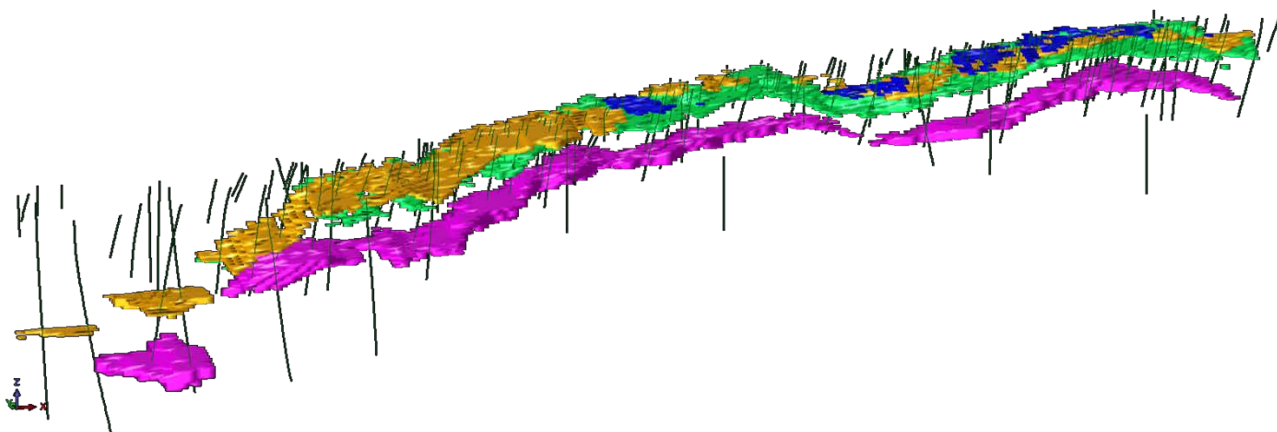


Figure 2: 2015 Resource Estimates Mineralised Zones. The figure below illustrates the mineralised zones for the new 2015 Resource Estimates. Cu Equiv $\geq 0.5\%$. (Blue = Chert Unit, Orange = PY1 Unit, Green = Dolomite Unit & Magenta = PY3 Unit).

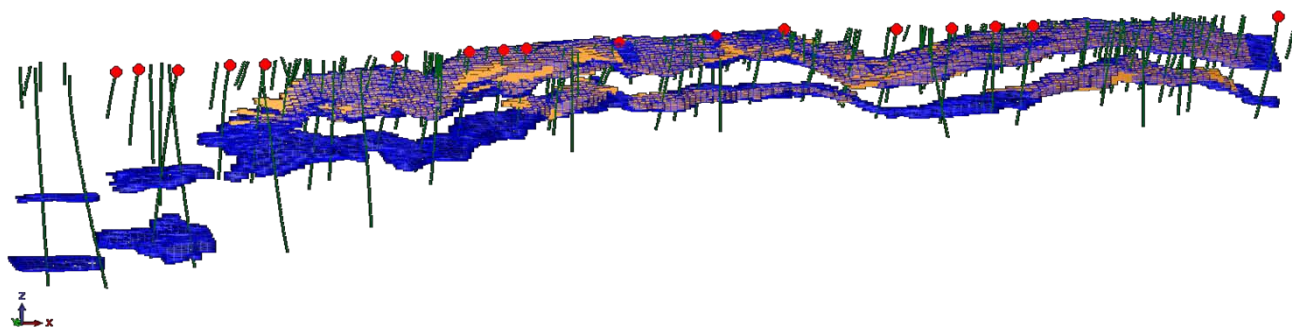


Figure 3: 2015 Resource Estimates Mineralised Zones. The figure below illustrates the mineralised zones for the new 2015

Post the acquisition of Walford Creek and during the half yearly period, the Company completed a 6,021m (1,805m RC and 4,216m Diamond) drill campaign, which confirmed the previous geological and resource model developed after the completion of 9,300m of RC and Diamond in 2012. The 2014 drilling was a combination of infill, deeper testing below the 2013 JORC Resource, and step out drilling and generated excellent results with, in some cases, significant widths of high grade base metals mineralisation intersected in areas where no previous resource blocks existed.

All final assay results were returned during the six month period with significant intercepts including:

WFPD177 – 35m @ 1.0% Cu, 0.15% Co, 1.0% Pb, 0.7% Zn, and 37g/t Ag from 291m
WFPD178 – 33m @ 1.7% Zn, 1.3% Pb, and 18g/t Ag from 214m
WFPD179 – 11m @ 5.7% Zn, 0.17% Co, 0.3% Pb, and 8g/t Ag from 445m
WFPD181 – 20m @ 1.0% Cu, 0.24% Co, 2.2% Pb, 2.3% Zn, and 44g/t Ag from 266m
WFPD182 – 32m @ 1.5% Cu, 0.23% Co, and 21g/t Ag from 219m
WFPD184 – 20m @ 1.1% Cu, 0.22% Co, 0.1% Pb, 0.1% Zn, and 27g/t Ag from 262m
WFPD185 – 15m @ 2.1% Cu, 0.15% Co, 0.5% Pb, 0.3% Zn, and 26g/t Ag from 242m
WFDD188 – 32m @ 0.9% Cu, 0.14% Co, 2.0% Pb, 0.9% Zn and 49 g/t Ag from 231m

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Directors' Report (continued)

Review of operations (continued)

The 2014 Walford drill program achieved the desired mix of both infill and step out drilling along over 6kms of the Fish River Fault. This significant drill program has identified the continuation of the prospective Mount Les Siltstone, west of the Resource, and has better constrained the Fish River Fault zone which is believed to have acted as the main fluid channel way for the base metal mineralising fluids. This drilling was the first phase of a 2-phase drill program designed to increase the Walford Creek Resource by 50%² and complete a pre-feasibility study (PFS) by December 2015. The 2015 Resource announced on 6 March 2015 confirms the success of the 2014 drilling with the target achieved (+52%) in this first drilling phase.

Also during the period, the Walford Creek Project successfully qualified for partial funding under Round 8 of the Future Resources Program, Collaborative Drilling Initiative, administered by the Queensland Department of Natural Resources and Mines. Under the terms of the grant, which totals a maximum of \$107,250, Aeon utilised these funds to drill specific holes referred to as WFPD179 and WFPD180 (see Figure 1). These holes are approximately 1.6km and 2.3km respectively along strike from the Walford Creek Resource.

As a component to the completion of a pre-feasibility study and a pathway to development, metallurgical (Core Resources), geological resource (H&S Consulting), and environmental (Animal Plant Mineral) consultants were mandated during the period. Metallurgical test work commenced in September and progress has been made utilising 3 lithological units using core materials stored from the 2012 program. From these tests, information has been generated that indicates a multi component circuit would be utilised to process the ore. Core samples from the 2014 program have been selected for a composite and using the best test conditions from the previous work, a multi stage floatation separation program commenced in January 2015. Additionally, H&S Consulting was mandated in December to undertake a Resource update utilising the 2014 drill program results. This Resource update was completed (see 6 March 2015 announcement) and can be combined with the metallurgical work to assist in building the geometallurgical model output.

On the 25th November 2014 the Company entered into a Memorandum of Understanding ("MoU") with Armour Energy Limited (ASX Code: AJQ) for the potential future supply of gas from its Carpentaria Basin gas exploration projects as a possible source of energy for the Company's Walford Creek Project.

"Other" Northwest Queensland Tenements

A map showing AWCL's interest in various exploration permits is provided below. This tenement package is extensive (covering some 3,400km²) and located in the world-class Mt Isa minerals province in North West Queensland. It includes contiguous land holding (~170km) along the Mt Isa Fault, bordering north and south of Glencore Xstrata's Mount Isa Mines. An Information Memorandum has been collated for the combined Constance Range, Isa North, Isa West and Isa South Projects with the specific objective of facilitating third party involvement to unlock the potential of the combined tenement package.

² This target was based on exploration work and results as at 30 June 2014 at Walford Creek. The potential quantity and grade was conceptual in nature. The Resource was increased by 52% as per announcement on 6 March 2015.

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Directors' Report (continued)

Review of operations (continued)

"Other" Northwest Queensland Tenements (continued)

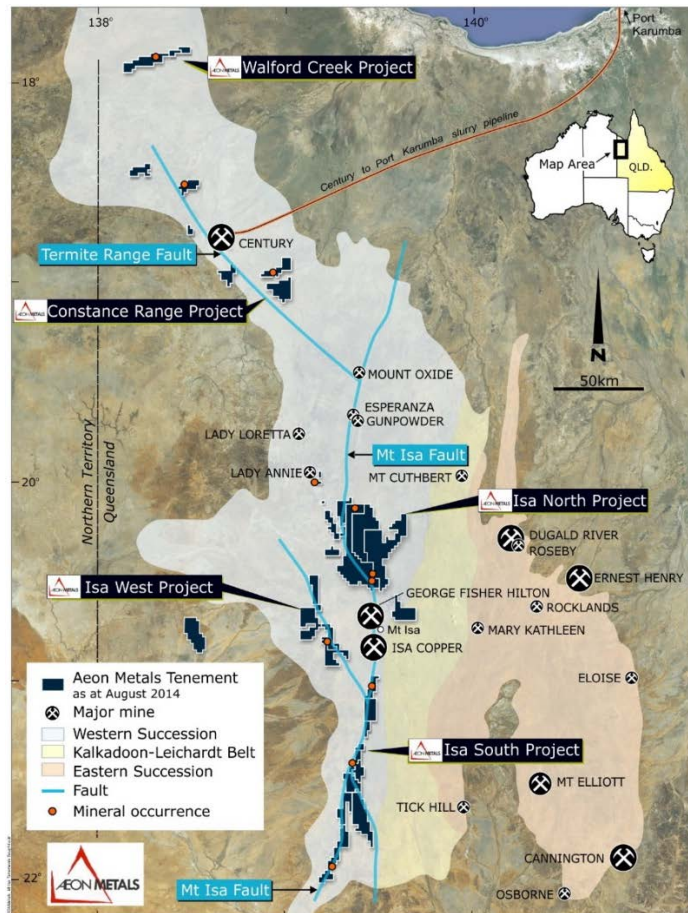


Figure 4: Northwest Queensland Tenements (including Walford Creek)

Southeast Queensland Tenements

During the six months to December 31, 2014 the Company has been actively exploring on its Permits near Monto in Queensland. Specifically, the Company's exploration consisted of the following:

- At the 7B Project, a detailed gold soil geochemical survey was undertaken over the core of the multiphase magnetic intrusion to confirm earlier anomalous soil results. Additionally, a petrographic report was completed. This petrographic work combined with the core log taken from diamond hole 14B059D and results from nearby RC drill holes, demonstrated the potential for VMS mineralisation in the Meat Ant area contained within the 7B Project boundary.
- Historical ground magnetic data for the 7B Project area was reprocessed and modelled. This highlighted a multiphase intrusion beneath earlier anomalous gold soil samples and also helped define the structural discontinuity between the Wild Chilli and Meat Ant prospects. These results, combined with ground magnetic survey and IP data, have been used to design a drill program to target deeper ore bodies of blind high grade mineralisation. Some additional drill targets were also defined.

Due to the size and upside of the combined Ben Hur and Greater Whitewash copper porphyry resources, a strategic decision was made to seek joint venture parties for this combined Project package.

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Directors' Report (continued)

Review of operations (continued)

Southeast Queensland Tenements (continued)

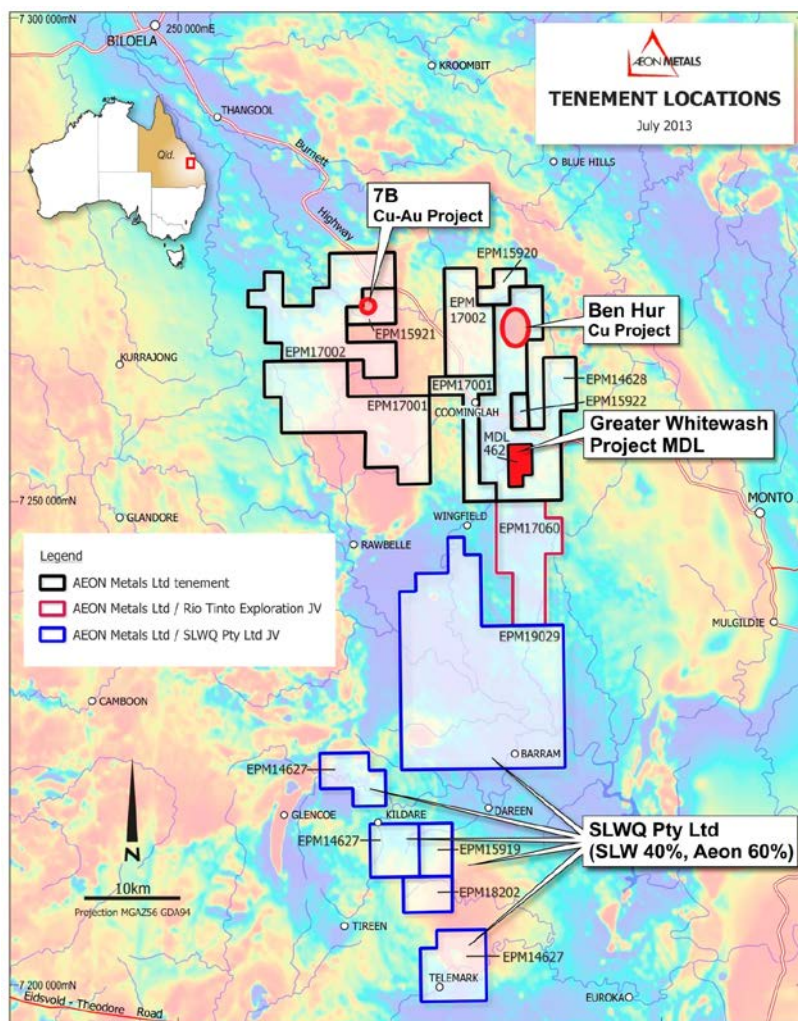


Figure 5: Southeast Queensland Tenements

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 Directors' Report (continued)
 Review of operations (continued)

Tenement holdings at 31 December 2014:

TENEMENT HOLDER	TENEMENT I.D.	LOCATION	INTEREST HELD
Aeon Metals Limited	EPM 14628	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15920	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15921	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15922	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17001	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17002	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17060	West of Monto, Qld	100% with RTX*
Aeon Metals Limited	MDL 462	Northwest of Monto, Qld	100%
Aussie NQ Resources Pty Ltd	EPM 18359	South of Georgetown, Qld	100%
SLW Queensland Pty Ltd	EPM 14627	Southwest of Monto, Qld	60%
SLW Queensland Pty Ltd	EPM 19029	West of Monto, Qld	60%
Aeon Walford Creek Limited	EPM 11897	Mount Isa West	80%
Aeon Walford Creek Limited	EPM 11898	Mount Isa West	80%
Red Metal Limited	EPM 12653	Mount Isa South	<i>Pending</i>
Aeon Walford Creek Limited	EPM 13412	Mount Isa South	20%
Aeon Walford Creek Limited	EPM 13413	Mount Isa South	20%
Aeon Walford Creek Limited	EPM 13682	Mount Isa South	20%
Aeon Walford Creek Limited	EPM 14040	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 14220	Walford Creek	100%
Aeon Walford Creek Limited	EPM 14233	Mount Isa South	72%
Aeon Walford Creek Limited	EPM 14694	Mount Isa North	80%
Aeon Walford Creek Limited	EPM 14712	Constance Range	80%
Aeon Walford Creek Limited	EPM 14713	Constance Range	80%
Aeon Walford Creek Limited	EPM 14821	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 14854	Walford Creek	100%
Aeon Walford Creek Limited	EPM 14935	Constance Range	80%
Aeon Walford Creek Limited	EPM 15156	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 15186	Constance Range	80%
Aeon Walford Creek Limited	EPM15212	Mount Isa West	80%
Mount Isa Mines Limited	EPM15911	Mount Isa South	<i>Pending**</i>
Aeon Walford Creek Limited	EPM 16921	Mount Isa North	20%
Mount Isa Mines Limited	EPM 17297	Mount Isa South	<i>Pending**</i>
Aeon Walford Creek Limited	EPM 17300	Mount Isa North	100%
Summit Resources (Aust) Pty Ltd	EPM 17511	Mount Isa North	20%
Summit Resources (Aust) Pty Ltd	EPM 17513	Mount Isa North	20%
Summit Resources (Aust) Pty Ltd	EPM 17514	Mount Isa North	20%
Summit Resources (Aust) Pty Ltd	EPM 17519	Mount Isa North	20%
Aeon Walford Creek Limited	EPM 18395	Mount Isa west	100%
Aeon Walford Creek Limited	EPM 18552	Walford Creek	100%
Aeon Walford Creek Limited	EPM 18769	Mount Isa West	100%

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

** 100% JV AWCL earned 100%, transfer of title pending

Aeon Metals Limited

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Directors' Report (continued)

Corporate

During the six months to December 31, 2014 Aeon placed 25,135,869 ordinary fully paid shares at \$0.12 per share to institutional and sophisticated investors in Australia to raise \$3,016,304. This placement was the final issue of shares in relation to the \$8 million placement approved on 8 May 2014.

Financial Position

The net assets of the Group at 31 December 2014 were \$36,564,000 including cash of \$3,418,000. The Directors have prepared cash flow projections for the coming 12 months which include the Group raising additional cash funding (refer Note 2).

Significant Changes in State of Affairs

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

After Balance Date Events

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

Future Developments, Prospects and Business Strategies

The Company is focused on advancing the Walford Creek Project towards the development of a world class base metals mine. An updated Resource is forecast for the first half of 2015 with a pre-feasibility study incorporating all elements of the Walford Creek Project development (resource, mining, processing, infrastructure, permitting) planned to be completed by the end of 2015.

A potential sale or joint venture arrangement of the Company's northwest Queensland tenements, excluding Walford Creek, (Constance Range, Isa North, Isa West and Isa South Projects) is planned during the first half of 2015.

The Company's southeast Queensland Projects, consisting of Ben Hur, 7B, and Greater Whitewash, 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 Group also has a large portfolio, in both northwest and southeast Queensland of early stage targets which are continuously reviewed and exploration undertaken to assess for base and/or precious metals.

Aeon Metals Limited

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Directors' Report (continued)

Environmental Issues

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

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

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 24 and forms part of the directors' report for the six months ended 31 December 2014.

Rounding off

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

Signed in accordance with a resolution of the directors:



Hamish Collins
Managing Director

Dated at Sydney this 13th day of March 2015.

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 the 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 targets and mineral resources for the southeast Queensland tenements 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 Metals Limited and has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Aeon Metals Limited

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Directors' Report (continued)

APPENDIX 1 - WALFORD CREEK PROJECT 2014 DRILL PROGRAM SIGNIFICANT INTERCEPTS

Hole No.	Easting	Northing	Azimuth degrees	Dips degrees	Intersect m	Cu %	Co %	Pb %	Zn %	Ag g/t	From m	To m
WFPD175	210480	8030460	355	55	7	0.5	0.07	0.7	0.2	26	520	527
					and 14		0.02	0.9	1.8	13	530	544
					and 26	0.3	0.26	0.2	0.2	16	546	572
					and 7	0.3	0.06			8	586	593
WFPD177	210780	8030640	355	55	35	1.0	0.15	1.0	0.7	37	291	326
					incl 22	1.2	0.17	1.4	0.8	44	302	324
					incl 3			2.7	4.6	80	305	308
					incl 8	1.4	0.26	2.8	0.4	58	314	322
					incl 2			9.3	1.1	79	314	316
WFPD178	210680	8030640	355	55	33			1.3	1.7	18	214	247
					incl 9			3.0	2.0	20	214	223
					incl 6			6.9	2.1	28	217	223
WFPD179	209062	8030414	355	55	11		0.17	0.33	5.69	8	445	456
					and 24	0.47	0.07	1.45	0.2	20	581	605
WFPD181	211230	8030880	355	55	10		0.01	0.7	0.2	27	102	112
					and 5		0.09	0.1	0.7	4	171	176
					and 2		0.19	0.3	1.3	15	180	182
					and 20	1.0	0.24	2.2	2.3	44	266	286
WFPD182	211580	8031100	355	-55	32	1.5	0.23			21	219	251
					incl 10	2.0	0.15			26	219	229
					incl 12	1.9	0.31			26	239	251
					and 4		0.05	1.6	4.1	71	216	220
WFPD184	213037	8031691	355	60	4	0.0	0.05	0.1	2.2	10	105	109
					and 6	0.0	0.04	2.0	0.6	34	160	165
					and 9	0.0	0.06	3.6	2.7	53	253	262
					and 20	1.1	0.22	0.1	0.1	27	262	282
WFPD185	213168	8031721	355	60	13	0.0	0.02	0.9	1.0	24	229	242
					and 15	2.1	0.15	0.5	0.3	26	242	257
WFPD187	211994	8031355	355	55	2			2.7		16	14	16
					and 18	0.4	0.08	2.6	0.3	50	189	207
					incl 3	0.4	0.08	12.4	0.4	80	197	200
					and 13	0.4	0.03	0.6	1.3	7	217	230
WFDD188	211480	8031055	355	-60	15	0.0	0.01	1.2	0.2	42	84	99
					incl 4	0.0	0.02	3.0	0.1	47	88	92
					and 4	0.0	0.02	0.2	1.9	13	211	215
					and 32	0.9	0.14	2.0	0.9	49	231	263
					incl 14	1.2	0.19	2.9	1.4	57	234	248

JORC Table 1 Information in relation to each of the above holes is set out in the Company's announcement dated 10 October 2014

Aeon Metals Limited

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Condensed consolidated interim statement of financial position

As at 31 December 2014

In thousands of AUD

	Note	31 Dec 2014	30 Jun 2014
Assets			
Cash and cash equivalents		3,418	5,241
Trade and other receivables		142	590
Other investments		49	50
Prepayments		30	49
Total current assets		3,639	5,930
Property, plant and equipment		166	171
Other assets		44	44
Exploration and evaluation assets	11	49,056	43,323
Total non-current assets		49,266	43,538
Total assets		52,905	49,468
Liabilities			
Trade and other payables		1,044	1,463
Employee benefits		162	181
Provisions		50	50
Total current liabilities		1,256	1,694
Loans and borrowings	6	15,085	12,242
Total non-current liabilities		15,085	12,242
Total liabilities		16,341	13,936
Net assets		36,564	35,532
Equity			
Share capital	7	45,332	43,411
Reserves	7	5,605	5,734
Accumulated losses		(14,391)	(13,637)
Total equity attributable to owners of the Company		36,546	35,508
Non-controlling interests		18	24
Total equity		36,564	35,532

The condensed notes on pages 17 to 20 are an integral part of these condensed consolidated interim financial statements.

Aeon Metals Limited

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

For the six months ended 31 December 2014

In thousands of AUD

	Note	31 Dec 2014	31 Dec 2013
Administrative expenses		(531)	(273)
Impairment loss		(37)	(12)
Other expenses		(732)	(303)
Results from operating activities		(1,300)	(588)
Finance income		64	21
Finance costs		(2)	(2)
Net finance income/(costs)		62	19
Profit/(loss) before income tax		(1,238)	(569)
Income tax expense		-	-
Profit/(loss) for the period		(1,238)	(569)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(1,238)	(569)
Profit/(loss) attributable to:			
Owners of the Company		(1,232)	(562)
Non-controlling interests		(6)	(7)
Profit/(loss) for the period		(1,238)	(569)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(1,232)	(562)
Non-controlling interests		(6)	(7)
Total comprehensive income/(loss) for the period		(1,238)	(569)
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents per share)	8	(0.41) cents	(0.32) cents
Diluted earnings/(loss) per share (cents per share)	8	(0.41) cents	(0.32) cents

The condensed notes on pages 17 to 20 are an integral part of these condensed consolidated interim financial statements.

Aeon Metals Limited

Condensed consolidated interim statement of changes in equity

For the six months ended 31 December 2014

	Note	Attributable to owners of the Company				Non-Controlling interests	Total equity
		Share capital	Equity Compensation reserve	Retained earnings	Total		
<i>in thousands of AUD</i>							
Balance at 1 July 2013, as previously reported		30,525	737	(9,788)	21,474	1,583	23,057
Total comprehensive income/(loss) for the period							
Profit/(loss) for the period		-	-	(562)	(562)	(7)	(569)
Total comprehensive income/(loss) for the period		-	-	(562)	(562)	(7)	(569)
Transactions with owners of the Company, recognised directly in equity							
<i>Contributions by and distributions to owners of the company</i>							
Issue of ordinary shares		1,290	-	-	1,290	-	1,290
Capital raising costs		(45)	-	-	(45)	-	(45)
Expiry of options		-	(81)	81	-	-	-
Total contributions by and distributions to owners of the company		1,245	(81)	81	1,245	-	1,245
Balance at 31 December 2013		31,770	656	(10,269)	22,157	1,576	23,733
Balance at 1 July 2014, as previously reported		43,411	5,734	(13,637)	35,508	24	35,532
Total comprehensive income/(loss) for the period							
Profit/(loss) for the period		-	-	(1,232)	(1,232)	(6)	(1,238)
Total comprehensive income/(loss) for the period		-	-	(1,232)	(1,232)	(6)	(1,238)
Transactions with owners of the Company, recognised directly in equity							
<i>Contributions by and distributions to owners of the company</i>							
Issue of ordinary shares	7	2,128	-	-	2,128	-	2,128
Capital raising costs	7	(260)	-	-	(260)	-	(260)
Issue of share options	9	-	357	-	357	-	357
Exercise of options	7	53	(8)	-	45	-	45
Rights surrendered	7	-	(130)	130	-	-	-
Expiry of options	7	-	(348)	348	-	-	-
Total contributions by and distributions to owners of the company		1,921	(129)	478	2,270	-	2,270
Balance at 31 December 2014		45,332	5,605	(14,391)	36,546	18	36,564

The condensed notes on pages 17 to 20 are an integral part of these condensed consolidated interim financial statements.

Aeon Metals Limited

Condensed consolidated interim statement of cash flows

For the six months ended 31 December 2014

In thousands of AUD

<i>Note</i>	31 Dec 2014	31 Dec 2013
Cash flows from operating activities		
Cash receipts from service fees	-	-
Cash paid to suppliers and employees	(1,067)	(627)
Cash used in operations	(1,067)	(627)
Interest received	64	21
Net cash from/(used in) operating activities	(1,003)	(606)
Cash flows from investing activities		
Receipt of government grants	443	-
Acquisition of property, plant and equipment	(15)	(1)
Payments for exploration activities	(3,161)	(792)
Net cash from/(used in) from investing activities	(2,733)	(793)
Cash flows from financing activities		
Proceeds from the issue of share capital	2,173	1,290
Payment of capital raising costs	(260)	(45)
Net cash from/(used in) financing activities	1,913	1,245
Net increase (decrease) in cash and cash equivalents	(1,823)	(154)
Cash and cash equivalents at 1 July	5,241	1,129
Cash and cash equivalents at 31 December	3,418	975

The condensed notes on pages 17 to 20 are an integral part of these consolidated interim financial statements.

Aeon Metals Limited

31 December 2014 Interim Financial Report

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Aeon Metals Limited (the "Company") is a company domiciled in Australia. These condensed consolidated interim financial statements as at and for the six months ended 31 December 2014 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in prospect and tenement exploration for a range of minerals including copper and molybdenum.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2014 are available upon request from the Company's registered office at Level 7, 88 Pitt Street, Sydney NSW 2000 or at <http://www.aeonmetals.com.au>

2. Basis of preparation

Statement of compliance

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

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2014. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2014.

These condensed consolidated interim financial statements were approved by the Board of Directors on 13 March 2015.

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

Going concern

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

During the interim period ended 31 December 2014, the Group incurred a net loss before tax of \$1,238 thousand and net cash outflow from operating and investing activities was \$3,736 thousand. As at 31 December 2014, the Group had net assets of \$36,564 thousand including cash of \$3,418 thousand.

The Directors have prepared cash flow projections for the coming 12 months that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group incurs significant exploration and operating costs, and the Group obtains sufficient additional cash funding from shareholders or other parties to meet the planned level of exploration and operating costs. To the extent that adequate funding is not obtained, the Group would need to reduce expenditures to the level of cash funds available.

Accordingly, there is a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

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

Aeon Metals Limited

31 December 2014 Interim Financial Report

Notes to the condensed consolidated interim financial statements

2. Basis of preparation (continued)

Judgements and estimates

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

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2014.

3. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2014.

4. Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2014.

5. Operating segments

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

6. Loans and borrowings

In thousands of AUD

Non-current liabilities

Limited recourse notes

	31 Dec 2014	30 Jun 2014
Limited recourse notes	15,085	12,242

Terms and conditions of outstanding loans are as follows.

In thousands of AUD

	<i>Currency</i>	<i>Nominal Interest rate</i>	<i>Year of Maturity</i>	31 Dec 2014		30 Jun 2014	
				Face Value	Carrying Value	Face Value	Carrying Value
Limited recourse notes	AUD	12.00%	2017	20,000	15,085	20,000	12,242
Total Interest bearing liabilities				20,000	15,085	20,000	12,242

The amortised cost 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.

Aeon Metals Limited

31 December 2014 Interim Financial Report

Notes to the condensed consolidated interim financial statements

7. Capital and reserves

Issues of ordinary shares

On 15 July 2014, 15,669 thousand ordinary shares were issued for cash consideration totalling \$1,881 thousand, of which \$889 thousand was received prior to 30 June 2014. A further 9,467 thousand shares were issued on 8 August 2014 for cash consideration of \$1,136 thousand.

On 4 August 2014, 3,000 ordinary shares were issued to two executives via a limited recourse loan (refer note 9).

As a result of the exercise of vested options issued on 9 November 2012, 300 thousand ordinary shares were issued on 29 August 2014 for cash consideration of \$45 thousand. Options were exercised at an average price of \$0.15 per option.

All issued shares are fully paid.

Capital raising costs included in the share capital attributable to the issue of shares during the year was \$260 thousand.

Equity compensation reserve

The equity compensation reserve records the fair value of options, warrants and performance rights issued (refer note 9 for issues in the current period).

On 3 July 2014, 4 million 5 year performance rights issued to Hamish Collins on 24 August 2012 were surrendered. The fair value of the performance rights issued during the prior period was \$130 thousand.

On 9 November 2014, 13 million options issued on 9 November 2013 as part of consideration for 25% shareholding in SLW Queensland Pty Ltd lapsed and the fair value of the options of \$348 thousand was transferred to retained earnings.

8. Earnings/(loss) per share

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

Net profit/(loss) for the period (*in thousands of AUD*)

Weighted average number of ordinary shares
(in thousands of shares)

31 Dec 2014	31 Dec 2013
(1,238)	(569)
300,512	177,120

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

Net profit/(loss) for the period (*in thousands of AUD*)

Weighted average number of ordinary shares – basic
Effect of share options on issue

Weighted average number of ordinary shares - diluted
(in thousands of shares)

31 Dec 2014	31 Dec 2013
(1,238)	(569)
300,512	177,120
-	-
300,512	177,120

At 31 December 2014, 64,251 thousand options (31 December 2013:14,333 thousand) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Aeon Metals Limited

31 December 2014 Interim Financial Report

Notes to the condensed consolidated interim financial statements

9. Share-based payments

Description of the share-based payment arrangements

On 4 August 2014, 3,000 thousand fully paid ordinary shares were issued to two executives, 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 \$357 thousand was calculated using the Black Scholes Model. At balance date the loan was not repaid.

Inputs for measurement of grant date fair values

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

	Options 31 Dec 14
Number of options	3,000,000
Grant date	4 August 2014
Fair value at grant date	\$0.119
Share price at grant date	19 cents
Exercise price	19.5 cents
Expected volatility (weighted average)	101%
Expected life (weighted average)	3 years
Risk-free interest rate (based on government bonds)	2.74%

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

10. Related parties

Arrangements with related parties continue to be in place. For details on these arrangements refer to the 30 June 2014 annual financial report.

11. Impairment of exploration and evaluation of assets

During the six months ended 31 December 2014 the Group recognised an impairment loss of \$37 thousand (2013: \$12 thousand) relating to exploration and evaluation assets, due to there being no planned substantive expenditure or further exploration and evaluation of mineral resources with respect to certain areas of interest.

12. Subsequent events

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

Aeon Metals Limited

Directors' declaration

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

1. the condensed consolidated financial statements and notes set out on pages 13 to 20, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Hamish Collins
Managing Director

Dated at Sydney this 13th day of March 2015

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

We have reviewed the accompanying interim financial report of Aeon Metals Limited, which comprises the condensed consolidated interim statement of financial position as at 31 December 2014, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated statement interim of changes in equity and condensed consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Aeon Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to note 2 to the interim financial report which indicates that the ability of the Group to continue as a going concern is dependent upon the Group obtaining sufficient additional cash funding from shareholders or other parties to meet the planned level of exploration and operating costs. To the extent that adequate funding is not obtained, the Group would need to reduce expenditure to the level of cash funds available.

Due to the matters set out in note 2, a material uncertainty exists which may cast significant doubt about the Group's ability to continue as a going concern, and therefore whether the Group is able to realise its assets, including exploration and evaluation assets with a carrying value of \$49,056 thousand at 31 December 2014, or settle its liabilities at the amounts recorded in the interim financial report.



KPMG



Adam Twemlow
Partner

Gold Coast

13 March 2015

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

To: the directors of Aeon Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

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



KPMG



Adam Twemlow
Partner

Gold Coast

13 March 2015