

Notice of General Meeting

and Explanatory Statement

General Meeting of Aeon Metals Limited ACN 121 964 725 to be held at The Grace Hotel, Corner of York & King Streets, 77 York Street, Sydney NSW 2000 on Wednesday, 24 June 2015 at 10.00am Sydney time.

> This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If you do not understand these documents or are in any doubt as to how to deal with them, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

aeon**metals**.com.au

Notice of General Meeting

NOTICE IS HEREBY GIVEN that a General Meeting ("Meeting" or "EGM") of the members of Aeon Metals Limited ACN 121 964 725 (the "Company" or "Aeon") will be held at The Grace Hotel, Corner of York & King Streets, 77 York Street, Sydney NSW 2000 on Wednesday 24 June 2015 commencing at 10.00 am (Sydney time).

The business to be considered at the Meeting is set out below. This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum, which contains information in relation to each of the Resolutions. A Proxy Form also accompanies this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered shareholders of the Company at 7.00 pm (Sydney time) on 22 June 2015.



Ordinary Business

Resolution 1:

Approval to permit OCP Asia (Hong Kong) Limited, Centar SP3 Limited and OL Master Limited to increase their voting power in the Company's shares to more than 20% through the exercise of certain warrants

To consider and if thought fit to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Section 611, Item 7 of the Corporations Act 2001 and for all other purposes, approval is hereby given to each of OCP Asia (Hong Kong) Limited, Centar SP3 Limited and OL Master Limited increasing their relevant interests in the Company's shares to have more than 20% voting power in the Company through the exercise of warrants issued by the Company on 17 June 2014 each expiring on 17 June 2017 and exercisable at 15.81 cents."

Voting exclusion: The Company will disregard any votes cast on this resolution by OCP Asia (Hong Kong) Limited, Centar SP3 Limited and OL Master Limited and any associate of those persons. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2: Issue of Shares to Chairman, Thomas Mann

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given for the issue of 2,000,000 shares to Thomas Mann (or his nominee) to be funded by a limited recourse loan by the Company to Thomas Mann (or his nominee) in accordance with the Explanatory Memorandum which is attached to and forms part of the Notice for this Meeting."

Voting exclusion: The Company will disregard any votes cast on this resolution by Thomas Mann or any associate of Thomas Mann. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3: Issue of Shares to Managing Director, Hamish Collins

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given for the issue of 1,000,000 shares to Hamish Collins (or his nominee) to be funded by a limited recourse loan by the Company to Hamish Collins (or his nominee) in accordance with the Explanatory Memorandum which is attached to and forms part of the Notice for this Meeting."

Voting exclusion: The Company will disregard any votes cast on this resolution by Hamish Collins or any associate of Hamish Collins. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4: Issue of Shares to non executive Director, Edgar Newman

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given for the issue of 2,000,000 shares to Edgar Newman (or his nominee) to be funded by a limited recourse loan by the Company to Edgar Newman (or his nominee) in accordance with the Explanatory Memorandum which is attached to and forms part of the Notice for this Meeting."

Voting exclusion: The Company will disregard any votes cast on this resolution by Edgar Newman or any associate of Edgar Newman. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5: Issue of Shares to executive Director, John Goody

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given for the issue of 1,000,000 shares to John Goody (or his nominee) to be funded by a limited recourse loan by the Company to John Goody (or his nominee) in accordance with the Explanatory Memorandum which is attached to and forms part of the Notice for this Meeting."

Voting exclusion: The Company will disregard any votes cast on this resolution by John Goody or any associate of John Goody. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6: Issue of Shares to non executive Director, Paul Harris

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of Section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, approval is given for the issue of 1,000,000 shares to Paul Harris (or his nominee) to be funded by a limited recourse loan by the Company to Paul Harris (or his nominee) in accordance with the Explanatory Memorandum which is attached to and forms part of the Notice for this Meeting."

Voting exclusion: The Company will disregard any votes cast on this resolution by Paul Harris or any associate of Paul Harris. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board

Stephen J Lonergan Company Secretary Date: 21 May 2015



Important Information

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of General Meeting is incorporated in and comprises part of this Notice and should be read in conjunction with this Notice.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice of General Meeting and the Explanatory Memorandum.

Proxies

- (a) Votes at the General Meeting may be given personally or by proxy, attorney or representative;
- (b) Each Shareholder has a right to appoint one or two proxies;
- (c) A proxy need not be a Shareholder of the Company;
- (d) If a Shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution;
- (e) Where a Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- (f) If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands;
- (g) A proxy must be signed by the Shareholder or his or her power of attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with the Company's Constitution and the Corporations Act.
- (h) To be effective, proxy forms must be received by the Company's share registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the General Meeting, that is no later than 10.00 am Sydney time on Monday 22 June 2015. Any proxy form received after that time will not be valid for the scheduled meeting.

Hand Delivery Boardroom Pty Limited Level 12, Grosvenor Place 225 George Street SYDNEY NSW 2000 By Mail Boardroom Pty Limited GPO Box 3993 SYDNEY NSW 2001 **By Facsimile** (02) 9290 9655

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

Explanatory Statement

This Explanatory Memorandum sets out information in connection with the business to be considered at the General Meeting of Aeon Metals Limited to be held on 24 June 2015.

Resolution 1: Approval to permit OCP Asia (Hong Kong) Limited, Centar SP3 Limited and OL Master Limited to increase their voting power in the Company's shares to more than 20% through the exercise of certain warrants.

- 1 On 17 June 2014 the Company acquired from receivers of the failed Aston Metals Group (associated with Nathan Tinkler) Aston Metals (Qld) Limited (now renamed Aeon Walford Creek Limited) ("AWCL") which holds the Walford Creek Base Metals Project in northwest Queensland and interests in four exploration Joint Ventures in the Mt Isa area.
- 2 The consideration for the acquisition was the issue by the Company of shares, warrants and notes to Centar SP3 Limited and OL Master Limited as detailed below. These companies are controlled by OCP Asia (Hong Kong) Limited ("OCP Asia") which, through other subsidiaries, had been a lender to the Aston Metals Group prior to the acquisition of AWCL by the Company. Details of OCP Asia are available on its website www.ocpasia.com
- 3 The consideration for the acquisition was as follows:

Shares

41,517,241 shares to Centaur SP3 Limited 6,758,621 shares to OL Master Limited

Warrants (each an option expiring on 17 June 2017 exercisable by the holder at any time on payment of 15.81 cents per share)

54,395,952 warrants to Centar SP3 Limited 8,855,155 warrants to OL Master Limited

Notes (aggregate of \$20 million, 3 year, 12% notes secured against AWCL and its assets) \$17,200,000 notes to Centar SP3 Limited \$2,800,000 notes to OL Master Limited

After completion of the acquisition, OCP Asia advised the Company that the OCP Parties had funded certain costs on behalf of AWCL prior to completion and the Company has provided Centar SP3 Limited and OL Master Limited with a credit note for \$275,000 to be applied automatically in payment of the warrant exercise price for warrant exercises by either of the warrant holders by cash payment until the credit is exhausted.

- 4 As part of the acquisition arrangements, it was agreed that the Company would seek shareholder approval under Section 611, Item 7 of the Corporations Act 2001 to the respective warrant holders being permitted to acquire voting power in the Company in excess of 20% by the exercise of their warrants ("Section 611 Approval") and that the Directors of the Company would unanimously recommend that shareholders vote in favour of this approval.
- 5 It was also agreed that, if the Section 611 Approval was not given by shareholders, then a 12 month no dealing restriction on the shares issued to Centar SP3 Limited and OL Master Limited will cease on the date of the relevant shareholder meeting rather than on 17 June 2015 as currently provided. There are no other consequences of shareholders failing to give the Section 611 Approval.



- 6 The proposed Resolution will also approve OCP Asia increasing its relevant interest in the Company's shares through the exercise of warrants held by Centar SP3 Limited and OL Master Limited. OCP Asia has notified that has a relevant interest in the Aeon shares held by these entities as they are controlled by OCP Asia and consequently, to the extent warrants are exercised by these entities, OCP Asia will have a relevant interest in those shares.
- 7 The following Table sets out the current relevant Interests of Centar SP3 Limited, OL Master Limited and OCP Asia ("the OCP Parties") and the relevant interests which will be held if each warrant holder exercises all of its warrants and if both warrant holders exercise all of their warrants.

Entity	Current Shareholding	% Current Voting Power	Current Warrant Holding	Shareholding if Holder exercises its Warrants	% Voting Power if Holder exercises its Warrants	% Voting Power if both Holders Exercise Warrants
Centar SP3 Limited	41,517,241	13.641%	54,395,952	95,913,193	26.735%	26.091%
OL Master Limited	6,758,621	2.221%	8,855,155	15,613,776	4.985%	4.247%
OCP Asia (Hong Kong) Limited	nil	15.862 %	nil	nil	% of the exercising Warrant Holder	30.338%

This Table assumes that the issued shares of the Company are the current 304,353,197 shares. This may increase before the expiry date of the warrants and, if so, the relevant interests of the OCP Parties shown above may decrease.

- 8 It is possible that the OCP Parties may acquire shares in the Company up to the permitted relevant interest threshold of 20% and thereafter exercise warrants pursuant to this Resolution if it is approved. Based on the Company's current 304,353,197 issued shares, this would require the OCP Parties to acquire an additional 12,594,777 shares and then, if all the warrants were exercised, OCP Asia would have a maximum relevant interest of 33.197%. As it is not known how many of these additional shares might be held respectively by Centar SP3 Limited or OL Master Limited, it is not possible to calculate the respective maximum relevant interests of these parties but neither will exceed OCP Asia's maximum relevant interest of 33.197%.
- 9 In the absence of the Section 611 Approval, the OCP Parties will be able to exercise 15,725,341 warrants before the 20% relevant interest threshold is met and thereafter they may be use the exemption in Section 611 Item 9 of the Corporations Act to increase their voting power by 3% each 6 months through the exercise of warrants.
- 10 The exercise of the warrants will benefit the Company by receipt of exercise moneys of 15.81 cents per warrant and, if all are exercised (assuming the proposed Resolution is approved) then some \$10,000,000 will be received by the Company. However, exercise moneys may not necessarily be received as cash. The Company has issued a total of \$20 million of Notes to Centar SP3 Limited and OL Master Limited and the conditions of the Notes permit the holders to elect to pay the exercise price of any warrants by surrender of Notes to the value of the warrant exercise price. In these circumstances the Company will receive the benefit of a reduction in the amount owing (due 17 June 2017) by it on the Notes but not cash. Cash will also not be received by the Company for some cash exercises of warrants. The OCP Parties funded certain expenses on behalf of AWCL and the Company has provided Centar SP3 Limited and OL Master Limited with a credit note for \$275,000 to be applied automatically in payment of the warrant exercise price for warrant exercises by either of the warrant holders by cash payment until the credit is exhausted.
- 11 The warrants can be exercised by the holders at any time up to their expiry date on 17 June 2017. While any Warrants remain unexercised
 - (a) if the Company wants to issue shares at more than a 15% discount to the weighted average market price of the Company's shares over the month before the new shares are issured then it must obtain the prior consent of the original warrant holders; and
 - (b) any issue of convertible securities by the Company is capped at 10% (by number and value) of Aeon's fully diluted capital; and
 - (c) if the Company proposes to pay a dividend, then the record date must be such as to give the warrant holders sufficient time to exercise their warrants and participate in the dividend.

The Directors consider that, in the circumstances of the Company, these are not material restrictions.

- 12 Although the warrants are transferable, the proposed Resolution will only permit the OCP Parties to exercise the warrants pursuant to the Section 611(7) Approval. Nevertheless, approval of the proposed Resolution will create uncertainty as to the potential relevant interest of the OCP Parties in the Company and for that reason may deter takeover bids or other change of control arrangements beneficial to shareholders.
- 13 The Company has requested the OCP Parties to advise their intentions with respect to exercise of the warrants and the questions put to the OCP Parties and the relevant responses in italics (as of 23 March 2015) are as follows:
 - (i) any material information known to the OCP Parties in relation to exercise of warrants following the Section 611(7) Approval. **Response** Nothing furthering addition to the information set out in our answers below
 - (ii) the intentions of the OCP Parties with respect to exercise of the warrants both if the Section 611(7) Approval is given and if the Section 611(7) Approval is not given. **Response** If the Approval is given, it is not our current intention to exercise the warrants immediately. If Approval is not given, we will consider and determine our intentions at that time.

- (iii) a statement of the OCP Parties intentions regarding the future of Aeon if shareholders give the Section 611(7) Approval and warrants are exercised and, in particular:
 - (i) any intention to change the business of Aeon. **Response** *We do not currently intend to change the business of Aeon.*
 - (ii) any intention to inject further capital into Aeon. **Response** *We do not currently intend to inject further capital into Aeon.*
 - (iii) the future employment of present employees of Aeon. **Response** *We do not currently intend to seek to change the future employment of Aeon's present employees.*
 - (iv) any proposal where assets will be transferred between Aeon and OCP Parties or their associates. Response We do not currently propose to transfer assets between Aeon and any OCP Parties or their associates.
 - (v) any intention to otherwise redeploy the fixed assets of Aeon. Response We do not currently intend to otherwise redeploy the fixed assets of Aeon.
- (iv) any intention of the OCP Parties to significantly change the financial or dividend distribution policies of Aeon. **Response** *We do not currently intend to significantly change the financial or dividend distribution policies of Aeon.*
- (v) any intentions of the OCP parties to nominate any persons as directors of Aeon and, if so, the names and relevant professional or commercial experience of such persons and details of their association with the OCP Parties. **Response** We have previously nominated Paul Harris as director. We do not currently intend to nominate any additional persons as director.
- (vi) if and to what extent the OCP Parties propose to exercise warrants by cash subscription or by the Note redemption offset mechanism set out in Clause 6.10 of the Note Conditions contained in the Note and Security Trust Deed dated 17 June 2014. **Response** We will determine the manner in which the warrants are exercised at the time of exercise.
- (vii) information regarding the OCP Parties and their associates which may acquire Aeon shares pursuant to the Section 611(7) Approval. Currently the only information we are able to provide to shareholders is the OCP Asia website www.ocpasia.com. **Response** OCP Asia (Hong Kong) Limited is a Hong Kong private limited company licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of asset management. OL Master Limited is a private investment fund incorporated as an exempted limited company in the Cayman Islands and is managed by OCP Asia (Hong Kong) Limited and OCP Asia Singapore Limited. Centar SP3 Limited is a private investment holding company incorporated as a limited company in the British Virgin Islands and is managed by OCP Asia (Hong Kong) Limited and OCP Asia Singapore Limited.
- (viii) any analyst reports in relation to the performance of OCP Funds and any information in relation to the financial position of the OCP Parties. **Response** *Information on the financial position of the OCP Parties is generally not made publicaly available.*
- 14 The Directors have commissioned an Independent Experts Report ("IER") for the purpose of assessing the fairness and reasonableness of the Section 611 Approval to shareholders who are not associated with the OCP Parties. The IER contains a detailed assessment of the effect of the proposed Resolution and Shareholders are urged to read the IER in full. The IER accompanies and forms part of this Notice. **The IER concludes that the proposed Section 611 Approval is not fair to shareholders but is reasonable**.
- 15 None of the Directors is associated with the OCP Parties except that Paul Harris was nominated as a Director by the OCP Parties.
- 16 In order to secure the acquisition of AWCL, it was agreed that the Aeon Directors would unanimously recommend to shareholders to vote in favour of the Section 611 Approval.
- 17 Each of the Directors recommends that shareholders vote in favour of Resolution 1.

RESOLUTIONS 2 to 6: Issue of Shares to Directors

18 In accordance with Resolutions 2 to 6 the Company proposes to grant a total of 7,000,000 shares to be funded by loans by the Company to Directors as follows:

Thomas Mann	2,000,000
Hamish Collins	1,000,000
Edgar Newman	2,000,000
John Goody	1,000,000
Paul Harris	1,000,000

The aggregate value of this benefit will depend on the increase in the Company's share price beyond the issue price of the shares during the 3 year loan term. If valued now on an option basis, then the benefit would have an aggregate value of \$471,800 if the shares are issued at 10 cents or \$377,300 if the shares are issued at 8 cents. Further option valuation details are set out in paragraphs 33 and 34 below.



- 19 The relevant shares would be placed with each Director (or his nominee) at a subscription price equal to the ASX closing price for Aeon shares on the date of allotment of the shares. The subscription price for these shares would be lent on a 3 year, interest free basis by the Company to the Director. As and when the Director sells the shares, the loan amount per share would be repaid to the Company. Upon a default by the Director, the sole recourse of the Company will be the relevant shares. If a Director ceases to be a Director during the term of the loan, that will not affect his rights to continue to hold the shares and enjoy the loan for the remainder of the 3 year term. Appropriate loan agreements will be entered into between the Company and each Director if this Resolution is approved providing for:
 - (a) the loan to be interest free and for a 3 year term;
 - (b) the Company to maintain a holding lock or equivalaent on the shares pending repayment of the loan;
 - (c) if any share is sold during the term, it must be sold at more than the issue price and the loan amount in respect of that share must be repaid;
 - (d) if the shares are not all sold before the end of the term, the Director's repayment obligation will be discharged by providing a signed transfer in respect of the shares and there will be no other recourse to the Director;
 - (e) in the event of a merger or takeover offer, if the cash offer price per share is more than the loan amount per share, the Director will be free to accept the offer provided the loan amount is repaid. In the event of a script offer, the loan shares may be replaced by the offer script on the basis of new documentation to be prosed by the Company; and
 - (f) the Director wil be entitled to all rights arising in respect of the shares while there is any loan amount outstanding, except that cash distributions must be paid to the Company to reduce the loan amount outstanding.

It is noted that the proposed placements and loans will not involve any reduction in the Company's cash position.

- 20 The proposed loans constitute financial assistance for the purchase of shares in the Company and is permitted by Section 260B of the Corporations Act if the giving of the assistance does not materially prejudice the interest of the Company or its shareholders or the Company's ability to pay its creditors. The Directors believe, in the circumstances, that the proposed financial assistance satisfies these tests.
- 21 The grant of the shares is designed to incentivise the Directors by participating in the future growth and prosperity of the Company through share ownership and in recognition of the contribution made to the Company by the Directors and their ongoing responsibility. The Directors will only benefit from these shares and the assocciated loans if and to the extent that the Company's share price increases beyond the share issue price.
- 22 Shareholder approval of the grant of the shares (including the associated financial assistance) is being sought for all purposes including for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.1.

Shareholder Approval under Chapter 2E of the Corporations Act

23 Resolutions 2 to 6 seek shareholder approval under Chapter 2E of the Corporations Act.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless an exception applies or shareholder approval is obtained. The financial benefit must be given to the related party within 15 months after shareholder approval is obtained.

24 Section 228 of the Corporations Act defines "related party" widely and incudes a director of a public company and specified members of the director's family. Section 229 of the Corporation Act also defines "financial benefit" widely and for the purpose of Resolutions 2 to 6 includes a public company granting shares to a director and the associated financial assistance.

Requirements under Section 219 of the Corporations Act for the grant of shares to the Directors

- 25 In accordance with Section 219 of the Corporations Act, the following information is given to shareholders:
- 26 If Resolutions 2 to 6 are passed, they will permit the Company giving of a financial benefit to the following persons, all of whom are Directors, and are related parties of the Company:

Director	Shares
Thomas Mann	2,000,000
Hamish Collins	1,000,000
Edgar Newman	2,000,000
John Goody	1,000,000
Paul Harris	1,000,000

27 The nature of the financial benefit is the grant of the number of shares set out above in respect of each Director each at a subscription price equal to the ASX closing price for Aeon shares on the date the shares issued together with a 3 year, limited recourse, interest free loan to each Director to fund the subscription price for the shares to be granted to him.

No Directors Recommendation

28 The Directors do not make any recommendation on Resolutions 2 to 6 because of their personal interest in the subject matter of the Resolutions.

Reasons for grant of shares and associated loans

29 The Company has been fortunate to attract a highly regarded management team, and given the relatively small size of the Company it is important that the Company retain its key people and, in particular, its leadership.

Under the Company's current circumstances, the Directors consider that the proposed grant of the shares and associated funding is appropriate in order to retain those key people, ensure that the remuneration being offered is competitive and to provide an incentive to the Directors to continue to play a key and integral role in the future benefit of the Company and therefore increased shareholder value.

The Directors note that the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) provide that it is generally acceptable for non-executive directors to receive securities as part of their remuneration to align their interests with the interests of other security holders.

Dilution effect on existing members' interests

30 If all of the shares to be granted pursuant to Resolutions 2 to 6 are issued, the effect will be to dilute the interests of existing shareholders. The Table below sets out the impact on a fully diluted basis:

	Number of Shares
Shares on issue at date of this notice	304,353,197
Add Options already on issue (upon exercise)	64,251,107
Total potential issued capital	368,604,304
Shares to be granted to Directors	7,000,000
Potential issued capital fully diluted	375,604,394
Dilution effect	1.86%

31 It should be noted that if the shares to be issued to Directors are sold, then the Company's loan for the subscription price will be repaid thus increasing the cash resources of the Company. As the subscription price is only determined on the issue date of the shares, it is not possible to accurately estimate the cash amount which may be received by the Company.

Trading History

32 The market price of the Company's shares during the term of the loan may be one factor in determining whether or not a Director will sell his shares. The Company's shares may be trading on the ASX at a price which is higher than the subscription price and therefore the loan price per share. In these circumstances, if a Director then sells his shares an immediate profit would be realised to the extent of the excess of the share sale price over the loan price per share.

As at 20 May 2015, being the day before the date of this Notice of Meeting, the Company's closing share price was 7.5 cents. The highest, lowest and last recorded market price of the Company's shares quoted on ASX during the 12 month period to 20 May 2015 (being the day immediately before the date of this Notice) were:

Lowest	6 cents	
Highest	24 cents	
Last	7.5 cents	

Effect on Earnings

- 33 In accordance with AASB2, the loans provided to Directors and the shares issued are required to be valued as options. The Company is required to expense the value of these options granted to Directors with the loan effectively being recorded in the Company's Share Based Payments Reserve account. The exact amount to be expensed and transferred to the Reserve in relation to Resolutions 2 to 6 cannot be estimated at this time as the relevant share and exercise price is not yet known. However, if the subscription price (and therefore the loan amount) was 10 cents per share, the fair value of the shares issued and therefore the loan amount for accounting purposes would be 6.74 cents per share (in aggregate \$471,800). If the subscription price was 8 cents per share the fair value for accounting purposes would be 5.39 cents per share (in aggregate \$377,300)
- 34 In calculating the above option valuation examples, the following inputs were used in the Black and Scholes valuation methodology:

Exercise Price	\$0.08	\$0.10
Expected Life	3 years	3 years
Volatility	101.3%	101.3%
Risk free rate (3 year Government Bond Rate)	2.89%	2.89%
Base share price	\$0.08	\$0.10



Directors Remuneration and Equity holdings in the Company

35 In addition to the shares and associated loans proposed to be granted, the Directors are entitled to the following annual remuneration;

Thomas Mann	\$120,000
Hamish Collins	\$325,000
Edgar Newman	\$50,000
John Goody	\$137,740
Paul Harris	\$50,000

The Directors are entitled to statutory superannuation payments on their remuneration and reimbursement of all reasonable travelling, accommodation and other expenses that they properly incur in attending meetings of Directors or any meetings of committees of Directors, in attending meetings of shareholders or in connection with the business of the Company. Messrs Mann and Newman have also provided consultancy services to the Company. Details of all amounts previously paid to Directors are set out in the Company's Annual Reports.

36 The current share holdings of the Directors and their associates are as follows:

Director	Shares Directly and Indirectly Held
T Mann	5,050,430
H Collins	4,078,235
E Newman	nil
J Goody	32,501,112
P Harris	nil

No Further Information

37 There are no opportunity costs for the Company, no taxation consequences or any benefits foregone by the Company in giving the benefits proposed. Apart from the information set out in this Explanatory Statement, there is no other information that is known to the Company or any of its directors that is reasonably required by shareholders to decide whether or not it is in the Company's interests to pass Resolutions 2 to 6.

Information required by the ASX Listing Rules for Resolutions 2 to 6

38 Listing Rule 10.11 requires shareholder approval for an issue of equity securities to a related party. Approval is therefore being sought for the proposed grant of shares to Directors.

Listing Rule 10.13 requires this Notice of Meeting to include the following specified information in relation to the shares to be granted to Directors:

a) The maximum number of securities to be issued to the Directors is 7,000,000 shares. The allocation of the shares are as follows:

Director	Shares
Thomas Mann	2,000,000
Hamish Collins	1,000,000
Edgar Newman	2,000,000
John Goody	1,000,000
Paul Harris	1,000,000

- b) No funds will be raised by the grant of the shares as they are being funded by an interest free, limited recourse loan to be provided by the Company.
- c) The issue price of the shares will be the ASX closing price for the Company's shares on the date the shares are issued.
- d) The Company intends to grant the shares to Directors as soon as practicable after the date of the EGM but in any event, no later than one month after the date of the Meeting.

GLOSSARY

In this Explanatory Memorandum and Notice of General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

ASX means ASX Limited ACN 008 624 691;

Board means the board of Directors;

Closely Related Party of a member of the Key Management Personnel means:

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependant of the member or of the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- e) a company the member controls; or
- f) a person prescribed by the Corporations Regulations 2001 (Cth);

Company means Aeon Metals Limited ACN 121 964 725

Constitution means the constitution of the Company;

Corporations Act means Corporations Act 2001 (Cth);

Directors means the directors of the Company;

Explanatory Memorandum means the explanatory memorandum attached to and forming part of the Notice;

Key Management Personnel has the same meaning as in the accounting standards (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director, whether executive or otherwise, of the Company);

Listing Rules means the ASX Listing Rules as published by the ASX from time to time;

Meeting means the meeting of Shareholders convened by the Notice of General Meeting;

Notice or **Notice of General Meeting** means the notice of general meeting to which this Explanatory Memorandum is attached;

Resolution means each resolution to be considered at the Meeting as set out in this Notice;

Share means a fully paid share in the issued share capital of the Company; and

Shareholder means a holder of shares in the Company who is eligible to attend the Meeting.

Voting Power has the meaning set out in Section 610 of the Corporations Act



aeon**metals**.com.au



Independent Expert's Report

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Aeon Metals Limited

Independent Expert's Report and Financial Services Guide

28 April 2015



The Directors Aeon Metals Limited Level 1, 27-29 Crombie Avenue BUNDALL QLD 4217

28 April 2015

Grant Thornton Corporate Finance Pty Ltd ABN 59 003 265 987 AFSL 247140

Level 19 2 Market Street Sydney NSW 2000 PO Locked Bag Q800 QVB Post Office Sydney NSW 1230 T + 61 2 8297 2400 F + 61 2 9299 4445E info@gtnsw.com.au W www.grantthornton.com.au

Dear Directors

Introduction

Acon Metals Limited ("AQR" or the "Company") is an Australian public company listed on the Australian Securities Exchange ("ASX"). The Company is currently focused on developing its 100% owned flagship Walford Creek copper-zinc-lead project ("the Walford Creek Project") located in northwest Queensland.

As at 28 April 2015, AQR had a market capitalisation of approximately A\$24.3 million.

Proposed Issuance

On 18 June 2014, AQR announced that it had completed a 100% acquisition of Aston Metals (QLD) Limited (now known as Aeon Walford Creek Limited) ("AWCL") through a series of arrangements with the secured creditors and Receivers and Managers of its parent, Aston Metals Limited ("AML") ("the Aston Acquisition") for a consideration payable to OCP Funds¹, the secured creditors of AML, consisting of the following:

- A\$20 million non-recourse loan bearing interest at 12% per annum ("pa") secured over all assets of Aston (including the Walford Creek Project) ("the Aston Loan"). The interest payments are capitalised for three years.
- 48.275 million ordinary shares in AQR at A\$0.145 per share (implied value of circa A\$7.0 million) representing approximately 15.9% of the undiluted enlarged issued capital of AQR as at the date of this Report ("the Aston Shares"). The Aston Shares were issued to OCP Funds² in June 2014.
- Unlisted options with a face value of A\$10 million, three year maturity term and exercise price of A\$0.1581³ ("the Exercise Price") exercisable into circa 63.3 million ordinary shares in AQR

¹ OCP Funds includes OCP Asia (Hong Kong) Limited, Centar SP3 Limited and OL Master Limited.

^{2 41,517,241} Aston Shares were issued to Centar SP3 Limited and 6,758,621 Aston Shares were issued to OL Master Limited.

³ Exercise price of A\$0.1581 was determined based on the 20% premium of the daily Volume Weighted Average Price ("VWAP") over 30 days prior to the issue date of the Aston Options (i.e.17 June 2014).

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("AQR Shares")⁴ representing 17.2% of the undiluted enlarged issued capital of AQR ("the Aston Options"). For further details refer to Section 1.2.

Resulting from the issue of Aston shares, OCP Funds currently hold 15.9% interest in AQR. Upon the issue of new AQR Shares from the exercise of the Aston Options ("the Proposed Issuance"), OCP Funds could increase its shareholding in the Company from 15.9% to approximately 30.3% of the enlarged share capital of AQR (assuming OCP Funds does not acquire any further additional interest in AQR prior to the Proposed Issuance⁵ or any other new AQR Shares are issued).

The directors of AQR ("the Directors") unanimously recommend that shareholders of AQR not associated with OCP Funds ("the Non-Associated Shareholders") vote in favour of the Proposed Issuance. Each Director intends to vote in favour of the Proposed Issuance.

Purpose of the report

The Directors have engaged Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") to prepare an independent expert's report stating whether, in its opinion, the issue of AQR Shares upon full exercise of the Aston Options by OCP Funds (i.e. the Proposed Issuance) is fair and reasonable to the Non-Associated Shareholders for the purposes of Item 7 of Section 611 of the Corporations Act.

For the purpose of this report, an independent technical specialist, Xstract Mining Consultants Pty Ltd ("Xstract"), was engaged to conduct an independent geological and technical assessment and value the mineral assets held by AQR ("the Xstract Report"). The Xstract Report is attached as Appendix C of this report.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Issuance is NOT FAIR BUT REASONABLE to the Non-Associated Shareholders.

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Proposed Issuance is fair and reasonable to the Non-Associated Shareholders and other quantitative and qualitative considerations.

Fairness Assessment

In forming our opinion in relation to the fairness of the Proposed Issuance to the Non-Associated Shareholders, Grant Thornton Corporate Finance has compared the value per AQR Share before the Proposed Issuance (on a control basis) to the assessed value per AQR Share after approval of the Proposed Issuance (on a minority basis).

⁴ Number of Aston Options calculated as A\$10 million face value divided by the Exercise Price.

⁵ We note OCP Funds may acquire interest in the Company up to below 20% without requiring approval from the Non-Associated Shareholders.



The following table summarises our assessment:

Fairness assessment	Section		
A\$ per share	Reference	Low	High
Fair market value per AQR share before the Proposed Issuance (control basis)	6.3	0.091	0.143
Fair market value per AQR share after approval of the Proposed Issuance (minority basis)	7	0.077	0.122
Increase/ (decrease) in value of AQR Share (cents)		(0.0137)	(0.0215)
Increase/ (decrease) in value of AQR Share (%)		-15.0%	-15.0%
	•		

Source: GTCF Calculations

The fair market value per AQR Share on a minority basis after approval of the Proposed Issuance is lower than the fair market value per AQR Share before the Proposed Issuance on a control basis. Accordingly, we have concluded that the Proposed Issuance is NOT fair to the Non-Associated Shareholders.

In relation to our valuation assessment of AQR after approval of the Proposed Issuance, we note that the Exercise Price per Aston Option is 15.81 cents which is materially above our valuation assessment of AQR before the Proposed Issuance and the recent trading prices of AQR shares (i.e. the Aston Options are out of the money). Accordingly, our valuation assessment of AQR after approval of the Proposed Issuance has not been undertaken on a fully diluted basis as it is unlikely that the OCP Funds would exercise the Aston Options in the short term even if approval for the Proposed Issuance is granted by the Non-Associated Shareholders. As a result of the above, our valuation assessment of AQR after approval of the Proposed Issuance for the Proposed Issuance only differs from our valuation assessment before the Proposed Issuance for the application of a minority discount in accordance with the requirements of RG 111⁶.

Notwithstanding the above, we note that given the high level of historical volatility observed for the AQR Share price⁷ and with the continual development of AQR's mineral assets, the Aston Options may still become in-the-money prior to expiry in June 2017.

AQR Shareholders should be aware that our assessment of the value per AQR Share does not reflect the price at which AQR Shares will trade if the Proposed Issuance is approved. The price at which AQR Shares will ultimately trade depends on a range of factors including the liquidity of AQR Shares, AQR's cash position, macro-economic conditions, base metal prices, project development progress, exchange rate and the underlying performance of AQR's business.

Reasonableness Assessment

RG111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, there are sufficient reasons for the security holders to accept the offer in the absence of any superior proposal. In assessing the reasonableness of approving the Proposed Issuance, we have considered the following advantages, disadvantages and other factors.

⁶ For the avoidance of doubt, we note that our valuation assessment of AQR before and after approval of the Proposed Issuance include the time value of money of the Aston Options.

⁷ Historical share price volatility is approximately 100% over the last 2 years



Advantages

Removal of various fund raising restrictions

If the Proposed Issuance is approved and OCP Funds fully exercises the Aston Options, AQR will be released from various key fund raising restrictions as outlined below (for further details refer to Section 1.2):

- AQR must obtain consent from OCP Funds prior to the issue of any new AQR Shares at a price which is discounted by more than 15% of the daily volume weighted average price ("VWAP") for the month preceding the issue of the new shares.
- AQR is only permitted to grant/issue convertible securities exercisable into up to 10% of the number and value of the enlarged, fully diluted share capital of AQR.

The exercise price is at a premium to our control valuation of AQR

The Exercise Price of A\$0.1581 per Aston Option is at a premium between 73.7% and 10.6% to our valuation assessment of AQR on a control basis before the Proposed Issuance.

Our valuation assessment of AQR before the Proposed Issuance is on a 100% basis and incorporates the application of a full premium for control in accordance with the requirements of RG111.

However, we note that if the Proposed Issuance is approved and the Aston Options exercised, OCP Funds will increase its interest in the Company to approximately 30%⁸ of the enlarged share capital but it will not control the Company. In addition, OCP Funds indicated that it has no current intention to appoint additional nominees on the Board of AQR or change the strategic direction of the Company, employment level or management team.

Valuation assessment on a fully diluted basis

As discussed in our fairness section, given the Aston Options are materially out-of-the-money compared with our valuation assessment of AQR before the Proposed Issuance, we have assumed that OCP Funds would be unlikely to immediately exercise the Aston Options even if approval for the Proposed Issuance was granted by the Non-Associated Shareholders. As a result, our valuation assessment of AQR after approval of the Proposed Issuance only differs from our valuation assessment before the Proposed Issuance for the application of a minority discount in accordance with the requirements of RG 111⁹.

Had we undertaken our valuation assessment of AQR after approval of the Proposed Issuance on a fully diluted basis (i.e. assuming the immediate exercise of the Aston Options), the Proposed Issuance would still not be fair to the Non-Associated Shareholders as set out below.

⁸ Assuming OCP Funds does not acquire any further additional shares in AQR prior to the Proposed Issuance. However, we note that even if OCP Funds acquire additional shares in AQR up to the permitted relevant interest threshold of 20% (i.e. additional 15,725,341 AQR Shares) prior to exercising the AQR Options, OCP Fund's maximum relevant interest in AQR would only increase slightly to 33%.

⁹ For the avoidance of doubt, we note that our valuation assessment of AQR before and after approval of the Proposed Issuance include the time value of money of the Aston Options.



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Fairness assessment (fully diluted basis)	Section Reference	Low	High
	110/0/0/00	Lon	i iigii
Fair market value per AQR share before the Proposed Issuance (control basis)	6.3	0.091	0.143
Fair market value nor AOD share after energy of the Drangeed Insurance (missify keein)	Noto 1	0.080	0 122
rair market value per AQR share aller approval of the Proposed Issuance (minomy basis)	Note 1	0.069	0.155
Increase/ (decrease) in value of AQR Share (cents)		(0.0024)	(0.0096)
Increase/ (decrease) in value of AQR Share (%)		-2.6%	-6.7%

Note (1): Assuming A\$10 million in cash is received by AQR in return for the full exercise of the Aston Options, the total number of AQR Shares outstanding increases to 367,604,304 and a minority discount of 15% in applied.

Strategic alliance with OCP Funds

We also note that AQR is likely to be required to source additional funding to further develop its mineral projects in the short to medium term. While the level of additional funding is not known at this stage and may not eventuate, OCP Funds may assist with future capital raisings or provide AQR with access to channels for sourcing of capital that may otherwise not be available to the Company. As a result of additional investment in the Company, OCP Funds also will be further incentivised to work towards the future success of AQR.

Funding requirements

The Aston Options are exercisable at A\$0.1581 per share and upon full exercise, will result in A\$10 million in cash paid to the Company. OCP Funds also has the option to offset the A\$10 million against the Aston Loan instead of paying AQR in cash¹⁰.

We note that the Exercise Price is at a 20% premium to the average of the VWAP of AQR Shares over the 30 trading days preceding the date of issue (17 June 2014). In addition, the Exercise Price is at a premium of 98% compared with the AQR closing share price of 8.0 cents as at 28 April 2015.

If the Proposed Issuance is not approved (although the Aston Options are currently out-of-themoney), the number of potential funding opportunities will be reduced and the Company will likely be required to undertake other fund raising transactions which may be more dilutive than the Proposed Issuance in the short to medium term due to the following:

- AQR does not yet and does not expect to generate any operational cash flows in the short to medium term.
- The Company's mineral assets are only at the early to advanced exploration stage and require significant on-going funding for development.
- The A\$20 million Aston Loan is due in June 2017. Given the early stage of AQR's assets there is significant uncertainty in relation to whether AQR will be able to commence any significant cash generating operations in time to repay the Aston Loan.

¹⁰ Based on discussions with Management, we understand that AQR has also provided a credit note for an amount of A\$275,000 in connection with certain costs and expenses of the receivership of AWCL to OCP Funds. The credit note shall be applied automatically by way of set off solely against the cash payment of the Exercise Price payable on the exercise of the Aston Options until the credit is exhausted.



Disadvantages

The Proposed Issuance is not fair

The Proposed Issuance is not fair as set out above.

Dilution from the shares issued to OCP Funds upon conversion of the Aston Options

OCP Funds' shareholding in AQR has the potential to increase from 15.9% up to 30.4%¹¹ if it decides to fully exercise the Aston Options. As a result, the shareholding of the Non-Associated Shareholders will be diluted from 84.1% to circa 69.6%.

However, we note that even if the Proposed Issuance is not approved, OCP Funds may transfer/ sell the Aston Options to another party who does not require shareholder approval to exercise the Aston Options and accordingly the Non-Associated Shareholders will suffer the same level of dilution.

Increased influence over the Company

Whilst OCP Funds will not acquire a full controlling interest in AQR as a result of the Proposed Issuance, OCP Funds will have the ability to significantly increase its influence over the affairs of the Company as the single largest shareholder of AQR after the implementation of the Proposed Issuance. OCP Funds may also have the capacity to block any potential takeover bid of AQR. OCP Funds will consider its own interests in such situations and potentially such considerations will be different to the Non-Associated Shareholders.

Likelihood of receiving a takeover offer in the future

In our opinion, if OCP Funds exercises the Aston Options into ordinary share capital of the Company, the likelihood of the Company receiving a takeover offer will diminish as OCP Funds will hold a relevant interest in 30.4%¹¹ of the enlarged issued capital of the Company.

Other factors

Shareholder approval already obtained in April 2014 to issue the Aston Options

We note that the Non-Associated Shareholders granted shareholder approval in April 2014 pursuant to Listing Rule 7.1 in relation to the issue of the Aston Options along with the Aston Shares to OCP Funds with circa 97% of votes being in favour of the issue of Aston Options.

The Non-Associated Shareholders' position if the Proposed Issuance is not approved

If the Proposed Issuance is not approved, it would be the current Directors' intention to continue operating the Company in line with its objectives. The Non-Associated Shareholders who retain their shares will continue to share in any benefits and risks in relation to AQR's ongoing business.

¹¹ Assuming OCP Funds does not acquire any further additional interest in AQR prior to the Proposed Issuance or any other new AQR Shares are issued.



Reasonableness conclusion

Based on our opinion that the advantages outweigh the disadvantages as set out above, it is our opinion that the Proposed Issuance is **REASONABLE** to the Non-Associated Shareholders.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Proposed Issuance is **NOT FAIR BUT REASONABLE** to the Non-Associated Shareholders.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to accept the Proposed Issuance is a matter for each AQR Shareholder to decide based on their own views of value of AQR and expectations about future market conditions, AQR's performance, risk profile and investment strategy. If AQR Shareholders are in doubt about the action they should take in relation to the Proposed Issuance, they should seek their own professional advice.

Yours faithfully GRANT THORNTON CORPORATE FINANCE PTY LTD

Dean

ANDREA DE CIAN Partner

1. W. June

PHILLIP RUNDLE Partner



Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by AQR to provide general financial product advice in the form of an independent expert's report in relation to the Proposed Issuance. This report is included in AQR's Notice of Meeting and Explanatory Memorandum.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from AQR a fixed fee of approximately A\$40,000 plus GST, which is based on commercial rate plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.



Grant Thornton Corporate Finance is required to be independent of AQR in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with AQR (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Proposed Issuance.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West Melbourne, VIC 8007 Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.



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1 Outline of the Proposed Issuance

1.1 Aston Acquisition and the Proposed Issuance

OCP Funds includes Centar SP3 Limited and OL Master Limited, wholly owned subsidiaries of OCP Asia (Hong Kong) Limited ("OCP Asia"). OCP Asia was established in September 2009 and is an Asia-focused alternative investment fund manager.

On 3 April 2014, AQR announced its intention to acquire AWCL through a series of arrangements with AWCL's secured creditors (i.e. OCP Funds), and Receivers and Managers of AWCL's parent, AML. As consideration for the Aston Acquisition, AQR paid a mixed consideration consisting of a A\$20 million non-recourse loan (i.e. the Aston Loan), 48.275 million ordinary shares in AQR (i.e. the Aston Shares) and unlisted options with a face value of A\$10 million (i.e. the Aston Options). The Aston Acquisition was subsequently completed on 18 June 2014.

The Aston Shares were issued in June 2014, increasing OCP Funds' interest in AQR from nil to 15.9% as at the date of this Report. We understand the Aston Shares are currently under voluntary escrow until 17 June 2015.

1.2 Terms of the Aston Options

AQR issued 63,251,107¹² Aston Options to OCP funds on 17 June 2014 ("the Issue Date"). Key terms of the Aston Options are:

- Exercise Price of A\$0.1581 per option, calculated based on the 20% premium to the average of the daily VWAP of AQR Shares over the 30 trading days preceding the Issue Date. The Exercise Price may be adjusted with the occurrence of certain events, including re-organisation of the Company and a bonus or pro-rata share issue to shareholders of AQR.
- Maturity Date of 17 June 2017.
- Instead of paying the Exercise Price for the Aston Options in cash, OCP Funds may elect to offset the amount payable against the Aston Loan¹³.
- Each Aston Option may be transferred separately and may be exercised at any time after its Issue Date until the Maturity Date
- In the event the Proposed Issuance is not approved, the voluntary 12 month escrow of the Aston Shares will cease on the date of the relevant shareholder meeting rather than on 17 June 2015 as currently provided. There are no other consequences of shareholders failing to give approval.
- So long as any Aston Options remain unexercised and have not matured, AQR is subject to the following restrictions ("the Option Restrictions"):

^{12 54,395,952} Aston Options to Centar SP3 Limited and 8,855,155 Aston Options to OL Master Limited.

¹³ Based on discussions with Management, we understand that AQR has also provided a credit note for an amount of A\$275,000 in connection with certain costs and expenses of the receivership of AWCL to OCP Funds. The credit note shall be applied automatically by way of set off solely against the cash payment of the Exercise Price payable on the exercise of the Aston Options until the credit is exhausted.



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- AQR must obtain consent from OCP Funds prior to the issue of any new AQR Shares at a price which is discounted at more than 15% of the VWAP for the month preceding the issue for the new shares.
- AQR is only permitted to grant/issue convertible securities exercisable into up to 10% of the number and value of the enlarged, fully diluted share capital of AQR.
- AQR must ensure that the record date for any dividends is at least 14 days after the announcement for the dividend to ensure OCP Funds has sufficient time to exercise the Aston Options in order to receive the dividends.

1.3 **Effects of the Proposed Issuance**

If the Proposed Issuance is approved by the Non-Associated Shareholders:

- AQR will receive A\$10 million in cash from OCP Funds or offset fully/partially against the Aston Loan upon full exercise of the Aston Options¹⁴.
- OCP Funds will be able to fully exercise the Aston Options into a maximum of 63,251,107 AQR Shares representing 14.5% of the diluted issued capital of AQR. Upon full exercise of the Aston Options, OCP Funds' interest in AQR will increase up to approximately 30.3% on a diluted basis¹⁵.
- The Aston Shares will continue to be under voluntary escrow until 17 June 2015.
- If OCP Funds choose to fully exercise the Aston Option, all the Option Restrictions will be removed.

¹⁴ Based on discussions with Management, we understand that AQR has also provided a credit note for an amount of A\$275,000 in connection with certain costs and expenses of the receivership of AWCL to OCP Funds. The credit note shall be applied automatically by way of set off solely against the cash payment of the Exercise Price payable on the exercise of the Aston Options until the credit is exhausted.

¹⁵ Assuming no other options issued to any other party are converted and OCP Funds does not acquire any further additional interest in AQR prior to the Proposed Issuance.



2 Purpose and scope of the report

2.1 Purpose

Section 606 of the Corporations Act prohibits the acquisition of a relevant interest in the issued voting shares of a company if the acquisition results in the person's voting power in the company increasing from either below 20% to more than 20%, or from a starting point between 20% and 90%, without making an offer to all shareholders of the company.

Item 7 of Section 611 of the Corporations Act allows the shareholders not associated with the acquiring company (i.e. the Non-Associated Shareholders) to waive this prohibition by passing a resolution at a general meeting. Regulatory Guide 74 "Acquisitions agreed to by shareholders" ("RG 74") and Regulatory Guide 111 "Content of expert reports" ("RG 111") issued by ASIC set out the view of ASIC on the operation of Item 7 of Section 611 of the Corporations Act.

RG 74 requires that shareholders approving a resolution pursuant to Section 623 of the Corporations Act (the predecessor to Item 7 of Section 611 of the Corporations Act) be provided with a comprehensive analysis of the proposal, including whether or not the proposal is fair and reasonable to the Non-Associated Shareholders. The Directors may satisfy their obligations to provide such an analysis by either:

- Commissioning an independent expert's report; or
- Undertaking a detailed examination of the proposal themselves and preparing a report for the non-associated shareholders.

If the Proposed Issuance is completed, OCP Funds may increase its current shareholding interest in the Company from 15.9% up to 30.3% (assuming OCP Funds does not acquire any further additional interest in AQR prior to the Proposed Issuance¹⁶ and no other new AQR Shares are issued).

Accordingly, the Directors have engaged Grant Thornton Corporate Finance to prepare an independent expert's report stating whether, in its opinion, the Proposed Issuance is fair and reasonable to the Non-Associated Shareholders for the purposes of Item 7 of Section 611 of the Corporations Act.

2.2 Basis of assessment

In preparing our report, Grant Thornton Corporate Finance has had regard to the Regulatory Guides issued by ASIC, particularly RG 111, which states that an issue of shares requiring approval under Item 7 of Section 611 of the Corporations Act should be analysed as if it were a takeover bid. Accordingly, we have assessed the Proposed Issuance with reference to Section 640 of the Corporations Act.

RG 111 states that:

¹⁶ We note OCP Funds may acquire interest in the Company up to below 20% without requiring approval from the Non-Associated Shareholders



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- An offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison should be made assuming 100% ownership of the target company irrespective of whether the consideration offered is scrip or cash and without consideration of the percentage holding of the offeror or its associates in the target company.
- An offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. ASIC has identified the following factors which an expert might consider when determining whether an offer is reasonable:
 - The offeror's pre-existing entitlement, if any, in the shares of the target company.
 - Other significant shareholding blocks in the target company.
 - The liquidity of the market in the target company's securities.
 - Taxation losses, cash flow or other benefits through achieving 100% ownership of the target company.
 - Any special value of the target company to the offeror, such as particular technology and the potential to write off outstanding loans from the target company.
 - The likely market price if the offer is unsuccessful.
 - The value to an alternative offeror and likelihood of an alternative offer being made.

Grant Thornton Corporate Finance has determined whether the Proposed Issuance is fair to the Non-Associated Shareholders by comparing the fair market value of AQR Shares before the Proposed Issuance on a 100% control basis with the fair market value of AQR Shares after approval of the Proposed Issuance on a minority basis.

In considering whether the Proposed Issuance is reasonable to the Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Proposed Issuance is fair.
- The implications to AQR and the Non-Associated Shareholders if the Proposed Issuance is not approved.
- Other likely advantages and disadvantages associated with the Proposed Issuance as required by RG111.
- Other costs and risks associated with the Proposed Issuance that could potentially affect the Non-Associated Shareholders of AQR.



For the purpose of this report, an independent technical specialist, Xstract was engaged to conduct an independent geological and technical assessment and a valuation of the mineral assets held by AQR. The Xstract Report is included as Appendix C to this report.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Proposed Issuance with reference to the ASIC Regulatory Guide 112 "Independence of Expert's Reports" ("RG 112").

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Issuance other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Issuance.

2.4 Consent and other matters

Our report is to be read in conjunction with the Notice of Extraordinary General Meeting and Explanatory Memorandum dated on or around 24 June 2015 in which this report is included, and is prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Issuance. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Notice of Extraordinary General Meeting and Explanatory Memorandum.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Issuance to the Non-Associated Shareholders as a whole. We have not considered the potential impact of the Proposed Issuance on individual Non-Associated Shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Issuance on individual shareholders.

The decision of whether or not to approve the Proposed Issuance is a matter for each Non-Associated Shareholder based on their own views of value of AQR and expectations about future market conditions, AQR's performance, risk profile and investment strategy. If the Non-Associated Shareholders are in doubt about the action they should take in relation to the Proposed Issuance, they should seek their own professional advice.



3 Profile of the industry

AQR is an ASX listed junior base metal exploration company which holds 39 granted exploration permits for minerals ("EPMs") and a mining development license ("ML") in northwest and southeast Queensland, Australia. The Company is currently predominately focused on the development of its flagship polymetallic Walford Creek Project, a copper-zinc-lead project. Copper, zinc and lead are the key metals constituting AQR's existing resource base.

3.1 Overview

In terms of volume, copper is the third highest traded metal commodity in the world and experiences daily price fluctuations as determined by global demand and supply factors. Copper is a base metal used primarily in the manufacturing of electrical cabling, piping, valves and electronic devices due to its high ductility, malleability, and thermal and electrical conductivity.

Zinc is a key raw material used mainly for galvanising iron and steel, brass production and diecasting. Consumption of zinc is predominately influenced by the performance of the construction and manufacturing industries which are major users of galvanised iron and steel.

Lead is a key raw material used for the production of batteries, paints, gasoline and ammunition. Lead is also used extensively in construction products, such as piping and sheeting.

3.2 Key drivers affecting copper, zinc and lead exploration and development

The key drivers affecting copper, zinc and lead exploration and development include:

- Demand for copper, zinc and lead the demand for copper, zinc and lead is derived mainly from construction and manufacturing activities which in turn are closely aligned with world gross domestic product ("GDP") growth.
- Commodity prices low metal prices tend to have a negative impact on the level of exploration and development activities and vice versa.
- Exchange rates copper¹⁷, zinc and lead are usually traded in US dollars, therefore relative exchange rates are an important factor affecting the level of global trading and demand.
- Political and regulatory factors exploration activities are considered high risk undertakings as there is a considerable amount of risk and uncertainty surrounding the commercial viability of such projects. Tenements located in countries with well-defined regulatory processes and a stable political environment may be more attractive to explorers and producers as they are less risky than unregulated and politically unstable countries.
- Funding requirements given the inherent riskiness of the copper industry, the availability and cost of capital to fund projects can significantly impact on the level of exploration and development activities being undertaken.

¹⁷ We note that high-grade copper is also traded on the London Metal Exchange in pounds.



3.3 Consumption and production

In Australia, the production of copper, zinc and lead are heavily concentrated in Queensland, followed by New South Wales and Western Australia. In 2013, Queensland was estimated to account for circa 33% of copper, 64% of zinc and 70% of lead produced in Australia¹⁸.

Copper

The global production of refined copper has increased by a compounded annual growth rate ("CAGR") of 3.9%, slightly ahead of demand growth by 0.3%. In 2013, Australia accounted for approximately 5% of total global production and exported A\$8.7 billion in copper concentrates¹⁹.

The increase in copper production over the last few years has mainly been due to new mines starting or ramping up production across Asia, Africa, Oceania and Latin America. In 2014 and through 2015, the growth rate in the level of estimated global copper production is expected to decline in response to decreasing copper prices with reduced demand from the construction industry in China as well as a temporary ban of mineral ore exports by the Indonesian Government in January 2014. In particular, we note China accounts for over 45% of global copper consumption.

The table and graph below summarises the historical global supply and demand for refined copper concentrates and Australia's contribution to global production levels:

Global supply/ demand	for refined	d copper					Australia, 5%
		2011	2012	2013	2014 (e)	2015 (f)	
Production		19.6	20.1	21.1	22.0	22.8	Global
Growth %			2.7%	4.6%	4.5%	3.4%	production
Consumption		19.7	20.4	21.3	21.9	22.6	of copper
Growth %			3.5%	4.6%	2.7%	3.0%	
Balance	•	0.10 -	0.26 -	0.27	0.10	0.20	Other, 95%

Source: Sucden Financial Quarterly Metals Report January 2015, & Department of Natrual Resources and Mines

Zinc

The global production of refined zinc has increased by a CAGR of 1.1%, below demand growth by 1.2%. In 2013, Australia accounted for approximately 11% of total global production and exported A\$2.4 billion in zinc concentrates¹⁹.

The growth rate of global zinc production has increased over 2012 to 2014, though it is forecast to be moderately lower in 2015 with the closure of several large zinc/lead mines, including MMG Limited's Century mine in Australia (capacity of 500 ktpa) which is reaching the end of its mine life. Growth in consumption in 2015 is expected to be supported by stronger demand for galvanised steel in China with the government planning to spend over US\$1 trillion on infrastructure projects over the next few years, and limited by slowing auto sales growth in Europe and China.

¹⁸ Department of Natural Resources and Mines and IBIS World industry reports

¹⁹ Australia Government Department of Industry and Science, Resources and Energy Quarterly March 2015



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The table and graph below summarises the historical global supply and demand for refined zinc concentrates and Australia's contribution to global production levels:

Global supply/ demand for	or refined zinc					Australia 11%
	2011	2012	2013	2014 (e)	2015 (f)	
Production	13.1	12.6	12.9	13.5	14.0	Global
Growth %		-3.7%	2.4%	4.7%	3.7%	production
Consumption	12.7	12.3	12.9	13.6	14.2	of zinc
Growth %		-2.9%	4.4%	5.5%	4.0%	
Balance	0.37	0.25	0.01 -	0.10 -	0.15	Other, 89%

Source: Sucden Financial Quarterly Metals Report January 2015, & Department of Natrual Resources and Mines

Lead

The global production of refined lead has increased by a CAGR of 2.9%, below demand growth by 0.5%. In 2013, Australia accounted for approximately 12% of total global production and exported approximately A\$2.0 billion of lead concentrates²⁰.

The global lead market is expected to be relatively balanced in 2014 with the emergence of a supply deficit in 2015 as a result of several large zinc/lead mines reaching the end of their productive lives. The growth in consumption in 2015 is expected to be supported mainly by automobile demand in the US, and limited by slowing automobile demand in Europe and China, and increasing substitution of lead-acid batteries with lithium-ion batteries.

The table and graph below summarises the historical global supply and demand for refined lead concentrates and Australia's contribution to global production levels:



Source: Sucden Financial Quarterly Metals Report January 2015, & Department of Natrual Resources and Mines

3.4 Historical and forecast price of copper, zinc and lead

Since 2007, volatility in global financial markets (resulting from the Global Financial Crisis ("GFC")) and concerns in relation to European sovereign debt levels ("European Debt Crisis") adversely impacted global economic growth, decreasing the demand for copper, zinc and lead. As a result, the average price of copper decreased by circa 25%, zinc decreased by circa 6% and lead decrease by circa 11% from 2008 to 2009²¹.

Subsequent to 2009, continual expansion of large developing economies such as China and India has supported an increase in the copper, zinc and lead prices. However, sovereign debt issues

²⁰ Australia Government Department of Industry and Science, Resources and Energy Quarterly March 2015

²¹ S&P Capital IQ



constraining growth in Japan, US and the European Union ("EU"), slower growth in China and India, and increase in production levels, resulted in a declining trend in the copper price and limited growth in zinc and lead prices since 2012.

Set out below is the historical and forecast price of copper, zinc and lead since April 2008:



Source: S&P Capital IQ, Consensus Forecast and GTCF Calculations

Over the short term (in 2015), the price of copper and lead are forecast to decline by circa 9% and 1% respectively, while the price of zinc is forecast to increase by 7%. The forecast decrease in the copper price is mainly driven by slowing growth of the construction sectors in China, economic stagnation of many developed countries and increasing supply surplus. Similarly, the forecast decrease in lead prices and limited growth in zinc prices is mainly due to slowing demand from China and other emerging markets. However, due to the expected closure of several large zinc/lead mines in 2015, the emergence of a supply deficit is expected to provide some support to zinc and lead prices.

The price of copper, zinc and lead and forecast to increase moderately over the next five years at a CAGR of 0.8% (copper), 4.0% (zinc) and 2.4% (lead), respectively. World demand for copper, zinc and lead is forecast to increase over the next five years in line with global economic recovery from the GFC and easing of the European Debt Crisis. In addition, growing wealth in developing countries such as China and India is expected to result in increased demand for higher quality public infrastructure, and battery powered products such as cars. However, we note that a persistent supply surplus for copper over the next five years is forecast to limit price growth.



4 Profile of AQR

4.1 Overview

AQR is a junior base metal exploration company listed on the ASX with a market capitalisation of approximately A\$24.3 million as at 28 April 2015. AQR's primary focus is on the exploration and development of polymetallic projects located in the Mount Isa area and near the Monto/ Gladstone area in Queensland.

The following maps set out the geographical location of AQR's key projects:

- *Walford Creek Project* 100% owned flagship project located in North West Queensland and prospective for copper, zinc, lead, silver and cobalt.
- Gladstone Projects consist of the 100% owned Ben Hur and Greater Whitewash copper projects.
- *Isa Projects* consist of the early exploration stage Isa North, Isa West, Isa South and Constance Range Projects located in North West Queensland and linked by significantly geological fault architecture.

Walford Creek Project (Mount Isa)



Ben Hur and Greater Whitewash Projects (Gladstone)

Source: Management

The following table provides a summary of AQR's key projects and total attributable Mineral Resources reported in accordance with the JORC Code²² ("Mineral Resources"):

²²The JORC (the "Joint Ore Reserves Committee") Code is a standard used for the public disclosure of Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore. The Natougou Mineral Resources are estimated under the 2012 JORC code while the Nabanga Mineral Resources are estimated under the JORC 2004 code.



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				Million						
		Ownership		tonnes	Cu	Pb	Zn	Ag	Co	Mo
Project	Tenements holder	%	Category	(Mt)	(%)	(%)	(%)	(g/t)	(p/m)	(p/m)
Walford Creek	Aeon Walford Creek Ltd	100%	Indicated	16.3	0.46	0.83	1.02	20.1	909	-
			Inferred	57.1	0.36	0.86	0.80	24.5	785	-
			Total	73.3	0.40	0.85	0.85	23.5	813	-
Ben Hur	Aeon Metals Ltd	100%	Inferred	62.0	0.30	-	-	1.3	-	120
Greater Whitewash	Aeon Metals Ltd	100%	Indicated	185.0	0.12	-	-	1.55	-	263
			Inferred	56.0	0.11	-	-	1.54	-	239
			Total	241.0	0.12	n/a	n/a	1.55	-	257
Total		100%	Indicated	201.3	0.15	0.07	0.08	3.05	74	242
			Inferred	175.1	0.26	0.28	0.26	8.94	256	119
			Total ¹	376.4	0.20	0.17	0.17	5.79	158	185

Note (1): Total grades based on weighted average.

Source: AQR's ASX announcements, investor presentations and financial reports

Set out below is a brief description of the above key projects. Further details on the projects can be found in the Xstract Report set out in Appendix C.

4.2 Walford Creek Project

The Walford Creek Project is a polymetallic project located in the Mount Isa area, North West Queensland and is currently AQR's 100% owned flagship mining asset. AQR acquired the Walford Creek Project (together with four other early stage exploration joint venture projects in the Mount Isa area) on 17 June 2014 when it acquired 100% interest in AWCL through a series of arrangements with AWCL's secured creditors, and receivers and managers (for further details refer to Section 1.1).

Prior to AQR's acquisition of the project (i.e. 2010 to 2013), the Walford Creek Project had 14,992m of drilling undertaken along a 5 km zone with JORC defined Indicated and Inferred Resources of circa 48 Mt. To date, the Company has completed the first phase of a two-phase 12,000 m drill program ("the 2014 Drilling Program") at the Walford Creek Project in line with its plan to expand its JORC defined resources by 50%, and complete a Pre-Feasibility Study ("PFS") by December 2015 as illustrated in the graph below:

Walford Creek Activity		2014			2015			
		Q3	Q4	Q1	Q2	Q3	Q4	
6,000m drill program – Resource extension		\rightarrow						
Mining pit optimisation/scheduling review		>	_	_	\rightarrow			
Infrastructure studies			_	_	\rightarrow			
Metallurgical testing, process flowsheet		<u> </u>	_	_	\rightarrow			
6,000m drill program					<u> </u>			
Environmental studies	2	_	_	_	_	_		
Pre-Feasibility Study (± 15%)						-	\rightarrow	

Source: AQR's company presentation dated November 2014

Results of the first phase (6,021 m of drilling) of the 2014 Drilling Program have confirmed the previous geological and resource model, and increased the Mineral Resource base at the Walford Project by more than 52% to 73 Mt. This has resulted in AQR reaching its resource expansion target for the 2014 Drilling Program prior to completion of phase 2.


Additionally, in August 2014, The Walford Creek Project qualified for a government grant under Round 8 of 'Future Resources Program – Collaborative Drilling Initiative', administered by the Queensland Department of Natural Resources and Mines²³. Under the terms of the grant, AQR received A\$107,250 from the Queensland State Government, which was used to fund specific drill holes within the 2014 Drilling Program.

Furthermore, in November 2014, AQR announced that it had entered into a Memorandum of understanding ("MoU") with Armour Energy Limited for the potential future supply of gas for its Walford Creek Project.

4.3 Ben Hur Project

AQR's 100% owned Ben Hur Project is located approximately 150 km from Gladstone port. AQR commenced its exploration activities at the Ben Hur Project in early 2012 announcing a maiden JORC Mineral Resource estimate for the John Hill deposit on November 12, 2013²⁴. The Company expects that further drilling has the potential to add to the current interpretation of mineralised volume, both laterally and at depth²⁵.

4.4 Greater Whitewash Project

The Greater Whitewash Project is a copper-focused project located within a 15 km radius from the Ben Hur Project. The project was granted a mineral development license ("MDL") in December 2012. The Greater Whitewash Project has two main deposits, namely Whitewash and Gordons, which have JORC defined indicated and inferred resources of approximately 285 Mt of copper, 12.1 Moz of silver and 139 Mlbs of molybdenum.

AQR have combined the Ben Hur and the Greater Whitewash Projects under the 'South East Queensland Portfolio' and is seeking joint venture partners for the combined projects to allow the Company to focus on the development of the Walford Creek Project.

4.5 Other projects

Aside from the abovementioned projects, AQR has other base metal projects in Queensland. The majority of these projects are at an early stage of exploration or development. A brief overview of the main early stage exploration assets is as follows:

- 7B Copper-Gold Project: 100% owned located within a 15km radius of the Greater Whitewash and Ben Hur Projects. Collectively the projects are known as the southeast Queensland Projects. AQR commenced exploration activities in November 2012 but are currently seeking joint venture parties combined with a centralised plant strategy.
- Isa Projects (excluding the Walford Creek Project): The Company has interests in four main base metals projects in the Mount Isa and Constance Range areas linked by significant fault architecture. Namely, the Isa North, Isa South, Isa West and Constance Range projects covering an area of approximately 3,277km². The Company has announced plans for a potential sale, joint

²³ AQR's ASX announcement dated 6 August 2014.

²⁴ AQR's 2014 annual report and ASX announcement dated 1 October 2014.

²⁵ AQR's ASX announcement dated 24 November 2014.



venture partnership for the northwest Queensland tenements in the first half of 2015 and have collated an Information Memorandum for the combined tenement package.

- Joint venture with SLW: the tenements are located near Monto, Queensland. The joint venture has a 60%-40% earning split between AQR and SLW respectively.
- Joint venture with Rio Tinto Exploration Ltd ("RTX"): the joint venture was formed under the Earn-in Joint Venture Agreement on 8 November 2012 with an agreed earning split of 70%-30% for RTX and AQR respectively.

4.6 Financial information

4.6.1 Financial Performance

The consolidated statements of comprehensive income of AQR for the financial year ended 30 June 2013 ("FY13"), 30 June 2014 ("FY14") and for the half-year ended 31 December 2014 ("HY15") are set out in the table below:

AQR	FY13	FY14	HY15
	Audited	Audited	Reviewed
Consolidated statement of profit or loss	(A\$'000s)	(A\$'000s)	(A\$'000s)
Revenue	31	-	-
Gain on revaluation of investment	1,387	-	-
Other income	49	33	-
Adiminstrative expenses	(635)	(647)	(531)
Impairment loss	(143)	(3,881)	(37)
Other expenses	(764)	(1,045)	(732)
Results from operating activites	(75)	(5,540)	(1,300)
Finance income	35	54	64
Finance costs	(34)	(3)	(2)
Profit/ (loss) for ther period	(74)	(5,489)	(1,238)

Source: Annual Report 2014 and half year financial report December 2014

We note the following in relation to the statements of comprehensive income set out above:

FY13

• The 35% stake in SLW was revalued during the year, resulting in a A\$1.38 million gain on revaluation.

FY14

- Impairment loss for the FY14 period was approximately A\$3.9 million.
- Other expenses for the FY14 period were A\$281,000 higher than in FY13. This was primarily attributable to a higher expense associated with share based payments whereby the company issued 4 million shares at A\$0.12 per share to Managing Director Hamish Collins in May 2014.

HY15

• The Company reported a HY15 net loss of \$1.24 million mainly related to administrative and other expenses.



4.6.2 Financial Position

The statements of financial position of AQR as at 30 June 2014 and 31 December 2014 are set out in the table below:

AQR	30-Jun-14	31-Dec-14
	Audited	Reviewed
Consolidated statement of finanical position	(A\$'000s)	(A\$'000s)
Assets		
Cash and cash equivalents	5,241	3,418
Trade and other receivables	590	142
Other investments	50	49
Prepay ments	49	30
Total current assets	5,930	3,639
Property, plant and equipment	171	166
Other assets	44	44
Ex ploration and evaluation assets	43,323	49,056
Total non-current assets	43,538	49,266
Total assets	49,468	52,905
Liabilities		
Trade and other pay ables	1,463	1,044
Employ ee benefits	181	162
Provisions	50	50
Total current liabilities	1,694	1,256
Loans and borrowings	12,242	15,085
Total non-current liabilities	12,242	15,085
Total liabilities	13,936	16,341
Net assets	35,532	36,564
Equity		
Share capital	43,411	45,324
Reserves	5,734	5,605
Accumulated losses	(13,637)	(14,383)
Total equity attributable to owners of the Company	35,508	36,546
Non-controlloing interests	24	18
Total equity	35,532	36,564

Source: Annual Report 2014 and half year financial report December 2014

We note the following in relation to the statements of financial position:

30 June 2014

- Cash and cash equivalents of A\$5.2 million are primarily as a result of the issue of new shares worth A\$7.16 million.
- Exploration and evaluation assets increased to A\$43.3 million (FY2013: \$21.8 million) due to the 100% acquisition of Aston Metals (Queensland) Limited assets including the 100% owned Walford Creek Project. Arrangements consisted of:
 - A\$20 million limited recourse notes with 12% pa capitalised interest payable after three years,
 - 48,275,862 shares issued in Aeon Metals, and
 - 63,251,107 Aston Options exercisable at A\$0.1581 expiring 17 June 2017.



31 December 2014

- The value of the Company's loans and borrowings increased by A\$2.84 million as a result of the amortised cost of the limited recourse notes.
- Cash and cash equivalents were A\$1.76 million lower in the six months to December 2014 as the Company made A\$3.16 million in payments for exploration activities (A\$1,686 in FY14)
- As a result, exploration and evaluation assets increased by A\$5.73 million to A\$49.1 million with total assets increasing by A\$3.44 million to A\$ 52.91 million.

4.6.2.1 The Aston Loan

As a part of the consideration for the Aston Acquisition, AQR issued the A\$20 million limited recourse Aston Loan to OCP Funds. The following table summarises the key terms of the Aston Loan:

Terms	Details
Issue date	17-Jun-14
Maturity date	17-Jun-17
Face value	A\$20 million
Interest rate	12 % per annum, accrued semi-annually and capitalised until Maturity
Security	Assets of AWCL
Other	Upon exercise of the Aston Options, OCP Funds may elect to offset the exercise price against the Face Value and any capitalised interest of the Aston Loan instead of making a cash payment

Source: AQR's Note and Security Trust Deed

We note that the carrying value on AQR's reviewed accounts as at 31 December 2014 of the Aston Loan is A\$15.1 million. Based on discussions with Management and a review of the auditors working paper, we note that a discount rate (or 'effective interest rate') of 33% was adopted to calculate the carrying value of the Aston Loan as at 31 December 2014.

4.7 Capital structure

As at 28 April 2015, AQR's capital structure is as follows:

- 304,353,197 fully-paid ordinary shares ("AQR's Shares").
- 64,251,107 unlisted options, including 63,251,107 Aston Options.



4.7.1 Ordinary shares

The top ten shareholders of AQR as at 28 April 2015 are set out below:

	Number of	Percentage
Top shareholders	shares	(%)
OCP Asia (Hong Kong) Ltd	48,275,862	15.9%
Goody Investments Pty Ltd	30,451,112	10.0%
Washington H Soul Pattinson And Company Ltd	24,142,481	7.9%
SLW Minerals Corporation Pty Ltd	16,000,000	5.3%
Bliss Investments Ltd	15,669,203	5.1%
SLG Australia Pty Ltd	13,533,334	4.4%
Catholic Church Insurance Ltd	11,928,833	3.9%
Moya Pty Ltd <jaam a="" c=""></jaam>	7,039,545	2.3%
National Nominees Ltd	5,619,733	1.8%
Mr Anthony Violi	5,050,430	1.7%
Top 10 Shareholders	177,710,533	58.4%
Other	126,642,664	41.6%
Total	304,353,197	100.0%

Source: Management and GTCF calculations

A discussion on AQR's Share trading profile is set out in Section 6.2.1.

4.7.2 Options

As at 28 April 2015, AQR has approximately 64.3 million unlisted options on issue as follows:

Options #	Grant date	Ex piry date	Exercise price (A\$)	Number of options
Option 1	08-Feb-13	08-Feb-16	0.125	1,000,000
Option 2	17-Jun-14	17-Jun-17	0.158	63,251,107
Total				64,251,107

Source: ASX announcements

- **Option 1**: The issue of 1 million options was associated with the consideration for consultancy fees.
- **Option 2**: Approximately 63.3 million options were issued to OCP Funds on 17 June 2014 in relation to the Aston Acquisition (i.e. the Aston Options). For further details refer to Section 1.2.



5 Valuation methodologies

5.1 Introduction

As part of assessing whether or not the Proposed Issuance is fair to the Non-Associated Shareholders, Grant Thornton Corporate Finance has compared:

- The Fair market value of AQR Shares before the Proposed Issuance on a control basis to the
- Fair market value of AQR Shares after approval of the Proposed Issuance on a minority basis.

In each case, Grant Thornton Corporate Finance has assessed value using the concept of fair market value. Fair market value is commonly defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

We note, RG111 requires the fairness assessment to be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is script or cash and without consideration of the percentage holding of the offeror or its associates in the target company.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, approval of an issue of shares using item 7 of s611 of the Corporations Act, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets.
- Amount available for distribution to security holders on an orderly realisation of assets.
- Quoted price for listed securities, when there is a liquid and active market.
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

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RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methods

Grant Thornton Corporate Finance has selected the market value of net assets and the quoted price of securities as the primary methods to assess AQR's equity value as detailed below:

- *Market value of net assets* the market value of net assets is based on the sum-of-parts of AQR's assets and liabilities as set out in AQR's reviewed balance sheet as at 31 December 2014. In assessing the fair market value of AQR, Grant Thornton Corporate Finance has aggregated:
 - The market value of AQR's mineral assets as assessed by Xstract.
 - The market value of the Aston Loan.
 - The value of other assets and liabilities owned by AQR.
 - And deducted the value of the Options.
 - And deducted transaction costs related to the Proposed Issuance.
- *Quoted price of securities* the quoted price of listed securities method is based on the Efficient Market Hypothesis ("EMH") which states that the share price at any point in time reflects all publicly available information and will change when new information becomes publicly available. With regards to this, we note that AQR complies with the full disclosure regime required by the ASX and has a reasonable level of liquidity (discussed in more detail in Section 6.2). As a result, the market is fully informed about the performance of AQR.

We note that whilst the Aston Options were issued in June 2014, AQR is only seeking shareholders' approval for the exercise of the Aston Options into ordinary shares of AQR as at the date of this Report. Accordingly, in our share price analysis, we have focused on the current share price of AQR.

5.3.1 Independent technical expert

For the purposes of this report, Grant Thornton Corporate Finance has engaged Xstract to prepare a valuation of the exploration assets of AQR which was completed in accordance with the VALMIN Code²⁶. A copy of the Xstract Report is included as Appendix C to this report.

²⁶ The VALMIN Code is binding on members of the Australasian Institute of Mining and Metallurgy when preparing public independent expert reports required by the Corporations Act concerning mineral and petroleum assets and securities. The purpose of the VALMIN Code is to provide a set of fundamental principles and supporting recommendations regarding good professional practice to assist those involved in the preparation of independent expert reports that are public and required for the assessment and/or valuation of mineral and petroleum assets and securities so

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6 Valuation assessment of AQR before the Proposed Issuance

As outlined in Section 5.3, Grant Thornton Corporate Finance has adopted the market value of net assets and quoted price of securities methodologies to assess the equity value of AQR before the Proposed Issuance. For further details in relation to our valuation summary please refer to Section 6.3.

6.1 Market value of net assets

Set out below is our valuation assessment of AQR before the Proposed Issuance on a control basis under the market value of net assets valuation method.

	Section	Low	High
Fair value of AQR before the Proposed Issuance	Reference	A\$000s	A\$000s
Fair value of AQR mineral assets	6.1.1	35,600	75,100
Fair value of the Aston Loan	6.1.2	(22,115)	(22,115)
Add: Adjusted other assets (liabilities)	6.1.3	2,593	2,593
Less: Value of options	6.1.4	(605)	(4,153)
Less: Transaction costs	6.1.5	(33)	(33)
Add: Tax losses	6.1.6	-	-
Equity value of AQR on a control basis		15,440	51,392
Number of existing AQR ordinary shares ('000s)	4.7.1	304,353	304,353
Value per AQR Share on a control basis (A\$)		0.051	0.169

Source: Xstract Report and GTCF calculations

6.1.1 Fair value of AQR's mineral assets

As discussed in Section 5.3, Grant Thornton Corporate Finance has engaged Xstract to assess the fair market value of AQR's mineral assets. Xstract has assessed AQR's mineral assets on an attributable basis (i.e. taking into consideration various levels of ownership interest) between A\$35.6 million and A\$75.1 million, with a preferred value of A\$52.4 million.

Xstract has considered a number of valuation methodologies to assess the market value of AQR's mineral assets. In this regard, we note that the Walford Creek Project, Whitewash and Ben Hur Projects (have JORC compliant resources) have been assessed based on the comparable transactions, company multiples, and the yardstick approach. The Isa and Forsayth Projects (early stage exploration projects) valuation assessment had been based on the geoscientific rating approach with support from transaction multiples. A brief outline of the approaches adopted is set out below:

- The transaction multiples approach involves comparing the transaction value of similar mineral properties transacted in the open market to AQR's projects. Xstract identified 36 transactions²⁷ with similar levels of development and in similar political and geological setting.
- The listed comparable company approach involves comparing the enterprise value of 26 identified companies with flagship projects similar to AQR's projects.

²⁷ Includes 17 transactions involving pre-development projects and 19 involving early stage exploration projects



- The Yardstick approach involves applying the unitised sales price as a percentage of the prevailing commodity price to the existing Mineral Resource base of AQR's projects. The percentage to the commodity price is determined by the quality of the resource (e.g. Inferred versus Indicated Resources).
- The geoscientific approach applies technical and market factors to a base holding cost ("BHC") for each of AQR's permits. In addition, we note Xstract has applied a 30% discount factor to reflect the current subdued market conditions and base metal prices.

Valuation of AQR's mineral assets Section Low Preferred Reference (A\$'m) (A\$'m) (A\$'m) Walford Creek 21.60 31.50 Whitew ash 6.60 9.80 Ben Hur 4.30 6.60 Constance Range 0.50 0.70 Isa North 1.20 1.70 Isa West 0.50 0.70 Isa South 0.80 1.20 Forsavth 0.10 0.20 Appendix C Total market value assessed by Xstract 35.60 52.40 Selected value range (A\$'m) 35.60 to

A summary of Xtract's valuation results appear in the table below:

Source: Xstract Report

The independent valuation assessment range of AQR's mineral assets prepared by Xstract is extremely wide. As explained in the Xstract Report, this is mainly due to AQR's mineral assets being at an early exploration stage and there exists significant inherent uncertainly in relation to whether the existing resource can be successfully converted into commercial reserves. As a result, valuations of these types of projects are quite subjective and speculative. The amount of data is limited and their interpretation is subject to a material degree of uncertainty

RG111 states that an expert should usually provide a range of values which should be as narrow as possible, as a broad range of values undermines the usefulness of the report. Accordingly, we have also adopted the quoted price of securities method as a second primary valuation method in our assessment of the value of AQR before and after approval of the Proposed Issuance.

6.1.2 The Aston Loan

As set out in detail in Section 4.6.2.1, AQR has issued a limited recourse loan to OCP Funds with a face value of A\$20 million and interest rate of 12% p.a. (i.e. the Aston Loan). The Aston Loan is secured over the assets of Aeon Walford Creek Limited (previously named Aston Metals (QLD) Ltd) and is payable (both face value and capitalised interest) at maturity on 17 June 2017.

Having regard to the terms of the Aston Loan and discussions with Management, we have assessed the fair value of the Aston Loan to be approximately A\$22.1 million which is consistent with the face value of the Aston Loan plus all interest capitalised ("Principal Outstanding") to the date of this report or "Valuation Date". Our adopted value for the Aston Loan is based on the following considerations:

High

42.20

13.10

10.80

1.50

3.30

1.50 2.20

0 50

75.1

75.1



- The Aston Loan is limited recourse whereby OCP Funds' claim on the loan in the event of default is limited to the asset value of AWCL. AWCL's primary assets are the tenements to the Walford Creek Project and the Isa Project which are valued by Xstract in the range of A\$24.6 million to A\$50.7 million. Given both the low and high end of Xstract's value range is above the Principal Outstanding, in our opinion a rational investor would at a minimum seek a sales price equal to the Principal Outstanding for the Aston Loan.
- We note that the carrying value on AQR's reviewed accounts as at 31 December 2014 of the Aston Loan is only A\$15.1 million. Based on discussions with the Management and a review of the auditors working paper, we note that a discount rate (or 'effective interest rate') of 33% was adopted to calculate the carrying value of the Aston Loan as at 31 December 2014. Whilst we are not in a position to comment on the accounting of the Aston Loan or whether or not the effective interest rate of 33% is reasonable, we note that since 31 December 2014, AQR has completed phase 1 of the 2014 Drilling Program and successfully increased its Mineral Resource base by circa 52% as well as confirming the previous Mineral Resource base.

In our opinion, this valuation approach and the above assumptions are consistent with those that would be adopted by a pool of potential purchasers under the fair market value concept.

6.1.3 Other assets and liabilities

Other assets and liabilities of AQR based on the reviewed balance sheet as at 31 December 2014 as set out in Section 4.6.2 and summarised below:

	Section	31-Dec-14
AQR's other assets/ (liabilities)	Reference	A\$000s
Cash and cash equivalents as at 31 December 2014		3,418
Trade and other receivables		142
Other investments		49
Prepayments		30
Property, plant and equipment		166
Other assets		44
Trade and other pay ables		(1,044)
Employ ee benefits		(162)
Provisions		(50)
Adjusted other assets (liabilities)	4.6.2	2,593

Source: December 2014Half Year Financial Statements and GTCF calculations

In relation to the above, we note that the capitalised exploration and evaluation assets have been separately assessed by Xstract as set out in Section 6.1.1 and the Aston Loan has been separately assessed by Grant Thornton Corporate Finance as set out in Section 6.1.2.

6.1.4 Options

AQR currently has 64,251,107 Options on issue as set out in Section 4.7.2. Whilst, the 63,251,107 Aston Options issued to OCP Funds may not be exercised by OCP Funds until the Proposed Issuance is approved by Non-Associated Shareholders, we note that the Aston Options are transferable to other parties. This means OCP Funds may sell the Aston Options to a party(s) who does not require shareholder approval to exercise the Aston Options. Accordingly, we have included the value of the Aston Options in our valuation assessment of AQR before the Proposed Issuance.



The value of the Options has been determined using the Binomial Model, and with regard to the following key assumptions:

Fair value of the Options	Section	SLW Minerals	OCP Funds
	Reference		
Number of options	4.7.2	1,000,000	63,251,107
Issue date	4.7.2	08-Feb-13	17-Jun-14
Expiry date	4.7.2	08-Feb-16	17-Jun-17
Days to expiration from Valuation date		286	781
Exercise Price (A\$/share)	4.7.2	0.1250	0.1581
Underlying share price (A\$/share)	Note 1	0.04 to 0.13	0.04 to 0.13
Risk free rate (%)	Note 2	1.92%	1.92%
Volatility (%)	Note 3	100%	100%
Value per option - low (A\$/option)		0.0028	0.0095
Value per option - high (A\$/option)		0.0468	0.0649
Total value - low (A\$)		2,804	602,467
Total value - high (A\$)		46,822	4,105,693

Source: ASX Announcements, S&P CapitallQ, Hoadley Trading & Investment Tools: Binomial Tree Option Calculator and GTCF calculations

Note (1): Underlying AQR share price in the range of A\$0.04 to A\$0.13 per share is based on our assessed value of AQR based on the market value of net assets between A\$0.052 and A\$0.170 and the application of a minority discount of 20%. See Section 6.1 for our valuation summary of AQR before the Proposed Issuance and Section 7.2 for minority discount discussion.

Note (2): Risk free rate of 1.92%, being the yield on 2 year Australian Commonwealth Government Bond as at 28 April 2015. Note (3): Assessed volatility over the life of the Options of 100% based on the historical 2 year share price volatility of AQR sourced from S&P Capital IQ and rounded.

Based on the above, we have assessed the value of the Options to be approximately in the range of A\$0.61 million to A\$4.15 million.

6.1.5 Transaction costs

Grant Thornton Corporate Finance has taken into consideration costs²⁸ associated with AQR obtaining shareholder approval for the Proposed Issuance irrespective of whether the Proposed Issuance is approved or otherwise (assessed at A\$33,000 based on discussions with Management)²⁹.

6.1.6 Taxation losses

AQR has approximately A\$5.3 million in accumulated net tax losses as at 30 June 2014 which could potentially be used to offset against future taxable income. However, the amount has not been recognised as an asset for financial reporting purposes as it does not satisfy the recognition criteria under the relevant accounting standards.

Given the early stage nature of AQR's assets, it is not possible to predict whether or not AQR will be able to generate any material earnings in the future and as a result be able to utilise the tax losses. Accordingly, we have not ascribed a value to AQR's unutilised tax losses.

²⁸ Not yet incurred as at 31 December 2014

²⁹ Excluding transactions costs already paid as at 31 December 2014.



6.2 Quoted price of securities

Set out below is our valuation assessment of AQR before the Proposed Issuance on a control basis applying a quoted price of securities valuation method.

Valuation summary of AQR before the Proposed Issuance	Section	Low	High
(Quoted price of securities method)	Reference		
Assessed value per AQR Share (minority basis) (A\$)	6.2.1	0.070	0.110
Control premium	6.2.2	30%	30%
Assessed value per AQR Share (control basis) (A\$)		0.091	0.143

Source: GTCF calculations

6.2.1 Share price and market analysis

In our assessment of the fair market value of AQR Shares, we have had regard to AQR Shares trading prices on the ASX.

In accordance with the requirements of RG111, we have considered the listed securities' depth, liquidity, and whether or not the market value is likely to represent the underlying value of AQR. The following table summarises the monthly trading price and volume of AQR Shares since April 2014, the month in which AQR's intention to acquire Aston Metals was initially announced:

	Volume	Monthly	Total value of	Volume traded	Volume traded
	traded	VWAP	shares traded	as % of total	as % of free
Month end	('000)	(A\$)	(A\$'000)	shares	float shares
Apr 2014	1,143	0.147	168	0.4%	0.9%
May 2014	4,331	0.135	583	2.4%	5.6%
Jun 2014	3,335	0.130	433	1.5%	3.5%
Jul 2014	2,285	0.124	284	0.8%	2.0%
Aug 2014	7,406	0.194	1,434	2.5%	6.0%
Sep 2014	2,952	0.184	542	1.0%	2.3%
Oct 2014	2,906	0.132	384	1.0%	2.2%
Nov 2014	874	0.112	98	0.3%	0.7%
Dec 2014	1,087	0.102	111	0.4%	0.8%
Jan 2015	1,072	0.087	93	0.4%	0.8%
Feb 2015	1,627	0.090	146	0.5%	1.3%
Mar 2015	1,200	0.082	98	0.4%	0.9%
28 Apr 2015	305	0.078	24	0.1%	0.2%
Min	305	0.078	24	0.10%	0.24%
Мах	7,406	0.194	1,434	2.54%	5.98%
Average	2,348	0.123	338	0.89%	2.10%
Median	1.627	0.124	168	0.54%	1.26%

Source: Capital IQ and GTCF calculations

With regards to the above analysis, we note that:

- For the purpose of our valuation assessment, we have observed the share trading profile of AQR from April 2014 to the Valuation Date ("Observed Period"). On 3 April 2014, AQR initially announced the Company's intention to acquire Aston Metals which was subsequently completed on 18 June 2014.
- AQR complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of AQR.



- In the absence of a takeover or other share offers, the trading share price represents the value at which minority shareholders could realise their portfolio investment.
- The level of free float³⁰ AQR Shares as at 28 April 2015 (i.e. Valuation Date) is approximately 42.51%. Since April 2014, whilst only 11.6% of the total outstanding shares has been traded, we note in excess of 27% of the free float AQR Shares has been traded. In our opinion, there appears to be sufficient liquidity to support the use of recent share trading prices as a valuation method, particularly given that it is not uncommon for early stage exploration companies to demonstrate low levels of liquidity until resource targets become sufficiently defined.
- AQR Shares have been quite volatile over the observed period (i.e. last 12 months), with the minimum and maximum monthly VWAP price varying between 7.8 cents and 19.4 cents. This is explained further in our analysis of the daily movements in AQR's share price and volumes, and market conditions below.

Our analysis of the daily movements in AQR's share price and volumes for the period from April 2014 to April 2015 is set out below:



Historical VWAP and volume traded

Note (1): Volume weighted average share price = total value of shares traded daily/ total volume of shares traded Note (2): VWAP for the period prior to the Valuation Date (i.e. 28 April 2015) Source: S&P Capital IQ, AQR's ASX announcements and GTCF analysis

#	Date	Closing share price (A\$/share)	Spot copper price (U\$/t)	Comments
1	3 Apr 14	0.150	6,640	AQR announced the Aston Acquisition. For details refer to Section 1.1.
2	8 May 14 28 May 14	0.150	6,595	AQR announced AQR Shareholders had approved the issue of the Aston Shares and Aston Options under the Aston Acquisition. Company presentation detailing the Aston Acquisition was subsequently released on the 28 May 14.
3	5 Jun 14	0.135	6,735	AQR announced the commencement of 1,200m drilling program at its 7B Project in the Gladstone region of Queensland.
4	18 Jun 14	0.127	6,730	AQR announced that it had completed the Aston Acquisition and issued 48.275 million ordinary shares at A\$0.145 per share as part of the purchase consideration. The Company

In relation to the share price graph above, we note the following:

³⁰ Free float Shares excludes those owned by Company employees, individual insiders, related parties and other strategic investors (i.e. OCP Funds)



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#	Date	Closing share price (A\$/share)	Spot copper price (U\$/t)	Comments
				also announced the 12,000m drilling program planned at the Walford Creek Project (i.e. the 2014 Drilling Program).
5	9 Jul 14	0.115	7,120	AQR announced the commencement of the 2014 Drilling Program at the Walford Creek Project.
6	4 Aug 14	0.195	7,065	AQR issued 3 million shares to two of AQR's executives at A\$0.195 per share (received shareholders' approval on the resolution on 14 November 2013) funded by a limited recourse loan from AQR.
	28 Aug 14	0.210	6,995	
	2 Sep 14	0.195	6,935	
	25 Sep 14	0.150	6,705	
	9 Oct 14	0.135	6,665	
7	16 Oct 14	0.130	6,535	Drilling results for the Walford Creek Project under the 2015 Drilling Program were
	22 Oct 14	0.130	6,655	
	23 Oct 14	0.130	6,630	
	6 Nov 14	0.105	6,565	
	30 Jan 15	0.086	5,435	
8	26 Nov 14	0.115	6,555	AQR announced that the Company had entered into a Memorandum of Understanding with Armour Energy Limited for the potential supply of gas from its projects as a source of energy for the Walford Creek Project.
9	6 Mar 15	0.086	5,770	Walford Creek Project JORC Mineral Resource base was increased by circa 52% from 48.3 Mt to 73.3 Mt (Indicated and Inferred). This exceeded AQR's target to increase resources at the Walford Creek Project by 50% by December 2015 (after the 2015 Drilling Program which is expected to commence in the second quarter of 2015).

Source: AQR's ASX announcements and GTCF analysis

To further assist in our analysis and understanding of the recent AQR Share price movements, we have also taken into consideration the indexed movement of AQR share price to its peers and base metal prices as set out below:



Historical AQR share price comparison analysis

Note (1): Base Metal prices index is calculated based on the average of the prices for Copper, Zinc and Lead (the primary metals for AQR's projects) Source: S&P Capital IQ, AQR's ASX announcements and GTCF analysis

Specifically, we note the following movements in the AQR share price:

• The AQR Share price has decreased by circa 47% from the announcement of AQR's intention to acquire AWCL in April 2014 to the Valuation Date. This has occurred despite AQR having completed Phase 1 of the 2014 Drilling Program and successfully increasing the Mineral



Resource base at the Walford Creek Project by over 52% which exceeded the Company's initial resource expansion target.

- Similar to other ASX listed companies operating in the mining industry, the decrease in the AQR Share price appears to largely reflect the high volatility and general downward trend in the base metal prices which has reduced investor interest and confidence in the industry. Whilst the average price of copper, zinc and lead has recovered close to April 2014 levels in the last month, the S&P/ASX 300 Metals & Mining Index is still approximately 13% lower than in April 2014. Accordingly, when assessing the value of AQR we have put more emphasis on the share price of AQR in the more recent months.
- Whilst AQR has a relatively large resource base, we note that AQR is an early stage exploration company with Mineral Resources only in the Inferred and Indicated categories, and relatively low metal grades. As a result, in our opinion AQR has a relatively higher level of inherent risk and sensitivity to movement in the base metal prices in comparison to the majority of companies that constitute the S&P/ASX 300 Metals & Mining Index. We note that this is consistent with Xstract's selection of a wide value range for AQR's mineral assets.

Based on the analysis above, we have selected trading prices between A\$0.070 and A\$0.110 as representative of the fair market value of the Company on a minority basis. We note that the lowend of our range reflects the current downward pressure on the share price whilst the high-end of the range is based on the historical VWAP over the last 6 to 12 months.

6.2.2 Control premium

The VWAPs set out in the tables above are based on portfolio trading and accordingly they represent the fair market value of the Company on a minority basis.

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as:

- The ability to realise synergistic benefits.
- Access to cash flows.
- Access to tax benefits.
- Control of the board of directors of the company.

Evidence from studies indicates that premiums for control on successful takeovers have frequently been in the range of 20% to 40% in Australia and that the premiums vary significantly from transaction to transaction.

In selecting an appropriate control premium to apply to the AQR Shares, we have considered the following:

• AQR has an extensive portfolio of early-stage exploration mineral assets, the value of which has yet to be fully realised.



- An investor may consider control of AQR's mineral assets to be a strategic investment.
- Uncertainty surrounding the ability of the Company to acquire funding to support development of its assets to production, which may be reflected in AQR's share price, could be a less significant factor in a control transaction.
- Base metal prices have declined materially over the last few years and the current market conditions are difficult in general for resource companies, particularly early stage exploration companies. As a result investor demand is relatively more limited than prior periods and the level of control premium that may be achieved is likely similarly more limited.

Based on the above factors, we are of the opinion that the premium for control should be towards the mid-point of the premium for control historically observed in the Australian market for successful takeovers. Accordingly, we have adopted a premium for control of 30%.

6.3 Valuation summary

Our valuation assessment of AQR before the Proposed Issuance based on the market value of net assets method and the quoted price of securities method is summarised below:

			1 "9"
Valuation summary of AQR before the Proposed Issuance Ref	eference	A\$000s	A\$000s
Market value of net assets method	6.2	0.051	0.169
Quoted price of securities method	6.3	0.091	0.143
Grant Thornton Corporate Finance assessed range (control basis)		0.091	0.143

Source: GTCF analysis

As illustrated in the graph below, the value of AQR based on Xstract's preferred valuation assessment of the mineral assets is within our selected range for the value of AQR before the Proposed Issuance.



Assessment of AQR share price before the Proposed Issuance

Note (1): Preferred value based on the preferred value of mineral assets assessed by Xstract Source: GTCF analysis

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7 Valuation assessment of AQR after approval of the Proposed Issuance

Set out below is a summary of our valuation assessment of AQR after approval of the Proposed Issuance on a minority basis:

	Section	Low	High
AQR after approval of the Proposed Issuance	Reference	A\$000s	A\$000s
Value per AQR Share on a control basis before approval of the Proposed Issuance (A\$)	6.3	0.091	0.143
Number of AQR ordinary shares ('000s)	4.7.1	304,353	304,353
Equity value of AQR on a control basis before approval of the Proposed Issuance (A\$'00	0s)	27,696	43,523
Cash received/ Aston Loan offset from exercise of the Aston Options	7.1	-	-
Adjustment to value of the Options	7.1	-	-
Equity value of AQR on a control basis after approval of the Proposed Issuance (A\$'000s)	27,696	43,523
Number of AQR ordinary shares ('000s)	7.1	304,353	304,353
Value per AQR Share on a control basis (A\$)		0.091	0.143
Minority discount (%)	7.2	15%	15%
Value per AQR Share on a minority basis (A\$)		0.077	0.122

Source: GTCF Calculations and Xstract Report

7.1 Exercise of the Aston Options

Given the Aston Options are significantly out-of-the-money based on the current AQR share spot price (A\$0.080 per share) and also our valuation assessment of AQR Shares before the Proposed Issuance (approximately A\$0.073 to A\$0.114 per share on a minority basis³¹), we have undertaken the valuation analysis of AQR after approval of the Proposed Issuance based on the assumption that OCP Funds would not exercise the Aston Options immediately. This is based on our opinion that any rationale investor will rather purchase shares on the market based on the current trading prices rather than pay A\$0.1581 per share in order to exercise the Aston Option. Accordingly, we have assessed the equity value of AQR on a control basis after approval of the Proposed Issuance to be equal to the equity value of AQR on a control basis before the Proposed Issuance.

7.2 Minority discount

As the Proposed Issuance is considered a control transaction in accordance with RG 111, we have compared our assessment of AQR on a control basis before the Proposed Issuance with our assessment of AQR on a minority basis following the approval of the Proposed Issuance.

A minority interest discount is the inverse of a premium for control³² and generally ranges between 15% and 30%. Australian studies indicate the premiums required to obtain control of companies range between 20% and 40% of the portfolio holding values.

In our assessment of the minority discount, we have considered the following:

• We have applied a control premium of 30% to our assessment of the value of AQR before the Proposed Issuance under the quoted price securities method as set out in Section 6.2.

³¹ Based on a minority discount of approximately 20% (inverse of control premium adopted at 30% as discussed in Section 6.2.2)

³² Minority interest discount = 1-(1/(1+control premium)).



- Based on our assessment of the value per AQR Share before the Proposed Issuance, the Aston Options are materially out-of-the-money. Accordingly, we have assumed that OCP Funds would be unlikely to immediately exercise the Aston Options even if approval for the Proposed Issuance was granted by the Non-Associated Shareholders.
- Our valuation assessment of AQR before the Proposed Issuance includes the time value of money in relation to the Aston Options (refer to section 6.1.4 for details).
- If the Aston Options are exercised, Non-associated Shareholder's collective interest in AQR will be diluted to 69.6% on a diluted basis assuming OCP Funds does not acquire any further additional interest in AQR prior to the Proposed Issuance³³.
- OCP Funds has advised the Board that it has no intention of using its increased voting power to attempt to secure additional Board positions, vary the current balance of nominee and Directors or influence the strategic direction of the Company.

Based on the discussions set out above we have applied a minority discount at the low end of the empirically observed range of 15% to our assessed value of AQR after approval of the Proposed Issuance.

³³ We note OCP Funds may acquire interest in the Company up to below 20% without requiring approval from the Non-Associated Shareholders.



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Sources of information, disclaimer and consents 8

Sources of information 8.1

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Notice of Meeting and Explanatory Memorandum.
- Annual reports/ consolidated accounts of AQR for HY15 and FY14.
- Xstract specialist technical report.
- Announcements made by AQR on the ASX.
- AQR's website.
- S&P Capital IQ.
- IBISWorld.
- Various broker's reports.
- Other publicly available information.
- Discussions with AQR Management.

8.2 **Qualifications and independence**

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to and all other parties involved in the Proposed Issuance with reference to the ASIC Regulatory Guide 112 "Independence of expert" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to AQR, its shareholders and all other parties involved in Proposed Issuance.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with AQR or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Issuance.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Issuance, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Issuance. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report



will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

8.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by AQR and publicly available information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by AQR through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of AQR.

This report has been prepared to assist the Directors in advising the Non-Associated Shareholders in relation to the Proposed Issuance. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Issuance is fair and reasonable to the Non-Associated Shareholders.

AQR has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by AQR, which AQR knew or should have known to be false and/or reliance on information, which was material information AQR had in its possession and which AQR knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. AQR will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

8.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of Meeting and Explanatory Memorandum to be sent to the Non-Associated Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.



Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.



Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.



Appendix B – Glossary

\$	Australian Dollar
AML	Aston Metals Limited
APES	Accounting Professional and Ethical Standards
APES110	Code of ethics for Professional Accounting
AQR	Aeon Metals Limited
ASIC	Australian Securities Investment Commission
Aston Acquisition	AQR's 100% acquisition of AML in June 2014
Aston Loan	A\$20 million non-recourse loan with 12% per annum capitalised interest payable after 3 years, secured over all assets of AWCL
Aston Options	Unlisted options with a face value of A\$10 million, 3 year maturity term and exercise price of A\$0.1581 exercisable into circa 63.3 million Aston Shares
Aston Shares	48.275 million ordinary shares in AQR issued to OCP Funds as part of the consideration for the Aston Acquisition
ASX	Australian Stock Exchange
AWCL	Aeon Walford Creek Limited (previously known as Aston Metals (QLD) Limited)
BREE	Bureau of Resources and Energy Economics
China	People's Republic of China
Corporations Act	Corporations Act 2001
DCF	Discounted Cash Flow
Directors	The Directors of AQR
EPMs	Exploration permits for minerals
EU	European Union
EV	Enterprise Value
Exercise Price	Exercise price of A\$0.1581/ share for the Aston Options
FSG	Financial Services Guide
FYXX	Financial year ended 30 June 20XX
GDP	Gross domestic product
GFC	Global Financial Crisis
Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd
JORC/ JORC Code	The JORC (the "Joint Ore Reserves Committee") Code is a standard used for the public disclosure of Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore.
Kt	Kiloton
ML	Mining developing license
Mt	Million tons
Non-Associated Shareholders	Shareholders of AQR not associated with OCP Funds
OCP Asia	OCP Asia (Hong Kong) Limited
OCP Funds	OCP Funds includes OCP Asia (Hong Kong) Limited, Centar SP3 Limited and OL Master Limited.



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Option Restrictions	The restrictions AQR are subject to so long as any Aston Options remain unexercised
ра	Per annum
Proposed Issuance	Exercise of the Aston Options by OCP Funds
RG	Regulatory Guide
RG111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG112	ASIC Regulatory Guide 112 "Independence of Experts"
RG74	ASIC Regulatory Guide 74 "Acquisitions agreed to by shareholders"
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital
Walford Creek Project	AQR's flagship Walford Creek copper-lead-zinc project
Xstract	Xstract Mining Consultants Pty
Xstract Report	An independent geological and technical assessment and value of the mineral assets held by AQR. See Appendix C.



Appendix C – Xstract Report



Aeon Metals Limited

Independent Valuation

Prepared for: Grant Thornton Corporate Finance Pty Ltd Effective Date: April 2015 Final Report

XstractGroup.com Xstract - Excellence from the outset GEOLOGY GEOTECHNICAL MINING PROCESSING VALUATION/RISK TECHNOLOGIES ENVIRONMENT TRAINING

Project Manager:

Richard Price BSc (Hons), MSc (Mineral Economics) MAusIMM Principal Consultant – Corporate Advisory Xstract Mining Consultants, Perth Office

Contributing authors:

J McKibben¹

Peer review of technical work by:

M Longworth²

Xstract Mining Consultants Pty Ltd has prepared this report on behalf of Grant Thornton Corporate Finance Pty Ltd. Public disclosure, publication, or presentation of any information contained in this document must be accompanied by written consent from Xstract Mining Consultants Pty Ltd, which will not be unduly withheld.

XSTRACT

mining consultants

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 $^{1}\ {\rm Associate}\ {\rm Consultant}\ {\rm -}\ {\rm Corporate}\ {\rm Advisory},\ {\rm Xstract}\ {\rm Mining}\ {\rm Consultants},\ {\rm Brisbane}$

² General Manager & Principal Consultant, Xstract Mining Consultants, Perth

Xstract Mining Consultants Pty Ltd ABN: 62 129 791 279

Brisbane, Australia Ground Level, 545 Queen Street BRSBANE QLD 4000 PO Box 10312 BRISBANE ADELAIDE STREET QLD 4000 T +61 7 3221 2366 | F +61 7 3221 2235 Perth, Australia Level 10, 50 St Georges Terrace PERTH WA 6000 PO Box Z5426 PERTH WA 6831 T +61 8 9327 9500 | F +61 8 9481 8700 Adelaide, Australia T+61 8 7087 2152 Newcastle, Australia T+61 61 7 3221 2366 Ulaanbaatar, Mongolia T+976 7744 0000 XstractGroup.com Xstract - Excellence from the outset

London, United Kingdom T +44 207 002 1012

Internet www.xstractgroup.com enquiries@xstractgroup.com

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Appendices

Appendix A: Market Transactions of Base Metal Exploration Projects Appendix B: Geoscientific Rating Valuation of Early Stage Exploration Tenements Appendix C: Valuation approaches and methods



Key abbreviations

%	Percent
<	Less than
>	Greater than
Aeon	Grant Thornton Corporate Finance Pty Ltd
Ag	Silver
AIG	Australian Institute of Geoscientists
AQR	Aussie Q Resources Limited
Aston	Aston Metals (Qld) Limited
ASX	Australian Securities Exchange
Au	Gold
AUD	Australian dollars
AusIMM	Australasian Institute of Mining and Metallurgy
BHC	Base holding cost
CIMVAL	The Canadian 2003 Edition of the Standards and Guidelines for Valuation of Mineral Properties
Co	Cobalt
Company	Grant Thornton Corporate Finance Pty Ltd
Copper Strike	Copper Strike Limited
Cu	Copper
CuEq	Copper equivalent
CuEqt	Copper equivalent tonne
DCF	Discounted cash flow
EDTA	Ethylenediaminetetraacetic acid
EM	Electromagnetic
EPM	Exploration Permit for minerals other than coal
ERE	Endangered Regional Ecosystems
EV	Expected values
FMV	Fair market value
g	Gram(s)
Goody	Goody Investments Pty Ltd
Grant Thornton	Grant Thornton Corporate Finance Pty Ltd
H&SC	H&SC Consultants Pty Ltd
Iluka	Iluka Resources Limited
IP	Induced Polarisation
JORC Code	The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Kennecott	Kennecott Explorations (Australia) Pty Ltd
km	Kilometre(s)



km ²	Square kilometre(s)
lb	nound
	Letter of Intent
LOI	Million
141 m	Matro
MDI	
MDL	
MEE	Multiples of exploration expenditure
Mo	Molybdenum
MoEq	Molybdenum equivalent
Mt	Million tonnes
MVT	Mississippi Valley
OCP	OCP Asia (Hong Kong) Limited
oz	Troy ounce
Pb	Lead
ppm	Parts per million
RC	Reverse circulation drilling
RTX	Rio Tinto Exploration Pty Limited
SAMVAL	The South African Code for the Reporting of Mineral Asset Valuation
SEDEX	Sedimentary exhalative
SLW	SLW Minerals Corporation Pty Ltd
SLWQ	SLW Queensland Pty Ltd
t	Tonne(s)
USD	United States dollar
VALMIN Code	The 2005 edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
WMC	Western Mining Corporation
Xstract	Xstract Mining Consultants Pty Ltd
Zn	Zinc



1 Executive summary

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton") has requested Xstract Mining Consultants Pty Ltd ("Xstract") to provide an Independent Valuation Report on the mineral assets of Aeon Metals Limited ("Aeon"). This report will be included in an Independent Expert's Report by Grant Thornton that will accompany a Notice of Meeting in relation to the proposed exercise of options in Aeon held by OCP Asia (Hong Kong) Limited ("OCP"), which will increase OCP's interest in Aeon.

Aeon's mineral assets consist of a regionally extensive, but dispersed, tenement holding in Queensland comprising 39 granted Exploration Permits for Minerals ("EPM") with a number of joint venture agreements held over these assets and a Mining Development License in southeast Queensland. The mineral assets considered in this report comprise:

- A 100% interest in the Walford Creek copper-lead-zinc project
- A 60% to 100% interest in permits comprising the Rawbelle copper-molybdenum project
- Various interests in the northwest Queensland projects, comprising:
 - the Constance Range iron ore-copper-zinc project
 - \circ the Isa North copper project
 - \circ \quad the Isa West copper-base metal-phosphate project
 - the Isa South copper-gold project
- A 100% interest in the Forsayth project.

Exploration completed at Walford Creek to date has defined an Indicated and Inferred Mineral Resource reported at a 0.55% copper equivalent ("CuEq") cut-off in accordance to the JORC Code (2012). The stated Mineral Resource is outlined in Table 1.1.

Project	Category	Tonnes	Cu	Pb	Zn	Ag	Со
		(Mt)	(%)	(%)	(%)	(g/t)	(ppm)
Walford Creek	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

Table 1.1: Walford Creek Mineral Resource at 0.55% CuEq cut-off

For further detail refer to Aeon's ASX announcement dated 6 March 2015

Exploration completed to date at the Gladstone Project has also defined Indicated and Inferred Mineral Resources in the Greater Whitewash and Ben Hur areas (Table 1.2).

Table 1.2: Greater Whitewash and Ben Hur Mineral Resources

Project	Category	Tonnes (Mt)	Cu (%)	Mo (ppm)	Ag (g/t)
Whitewash	Indicated	185	0.12	263	1.55
	Inferred	56	0.11	239	1.54
Ben Hur	Inferred	62	0.30	120	1.30

Please refer to Aeon's ASX announcements dated 30 May 2011 and 12 November 2013 for further details.

All other projects are at an early stage of exploration assessment.



In forming its opinion of the likely market value of Aeon's assets, Xstract has used a combination of Comparable Market Transaction, Geoscientific rating and Yardstick valuation methods.

In Xstract's opinion, as at 2 April 2015, the market was likely to pay between AUD35.6 M and AUD75.1 M, with a preferred value of AUD52.4 M, for Aeon's interests in the mineral assets as summarised in Table 1.3.

Project		Low (AUD M)	High (AUD M)	Preferred (AUD M)
Walford Creek	Mineral Resource	20.8	40.0	30.4
	Exploration Target	0.6	1.7	0.8
	Exploration Potential	0.2	0.5	0.3
Gladstone	Whitewash Mineral Resource	6.6	13.1	9.8
	Ben Hur Mineral Resource	3.9	9.0	5.9
	Exploration Potential	0.4	1.8	0.7
Constance Range		0.5	1.5	0.7
Isa North		1.2	3.3	1.7
Isa West		0.5	1.5	0.7
Isa South		0.8	2.2	1.2
Forsayth		0.1	0.5	0.2
Total Market Va	alue	35.6	75.1	52.4

Table 1.3: Summary of the market value of Aeon's Queensland mineral assets

Errors due to rounding

Introduction 2

Grant Thornton has requested Xstract to provide an Independent Valuation Report on the assets of Aeon. This report will be included in an Independent Expert's Report by Grant Thornton that will accompany a Notice of Meeting in relation to the proposed exercise of options in Aeon held by OCP, which will increase OCP's interest in Aeon. This valuation report does not opine on the value of the relevant landholdings or exploration tenements for stamp duty purposes.

Aeon'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 60% to 100% interest in permits comprising the Gladstone copper-molybdenum project
- Various interests in the northwest Queensland projects, comprising
 - the Constance Range iron ore-copper-zinc project 0
 - the Isa North copper project 0
 - the Isa West copper-base metal-phosphate project 0
 - the Isa South copper-gold project 0
- A 100% interest in the Forsayth project.



Technical details relating to these mineral assets are discussed elsewhere in this report.

2.1 Background

Aussie Q Resources Limited ("AQR") was incorporated on 22 September 2006, to acquire the right to a number of prospective copper/molybdenum tenements in the Rawbelle district near the town of Monto in central Queensland. The company was listed on the Australian Securities Exchange ("ASX") on 14 June 2007, raising AUD12 M.

The principal project at Rawbelle was the Greater Whitewash Project. In addition, the Company held 16 satellite prospects with four of these joint ventured to SLW Queensland Pty Ltd ("SLWQ").

In May 2012, AQR raised AUD700,000 through a placement of shares to further exploration and project development over its tenement holdings. Later that year (August), AQR changed its name to Aeon Metals Limited and subsequently entered into a transaction with SLWQ and SLW Minerals Corporation Pty Ltd ("SLW"), as well as raising a further AUD675,000 in cash.

In April 2014, Aeon agreed to acquire a 100% interest in Aston Metals (Qld) Ltd ("Aston") from its Receivers and Managers and the acquisition was completed in June 2014. Aston held an extensive exploration tenement portfolio in the Mount Isa and Constance Ranges areas of northwest Queensland. As consideration, Aeon issued some 48 M shares, approximately 63 M warrants each exercisable at 15.81 cents and AUD20 M of limited recourse, three-year 12% notes. Aeon also placed additional shares with other investors to raise AUD8 M, principally to advance exploration at Aston's Walford Creek Project.

The location of Aeon's Queensland tenement holdings is shown in Figure 2.1.







Source: Aeon Metals Limited

2.2 Scope

The purpose of Xstract's report is to establish reasonable grounds for any opinion or conclusion regarding the value of Aeon's development and exploration assets in Queensland. Xstract's technical assessment and valuation report is to provide a reference for Grant Thornton.

Xstract's focus is limited to the following scope of work:

- Provide a brief technical overview of the Queensland development and exploration assets in which Aeon has an interest, including:
 - Tenement status and material agreements
 - \circ $\;$ Geology and exploration, including resource estimates
 - Proposed development plans


- Progress and status of the project with respect to environmental, social, political marketing and financing aspects contributing to the project's risk profile
- Provide our estimate of the current market value of Aeon's interests in these development and exploration assets.

The scope of work excludes any work in relation to:

- Commodity price and exchange rate assumptions
- Financial and/or corporate taxation analysis.

2.3 Reporting standard

This report has been prepared in accordance with the following codes:

- The 2005 edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("VALMIN Code")
- The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code").

For the purposes of this report, value is defined as 'fair market value' ("FMV"), being the amount for which a mineral asset should change hands between a willing buyer and a willing seller in an arm's length transaction where each party is assumed to have acted knowledgeably, prudently and without compulsion.

2.4 Data sources

In developing our assumptions for this report, Xstract has relied upon information provided by Aeon, information available in the public domain and technical information made available from Xstract's Brisbane office. Key sources are outlined in this report and all data included in the preparation of this report has been detailed in the references section of this report. In the execution of its mandate, Xstract reviewed all relevant pertinent technical and corporate information made available by the management of Aeon, which has been accepted in good faith as being true, accurate and complete, after having made due enquiry.

2.5 Reliance on other Experts

Xstract has not relied on any third party opinion in compiling this report. The technical personnel responsible for compiling this report are based entirely in Xstract's Brisbane office.

For the technical assessment outlined in this report, none of the Xstract personnel involved in the valuation undertook a site visit to the projects subject to this valuation. However, as Xstract has previously undertaken extensive technical evaluation work of base metal assets in the Queensland and other base metal provinces in Australia, it has a good understanding of the assets and has no reason to question the validity of the technical information supplied. Furthermore, the base metal projects are at a relatively early stage of assessment and little perceived benefit was anticipated from an inspection.

2.6 Competent Persons and Experts statement

Xstract's consultants involved in the preparation of this report are Independent Experts as defined by the VALMIN Code. They are also members of either the Australasian Institute of Mining and Metallurgy ("AusIMM") or the Australian Institute of Geoscientists ("AIG"), for which compliance with the JORC and VALMIN Codes is mandatory. Xstract's Competent



Persons involved in the preparation of this report are members in good standing with one or more of these professional institutions and have the required qualifications and experience as defined in the JORC and VALMIN Codes to conduct this technical assessment and valuation.

Xstract's consultants have extensive experience in preparing competent persons, mineral specialist, independent geologist and valuation reports for mineral exploration and production companies. The authors of this report are qualified to express their professional opinions on the values of the mineral assets described.

2.7 Independence, disclaimer and warranty

Xstract is an independent mining consultancy. Xstract confirms its independence of Aeon and the mineral properties outlined in this report for the purpose of the Australian Securities and Investment Commission's Regulatory Guide 112 – Independence of experts (ASIC, 2011). Xstract was commissioned by Grant Thornton on a fee for service basis according to Xstract's standard schedule of rates. Xstract's fee is not contingent on the outcome of its valuation or the success or failure for the transaction for which the report was prepared. None of Xstract's consultants or their immediate families involved in the preparation of this valuation report have (or had) a pecuniary or beneficial interest in Aeon, Aston or any of the subject mineral properties prior to or during the preparation of this report.

Xstract has made due enquiries to the Queensland Government Department of Natural Resources and Mines in order to validate information provided by Aeon. However, Xstract is not qualified to express legal opinion and has not sought any independent legal opinion on the ownership rights and obligations relating to the respective mineral assets under licence or any other fiscal or legal agreements that Aeon may have with any third party in relation to the projects.

A draft version of this report was provided to the directors of Aeon for comment in respect of omissions and factual accuracy. Aeon has represented in writing to Xstract that full disclosure has been made of all material information and that to the best of its knowledge and understanding, such information is complete, accurate and true.

As recommended in Section 39 of the VALMIN Code, Aeon has provided Xstract with an indemnity under which Xstract is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required which:

- results from Xstract's reliance on information provided by Aeon and/or Independent consultants that is materially inaccurate or incomplete, or
- relates to any consequential extension of workload through queries, questions or public hearings arising from this report.

This report may contain or refer to forward-looking information based on current expectations, including but not limited to timing of mineral resource estimates, future exploration or project development programmes and the impact of these events on the projects. Forward-looking information is subject to significant risks and uncertainties, as actual results may differ materially from forecasted results. Forward-looking information is provided as of the date hereof and Xstract assumes no responsibility to update or revise them to reflect new events or circumstances.

The conclusions expressed in this report are appropriate as at 2 April 2015, the effective valuation date. The value opinion is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this report are expressed in Australian dollars ("AUD") unless otherwise stated.



3 Walford Creek Project

Following the Aston acquisition in April 2014, Aeon now holds interests in a regionally extensive tenement package in the Constance Range and Mount Isa areas of northwest Queensland. The most advance of Aeon's projects in northwest Queensland is the Walford Creek project where recent exploration has delineated a JORC Code (2012) compliant Indicated and Inferred Resource.



Figure 3.1: Location of Aeon's northwest Queensland Projects

Source: Aeon Metals Limited

3.1 Location, access and infrastructure

Aeon's Walford Creek Project is located approximately 250 km northwest of Mount Isa in northwest Queensland, close to the Northern Territory border. The closest settlement is Doomadgee, approximately 70 km to the east, which is accessed by unsealed road. Doomadgee has an airstrip that connects the project site to other major centres within Queensland. Burketown lies 135 km directly to the east and is accessible by road.

3.2 Ownership, **status** and **agreements**

Through its wholly owned subsidiary company Aeon Walford Creek Limited, Aeon owns a 100% interest in three granted exploration permits covering a total area of 176.0 $\rm km^2$ at Walford Creek, as summarised in Table 3.1.

Tenement	Status	Expiry	Area (km²)	Annual Rent (AUD)
EPM18552	Granted	29/11/2017	22.82	984.20
EPM14854	Granted	21/11/2015	19.56	843.60
EPM14220	Granted	07/03/2017	133.63	5,764.60

Table 3.1: Details for the Walford Creek Exploration Permits for Minerals

Source: Queensland Government Department of Natural Resources and Mines

3.3 History

Exploration of the Walford Creek area commenced in the early 1960s, however it was not until the mid-1980s, that any concerted activities were completed.

The first detailed exploration of the area was in 1984 to 1987, when Western Mining Corporation ("WMC") completed soil sampling, ground magnetic and electromagnetic ("EM") geophysical surveying and then tested co-incident soil/EM anomalies with nine drill holes. Massive pyrite lenses were intersected at shallow depths over a 3.3 km strike length.

In 1989, WMC carried out further exploration resulting in the discovery of higher grade zinc-lead-silver intersections mainly within the pyrite lenses. Activities conducted by WMC between 1989 and 1996 included airborne EM/magnetic, gravity and SiroTEM geophysical surveying, rock chip and soil sampling and 16.1 km of drilling. Drilling consisted of 51 diamond core and 42 percussion holes on lines at 400 m and 800 m intervals. The drilling encountered several ore-grade zinc-lead intersections but suggested little potential for a coherent economic resource.

In 1995/96, MIM Exploration entered into a farm-in agreement with WMC and subsequently conducted CSAMT, EM and IP geophysical surveys over nine conceptual targets outside of the area drilled by WMC. No drilling was completed by MIM.

In November 2004, Copper Strike Limited acquired the project from Teck Cominco Australia (Pty) Ltd and developed a modified geological model for the mineralisation. A total of 30 reverse circulation ("RC") holes were drilled at the main Walford Creek prospect. Several Pb, Zn, Cu, Ag and Co intersections were encountered. A resource estimation was undertaken based on WMC and Copper Strike drill data.

In February 2006, Copper Strike reported an Inferred Resource at Walford Creek following the completion of 30 RC holes (including four short diamond drill holes). The Resource was defined using a CuEq cut-off grade based on converting the Pb, Zn, Ag and Co values into



CuEq grades using the metal prices as at February 2006. A total of 23 WMC drill holes, as well as the holes drilled by Copper Strike, were used to define the 2006 Walford Creek resource. The Resource was based on a cut-off of 1.0% CuEq and a minimum width of 4 m. The resource was spread across four separate bodies, lying end-to-end along or adjacent to the Fish River Fault occurring over a 3 km strike length and between 20 m to 180 m below surface.

In 2010, Copper Strike entered into a farm-in and joint venture agreement with Aston, which provided Aston with the ability to earn up to a 70% interest in the Walford Creek permits by incurring exploration expenditure of AUD4 M. Prior to completion of the joint venture agreement, Copper Strike sold the entire project to Aston for AUD2.5 M in May 2011.

Between 2010 and 2012, Aston conducted an extensive drilling programme comprising 82 diamond drill holes and 5 RC holes (for 15,000 m in total). This augmented drilling by previous owners and was to update the previous Mineral Resource estimate. The previous Mineral Resource estimate was prepared by independent consultants, H&SC Consultants Pty Ltd ("H&SC"), in March 2013. This estimate has now been superseded by a Mineral Resource updated completed by H&SC in March 2015, as reported in Section 3.6.

Table 3.2 provides details of previous drilling campaigns over the Walford Creek area, with a total of 217 exploration drill holes for 34,504 m completed between 1961 and 2012.

Company	Years	Drilling work Completed
MIM	1961 - 1969	3 diamond drill holes
Esso	1979 - 1980	1 diamond drill hole
ELF	1983	2 diamond tailed holes
WMC	1985 - 1987	9 drill holes
CRAE	1987 - 1988	2 drill holes
PASMINCO	1992 - 1993	62 drill holes
WMC	1989 - 1996	51 diamond and 42 percussion holes
Copper Strike	2004 - 2006	30 reverse circulation holes
Aston (formerly MM Mining)	2010 - 2012	87 diamond and 5 reverse circulation holes

Table 3.2: Exploration drilling history

Source: Draft pre-feasibility Report, Minarco MinConsult

The Walford Creek Project was acquired by Aeon from Aston's Managers and Receivers in April 2014. Details of the work conducted by Aeon since acquisition is summarised in Section 3.5 Exploration.

3.4 Geology

3.4.1 Regional Setting

The Walford Creek Project lies at the northern margin of the Lawn Hill Platform of the Mount Isa Inlier adjacent to the Murphy Tectonic Ridge, a major east-west trending basement inlier which separates the Mount Isa Inlier from the McArthur Basin to the northwest (Figure 3.1).

Within the immediate area, the Murphy Metamorphics are overlain by units of the Wire Creek Sandstone and Peters Creek Volcanics. These comprise a belt of basic, intermediate and acid lavas, pyroclastic and sedimentary rocks up to 10 km wide. The Peters Creek



Volcanics are unconformably overlain by the mid-Proterozoic Fickling Group, akin to the Mount Isa Group, consisting of the basal Fish River Sandstone and the overlying Walford Dolomite, Mount Les Siltstone and Doomadgee Formation.

The project area covers several stratabound and vein-style base metal prospects in Fickling Group sediments, the most significant of which is the Walford Creek zinc-lead-copper-silver deposit.

Mineralisation at Walford Creek is hosted by the metamorphosed Proterozoic Mount Les Siltstone unit of the Fickling Group on the downthrown side of the east-west trending Fish River Fault Zone. This fault zone has a net vertical displacement of some 500 m and is interpreted to have been active during deposition of the host sediments.

The host Mount Les Siltstone typically comprises a clastic-carbonate sequence of thinly bedded carbonaceous, pyritic and dolomitic shales with subordinate dolomitic sandstone units. Within the area of the deposit, the sequence contains thick accumulations of dolomite breccia (Talus Breccia Member), three massive pyrite lenses, which are up to 40 m thick, and localised developments of solution-collapse breccia.

The Talus Breccia Member is a submarine mass flow breccia, which was deposited through periodic movement on the Fish River Fault. Adjacent to the fault, the Talus Breccia Member occurs as a thick discordant wedge of clast-supported dolomite breccia. To the south, it splits into separate concordant horizons of matrix-supported, submarine, debris-flow dolomite breccias, which interfingers with the more typical argillaceous units of the Mount Les Siltstone.

The pyrite lenses, which are hosted wholly within black carbonaceous shale units of the Mount Les Siltstone, comprise massive to laminated pyrite with soft sediment deformational features, which indicate a syn-sedimentary origin.

The irregular discordant solution collapse breccia bodies lie adjacent to the Fish River Fault Zone over a vertical interval of around 300 m.

3.4.2 Deposit type

The Walford Creek mineralisation shows affinities to both early sedimentary exhalative ("SEDEX") and late Mississippi Valley ("MVT") mineralisation styles, being structurally controlled by the regionally significant Fish River Fault system. This results in a variety of stratiform, stratabound and discordant styles. The wide diversity of mineralisation styles reflects multiple events in a long-lived re-activated structural setting.

Mineralisation is interpreted to comprise an earlier diagenetic zinc/lead phase, which is restricted to the pyrite lenses, and later overprinting, epigenetic zinc-lead-copper mineralisation, which occurs within the pyrite lenses and various breccias. Four temporally separate stages of mineralisation are recognised at Walford Creek.

3.4.3 Mineralisation

Mineralisation in the Walford Creek area generally abuts the steeply dipping, east-west to east-northeast trending Fish River Fault Zone.

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

Figure 3.2 summarises the stratigraphy at Walford Creek and details the location of the presently defined mineralisation along the Fisher Fault.





Figure 3.2: Conceptual Cross Section of the Mineralisation at Walford Creek

Source: Aeon Metals Limited

3.5 Exploration

Aeon's near term exploration strategy at Walford Creek is designed to establish mining and metallurgical parameters for a prefeasibility study by December 2015.

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

- In June 2014, Aeon commenced RC and diamond drilling along the Fish River Fault Zone to test for strike and depth extensions to the currently defined Mineral Resource at Walford Creek. To date, Aeon has completed a 6,021 m drilling campaign, which intersected a number of broad zones of moderate to high-grade polymetallic mineralisation. Details of these holes and associated significant intersections are set out in Aeon's Company announcement to the ASX dated 10 October 2014.
- In September 2014, Aeon commenced a metallurgical testwork programme based on three core samples collected during the 2012 drilling programme. These tests suggest a multi-component progressing circuit is required to treat the ores. Core samples from the 2014 were selected for compositing, with a multi-stage flotation separation programme commencing in January 2015.
- In December 2014, Aeon commissioned H&SC to update the existing Mineral Resource estimate to incorporate the results of the 2014 drill program. The results of the Mineral Resource update were reported to the ASX on 6 March 2015.

3.6 Mineral Resource

3.6.1 Mineral Resource

As presented in Table 3.3, the 2015 Walford Creek Resource has been estimated at a 0.55% copper equivalent cut-off, with the cut-off based on USD5,535/t Cu, USD1,839/t Pb, USD2,123/t Zn, USD16.50/oz Ag and USD29,000/t Co. Assumed recovery is 90% for Cu, 75% for Pb, Zn, Ag and Co.



Category	Tonnes (Mt)	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Co (ppm)
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
(minor rounding errors)						

Category Cu (kt) Pb (kt) Zn (kt) Ag (Moz) Co (kt) Indicated 75 135 166 10.5 14.8 Inferred 221 44.8 491 457 44.9 Total 296 626 623 55.4 59.6 Source: H&SC Consultants

Cu Equivalent = (0.9*Cu%) + (0.24*Pb%) + (Zn*0.22%) + (0.012*Ag ppm) + 0.000237*Co ppm)

The information above that relates to Mineral Resources and Exploration Targets is based on information compiled by Mr Simon Tear, who is a member of the AusIMM. Please refer to Aeon's ASX announcement dated 6 March 2015 for a detailed Competent Person statement.

The resource estimate was prepared by H&SC to update a previous block model for reporting the Walford Creek Mineral Resource in March 2013. Using the same methodology as the previous estimate showed a 52% increase in the size of the Indicated and Inferred Resources including a 13.5% increase in the Indicated Resources (H&SC, 2015). Much of the increased Resource resulted from drilling the third pyrite lens (PY3), which enabled conversion of the majority of the 2013 Exploration Target into the Inferred Resource category.

A high-level summary of the resource model development and estimation parameters to construct the Walford Creek 2015 Mineral Resource is provided in Table 3.4.

Mineral Resource	Description
Geological interpretation	Mineralisation styles vary with host rock and stratigraphic position, however sulphide mineralisation is dominant in the primary base metal mineralisation which occurs in relatively flat lying stratigraphic units. Four primary mineralised domains (namely the Chert Unit, the PY1 Unit, the Dolomite Unit and the PY3 Unit) have been defined using a nominal 0.1% Cu/CuEq cut-off and geological evidence. Wireframe extrapolation is 50 m beyond the last drill hole; downdip termination of wireframes is due to lack of drilling rather than any geological termination whereas the Fish River Fault terminates any up- dip mineralisation. Lateral strike terminations are due to a lack of drilling.
Sample data	A total of 235 holes for 40,525 m were used in the delineation of the geology and the resource model. Drilling included HQ/NQ core and RC drilling at spacings of 30 m to 80 m on 50 m to 100 m spaced sections. The samples were reduced to 6,681 1 m composites for grade estimation within the four primary mineralised units.
Type of model for reporting	Block model developed from sectional geological and grade interpretations.
Block size	20 m (east) by 15 m (north) by 5 m (elevation).
Estimation type	Ordinary Kriging with no upper grade cut-off applied.

Table 3.4: Summary of resource model development and estimation parameters for Walford Creek



Mineral Resource	Description
Search ranges	60 m by 60 m by 15 m with at least 12 samples (to inform Indicated Resources). 120 m by 120 m by 30 m to 180 m by 180 m by 45 m with at least 6 samples (to inform Inferred Resources).
Variography	Variogram quality described as poor to modest in all zones, mainly due to a lack of drilling in combination with the disseminated nature of the mineralisation.
Bulk density	Density was determined by water immersion from 4,998 samples, combined into 2,133 1 m composite data within the resource model. This density data was estimated into the block model using inverse distance squared to define the Bulk Density.
Grade estimation parameters and Classification	Grades were estimated for copper, lead, zinc, silver and cobalt, and combined as a copper equivalent for resource reporting, including recovery assumptions.
	Mineral Resources have been classified on the search pass category together with an assessment of other factors such as drillhole spacing, sample quality, density measurements, and the geological model.
Audits	No external audits or reviews have been reported.

In Xstract's opinion, the Walford Creek Mineral Resource estimation methodology is consistent with internationally acceptable practices for similar styles of deposits and is appropriate for valuation purposes.

Xstract notes that as part of the 2014 drilling campaign, Aeon completed two exploration holes to the some 1 to 2 km west and along strike of the Walford Creek Resource. This drilling encountered the same mineralised stratigraphic zones and has generated additional exploration potential west of the current resource (Figure 3.3).





Figure 3.3: Exploration potential areas along strike of the defined Walford Creek Resource area

3.6.2 Exploration Target

In addition to the defined Mineral Resource at Walford Creek, H&SC also outlined the potential for an additional 10 Mt to 20 Mt at 0.1 to 0.4% Cu, 0.5 to 1.5% Pb, 0.5 to 1.0% Zn, 5 to 15 g/t Ag and 500 to 1500 ppm Co in the Walford West area. H&SC identified this potential as being associated with the chert (blue in Figure 3.4) and two pyrite units, PY1 (green) and PY3 (red), which remain to be adequately tested by drilling.



Figure 3.4: Exploration Potential at Walford Creek West

Source: H&SC resource report, refer Aeon's ASX announcement dated 16 March 2015

There is currently insufficient exploration data for these prospects to be classified as Mineral Resources under the JORC Code and currently they can only be described as exploration targets. There is currently no guarantee that with further exploration and drill



testing of this Exploration Target will result in the determination of a Mineral Resource reported in line with the 2012 JORC Code.

3.7 Metallurgical testwork and processing

Preliminary results from six composite samples during the recent ore characterisation, mineralogy, flotation, pyrite depression and optimised rougher testwork programme at Walford Creek concluded:

- there is an abundance of pyrite in the Upper Black Shale (Ore Type 1) and PY1 unit (Ore Type 2), whilst material for the Talus and Fault Breccia zone (Ore type 3) contained less pyrite, it was dominated by dolomite, quartz and siderite.
- the Walford Creek ores are relatively soft compared to other copper/lead/zinc ores
- Ethylenediaminetetraacetic acid ("EDTA") tests showed a reasonable proportion of the lead is extractable suggesting it is probably oxidised or somewhat mobile. There was also minor amount of copper that were extracted during testing. Oxidised material may cause separation issues in the copper, lead and zinc circuits.
- High copper recoveries are able to be achieved in the roughers for Ore Types 1 and 2 allowing from progression to cleaner tests. High levels of pyrite were recovered to the concentrate in Ore Type 2. Reasonable copper grades and recovery were achieved during cleaner tests for Ore Type 3.
- Relatively high-grade zinc products are able to be achieved at reasonable recoveries in Ore Types 1 (with some dilution from pyrite) and 2.
- Lead cleaner grades and recoveries are generally low in Ore Types 1 and 2 due to the potentially oxidised material, fine grain size or low head grade. Lead rougher grades and recoveries in Ore Type 3 were relatively high with some dilution from pyrite, zinc and non-sulphide gangue.
- Pre-float on copper composites removed between 25% and 40% of total organic carbon assisting in producing a higher grade copper concentrate.
- Bulk of the cobalt followed pyrite into tailings streams as it is in solid solution in pyrite and alloclasite (CoAsS). Silver recoveries varied but were generally low.
- Further work is required to ascertain whether cobalt and silver credits can add to the revenue stream of the project.
- Preliminary flowsheet design indicates the ore would be ground and processed in a pre-float stage to remove organic carbon. Three concentrates would be produced – copper, lead and zinc with each circuit having a rougher, regrind and at least three stages of cleaning. Further metallurgical work is required.

3.8 Environmental and social considerations

No Native Title claims exist over the Project (EPM 14220). Agreements were negotiated with Carpentaria Land Council Aboriginal Corporation, representing the Waanyi and Gangalidda-Garawa people, and signed prior to commencement of exploration. To date, no significant Aboriginal cultural heritage has been registered over EPM14220.

4 Gladstone Project

For the purposes of reporting, Aeon has divided its southeast Queensland permits into various sub-projects. Figure 4.1 shows the location of the Gladstone Project, which is divided into the Whitewash (black outline) and Kildare (blue outline) areas. In addition, Rio Tinto Exploration Pty Limited ("RTX") recently entered into an earn-in agreement on EPM17060 (red outline).



The Whitewash area encompasses the Greater Whitewash copper-molybdenum-silver subproject, the Ben Hur copper-molybdenum subproject and the 7B copper-gold subproject.



Figure 4.1: Location of the Gladstone Project

Source: Aeon

4.1 Location, access and infrastructure

The Gladstone Project lies some 30 km west of the town of Monto, 150 km by road to Gladstone port and about 500 km by road north of Brisbane in southeast Queensland. The project is situated in proximity to established infrastructure and major service providers to the nearby coal industry of the Bowen Basin.



Sealed roads and gravel station tracks provide good access within the permit area. Power lines are nearby and Monto lies on the rail line connecting Brisbane, Rockhampton and Gladstone. The Callide thermal power station is situated 70 km to the north.

The Burnett Highway connects Monto to Biloela and passes through the northern part of this project area as illustrated in Figure 4.1.

4.2 Ownership, status and agreements

Aeon holds interests over nine granted EPMs and a mining development license ("MDL") which cover a total area of approximately 917 $\rm km^2$ near the town of Monto in southeast Queensland, as summarised in Table 4.1.

Permit	Subproject	Holder	Partner	Expiry	Area km²	Annual Rent (AUD)
EPM17002		Aeon 100%		19/02/18	152.59	6,889.40
EPM17001		Aeon 100%		20/02/18	136.92	6,186.40
EPM15922		Aeon 100%		7/01/16	6.22	281.20
EPM15921	7B	Aeon 100%		7/01/16	15.57	703
EPM15920		Aeon 100%		24/11/17	12.46	562.40
EPM14628	Ben Hur	Aeon 100%		23/08/17	133.82	5,843.70
MDL462	Greater Whitewash	Aeon 100%		31/12/17	10.05#	-
EPM17060		Aeon 100%	Rio Tinto earning 70%	25/06/17	62.17	2,718.00
EPM19029*		SLWQ 40%	Aeon 60%	30/05/16	301.26	13,182.30
EPM14627*		SLWQ 40%	Aeon 60%	21/09/15	86.84	3,936.80

Table 4.1: Status for the Gladstone Project

Source: Queensland Government Department of Natural Resources and Mines, Aeon

*SLW Queensland Pty Ltd responsible for payment of annual rents

#within EPM14628

In September 2012, Aeon signed a Letter of Intent ("LOI") with RTX, which set out indicative terms in regards to a proposed earn-in and joint venture of Aeon's tenement EPM 17060. Upon RTX satisfying the a total exploration expenditure commitment of AUD2.7 M through a two staged earn-in, a joint venture would be formed with the participating interests of RTX (70%) and Aeon (30%). A third phase provides RTX with the option to earn a further 20% in the project by either funding AUD15 M in further exploration or completion of a pre-feasibility study. Importantly from a valuation perspective, RTX has not yet completed the required expenditures to earn an equity interest in the project and as such, Aeon currently retains a 100% interest in EPM17060.

In November 2012, Aeon announced a transaction with SLWQ and SLW Minerals Corporation Pty Ltd ("SLW") via a multi-party deed, whereby Aeon receives AUD675,000 in cash and increases ownership in SLWQ from 35% to 60% via issue of new SLWQ shares to Aeon. As part of the transaction, an AUD2 M loan from SLW to SLWQ was extinguished and 16 M Aeon shares were issued to SLW, along with up to 13.3 M options exercisable at 15c.

SLWQ initially held a 100 % interest in four permits (EPM19029, EPM14627, EPM15919, EPM18202) located in the Kildare area of the Gladstone Project (i.e. the southern extents outlined in blue). Xstract has been advised by Aeon that EPM15919 and EPM18202 have subsequently been relinquished. As such, Aeon currently holds a 60% in EPMs 14627 and 19029.

4.3 History

Exploration in the Rawbelle area began in the 1960s and resulted in the discovery of the Whitewash prospect. Between 1972 and 1974, Kennecott Explorations (Australia) Pty Ltd ("Kennecott") explored the area now covered by Aeon's tenement holdings under a joint ventured. Kennecott initially carried out stream geochemistry, grid based soil and rock sampling, and ground magnetic and Induced Polarisation ("IP") geophysical surveys. This was followed by trenching, percussion drilling (19 holes) and one diamond drill hole.

The above work outlined porphyry copper-molybdenum mineralisation at both Kiwi Carpet and Whitewash. Kennecott estimated a modest low-grade copper-molybdenum resource to a depth of around 68 m at this time. These grades were considered insufficient at the time to encourage further work.

Around this time, the Queensland Department of Mines also drilled three diamond holes NS1-3, totalling 311 m outside the Kennecott leases. Holes NS1 and 2 tested an area at Whitewash. Hole NS1 located three short mineralised zones including two reportedly with high-grade molybdenum.

In the early 1980s, Amoco Minerals Australia Company carried out gridding, mapping, soil geochemistry, ground magnetics, auguring, electromagnetic geophysical surveying and percussion drilling. Twelve vertical percussion holes, labelled WP1 to WP12 and totalling 1,500 m tested coincident IP geophysical and copper- molybdenum-tungsten geochemical anomalies at Whitewash. These holes encountered narrow polymetallic (Cu-Mo-Zn-Pb) mineralised zones at relatively shallow depths.

From 1994 to 2000, Westralian Sands Limited (now Iluka Resources Limited ("Iluka")) explored the area under joint venture for alluvial concentrations of rutile and ilmenite within the drainages. The focus subsequently changed towards porphyry copper mineralisation. Work completed during this period included grid mapping, rock sampling, geophysical data surveys, regional stream sediment sampling, RC drilling with limited diamond coring on selected target areas.

In 2005, Goody Investments Pty Ltd ("Goody") estimated a target quantity and value of the in-ground mineralisation at Whitewash using historic drill hole data. The potential quantity and grade was considered conceptual in nature and insufficient exploration had been undertaken at Whitewash to define a JORC Code compliant Mineral Resource.

In 2007, AQR acquired the Project permits from Goody and was listed on the ASX.



4.4 Geology

4.4.1 Regional Setting

The Project permits cover predominantly granitoid rocks of the Late Permian-Triassic Rawbelle Batholith in the New England Orogen. The Permo-Triassic Wingfield Adamellite occurs as a north-trending body some 50 km long. The oldest rocks in the area are gneiss and schist of undetermined age. Prospective Carboniferous granitoids, partially covered by Tertiary basalt flows, flank the western margin of the Rawbelle Batholith. Elsewhere, granitic rocks are locally overlain by younger sedimentary rocks, such as the Precipice Sandstone to the east.

Tertiary weathering has resulted in some laterisation.

Structurally the area lies within the Gogano Overfold Zone, where granites lie in proximity to the Nielsen Lineament. The area is considered prospective for copper-molybdenum porphyry deposits and some 25 or more mineralised occurrences have been documented, most lying within a 25 km wide belt extending from Mount Morgan to just north of Brisbane.

Copper-molybdenum mineralisation is best developed in quartz veins within structurally controlled zones.

4.4.2 Deposit type

The main area investigated to date is associated with the Whitewash and Gordon resource areas (collectively known as the Greater Whitewash Subproject) which has been subject to resource definition drilling.

At Whitewash, wall rock molybdenum-copper porphyry style mineralisation is confined entirely within the host granodiorite and is associated with veins developed within preexisting structures.

The Gordons mineralisation lies within a tapering offshoot from the granitoid body, which varies in composition from pegmatite to granite porphyry and deeper level crystalline equigranular intrusions.







Source: Aeon

4.5 Greater Whitewash Subproject

4.5.1 Ownership, status and agreements

Aeon holds a 100% interest in MDL642, which covers an area of 10 $\rm km^2$ and constitutes the Greater Whitewash Subproject. It is situated within the southern part of EPM14628.

The MDL642 was granted in December 2012 and is due to expire on 31 December 2017.

4.5.2 Mineralisation

The Greater Whitewash Mineral Resource comprises five main target areas namely Gordans, Whitewash, Whitewash South and Whitewash Southwest and Windmill. There is also potential for similar mineralisation between Whitewash South and Windmill Hill.

The mineralised system is hosted within two major lithological groups, these being granodiorite and granite/leuco-granite, as well as significant breccia intrusions and mafic dykes swarms, which were emplaced post mineralisation.

4.5.3 Exploration

Up to 2005, Goody had drilled 21 RC and diamond holes at Whitewash Hill over an area measuring 800 m by 800 m. Mineralisation was identified as comprising Mo, Cu, Ag, Pb, Zn, Ti and W but insufficient exploration was carried out at this time to define a JORC Code compliant Mineral Resource.



Southern Geoscience Consultants reviewed Geomap 2005 aeromagnetic and radiometric data, which defined a number of geophysical targets. These targets were subsequently investigated and several drill tested between 2008 and 2010. This work culminated in a Mineral Resource Statement for the Greater Whitewash area that was prepared by SRK Consulting in May 2011.

Between 2011 to 2012, a further thirteen holes totalling 2,892 m were drilled in the Greater Whitewash area.

From 2013 to date, no further exploration took place on the Greater Whitewash area, with a strategic decision made to seek joint venture parties for the combined Greater Whitewash and Ben Hur resource areas.

4.5.4 Mineral Resources

SRK Consulting initially provided a Mineral Resource Statement for the Whitewash Project on 24 September 2008, with a further Resource Statement for the Gordons area. The combined Resource Statement was announced to the ASX on 7 May 2009.

Following the completion of the 2010 drilling programme, SRK Consulting provided a Resource Update for the Greater Whitewash area. This update has a Summary Report announced to the ASX on 30 May 2011. This is a 2004 JORC Code-compliant Indicated and Inferred Mineral Resource of 242 Mt.

The Resource was estimated using Ordinary Kriging on 50 m by 50 m by 5 m blocks followed by a change of support correction via the Uniform Conditioning method to 10 m by 10 m by 5 m support size. A MoEq cut-off of 425 ppm was calculated according to the formula $MoEq = Mo + Cu/3.8 + Ag^{*}28.8$. The following current metal prices was used:

- Mo = USD37,150 /t
- Cu = USD9,781/t
- Ag =USD33.38 /troy oz

An equal process recovery for all three elements was assumed.

Category	Tonnes (Mt)	Mo (ppm)	Cu (%)	Ag (g/t)
Indicated	185	263	0.12	1.55
Inferred	56	239	0.11	1.54
Total	242	258	0.12	1.54

Table 4.2: Greater Whitewash Mineral Resource

The information above that relates to Mineral Resources and Exploration Targets is based on information compiled by Mr Danny Kentwell, who is a member of the AusIMM. Please refer to Aeon's ASX announcement dated 30 May 2011 for a detailed Competent Person statement.

A high-level summary of the resource model development and estimation parameters to construct the Greater Whitewash Mineral Resource is provided in Table 4.3.



Mineral Resource	Description
Geological interpretation	The Greater Whitewash area includes the deposits known as Gordon's, Whitewash, Whitewash South, Whitewash Southeast and Windmill Hill. The mineralised system for Greater Whitewash is hosted within two major lithological groups, these being granodiorite and granite/leuco-granite, as well as significant breccia intrusions and mafic dykes swarms which were emplaced post mineralisation. A number of high-grade domains are identified (>500 MoEq) and these are modelled as a separate so-called 500 domain. A Granodiorite domain is also modelled and the remaining mineralised areas are defined as the REM domain. The Greater Whitewash mineralisation occurs predominantly as sheeted chalcopyrite-quartz veins, whereas the major mineralisation at the Gordon's deposit occurs predominantly as disseminated sulphides.
Sample data	The Greater Whitewash deposits contain more than 217 holes for over 62,000 m drilling completed, 26,000 m as diamond core drilling and 36,000 m as RC drilling.
Type of model for reporting	The 2011 Greater Whitewash is block modelled with selective reporting of smaller block units.
Block size	The Greater Whitewash model consists of 50 m (east) by 50 m (north) by 5 m (elevation), with grade-tonnage selectivity reported for a 10 m by 10 m by 5 m selective unit size.
Estimation type	Ordinary Kriging into the larger block size with Multivariate Uniform Conditioning to estimate the selectivity of smaller block units.
Variography	Variogram and grade statistics illustrated similar mineralisation continuity across all depositsof the Greater Whitewash (and therefore the deposits were treated as one combined area for modelling purposed.
Bulk density	Densities were assigned by lithology, with: 2.73 t/m ³ for the Granodiorite domain, 2.62 t/m ³ for the REM domain, and 2.66 t/m ³ for the 500 domain.
Grade estimation parameters and Classification	Grades were estimated for molybdenum, copper, silver and tungsten, and reported above a molybdenum equivalent grade of 425 ppm for resource reporting in selective block units, assuming equal process recovery assumptions for all three informing metals, namely molybdenum, copper and silver. Mineral Resources have been classified as Indicated and Inferred Resources.
Audits	No external audits or reviews have been reported.

Table 4.3: Summary of resource model development and estimation parameters for Greater Whitewash

Figure 4.3 illustrates the resource model and borehole positions in a three dimensional space along a 5 km strike. The Resource remains open at depth, along strike and across strike in many places. In most areas, the limits were reached by the distance constraint and not the mineralisation molybdenum equivalent ("MoEq") cut-off of 50 ppm.



Figure 4.3: Greater Whitewash Resource Model



Source: Aeon

4.6 Ben Hur Subproject

4.6.1 Ownership, status and agreements

The Ben Hur Subproject is situated in the northern part of EPM14628 that covers a total area of 134 $\rm km^2.$ Also situated within EPM14628 but some 10 km to the south is the Greater Whitewash MDL462.

4.6.2 Mineralisation

Ben Hur has been identified as a large mineralised copper system, which occurs as a halo of disseminated sulphide and stockwork quartz veins hosted by a series of granodiorite to diorite igneous intrusive bodies surrounding a central, largely unmineralised, quartz-feldspar porphyry intrusive. Mineralisation at Ben Hur occurs within a 1.5 km by 1.5 km 'wall-rock' carapace zone known as the John Hill target.

The low-sulphidation style mineralisation at John Hill occurs principally as a series of overprinting narrow veins and vein stockworks. Less visible are fine-grained disseminated sulphides interstitial to veining. The main visible sulphide species are molybdenite, chalcopyrite and pyrite.

The weathered zone extends up to 100 m in depth below surface. Although there are lateral trends in the distribution of mineralisation, concentration of Mo, Cu and Ag in the supergene zone, does not result in substantially higher grades than the grades found in the main, fresh portion of the deposit.

4.6.3 Exploration

In the 1970s, Kennecott completed fifty-nine drill holes approximately 1 km to the north of the John Hill target. All Kennecott holes were shallow and targeted copper oxide mineralisation.



Between 2011 and 2013, the Ben Hur area was sampled in three phases by a total of 22 drill holes (total 6,083.9 m) comprising 118 RC (4,802 m) and four diamond (1,282) drill holes.

On 12 November 2013, Aeon announced a maiden Mineral Resource for the John Hill copper-silver-molybdenum deposit, which was completed by SRK Consulting in accordance with the guidelines of the JORC Code (2012).

Figure 4.4: Ben Hur/John Hill target area



Source: Aeon

4.6.4 Mineral Resource

The Ben Hur Subproject hosts a 2012 JORC Code-compliant Inferred Mineral Resource of 62 Mt at 0.36% CuEq as summarised in Table 4.4. This Mineral Resource was estimated in November 2013 by SRK Consulting and reported to the ASX by Aeon in 12 November 2013.

Category	Tonnes (Mt)	Mo (ppm)	Cu (%)	Ag (g/t)
Inferred	62	120	0.30	1.30
Total	62	120	0.30	1.30

Table 4.4: Ben Hur Mineral Resource

Source: SRK Consultants

The information above that relates to Mineral Resources and Exploration Targets is based on information compiled by Mr Robin Simpson, who is a member of the AusIMM. Please refer to Aeon's ASX announcement dated 12 November 2013 for a detailed Competent Person statement.

The cut-off grade (0.24% Cu) was chosen for reporting Mineral Resources and is based on analogies with mined deposits that have a similar mineralisation style.

Metal equivalents were used for reporting the Mineral Resource in the fresh domains.



The price assumptions used to derive the Cu Eq value are Cu=AUD3.25/lb, Ag=AUD25/oz, Mo=AUD14/lb. The recovery factors assumed in the metal equivalent equation were based on analysis by ALS Ammtec in Sydney. This laboratory carried out a demonstration flotation test on a 1 kg subsample of primary mineralised John Hill material, split from an 8 kg composite of four assay reject samples. The test sample assayed 0.4% Cu, 1 ppm Ag and 190 ppm Mo. The test yielded recoveries of 86.1% Cu, 56.1% Ag and 69% Mo.

Combining the price and recovery assumptions, the CuEq equation is:

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

A high-level summary of the resource model development and estimation parameters to construct the Ben Hur Mineral Resource is provided in Table 4.5.

Mineral Resource	Description
Geological interpretation	Mineralisation within the Ben Hur deposit area occurs within a 1.5 km by 1.5 km carapace zone known as the John Hill target. This target area is situated marginal to a central, largely unmineralised, quartz-feldspar porphyry intrusive. The predominant host to mineralisation comprises a series of granodiorite to diorite igneous intrusive bodies.
	The low-sulphidation style mineralisation at John Hill occurs principally as a series of narrow veins and vein stockworks containing predominantly disseminated molybdenite, chalcopyrite and pyrite.
	The weathered zone extends up to 100 m in depth below surface and there are no substantially higher grades in the supergene zone than the grades found in the main, fresh portion of the deposit. Four mineralised domains were interpreted at a nominal 400 ppm copper grade.
Sample data	A total of 22 drillholes for 6,084 m have been used in the resource modelling. Eighteen holes were drilled by RC and the balance as diamond core or a combination of RC pre-collars and NQ diamond cores. Drilling spacings are typically 100 m by 100 m and up to 200 m by 200 m on an east-west grid, dipping at 60 degrees to the east. Sampling was generally at 1 m intervals.
Type of model for reporting	Block model developed from grade shells at a 400 ppm copper threshold.
Block size	100 m (east) by 100 m (north) by 5 m (elevation) primary blocks with grade- tonnage selectivity reported for a 20 m by 20 m by 5 m selective unit size
Estimation type	Ordinary Kriging into the larger block size with Multivariate Uniform Conditioning to estimate the selectivity of smaller block units.
Search ranges	Search radii of 250 m by 250 m in the horizontal in the weathered domains and 400 m by 400 m by 150 m first-pass searches in the dip plane of the unweathered domains. Maximum extrapolation ranges of 150 m in the horizontal and 50 m below the depth of drilling have been applied.
Bulk density	Density was assumed from mineral assemblages and standard densities for these minerals. A density of 2.0 t/m^3 was applied for oxide (weathered zones) and 2.7 t/m^3 for fresh, unweather zones.

Table 4.5: Summary of resource model development and estimation parameters for Ben Hur



Mineral Resource	Description
Grade estimation parameters and	Grades were estimated for copper, silver and molybdenum, and the resources reported above a 0.24% Cu cut-off for the selective block size.
Classification	Mineral Resources have been classified and reported under the 2012 JORC Code as Inferred mainly because of the sparse drilling and resultant poor quality grade variography and grade and geology continuity.
Audits	No external audits or reviews have been reported.

Figure 4.5 shows the location of the 22 drill holes used for the Mineral Resource estimation. Eighteen were completed using RC drilling, with four diamond core holes (or a combination of RC pre-collars and diamond cores). Total drilling length was 6,083.9 m. Drill spacing was typically 100 m by 100 m to 200 m by 200 m. Drill holes predominantly dipped 60° towards the east. Sampling was generally on 1 m intervals



Figure 4.5: Plan section of the Resource Model

Source: Aeon

Figure 4.6 shows a cross section through the Ben Hur Mineral Resource model.





4.7 7B Subproject

4.7.1 Ownership, status and agreements

The 7B Subproject lies within EPM15921, which covers a total area of 15.6 $\rm km^2$. The permit is due to expire in January 2016.

4.7.2 Mineralisation

The 7B Subproject consists of two main targets; namely Wild Chilli and Meat Ant.

The Wild Chilli target is interpreted to represent remobilised Cu-Zn-Au mineralisation, which was encountered in diamond drill holes 48 and 49, and is evident as a deep IP chargeability target lying to the south of these drillholes and coincident with an overlying Pb-Zn soil geochemical anomaly.

The Meat Ant target is defined by the presence of Zn-Pb-Au-Ag mineralisation located along a south-dipping thrust fault/shear zone. To the south, there is a sericite-altered area with associated Cu-Ag-Zn anomalism that appears related to associated structures along this shear/thrust zone.

4.7.3 Exploration

As a result of extensive soil sampling over previously underexplored areas within its Gladstone Project area, Aeon defined a significant copper and copper-gold anomaly over a large area (measuring approximately 500 m by 500 m) associated with old copper workings in the 7B area. In early 2013, Aeon completed 13 RC holes for 982 m to test for VMS style mineralisation. This programme intersected narrow to broad zones of low to



medium grade (<2.5% $CuEq^3$) copper-gold-silver and zinc mineralisation at shallow depths and provided the impetus for further drill testing campaigns in 2013 and 2014.

In total, Aeon has completed three stages of drilling at the 7B Subproject which collectively comprise 60 RC/Diamond holes for 6,770 m. Drilling to date has focussed on the Wild Chilli area, where visible polymetallic mineralisation has been intersected at shallow depths. This mineralisation is interpreted to occur within sheeted vein style lodes with associated hornfels and mircodiorite dykes. The Company has postulated that this provides for a high priority drill target for porphyry Cu-Au-Mo mineralisation. In late 2014, Aeon conducted further magnetic interpretation as well as a Sub-Audio Magnetics – Electromagnetic geophysical survey in the Wild Chilli area to assist in targeting postulated deeper mineralisation. Processing of the data was ongoing at the time of preparation of this report.

Drilling in the Meat Ant area has encountered widespread Zn-Pb-Cu-Au mineralisation within a highly altered volcanic breccia pile. Work is ongoing to assess the potential for higher grade and possibly massive sulphide mineralisation at depth and in association was a known Zn-Pb soil geochemical anomaly.





Source: Aeon ASX announcement 5 June 2014

4.8 Environmental and social considerations

EPM14628 contains a large section of scattered Endangered Regional Ecosystems ("EREs") areas in the northwest of the permit. These areas are located within State Forest area. State Forest also extends from the mid-eastern boundary of the permit down to the southeast corner of the tenement. However, no exclusions apply to these State Forest areas and the tenement was granted by DME with these areas included.

³ Copper equivalent calculation was announced by Aeon in its announcement to the ASX dated 5 June 2014 and is based on commodity prices Cu AUD3.25/lb, Zn AUD0.89/lb, Ag AUD22/oz, Au AUD1,300/oz and Co AUD36,000/t. CuEq Formula = Cu grade + (Zn grade*(Zn price/Cu price) + Ag grade*((Ag price/0.0625)/Cu price) + Au grade *((Au price/0.0625)/Cu price) + Co grade*(Co price/Cu price). For further details refer to Aeon's ASX announcement.



Within EPM 14627, there is a very small and discrete ERE area in the northern section of the permit. There are also State Forest areas in the northern and mid-eastern sections. These State Forest areas are excluded from EPM 14627.

There are no EREs situated within EPM 15919, however there is a large area of State Forest located within this permit. No exclusions apply to this area.

Within EPM 15920, a large area of EREs have been identified in the southern reaches of the permit. This ERE area also extends to the mid-eastern section of the EPM. A large area of State Forest is also located within EPM 15920.

There are no EREs within EPM 15922.

There are active native title claims existing over parts of EPMs 14627, 14628, 15919, 15920 and 15922. There are no overlaps with Indigenous Land Use Agreements (ILUAs) on these permits.

5 Northwest Queensland Projects

In addition to the Walford Creek Project, Aeon holds interests in a number of other base metal projects in the Constance Range and Mount Isa areas of northwest Queensland (refer Figure 2.1). These permits are at an earlier stage of evaluation than the Walford Creek Project and are assessed below.

5.1 Location, access and infrastructure

The other permit areas acquired by Aeon in April 2014 extend over a distance of 500 km from north to south and are subdivided into four main project areas, namely: Constance Range, Isa North, Isa West and Isa South.

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.

5.2 Ownership, status and agreements

Aeon holds interests in 26 granted EPMs covering a total area of 2,572.26 km² in the Constance Range and Mount Isa regions, as summarised in Table 5.1.

EPMs16921 and 14821 in the Isa North and Isa South Project areas respectively expired in early 2015. Xstract has been advised that applications for renewal of these permits have been lodged and are pending confirmation.

Tenement	Project	Holder	νt	Expiry	Area (km²)	Annual Rent (AUD)
	Constance Range				405.25	
EPM 14712	Constance Range	AWC 100%		20-Aug-19	74.68	3,125.70
EPM 14713	Constance Range South	AWC 100%		20-Aug-19	61.74	2,582.10
EPM 14935	Riversleigh	AWC 100%		20-Aug-16	64.79	2,718.00
EPM 15186	Gregory	AWC 100%		22-Mar-17	204.04	8,857.80

Table 5.1: Exploration Permit for Minerals for the Northwest Queensland Projects



Tenement	Project	Holder	νt	Expiry	Area (km²)	Annual Rent (AUD)
	Isa North				912.06	
EPM 14694	Mount Kelly South	AWC 80%	SUMM 20%	18-Oct-18	12.88	562.40
EPM 16921	Buckley River	AWC 100%#		22-Feb-15^	67.50	2,952.60*
EPM 17300	Waverly North	AWC 100%		05-Jul-18	15.95	679.50
EPM 17511	Andersons	SUMM	AWC 80%•	05-Jan-20	48.08	2,109.00*
EPM 17513	Calton	SUMM	AWC 80%•	05-Jan-20	160.70	7,030.00*
EPM 17514	Valhalla	SUMM	AWC 80%•	05-Jan-20	353.21	15.466.00*
EPM 17519	Skal	SUMM	AWC 80%•	05-Jan-20	253.74	11,107.40*
	Isa South				713.61	
EPM 12653	Mt Annable	AWC 0%	RDM 100%	08-Jul-18	28.70	1,223.10*
EPM 13412	Үарро	AWC 100%#		15-Dec-16	89.43	3,936.80*
EPM 13413	Rufus	AWC 100%#		15-Dec-16	85.95	3,796.20*
EPM 13682	Wonomo	AWC 100%#		15-Dec-16	136.85	6,045.80*
EPM 14040	Kahko	AWC 80%	SUMM 20%	19-Apr-18	25.54	1,124.80
EPM 14233	Mt Guide	AWC 72%	SUMM 18% CM 10%	19-Apr-17	54.35	2,390.20
EPM 14821	Waverly	AWC 80%	SUMM 20%	07-Jan-15^	79.66	3,515.00
EPM 15156	Rufus South	AWC 80%	SUMM 20%	21-Mar-17	152.57	6,748.80
EPM15911	Blue Hills	AWC 100%#		14-Nov-16	51.00	2249.60*
EPM 17297	Blue Hills West	AWC 100%#		20-Jun-16	9.56	407.70*
	Isa West				541.34	
EPM 11897	May Downs	AWC 80%	SUMM 20%	06-Jul-18	67.36	2,853.90
EPM 11898	May Downs South	AWC 80%	SUMM 20%	06-Jul-18	73.67	3,125.70
EPM15212	Yaringa	AWC 80%	SUMM 20%	12-Aug-15	134.56	5,707.80
EPM 18395	Isa South	AWC 100%		13-Apr-16	105.62	4,639.80
EPM 18769	Beauchamps	AWC 100%		22-May-17	160.13	6,795.00

Source: Queensland Government Department of Natural Resources and Mines

AWC – Aeon Walford Creek Limited (formerly AMQ – Aston Metals (QLD) Limited) SUMM – Summit Resources (Aust) Pty Ltd

CM – Centaurus Metals Ltd

PM - Pacific Mines Limited

RDM – Red Metals Limited

MIM – Mount Isa Mines Limited

*JV partner is responsible for annual rental ^renewal application lodged, confirmation awaited

#title being transferred to AWC

 \bullet AWC holds an 80% interest in the base metal rights

The Isa North Mining Rights Agreement, between Summit Resources (AUST) Pty Ltd ("Summit") and AMQ, covers the Isa North Project's EPMs 17511, 17513, 17514 and 17519. In accordance with the agreement, AWC has earned an 80% interest in the nonuranium 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 Western Isa Base Metals Farm-in and Joint Venture Agreement is a purchase and farmin joint venture with Summit. This agreement covers EPMs within AWC's Constance Range,



Isa West and Isa South Project areas. Under the terms of the agreement, AWC has earned a 72 to 80% joint venture interest in Summit's tenements by sole funding non-uranium exploration. AWC's interest does not include any rights in respect of uranium, which are reserved exclusively for Summit. For Isa West and Isa South Projects, AWC has met its joint venture commitments and most titles have now been transferred to Aeon Walford Creek Limited with only a few remaining to still be transferred.

All tenements in the Constance Range Project are now under the Aeon Walford Creek Limited name having been transferred from Summit/Pacific Mines.

The Red Metal Limited Farm-in and Joint Venture Agreement is restricted to EPM12653, held in the name of Red Metal Limited ("Red Metal") in AWC's Isa South Project area. Red Metal appointed AWC its sole agent for the purpose of conducting all operations on the permit. By incurring the required expenditure of AUD2 M, within 6 years, AWC is able to earn an 80% interest and will be entitled to become the registered holder as tenant in common, 80% AMQ 20% Red Metal. AWC are yet to meet the required expenditure and are considering the earn-in arrangement in light of the exploration results to date. At the time of writing this report, it is assumed that AWC has not earned its share in the project.

Aeon has entered into a farm-in agreement with Glencore QLD Limited subsidiary Mount Isa Mines Limited ("Mt Isa Mines") mine regarding two permits in the Isa South Project area, Blue Hills and Blue Hills west. This agreement covers contiguous EPMs 15911 and 17297, which form part of AWC's Isa South Project area. AWC has met the required expenditure condition of AUD0.5 M within the allotted three-year period. Xstract understands that 100% ownership of both EPMs 15911 and 17297 are currently being transferred to AWC. Xstrata retains the right to a 2.5% net smelter royalty.

5.3 History

Various prospectors throughout the Mount Isa district have investigated copper mineralisation since 1867.

In 1941, the Black Rock copper open pit at Mount Isa was discovered and mined for copper oxides and chalcocite. However, it was not until 1954 that the major copper sulphide ore bodies at Mount Isa were discovered at depths of over 270 m below surface.

The majority of Aeon's project tenements within the Isa South, May Downs (now known as Isa West) and Isa North project areas were acquired by Summit between 2002 and 2003. Two tenements in the Isa North project (EPMs 9221 and 9918 - now replaced by EPM 17514) were acquired by Aeon in 1991. Summit's initial acquisition strategy and exploration focus was targeted to the discovery of base metal and gold deposits with initial work undertaken in the Isa North and May Downs project areas.

In 2004, Summit conducted exploration targeting a variety of targets in these two areas, as well as a number of base metal targets in the Isa South project. During the same period, Summit acquired tenements to the northwest of the Century zinc mine, known then as the Lawn Hill project. The initial exploration focus was directed towards the known Constance Range iron ore deposits and, to a lesser degree, on the phosphate potential. During the same year, Summit also commenced detailed evaluation of the known Skal, Valhalla and Andersons uranium deposits located within the Isa North project.

In 2005, further tenements located to the south and southeast of the Century mine were acquired principally for their base metal potential. Since 2005, Summit's exploration focus has progressively moved away from base metals and become more directed to the uranium potential of the project areas.

In December 2007, MM Mining (Qld) Ltd ("MM Mining") entered into an agreement with Summit to earn an 80% interest in the non-uranium rights of their projects in the Mount



Isa region of northwest Queensland. Subsequent to this initial agreement, MM Mining continued to acquire majority rights to base metal interests in the Mount Isa region through additional joint venture agreements and tenement applications.

Between November 2007 and June 2010, MM Mining undertook various exploration activities including geophysical surveys, structural mapping, sampling and drilling. In addition, MM Mining commissioned Coffey to synthesise and evaluate the large volume of geological data. From this evaluation, Coffey identified eight main target areas within this group of permits of the Mount Isa area.

In late 2008, Aston Resources Limited acquired MM Mining Limited and renamed Aston Metals.

5.4 Geology

5.4.1 Regional Setting

Rocks of the Mount Isa Orogen crop out over an area in excess of 50 000 km² in northwest Queensland, roughly centred on the township of Mount Isa (**Error! Reference source not found.**). Rocks of the Mount Isa Orogen have been subdivided into three broad north-trending Provinces - the Western Fold Belt Province, the Kalkadoon-Ewen Province and the Eastern Fold Belt Province. The Western Fold Belt Province is subdivided into the Lawn Hill Sub-province in the west and the Leichhardt River Sub-province in the east separated by the Mount Gordon Fault Zone.

Aeon's acquired permits are mostly all situated in the Western Fold Belt Province of the Mount Isa Inlier.

The projects are subdivided according to geological structured areas, the Constance Range Project on the Termite Range Fault, the Isa North Project on the Mount Isa Fault, the Isa West Project on the May Downs Fault, and the Isa South Project on the Mount Isa Fault Zone south of Mount Isa.

5.4.2 Deposit type and mineralisation

Four main styles of mineralisation account for the majority of the mineral resources within the Mount Isa Orogen:

- Sediment-hosted silver-lead-zinc
- Brecciated sediment-hosted copper
- Iron-oxide related copper-gold
- Broken Hill type silver-lead-zinc

Since the discovery of copper and gold near Cloncurry in the 1860s, the Mount Isa Orogen has been significant producers of copper, lead, zinc and silver. Significant resources remain, with rocks of the Mount Isa Orogen containing 11% of the world's lead and zinc resources, 5% of the world's silver resources and 1% of the world's copper resources (Wallis & others, 1998).

5.5 Exploration

The scale of exploration at the Isa South, Isa West, Isa North, and Constance Range projects is at a relatively early stage with only a limited number of targets having been drill tested. No Mineral Resources have been defined within these permits, although numerous targets have been identified for further assessment.



5.5.1 Constance Range

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 (Figure 5.1).

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 30 km north of the Century Mine. Mineralisation at Musselbrook consists of a series of narrow, offset, northeast trending, copper-gold shear zones in close proximity to the Termite Range Fault. AWC's mapping and surface sampling has located a number of zones of high grade Cu, up to 41%, and elevated Au, up to 3.1 g/t. Anomalous molybdenum, lead, zinc and silver were also returned.

AMQ completed three drill holes at Musselbrook in late 2010. All three holes intersected a number of narrow intervals of low-grade copper mineralisation associated with quartz-carbonate veins in shears. Previously, Nickel Mines reportedly intersected a broad zone of modest grade (up to 1.8 g/t Au) gold at Musselbrook, however this intercept remains to be verified.

At Gregory, previous work between 2009 and 2010 defined a series of geological, structural and geochemical targets adjacent to the Termite Range Fault, which remain to be fully assessed.

Outside of the Musselbrook and Gregory prospects, much of the defined strike length of the shear zones remains to be drill tested.



Figure 5.1: Constance Range Project



5.5.2 Isa North

The Isa North tenements are located immediately adjacent to the northern boundary of the 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 (Figure 5.2).

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 a splay off the Mount Isa Fault Zone and northwest of the George Fisher mine. At Hero, previous drilling has encountered wide, low-grade zones of copper mineralisation with similarities to both the Mount Isa system and iron oxide copper-gold systems more typical of the Eastern Succession of the Mount Isa Inlier.

Other targets include the Bonus Basin and Paddy B targets, both located in proximity to major fault zones.





Figure 5.2: Isa North Project

5.5.3 Isa South

The Isa South Project is located along the southern extension of the Mount Isa Fault Zone adjacent to the southern margin of the Mount Isa Mining Lease (Figure 5.3). Reprocessing of geophysical data, in particular a VTEM survey, has generated multiple new targets for drill assessment. Priority targets within the Isa South Project area include Waverly Basin, Mount Guide and Aztec Ridge prospects.

The Waverley Basin prospects (including Mount Annable and Blue Hills) have an identified zone of copper and gold mineralisation within siltstones and sandstones. Two diamond holes in early 2010 on a single section underneath an old prospectors shaft has provided geologic and structural information across the geochemically anomalous zone.



Furthermore, structural mapping along the Isa Fault and the northern end of the Waverley Basin has identified several structurally complex zones coincident with known gold and copper anomalism.

Figure 5.3: Isa South Project



The Mount Guide prospect lies immediately south of Glencore's Mount Isa mine lease and hosts copper anomalism associated with historic workings. A single hole drilled by AMQ, MGPD001, yielded a down hole intercept of 29 m and 0.37% Cu from 174 m including 8 m at 0.44% Cu from 184 m downhole depth within a broad shear zone. Follow-up drilling is planned.

The Aztec Ridge prospect is centred on the Rufus Fault, part of the regionally extensive Mount Isa Fault Zone. Aeon has confirmed the presence of anomalous gold with pan



concentrate samples contained visible gold. AMQ now aims to identify the source of the gold and define drill targets.

5.5.4 Isa West

The Isa West Project straddles some 50 km length of the May Downs Fault (Figure 5.4). Surficial mapping and geochemistry surveys identified a number of highly copper anomalous zones within sedimentary units of the Lawn Hill Platform (mainly MacNamara Group). Key targets include the May Downs Goldfields, Beauchamp and Carters Ridge.



Figure 5.4: Isa West Project

The Beauchamp target comprises a coincident gravity and magnetic feature considered prospective for iron oxide copper gold mineralisation under cover. Drill assessment of this target is currently proposed.



At the Carters Ridge target, soil geochemistry indicated a zone over 15 km in length with anomalous copper values. The southern 3 km of this zone was tested by drilling which revealed an extensive zone of silica-dolomite alteration below deep weathering. In several drill holes the silica-dolomite veining and brecciation extends over 150 m widths as observed in drill hole YCQ-93-3. The lithologies and alteration intersected by the drilling appeared to be very similar to the alteration halo around the Mount Isa copper deposit.

5.6 Environmental and social considerations

A number of the Constance Range EPMs are impacted by the Boodjamulla National Park, which encroaches onto the EPMs effectively sterilises that portion of the EPM from exploration or development.

In addition, portion of EPM14712 covers a High Preservation region of the Gregory River Wild River Preservation Zone and is not available for exploration or development.

All tenements within Aeon's northwest Queensland portfolio of projects are subject to Native Title conditions. The status of Native Title negotiations and agreements varies according to tenement.

EPMs 14040, 14233, 14620, 14694, 14712, 14713, 14935, 15156 and 17300 are granted subject to compliance of the Native Title Protection Conditions ("NTPCs"). The NTPCs require the holder to serve a copy of the proposed program of works on any registered Native Title claimant before commencing exploration activities.

EPMs 11897 and 11898 are subject to the Kalkadoon and Indjilandji/Dithannoi ILUA. When conducting exploration activities on Native Title land, the holder must comply with all terms and conditions of that ILUA.

The Alternate State Provision ("ASP") was a Native Title process used by the Queensland Government for the grant of EPMs during the period 2001 to 2004. Tenements granted in respect of either low impact or high impact activities include EPMs 13412, 13413, 13414 and 13682. These have progressed in accordance with the High Impact process. This process essentially requires the applicant to negotiate an agreement with the relevant Native Title parties to conduct high impact exploration activities within the EPM.

6 Forsayth Project

6.1 Location, access and infrastructure

Aeon's Forsayth Project is situated around the small settlement of Forsyth, approximately 40 km directly west of Einasleigh, 40 km south of Georgetown and some 300 km southwest of Cairns in northern Queensland. The permit is easily accessible by road on the Einasleigh to Forsayth public road.

Georgetown is connected by rail to Cairns and Townsville. The branch railway from the Cairns-Chillagoe line was extended from Einasleigh to Forsayth in 1910. The railway was used mainly for transporting copper ore to the Chillagoe smelters in the area.



Figure 6.1: Location of the Forsayth Project (EPM18359)



6.2 **Ownership**, status and agreements

Aeon owns a 100% interest in EPM18359, registered in the name of its wholly owned subsidiary company, Aussie NQ Resources Pty Ltd. The permit was granted on 5 March 2013 for a period of five years.

Tenement	Status	Holder	Expiry	Area km ²	Annual Rent (AUD)	
EPM18359	Granted	Aeon 100%	04/03/2018	110.34	4,780.40	
Source: Oueensland Government Department of Natural Resources and Mines, Aeon						

Table 6.1: Exploration Permit for Minerals of the Forsayth Project

6.3 History

The permits lie within the Etheridge Goldfield, which was discovered in 1867 and has subsequently produced some 1.1 Moz of gold from over 50 workings.

The Forsayth area has been the subject of gold mining dating back to the late 1870s when the Caledonian, Just in Time, Ropewalk and other mines were opened up. The surface outcrop of the gold bearing veins provided for easy access and mining with a number of treatment plants in operation. Historic grades were commonly above 1 oz/t but most veins were only worked in the oxide zone above the water table to avoid refractory sulphides. Cyanidation of tailings continued intermittently until 1939.

The first systematic modern exploration of the area was conducted by Howard-Smith exploration in the 1980s (later to become Queensland Metal Corp and then Australian Magnesium Corporation. A number of high-grade gold occurrences were located at this time, however drill testing of several targets demonstrated to poor continuity of the high grade gold mineralisation.

Numerous companies have explored of the Forsayth area and greater Georgetown area principally targeting gold, base metals, uranium and associated metals. Activities



Independent Valuation

conducted include prospecting, geological and structural mapping, airborne and ground geophysical surveying, geochemical sampling and limited RC and diamond drilling.

6.4 Geology

6.4.1 Regional Setting

The permit lies within the Croydon Province, in the western part of the Precambrian Georgetown Inlier. The Georgetown Inlies consists largely of variably metamorphosed and deformed sedimentary and volcanic rocks of Proterozoic, Silurian-Devonian and Carboniferous-Permian granitoids.

The Croydon Province is a sequence of metamorphosed Proterozoic S-type volcanic rocks and related granites. Much of this sequence is variably overlain by scatter remnants of Mesozoic sedimentary rocks.

Exposed rocks of the Croydon Province are the rhyolitic to dacitic ignimbrite, rhyolite and rare andesite of the Croydon Volcanic Group, granites of the Esmeralda Supersuite and shallow-water quartzose, mainly arenaceous sedimentary rocks of the Inorunie Group which unconformably overlie the Croydon Volcanic Group. The Croydon Volcanic Group and Esmeralda Supersuite are contained within a cauldron subsidence structure and are interpreted to have been emplaced at about 1550 Ma, probably at the close of the main deformation event in the Forsayth Subprovince.

Metamorphism associated with the Precambrian granitic intrusions of the Forsayth Batholith has resulted in the development of high-grade metamorphic units along the contacts with the granites, with lower grade metamorphic units extending out from the contacts.

The Forsayth Batholith runs in a zone from south of the town of Forsayth to northwest of Georgetown and comprises granites, adamellite and granodiorite, commonly outcropping as a grey, even grained to porphyritic, muscovite-biotite granite.

Five main fault trends are present across the area, namely, north-south, east-west, northwest-southeast, north-northeast-south-southwest and north-northwest-south-southeast, with the first two being the more prominent. While gold mineralisation is often located within minor localised structures, it does not appear to be spatially associated with the first three structural trends.

Significant mesothermal gold deposits occur in the Croydon Goldfield. Historic production of approximately 60,000 kg of gold bullion is reported from rocks of the Croydon Province.

6.4.2 Exploration and adjacent projects

As the permit has only recently been granted Aeon has not yet commenced exploration activities.

The old Einasleigh Copper Mine (1901 to 1921) is located on the northern edge of the Einasleigh township, 50 km east of Aeon's Forsayth permit. Copper Strike acquired an exploration license in the area in 2004. Subsequently, exploration has identified a new sulphide body that has not been exploited by previous mining. Copper Strike undertook a feasibility study in June 2009.

In the same area lies the Kaiser Bill mine and 40 km south is the old Kidston Gold Mine.


6.4.3 Environmental and social considerations

Xstract has accessed the DNRM website and determined that the permit is not located within unavailable and constrained land such as State Forests and Strategic Cropping Land that could potentially restrict exploration.

In addition, Xstract notes that the Ewamian People have a Small Scale Miners Indigenous Land Use Agreement that over lies this permit area.

7 Other considerations

7.1 Market conditions

7.1.1 Copper Market

World refined copper demand is estimated to have increased by 10% (1.9 Mt) over 2014 supported by reasonable demand in China and a shortage of high–grade scrap (ICGS, 2015). These rates are higher than the trend growth between 2001 and 2013 of less than 3% p.a. The key reasons for this is firstly, tight supply of scrap for direct use, largely due to the drop in the copper price, is likely again to boost demand for refined metal. Secondly, for broader economic reasons, demand growth in developed countries increased in 2014 to 2015 from the flat performance of 2013 of around 3% pa, while China's slowdown appears to be contained to the near term.

World production grew by 12% per annum between 2011 and 2013, compared with just 6% to 7% over the previous five years. Growth came through a combination of new mines and expansions, improved operating performance, far fewer disruptions and higher grades at key plants. This rate slowed dramatically over 2014, with world mine production estimated to have increased by around 1.5% and global refined production by around 8% relative to the same period in 2013 (ICGS, 2015). Although world mine production is estimated to have increased by 4% in the first half of 2014, output in the send half reportedly declined by 1% from the same period in 2013.

In early 2015, copper prices continued on a broad downtrend and then fell dramatically below USD5,500/t, to a five and a half year low. The price fall is indicative of copper's benign fundamentals, tumbling crude oil prices, general nervousness about the macroeconomic and broader commodities outlook, which suggest the potential for weaker copper demand going forward. Mine suspensions/closures both current and forward looking, have attracted much attention recently (e.g. Lumwana mine in Zambia). In the face of week global economic growth this year and expected market surpluses over 2015 and 2016, copper is likely to have only limited support in the near term. Longer term, the market is expected to see a modest recovery.



Figure 7.1: Copper cathode price



Source: Intierra

7.1.2 Lead Market

Supply constraints have shifted the lead market into a prolonged period of deficits. According to the International Lead and Zinc Study Group, the global market for refined lead metal was closely balanced in 2014 with demand exceeding supply by 5 kt.

In 2014, global lead mine production fell by 2.2% compared to 2013 as a consequence of lower output from China, Bolivia, Canada, South Africa and Turkey which were offset by increases in Australia, Peru, Sweden and the US. A slowdown in China is dampening price expectations.

As a result, the market is expected to move from building to drawing down on established concentrate stocks. Reported inventories by the London Metal Exchange, Shanghai Future Exchange and producers and consumers decreased by 26 kt over 2014 totalling 580 kt at the year end.

Recent prices have fluctuated between USD1,800 and USD1,850/t with market consensus forecasts suggesting that lead prices will increase over the near term approaching USD2,150/t by late 2015. This uptrend is expected to persist into 2016 and 2017.







Source: Intierra

7.1.3 Zinc Market

According to the International Lead Zinc Study Group, global zinc mine production increased by 1.4% in 2014 driven primarily by a rise in Chinese production, which offset reductions in Australia, Canada, India and Peru. Refined zinc metal demand increased by 6.5% due to rising usage in China, Korea Mexico and the US. As a result, the zinc market was in an implied deficit of 321,000 t in 2014. LME stocks closed the year down 26% at 691,000 t.

LME prices were essentially flat in 2013 and moved upwards in the first three-quarters of 2014 before falling in the wake of collapsing crude oil prices and fragile Chinese construction. In early 2015, zinc prices have traded at around USD2,000 to USD2,200/t with market consensus suggesting that prices will rise over 2015. This price outlook is attributed to the declining LME stocks, increasing demand, and several large zinc mines (i.e Century) ceasing production in 2015 or expected to halt production in the next few years.







Source: Intierra

7.1.4 Exchange rates

In the Australian base metal industry, revenue and profit generally reflect trends in metal production, USD commodity prices and the USD/AUD exchange rate. Expectations that USD denominated commodity prices will rise moderately and the AUD exchange rate will fall moderately, support higher base metal prices in AUD terms over the medium term. During this period, fluctuations in commodity prices are expected to cause some volatility in sector revenue.

7.2 Previous valuations

The VALMIN Code requires that an Independent Valuation report should refer to other recent valuations or Expert Reports undertaken on the mineral properties being assessed.

Between November 2010 and May 2011, MiningOne prepared two valuation of Copper Strike's entire mineral asset portfolio, including the Walford Creek Project. Using a combination of market transaction and in-situ multiples, MiningOne estimated the value of the Walford Creek Resource at that time, which consisted of an Inferred Resource totalling 6.5 Mt grading 0.6% Cu, 2.1% Zn, 1.6% Pb, 0.07% Co and 21 g/t Ag. Xstract notes that this resource is considerably smaller than that currently outlined at Walford Creek.

MiningOne's estimated value range for the Inferred Resource and associated exploration potential at Walford Creek resides between AUD2.83 M and AUD4.67 M with a preferred value of AUD3.75 M.

Xstract notes that the value derived by MiningOne in November 2010 and May 2011 (which are the same), are considerably lower than Xstract's currently estimated value for the Walford Creek Project. Furthermore, Xstract notes that the valuation methodologies were



consistent between both valuations. However, Xstract considers this reasonable given the significantly larger Mineral Resource base currently outlined at Walford Creek, relative to that in 2010/11.

Having made due enquiries of Aeon, Xstract is not aware of any other publicly available valuations pertaining to the Company's current permit areas.

8 Valuation

8.1 Xstract's valuation technique

In estimating the value of Aeon's assets as at the valuation date, Xstract has considered various valuation methods within the context of the 2005 VALMIN Code.

When valuing an exploration project, the valuer is attempting to determine a value that reflects the potential of the project to yield an Ore Reserve from which a future income stream may ultimately be derived. At the same time, the valuer must also be cognisant of what the project is deemed to be worth by the market and actual transactions taking place, to ensure that the value estimates are realistic. Arriving at the value estimate is somewhat complex as there is no single mineral asset valuation method appropriate for all circumstances.

The valuation method applied depends on the relative maturity of exploration for each asset, however three main approaches (income, market, and cost) have been used, details of which are provided in Appendix C.

Xstract's approach has been to use a sum of parts valuation that relies upon the following key assets and valuation methodologies:

- Resources within the Walford Creek and Gladstone Projects using transaction and company multiples and supported by the Yard Stick method
- Early exploration projects Constance Range, Isa North, Isa West, Isa South, Gladstone and Forsayth using the Geoscientific Rating method with support from transaction multiples.

This valuation is on an equity basis with an effective date as of 2 April 2015. Aeon's assets range from early to advanced stage exploration.

8.1.1 Comparable transactions and company multiples

Mineral Resources

In Xstract's view, Aeon's Walford Creek Project, and Greater Whitewash and Ben Hur Subprojects are advanced stage exploration projects as defined in the VALMIN Code, with activities to date resulting in the estimation of Mineral Resources prepared in accordance to either the 2004 or 2012 editions of the JORC Code.

Xstract has used transaction and company multiples as well as the Yardstick method to value the defined polymetallic Mineral Resources at Walford Creek, Greater Whitewash and Ben Hur.

Transaction Multiples

Using the Intierra and SNL subscription databases, Xstract compiled transactions involving Australian resource-stage polymetallic base metal projects (primarily zinc and copper) transacting during the period January 2011 to the present. A total of 17 transactions were

identified and analysed according to the stated total transaction values. All values and implied values are in AUD.

The projects considered ranged from Advanced Exploration (Resource delineation) to Pre-Development and Mining projects. The analysis included stated Resources classified as Inferred or higher. Further details relating to these transactions are provided in Appendix A.

While evaluating these transactions, Xstract has considered both a copper metal ratio ("Cu metal ratio") and metal transaction ratio ("MTR") in order to compare projects with more than one predominant metal or potential for future metal credits. Cu metal ratios and MTR were calculated using the stated metal grades of the defined resources and prevailing commodity prices as at the time of the transaction.

The MTR is the property value (on a 100% equity basis) divided by the gross dollar metal content of the defined resources. Note that the gross dollar metal content cannot be considered a value and is only used here for the purpose of deriving the metal transaction ratio. Xstract notes that it has not attempted to disclose JORC Code compliant Mineral Resources using metal equivalents in this report.

Importantly, Xstract's calculation is for the purposes of our valuation and does not attempt to estimate or reflect the metal tonnes likely to be recovered as required under JORC Code 2012. In our opinion, the above approach is consistent with valuation methodology that would be adopted by potential purchasers under the fair market concept.

The implied multiples from Xstract's analysis are presented in Table 8.1.

	Cu Metal Ratio	Metal Transaction Ratio
With Outliers considered		
Mean	69.5	0.43%
Median	45.0	0.36%
Standard Deviation	62.8	0.37%
Without Outliers		
Mean	60.7	0.40%
Median	45.0	0.36%
Standard Deviation	37.9	0.26%

Table 8.1: Typical Transaction Factors

Based on its review of the relevant transaction data, Xstract considers the transactions relating to the Barbara Project (June 2013) and Manbarrum Project (February 2011) best constrain the implied value range to be applied to Walford Creek (refer to Appendix A). On this basis, Xstract has elected to assign an implied Cu Metal Ratio value range of AUD30 to AUD60/t and a MTR value range of 0.37% to 0.68%/t to the Walford Creek Resource.

For lower grade deposits such as the Bushranger, Kalman, and Nanadie Well projects the market has generally be paying between AUD2 and AUD30/t on a Cu metal ratio and a MTR range of 0.02% and 0.27%. On this basis, Xstract has elected to assign an implied Cu Metal Ratio value range of AUD15 to AUD30/t and a MTR value range of 0.15% to 0.30%/t to the Whitewash and Ben Hur Resources.



Company Multiples

Using the Intierra and SNL subscription databases, Xstract also compiled a list of Australian base metal developers and miners (primarily zinc and copper). A total of 26 companies were identified and analysed according to their Enterprise Value and the gross dollar metal content of the defined resources. All values and implied values are in AUD.

The implied multiples from Xstract's analysis are presented in Table 8.2.

Table	8.2:	Typical	Company	Ratios
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	Company Ratio
With Outliers considered	
Mean	1.58%
Median	0.40%
Standard Deviation	2.55%
Without Outliers	
Mean	0.78%
Median	0.32%
Standard Deviation	0.95%
Indicated + Inferred	0.10% to 1.25% (av. 0.69%)
Inferred only	0.03% to 0.49% (av. 0.3%)

Based on its review of the relevant company data, Xstract considers the companies KBL Mining and Ironbark Zinc best reflect the implied value range likely to be applied by the market to Walford Creek (refer to Appendix B). On this basis, Xstract has elected to assign an implied Company Ratio value range of 0.2% to 0.5%/t to the Walford Creek Resource. For the lower grade deposits at Whitewash and Ben Hur, Xstract has elected to apply a range of 0.15% to 0.30% (50% discount).

Yardstick method

In order to verify its valuation of Aeon's JORC Code compliant Mineral Resources using market and transaction multiples, Xstract has also considered the Yardstick method. In the Yardstick method of valuation, specified percentages of the spot price of the metal are applied to the defined Mineral Resources, as listed in Table 8.3.

Table 8.3: Typical Yardstick factors

Resource Percentage of the spot price						
Measured	2% to 5%					
Indicated	1% to 2%					
Inferred	0.5% to 1%					
Target	<0.5%					

Exploration Potential

Xstract also considered market transactions involving Australian early stage exploration projects, which transpired between 2010 and 2014.



Based on the Intierra subscription database, Xstract identified 51 early stage exploration market transactions and selected 19 transaction and joint venture terms of projects in Queensland that were prospective for base metal mineralisation. These 19 transactions are listed in Appendix A.

The implied value per km^2 was then normalised by multiplying the copper price at the time of the transaction and dividing by the copper price at the valuation date. This effectively expresses all transactions between 2010 and 2014 in the value of the copper price as at the valuation date. This is illustrated in Figure 8.1.



Figure 8.1: Normalised Base Metal Transaction of Early Stage Exploration Projects, 2010 to 2015

Based on its analysis, Xstract notes that the implied multiples of these early stage exploration transactions largely resides between AUD100/km² and 11,000/km², depending on their prospectivity and stage of exploration completed. The average of this data set is AUD3,240/km² with a standard deviation of $3,131/km^2$.

8.1.2 Geoscientific Rating Method

Xstract has also considered the Geoscientific Rating method for Aeon's early stage exploration assets at Constance Range, Isa North, Isa South and Isa West. The application of this method involves applying technical and market factors to a base holding cost ("BHC") for each of Aeon's permits (see Appendix C). Xstract has estimated a BHC of AUD450/km² for exploration permits in Queensland. In addition, Xstract has applied a 30% discount to the technical value to derive a fair market value of the permits based on the outlook of the market discussed in Section 7.1.



8.2 Value of Mineral Resources and Exploration Target

Walford Creek

Mineral Resource

In Xstract's view, Walford Creek pre-development resource represents an advanced exploration project. The defined resource consists of a total of 73.3 Mt at 0.4% Cu, 0.85% Pb, 0.85% Zn, 23.5 g/t Ag and 813 ppm Co for 296,000 t Cu or approximately 1.20 Mt Cu metal ratio. Of the stated Resource, some 24% is at an Indicated level of confidence (on a contained metal basis) and the remainder at an Inferred level of confidence. Comparable transactions and joint venture terms on a Cu metal ratio and MTR basis have been used to derive an implied value for the stated resources.

For valuing Aeon's defined Mineral Resources, Xstract has calculated Cu metal ratio and MTR using the pricing assumptions listed in Table 8.4.

		Total
Copper	(USD/t)	5,765
Lead	(USD/t)	1,724
Zinc	(USD/t)	1,985
Silver	(USc/oz)	1,550
Cobalt	(USD/t)	27,800
Exchange rate	(AUD:USD)	0.76

Table 8.4: Metal Price Assumptions

Note: Spot metal prices as at 18 March 2015

Assumed AUD:USD exchange rate

Application of these assumed prices to Table 3.3 implies the gross dollar metal content for the Walford Creek Resource as outlined in Table 8.5. In applying these metrics, Xstract has elected not to assign any value to either silver or cobalt at Walford Creek given that preliminary metallurgical testwork indicates the cobalt and silver recoveries were generally low and further work is required to ascertain whether cobalt and silver credits can add to the revenue stream of the project.

Table 8.5: Walford Creek Resource

		Indicated	Inferred	Total
Copper	(kt)	75	221	296
Lead	(kt)	135	491	626
Zinc	(kt)	166	457	623
Silver	(Moz)	10.5	44.9	55.4
Cobalt	(kt)	14.8	44.8	59.6
Cu metal ratio^	(kt)	181.8	553.8	735.6
Gross dollar metal content^	(AUD M)	1,308.7	3,983.8	5,292.5

Cu metal ratio = (contained metal * price)/copper price

Gross dollar metal content = (Contained metal x metal prices)

^Excludes credits from silver and cobalt given metallurgical testwork results to date.



Application of the implied transaction Cu metal ratios (AUD30 to AUD60/t) yields an implied value range of AUD22.0 M to AUD44.1 M for the Walford Creek Resource.

Application of the implied MTR yields a range of AUD19.1 M to AUD35.1 M for the Walford Creek Resource.

Application of the implied Company Ratios yields a range of AUD10.3 M to AUD25.8 M for the Walford Creek Resource.

The Yardstick Factors of 0.5% to 2% of the spot price for all metals and applied to the Walford Creek Inferred and Indicated Resource yields a range of AUD32.2 M to AUD64.3 M.

In considering the likely value of the Walford Creek Mineral Resource, Xstract suggests a preferred value towards the lower end of the implied value range, in recognition of: (a) the isolated location of the project; (b) the predominantly Inferred classification of the Walford Creek Resource; (c) potential difficulties in converting the resources to reserves, and (d) its likely appeal in the market, given it is unlikely to be attractive to major base metal producers and junior/mid-tier companies are currently struggling to secure funding. As such, Xstract has placed greater weight on the values implied by the transaction and company data.

In light of the above, Xstract recommends that Aeon's 100% interest in the Walford Creek Mineral Resource be valued in the range **AUD20.8 M to AUD40.0 M**, with a preferred value of **AUD30.4 M**.

Exploration Target

As noted in Section 3.6.2, in addition to the Walford Creek Mineral Resource, there is potential for an additional 10 to 20 Mt at 0.3 to 0.5% Cu, 0.8 to 1.3% Pb, 0.8 to 1.4% Zn, 20 to 40g/t Ag and 500 to 1000 ppm Co in the Walford Creek West area.

In order to estimate the fair market value for the Walford Creek Exploration Target, Xstract calculated the Cu metal ratio and gross dollar metal content based on the mid-point of the tonnage and grade ranges outlined by H&SC.

		Low	High	Preferred
Tonnes	(Mt)	10	20	15
Copper	(%)	0.1	0.4	0.25
Lead	(%)	0.5	1.5	1.0
Zinc	(%)	0.5	1.0	0.75
Silver	(g/t)	5	15	10
Cobalt	(ppm)	500	1500	1000
Copper	(kt)			37.5
Lead	(kt)			150
Zinc	(kt)			112.5
Silver	(Moz)			5.3
Cobalt	(kt)			15
Cu metal ratio^	(kt)			121.0
Gross dollar metal content^	(AUD M)			918.6

Table 8.6: In-situ copper metal ratio of Walford Creek Exploration Target

Note: Metal prices as at 18 March 2015

^Excludes credits from silver and cobalt given metallurgical testwork results at Walford Creek to date.



In recognition of the lower confidence of the Exploration Target and the potential that this may not ultimately convert to a Mineral Resources, Xstract has elected to assign a value of between AUD5/t and AUD15/t Cu metal ratio to the Exploration Target at Walford Creek. This implies a value range of AUD0.6 M to AUD1.8 M for the Walford Creek Exploration Target.

Application of discounted MTR of between 0.05% and 0.15% yields a range of AUD0.5 M to AUD1.4 M for the Walford Creek Exploration Target.

Application of discounted Company ratio of between 0.06% and 0.18% yields a range of AUD0.6 M to AUD1.7 M for the Walford Creek Exploration Target.

The Yardstick Factors of 0.1 to 0.5% if the spot price yields a range of AUD0.6 M to AUD1.8 M using a spot copper price of AUD5,765 (as at 18 March 2015).

In considering the likely value of the Walford Creek Exploration Target, Xstract notes that further work is required to delineate JORC Code compliant Mineral Resources and the inherent risk associated with Exploration Targets. As such, Xstract considers the current market would pay between **AUD0.6 M and AUD1.7 M** for Aeon's 100% interest in the Walford Creek Exploration Target, with a preferred value of **AUD0.8 M**.

Previous Transactions

There have been three previous but relatively recent transactions involving the current Walford Creek Project.

- In 2008, Copper Strike ("CSE") signed an agreement with Walford Consolidated Pty Ltd ("WCPL"), whereby WCPL could earn a 25% interest in CSE's Walford Creek properties by expenditure of AUD1 M over one year. The deposit contained a previously reported Inferred Resource of 6.5 Mt containing 0.6% Cu, 1.6% Pb, 2.1% Zn, 25g/t Ag and 0.07% Co.
- In 2010, CSE entered a Joint Venture Agreement with unlisted explorer MM Mining Ltd ("MMM") whereby MMM could earn up to a 70% interest in the Walford Creek EPMs through expenditure of AUD4 M in two stages. The Inferred Resource had not increased from the transaction in 2008.
- In May 2011, CSE entered into an agreement for the sale of the entire Walford Creek Project to Aston Copper Pty Ltd ("Aston"), for a cash sum of AUD2.5 M. The Agreement with MMM was novated to Aston.

Importantly, the currently stated Mineral Resource is significantly larger than that defined at the time of any of the previous transactions.

8.2.1 Gladstone Project

In Xstract's view, the Greater Whitewash and Ben Hur Subprojects are advanced exploration projects.

The Greater Whitewash resource consists of a total of 242 Mt at 0.12% Cu, 1.54 g/t Ag and 258 ppm Mo for approximately 283,000 t of Cu or approximately 500,000 t Cu metal ratio. Of the stated Resource, some 78% is at an Indicated level of confidence (on a contained metal basis) and the remainder at an Inferred level.

Similarly the Ben Hur resource consists of an Inferred Resource of 62 Mt at 0.30% Cu, 1.30 g/t Ag and 120 ppm Mo for total of approximately 186,000 t of Cu or approximately 215,500 t Cu metal ratio. The entire Resource is classified as Inferred.

Application of these prices to Table 3.3 implies the Cu metal ratio and gross dollar metal content for the Greater Whitewash and Ben Hur Resources as outlined in Table 8.7.

	Greater Whitewash			Ben Hur
		Indicated	Inferred	Inferred
Tonnes	(Mt)	185	56	62
Copper	(%)	0.12	0.11	0.30
Silver	(g/t)	1.55	1.54	1.30
Molybdenum	(ppm)	263	239	120
Copper	(kt)	222	62	186
Silver	(Moz)	9.2	2.8	2.6
Molybdenum	(kt)	49	13	7
Cu metal ratio	(kt)	392	108	215
Gross dollar metal content	(AUD M)	2,925.2	810.3	1,608.1

Table 8.7: Gladstone Project Resources

Cu metal ratio = (contained metal * price)/copper price

Gross dollar metal content = (Contained metal x metal prices).

Greater Whitewash Resource

Application of the implied Cu metal ratios yields an implied value range of AUD7.5 M to AUD15.0 M for the Greater Whitewash Resource.

Application of the implied MTR yields a range of AUD5.6 M to AUD11.2 M for the Greater Whitewash Resource.

Application of the implied Company Ratio yields a range of AUD3.7 M to AUD9.4 M for the Greater Whitewash Resource.

The Yardstick Factors of 0.5% to 2% of the Copper spot price (as at 18 March 2015) and applied to the Greater Whitewash Resource yields a range of AUD38.9 M to AUD69.9 M.

In considering the likely value of the Greater Whitewash Mineral Resource, Xstract suggests a preferred value towards the lower end of the implied value range, in recognition of (a) the very low grade (0.21% Cu metal ratio) relative to a number of other transactions and resources held by similar companies; (b) impact of low grade on potential economic viability; and (c) the appeal of these defined resources to the market which is constrained by a lack of capital and intolerant of risk. As such, Xstract has placed greater weight on the values implied by the transaction and company data.

Xstract recommends that Aeon's 100% interest in the Greater Whitewash Resource be valued in the range AUD6.6 M to AUD13.1 M, with a preferred value of AUD9.8 M.

Ben Hur Resource

Application of the implied Cu metal ratios yields an implied value range of AUD3.2 M to AUD6.5 M for the Ben Hur Resource.

Application of the implied MTR yields a range of AUD2.5 M to AUD4.9 M for the Ben Hur Resource.

Application of the implied MTR ratios yields a range of AUD1.6 M to AUD4.1 M for the Ben Hur Resource.

The Yardstick Factors of 0.5% to 2% of the Copper spot price (as at 18 March 2015) and applied to the Ben Hur Resource yields a range of AUD8.2 M to AUD16.4 M.



In considering the likely value of the Ben Hur Mineral Resource, Xstract suggests a preferred value towards the lower end of the implied value range, in recognition of (a) the Inferred classification of the defined resources; (b) the very low grade (0.35% Cu metal ratio) relative to a number of other transactions and resources held by similar companies and (c) the likely attractiveness of this asset to the market in light of current capital constraints and focus on low risk assets. As such, Xstract has placed greater weight on the values implied by the transaction and company data.

Xstract recommends that Aeon's 100% interest in the Ben Hur Resource be valued in the range **AUD3.9 M to AUD8.0 M**, with a preferred value of **AUD5.9 M**.

8.3 Exploration potential

8.3.1 Geoscientific Rating method

Xstract has used the Geoscientific Rating method as its primary method to estimate the market value of Aeon's Queensland exploration permits, outside of the defined Mineral Resources as assessed in Section 8.2.

The Geoscientific rating method systematically assesses and grade four key technical attributes to arrive at a series of multiplier factors. The multipliers are then applied seriall to the base holding cost of each tenement with the values being multiplied together to establish the overall technical value of the mineral tenement. The fifth factor is the market factor which is then applied to the technical value to derive an estimate of the market value.

In considering the value of the exploration potential, Xstract notes that the value associated with the defined Mineral Resources and exploration targets has previously been assessed in Section 8.2.

In converting its implied technical values to a market value, Xstract considers that market participants would discount the technical value by up to 50% to account for the currently depressed commodity prices and malaise in the Australian minerals industry.

In addition, EPM14712 and EPM14713 in the Isa South Project are in the process of being renewed as they expired in August 2014 and have been further discounted by 10% to account for the uncertainty associated with the timing of grant and any further imposed conditions.

Using the geoscientific rating method, Xstract estimates the current market is likely to pay between **AUD3.2 M and AUD10.3 M** for Aeon's attributable interest in these permits, as summarised in Table 8.8. For further details relating to the method refer to Appendix C.

Project	Area (km²)	Equity	Lower (AUD)	Upper (AUD)
Walford Creek	176.01	100%	160,000	557,000
Constance Range	405.25	100%	425,000	1,356,000
Isa North	912.06	80% - 100%	1,278,000	3,681,000
Isa South	713.61	72% - 100%	693,000	2,008,000
Isa West	541.34	80% - 100%	302,000	1,135,000
Gladstone	897.85	60% -100%	314,000	1,304,000
Forsayth	110.34	100%	160,000	557,000
			3,247,000	10,321,000

Table 8.8: Valuation	of Aeon's	exploration	assets -	Geoscientific	rating
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Errors due to rounding



8.3.2 Comparable transactions

To verify the results implied by the Geoscientific Rating method, Xstract has also considered recent market transactions involving early stage base metal projects in Queensland (refer Appendix A).

Based on its analysis, Xstract has elected to apply a value of between AUD1,000 to AUD3,500/km² to Aeon's early stage exploration assets. For permits where Aeon has established defined targets for near term assessment, Xstract has elected to assign a value of AUD1,500 to AUD4,000/km².

Based on application of these metrics, Xstract considers the market is likely to pay between **AUD4.0 M and AUD12.2 M** for Aeon's attributable interests in its Queensland exploration assets, as summarised in Table 8.9.

Permit	Area	Share	Implied Value (AUD/km²)		Marke (Al	t Value UD)
	(km²)	%	Lower	Upper	Lower	Upper
Walford Creek						
EPM 18552	23	100%	1,500	4,000	34,000	91,000
EPM 14854	20	100%	1,500	4,000	29,000	78,000
EPM 14220	134	100%	1,500	4,000	200,000	535,000
					263,000	484,000
Constance Rang	e					
EPM 14712	75	80%	1,000	3,500	75,000	261,000
EPM 14713	62	80%	1,500	4,000	93,000	247,000
EPM 14935	65	80%	1,500	4,000	97,000	259,000
EPM 15186	204	80%	1,500	4,000	306,000	816,000
					571,000	1,583,000
Isa North						
EPM 14694	13	80%	1,500	4,000	15,000	41,000
EPM 16921	68	20%	1,500	4,000	101,000	270,000
EPM 17300	16	100%	1,500	4,000	24,000	64,000
EPM 17511	115	20%	1,500	4,000	58,000	154,000
EPM 17513	366	20%	1,500	4,000	193,000	514,000
EPM 17514	437	20%	1,500	4,000	424,000	1,130,000
EPM 17519	434	20%	1,500	4,000	304,000	812,000
					1,119,000	2,985,000
Isa South						
EPM 12653	29	0%	1,500	4,000	-	-
EPM 13412	112	20%	1,500	4,000	134,000	358,000
EPM 13413	143	20%	1,500	4,000	129,000	344,000
EPM 13682	201	20%	1,500	4,000	205,000	547,000

Table 8.9: Value of Aeon's Queensland exploration permits - Comparable Transaction



Permit	Area	Share	Implie (AUD	Implied Value (AUD/km²)		et Value NUD)	
EPM 14040	26	80%	1,500	4,000	31,000	82,000	
EPM 14233	54	72%	1,500	4,000	59,000	157,000	
EPM 14821	80	80%	1,500	4,000	96,000	255,000	
EPM 15156	153	80%	1,500	4,000	183,000	488,000	
EPM15911	51	0%	1,500	4,000	77,000	204,000	
EPM 17297	10	0%	1,500	4,000	14,000	38,000	
					928,000	2,473,000	
Isa West							
EPM 11897	67	80%	1,500	4,000	81,000	216,000	
EPM 11898	74	80%	1,500	4,000	88,000	236,000	
EPM15212	160	80%	1,500	4,000	161,000	431,000	
EPM 18395	106	100%	1,500	4,000	158,000	422,000	
EPM 18769	160	100%	1,000	3,500	160,000	560,000	
					648,000	1,865,000	
Gladstone							
EPM17002	153	100%	500	3,000	76,000	458,000	
EPM15921	16	100%	750	3,500	12,000	54,000	
EPM15920	12	100%	750	3,500	9,000	44,000	
EPM17001	137	100%	500	3,000	68,000	411,000	
EPM14628	134	100%	750	3,500	93,000	433,000	
EPM15922	6	100%	750	3,500	5,000	22,000	
EPM17060	62	100%	500	3,000	31,000	187,000	
EPM19029	301	60%	500	3,000	90,000	542,000	
EPM14627	87	60%	500	3,000	26,000	156,000	
					410,000	2,307,000	
Forsayth							
EPM18359	110	100%	500	3,000	55,000	331,000	
					55,000	331,000	
Total Fair Market Value (AUD M)					3,994,000	12,248,000	

Errors due to rounding

8.3.3 Summary

Table 8.10 summarises the current attributable market value of the exploration assets associated with the Walford Creek, Gladstone, Constance Range, Isa North, Isa West, Isa South and Forsayth projects, net of the Mineral Resources evaluated in Section 8.2. Xstract has used the Geoscientific Rating and Comparable Transactions methods to select an overall value range. In selecting its preferred value Xstract considers the market is likely to pay towards the lower end of the range given the difficulty in financing early stage exploration projects and on-going malaise in commodity markets.

On this basis, Xstract estimates the market value of Aeon's Queensland exploration assets resides in the range of **AUD3.7 M to AUD11.3 M**, with a preferred value of **AUD5.6 M** (Table 8.10).

Table 8.10: Summary V	aluation of	Aeon's Queensland	exploration assets
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	Low (AUD M)	High (AUD M)	Preferred (AUD M)
Walford Creek			
Geoscientific Rating	0.16	0.56	
Comparable Market	0.26	0.48	
Selected	0.21	0.52	0.29
Constance Range			
Geoscientific Rating	0.43	1.36	
Comparable market	0.57	1.58	
Selected	0.50	1.47	0.74
Isa North			
Geoscientific Rating	1.28	3.68	
Comparable market	1.12	2.99	
Selected	1.20	3.34	1.73
Isa West			
Geoscientific Rating	0.30	1.14	
Comparable market	0.65	1.87	
Selected	0.48	1.51	0.73
Isa South			
Geoscientific Rating	0.69	2.00	
Comparable market	0.93	2.47	
Selected	0.81	2.24	1.17
Gladstone			
Geoscientific Rating	0.31	1.30	
Comparable market	0.41	2.31	
Selected	0.36	1.81	0.72
Forsayth			
Geoscientific Rating	0.16	0.56	
Comparable market	0.06	0.33	
Selected	0.11	0.45	0.19
Total Selected	3.67	11.32	5.58

Errors due to rounding

8.4 Valuation Summary

Table 8.11 summarises Xstract's estimate of the market value of Aeon's interests in its Queensland base metal exploration assets. In Xstract's opinion, the market is likely to pay



between AUD35.6 M and AUD75.1 M, with a preferred value of AUD52.4 M for Aeon's attributable share in these assets as at the effective valuation date.

Project		Low (AUD M)	High (AUD M)	Preferred (AUD M)
Walford Creek	Mineral Resource	20.8	40.0	30.4
	Exploration Target	0.6	1.7	0.8
	Exploration Potential	0.2	0.5	0.3
Gladstone	Whitewash Mineral Resource	6.6	13.1	9.8
	Ben Hur Mineral Resource	3.9	9.0	5.9
	Exploration Potential	0.4	1.8	0.7
Constance Range		0.5	1.5	0.7
Isa North		1.2	3.3	1.7
Isa West		0.5	1.5	0.7
Isa South		0.8	2.2	1.2
Forsayth		0.1	0.5	0.2
Total Market V	alue	35.6	75.1	52.4

Table 8.11: Val	uation Summary	of Aeons Ex	ploration ass	ets in Oueensland

Errors due to rounding

8.5 Discussion on Xstract's valuation range

In assigning its valuation range and preferred value, Xstract is mindful that the valuation range is also indicative of the uncertainty associated with early stage to advanced stage exploration assets.

The wide range in value is driven by the confidence limits placed around the size and quality of the base metal occurrences assumed to occur within each project area. Typically, this means that as exploration progresses and a prospect moves from an early to advanced stage prospect, through Inferred, Indicated or Measured Resource categories to Reserve status, there is greater confidence around the likely size and quality of the contained base metals and its potential to be extracted profitably. Table 8.12 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry (Bouchard, 2001; Snowden et al., 2002; Mackenzie et al., 2007 and Macfarlane, 2007).

 Table 8.12: General guide regarding confidence for target and Resource/Reserve Estimates

Classification	Estimate range
	(90% Confidence Limit)
Proven/Probable Reserves	±5 to 10%
Measured Resources	±10 to 20%
Indicated Resources	±30 to 50%
Inferred Resources	±50 to 100%
Exploration target	+100%



This level of uncertainty with advancing project stages can be seen in Figure 8.2.



Figure 8.2: Uncertainty by advancing exploration stage

Estimated confidence of plus or minus 60% to 100% or more are not uncommon for exploration areas and are within acceptable bounds given the level of uncertainty associated with early stage exploration assets. By applying narrower confidence ranges, one is actually implying a greater degree of certainty regarding these assets than may be the case in reality.

Most of Aeon's tenements are exploration assets in the early stages of assessment. Therefore, there are significant uncertainties around their attributes. This results in a wide valuation range. Where possible, Xstract has endeavoured to narrow its valuation range. In recognising this wide range, Xstract has also indicated a preferred value for each tenement.

8.6 Valuation risks

Xstract is conscious of the risks associated with valuing early stage assets, which impacts on the valuation range. In defining its valuation range, Xstract notes that there are always inherent risks involved when deriving any arm's length valuation for exploration properties given the level of uncertainty present for each of the variables that impact on prospects and their valuation. These factors can ultimately result in significant differences in valuations over time. The key risks include but are not limited to the following:

8.6.1 Exploration and resource risk

The business of base metal exploration, project development and production is by nature high risk. The exploration potential of tenements where resources are not yet defined may vary considerably as further exploration is undertaken.

The exploration for and production of base metal deposits involves various operating hazards including, but not limited to, adverse weather conditions, shortages or delays in the availability of drilling rigs, or other critical equipment or personnel.



Mineral Resources prepared under the 2012 edition of the JORC Code are best estimates based on individual judgement and reliance upon knowledge and experience using industry standards and the available database. No current estimates are available at this time. However, this may change over time as more information comes to hand.

8.6.2 Mining and production risk

The projects discussed in this report are at a relatively early stage of evaluation and none of Aeon's base metal assets has defined Ore Reserve. Forecasting cash flows for these assets are less certain and therefore more risky than for base metal projects in production, development or with a feasibility study completed.

The successful development of a mining operation is dependent upon geological interpretation to define mineable blocks and an appropriate schedule to meet expected sales volumes. Actual base metals mined may be different in quality and tonnage that estimates and the overburden ratios and geological mining conditions anticipated may prove to be different. Operating costs can be adversely affected by disruptions due to geological conditions, equipment failure or industrial disputes. Development of a new mining operation is dependent upon the provision of rail for transport and port facilities for international shipping while an adequate supply of water is also important.

8.6.3 Environmental risk

Environmental conditions will be attached to future mining and exploration tenements which if not deemed compliant by the relevant authorities could result in the forfeiture of these rights. Substantial costs can be encountered for environmental rehabilitation, damage, control and losses, which can vary over the life of the mining operation. Conditions attached to the mining and exploration rights may also vary over the life of the project and in response to any change in the size or type of operation that cannot be anticipated at this time.

8.6.4 Financing

Further funds may be required to further explore and develop the projects. Failure to obtain sufficient financing for the projects may result in a delay or indefinite postponement of exploration and development on the properties or even a loss of a property interest. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company.

8.6.5 Native Title and land access

Mining title has not been granted on any of the tenements discussed in this report. Native title claims and heritage issues may arise in the future and thus delay the development of any future mining operation and/or production from areas where freehold land or mining leases have not been obtained. These issues are likely to be addressed in future should the future exploration be successful and warrant the conversion of exploration permits to mining leases.



9 Consultant qualifications and experience

Richard Price | Principal Consultant | Corporate Advisory

Richard is a mining engineer with twelve years of mining experience and four years of investment banking experience. He worked in a number of mine production roles while at University, and then as a graduate engineer in a gold mine. Richard spent several years with a mining equipment company before working for over three years in consulting, and has also worked in business improvement roles onsite with BHP Billiton (Olympic Dam) and Rio Tinto (Iron Ore). Following the completion of a Masters in Mineral Economics, Richard worked for Standard Chartered Bank in Perth, London and Singapore. He also has experience with a boutique corporate advisory firm in Australia. Richard's financing experience covers both equity and debt capital raising and financial markets products. Richard holds a Bachelor of Engineering with Honours in Mining and is a Member of the AusIMM.

Commodities

Gold, nickel sulphide, copper, lead, zinc and iron ore

Jeames McKibben | Associate Consultant | Corporate Advisory

During more than 20 years in the mining industry, Jeames has served in a diverse range of roles including corporate consultant, project manager, geologist and analyst. As a corporate consultant, he specialises in valuations and Mineral Expert Reports for equity transactions and Independent Technical Reports in support of project finance. Other mandates include technical due diligence in support of information memoranda, divestments, acquisitions and mergers, pre-feasibility studies and independent Competent Persons' Reports.

Jeames holds a Master of Business Administration and a Bachelor of Science with First Class Honours, is a Member of the AIG and a Chartered Professional Member of the AusIMM. Jeames is a current member of the VALMIN Code Review Committee.

Commodities

Coal, copper, cobalt, lead, zinc, diamonds, sulphide and laterite nickel, kaolin, mineral sands, bauxite, iron, iron sands, mineral sands, PGE, gold, uranium

Mathew Longworth | General Manager & Principal Consultant | Xstract

Mathew is a geologist with 25 years' experience across exploration, project evaluation/development, operations and corporate management. He previously held roles as Exploration Manager, COO and CEO/Managing Director with Australian listed companies, and as a mining analyst with a boutique investment fund. He has led multidisciplinary project evaluation and development teams across a range of geological and geographic environments. Mathew has also been instrumental in the listing of a number of companies, in addition to acting as the link between corporate and technical advisors in fundraising and corporate transactions. He combines Board level experience with a strong technical and commercial background. Mathew holds a Bachelor of Science with Honours in Geology, and is a Member of the AusIMM and the Australian Institute of Company Directors.



Commodities

Gold, platinum, copper, lead-zinc, nickel sulphide, nickel laterite, iron ore, tin tungsten, coal, uranium, phosphate, magnesite

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Appendix A: Market Transactions



17-Dec-13	6-Dec-13	9-Dec-13	3 Jun -13	30-Jan-13	Oct-12	19-0ct-11	29-Sep-11	9-Mar-11	9-Feb-11	4-Feb-11	21-Jan-11	Feb-11	Date
Peelwood	Nanadie Well	Kalman – Pelican JV	Barbara	Hellyer	Menninnie Dam	Einasleigh	Bushranger	Lennons Find	Manbarrum	Baal Gammon	Panorama	Lady Loretta	Project
CEB - Balamara	Mithril - Intermin	Midas (Hammer) - Syndicated	Exco Resources - Syndicated Metals	Ivy Resources – Bass Metals	Musgrave - Menninnie	Kagara – Copper Strike	Newmont - Lachlan Star	Laconia - Independence	KBL - TNG	Monto -Conquest	Venturex –Toho Zinc	Xstrata –Cape Lambert	Parties
Feasibility Study	Advanced Exploration	Early stage exploration	Advanced Exploration	Care & Maintenance	Advanced Exploration	Advanced Exploration	Advanced Exploration	Advanced Exploration	Advanced Exploration	Advanced Exploration	Feasibility	Feasibility	Status
OC	OC	OC/UG	OC/UG	Tails/OC	OC	OC/UG	OC	OC	OC	QP	UG	UG	Туре
Pb, Ind + Inf	Inf	Inf	Ind + Inf	MII	Inf	MII	Ind + Inf	Inf	Ind + Inf	Prob, Ind + Inf	MII	MII	Resource classification
49%	60%	49%	50%	100%	51%	100%	51%	95%	51%	100%	100%	25%	Equity
2.4	3.3 3	0.3	5.4	11.0	11.8	16.0	2.0	1.1	8.8	7.5	26.2	120.0	Transaction Value (AUD M) (100% basis)
2.3	0.5	0.5	1.6	2.6	1.9	1.1	0.5	4.5	0.5	1.7	2.1	6.8	Cu Metal Ratio (%)
193.5	1,575.8	1,921.2	794.8	4,660.4	1,588.9	1.803.1	1,630.3	484.6	2,416.2	1,213.0	5,237.6	12,290.4	Gross dollar metal content of resources (AUD M)
1.27%	0.21%	0.02%	0.68%	0.24%	0.74%	0.89%	0.12%	0.22%	0.37%	0.62%	0.50%	0.98%	Metal Transaction Ratio (%)

Comparable market transactions of advanced base metal exploration projects

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0.02%	0.36%	0.12%	0.02%		0.43%	0.36%	0.37%
2,393.4	1,807.3	418.0	32,810.2				
1.3	4.0	2.5	5.2				
0.5	6.5	0.5	6.0	All Transactions	Mean	Median	Standard Deviation
100%	100%	51%	100%				
Inf	Prob, I + I	Inf	Inf				
NG	DU	oC	oc				
Advanced Exploration	Closed Mines	Advanced Exploration	Advanced Exploration				
Kidman - Comet	Red River - Kagara	Zenith - Fitzroy	PLD Corp - Kagara				
Browns Reef	Thalanga	Rookwood	Admiral Bay				
18-Mar-14	3-Jul-14	6-Jul-14	10-Mar-15				

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18-Jul-12	19-Feb-10	14-Apr-10	15-Sep-11	22-Dec-11	3-Jun-13	1-Jun-14	13-Jul-11	12-Jun-12	9-Nov-12	20-Apr-12	20-Jan-12	2-May-14	21-Dec-11	23-Aug-10	26-Mar-12	2-Feb-11	9-0ct-12	Transaction Da	
Copper Flats	Cloncurry	Mt Agate	Oak River	Boomara Stg1	Falcon stg 1	Mount Mackenzie	Mount Remarkable North	Wollogorang JV	Wollogorang JV	Maryborough Basin	Trekelano EPM1411	Coalstoun	Circel, Jodo & Blue Doe	Dronfield, Bushy Park	Oak River	Rookwood	Mt Carlton	te Project	
Xstrata Copper	JOGMEC	Activex	Planet Metals Ltd	Xstrata Mt Isa Mines	Minotaur Exploration Ltd	Resources & Energy	Syndicated Metals	Redbank Copper Ltd	Redbank Copper Ltd	Integrated Resources	GBM Resources	Activex	All Star Minerals PLC	Syndicated Metals	Planet Metals Ltd	Fitzroy Resources	Forte Consolidated	Buyer	
Ord River Resources	Minotaur	Carpentaria	Callabonna Uranium Ltd	Mt Isa Metals Ltd	Falcon Minerals Ltd	SmartTrans	Deep Yellow	Gulf Mines Ltd	Gulf Mines Ltd	MAuB Pty Ltd	Newcrest Oprations Ltd	Newcrest Oprations Ltd		Altona	Callabonna Uranium Ltd	Kangaroo Metals	Adept Solutions	Seller	
100%	33%	75%	51%	51%	51%	100%	80%	85%	80%	100%	100%	100%	100%	100%	100%	100%	100%	Equity	
\$900,000	\$2,600,000	\$750,000	\$750,000	\$1,000,000	\$250,000	\$230,000	\$800,000	\$1,500,000	\$1,350,000	\$3,250,000	\$110,000	\$200,000	\$535,000	\$157,500	\$65,000	\$50,000	\$50,000	Consideration	
10,858	8,172	6,391	6,363	3,917	3,571	2,843	2,540	2,172	2,154	1,859	1,828	1,342	1,341	546	469	269	215	Normalised Value (\$/km²)	

Comparable market transactions of early-stage base metal exploration tenements

30-Jul-12

Clermont Dist JV Stg 1

Gold Fields Aus Ltd

Zamia Resources Pty Ltd

51%

\$4,000,000

11,727

Appendix B: Comparable companies



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Company	EV (AUD M) (6 Mar 2015)	Attributable Value (AUD M)	Resource/Reserve* Classification	MTR
Alara Resources Ltd	0.1	4,255.1	P+P, MII	0.002%
Aurelia Metals Ltd	205.5	2,689.0	Prob, Ind +Inf	7.64%
Chinalco Yunnan Copper Resources Ltd	6.1	1,051.7	Inf	0.58%
Coppermoly Ltd	1.8	4,794.6	Inf	0.04%
CuDeco Ltd	341.5	5,762.5	MII	5.93%
GBM Resources Ltd	8.2	8,395.4		0.10%
Hammer Metals Ltd	6.3	6,612.9	Ind + Inf	0.10%
Heron Resources Ltd	20.4	135,095.0	P+P, MII	0.02%
Hillgrove Resources Ltd	67.1	2,297.8	PP+MII	2.92%
Ironbark Zinc Ltd	39.87	11,201.9	Inf	0.36%
KBL Mining Ltd	32.8	11,139.1	P+P, MII	0.29%
Macphersons Resources Ltd	35.6	1,206.9	P+P, MII	2.95%
Malachite Resources Ltd	8.3	627.8	Ind + Inf	1.32%
Monto Minerals Ltd	0.9	728.4	Ind + Inf	0.12%
Mungana Goldmines Ltd	33.6	3,100.9	Prob, MII	1.08%
Paradigm Metals Ltd	2	92.0		2.17%
Queensland Mining Corporation Ltd	8.6	3,069.2	MII	0.28%
Rex Minerals Ltd	14.8	18,686.9	P+P, MII + gold	0.08%
RMG Ltd	8.9	1,895.5	Inf	0.47%
Sandfire Resources NL	776.9	7,799.1	P+P, MII	9.96%
Syndicated Metals Ltd	5.5	412.2	Ind + Inf	1.33%
Terramin Australia Ltd	242.1	7,972.5	Prob, Ind+Inf	3.04%
Ventnor Resources Ltd	2.2	202.7	Ind + Inf	1.09%
Venture Minerals Ltd	2.9	8,998.9	P+P, MII	0.03%
Venturex Resources Ltd	6.6	8,244.5	Prob, MII	0.08%
Zamia Metals Ltd	3.3	1,810.3	Inf	0.18%
Source: SNL *Classification of Mineral Resources and C MTR – metal transaction ratio = Enterpris	re Reserves for copper r e Value (EV) / Attributab	netal le Value		

Attributable value is reported by SNL and is the combined value of all commodities and resources at SNL Metals and Mining nominal prices for the current year. Ag – AUD 22.21/oz, Au – AUD1,502.25/oz, Cu – 3.72/lb, Mo – AUD13.06/lb, Pb – AUD1.15/lb, Zn – AUD1.28/lb

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Company background

Alara Resources is a precious metal/base metal exploration company with four projects in Oman and Saudi Arabia. The most advanced company in the Company's portfolio is the Khnaiguiyah zinc copper project (60% equity), which is currently at Feasibility stage and further progress remains dependent on finding a joint venture partner. It has direct mineral interests in 517 kt of zinc and 37 kt of of copper (in Reserves) and 687 kt of zinc, 147.6 kt of copper and 87.5 koz of gold in Resource.

Aurelia Metals is a NSW focussed base and precious metals company with interests in seven projects, including the Hera gold and base metal mine. The company holds direct interests in defined Resources containing more than 3.3Moz of silver, 322 koz of gold, 142.5 kt of zinc, 96.5 kt of copper and 93 kt of lead.

Chinalco Yunnan Copper Resources is a copper/gold focussed explorer with interests in Queensland Australia and Chile. The Company holds five advanced stage and five early stage exploration projects. Direct mineral interests contained in defined Mineral Resources comprise 119 kt of copper, 62.5 kt of gold and lesser interests in rare earths and uranium

Coppermoly is an Australian domiciled exploration company with interests in six grassroots to scoping level copper gold projects in Papua New Guinea. Direct equity interests in defined Mineral Resources equate to 7.5 Moz of silver, 475 kt of copper metal, 369 koz of gold and lesser zinc, molybdenum and lead interests.

Cudeco is a copper producer focussed mainly on the Rocklands copper mine near Cloncurry in Queensland., with an interest also in theproximal Wilgar gold/ciler/molybdenum exploration project. Direct interests in defined Mineral Resources include 30.5 Mt of raw magnetite, 311 kt of copper metal, 203.5 koz of gold and minor cobalt.

GBM Resources is a precious and base metal development/exploration company with interests in Malaysia and Australia. The Company's most advanced project is the Lubuk Mandi Gold Mine (Malaysia) which is currently in construction, whilst the Mount Coolon gold project is currently undergoing pre-feasibility to feasibility level assessment. The company has direct interests in Mineral Resources of more than 103 Mt of phosphate, 300 koz of gold, and various rare earth elements.

Hammer Metals is an Australian focussed base and precious metal exploration company with minor interests in China. The company's most advance project is at Lake Carey in Western Australia, which is at a scoping to pre-feasibility level of assessment. Direct interests in Mineral Resources of more than 2 Moz of rhenium, 1.3 Moz of silver, 322 koz of gold, 178 kt of copper metal and minor iron ore, molybdenum and cobalt interests.

Heron Resources is a base and precious metal exploration company with an extensive portfolio of grass roots to Feasibility level projects throughout New South Wales, Queensland and Western Australia. Key projects include the Bulong gold, Kalgoorlie Laterite Nickel and Woodlawn base metal projects. Direct interests in Mineral Resources of more than 54 Moz of silver, 6.2 Mt of nickel, 1.45 Mt of zinc, 657 kt of lead, 640 koz of gold and 420 kt of cobalt, of which a considerable proportion has been defined to Ore Reserve level.

Hillgrove Resources is a copper and gold producer with exploration interests in Papua New Guinea, Indonesia, South Australia and New South Wales. The company's maine project is the Kanmantoo copper mine in South Australia. Direct interests in Mineral Resources comprise approximately 2 Moz of silver, 243 kt of copper metal, 193 koz of gold and minor antimony.

Ironbark Zinc is a development and exploration company with interests in New South Wales, Australia and Greenland. The Company owns the Byklippen lead zinc mine in Greenland as well as the Citronen Fjord zinc project, which is currently undergoing feasibility level assessment. The



company holds direct interest in Mineral Resources containing 3.7 Mt of contained zinc, 3.2 Moz of silver and 362 Mt of contained lead.

KBL Mining is a gold/copper producer with exploration interests in New South Wales, Queensland and Western Australia. The Mineral Hill copper-gold mine near Cobar is the company's main focus, but feasibility level studies are also ongoing at the Sorby Hills base metal deposit in Western Australia. Direct interests in Mineral Resources comprising 27 Moz of silver, 277 koz of gold, 671 kt of lead, 126 kt of zinc and 80kt of copper.

Macphersons Resources is a Western Australian focused gold and base metal explorer with interests in several feasibility level projects containing some 12.4 Moz of silver, 506 koz of gold and minor zinc in Resources.

Malachite Resources is a precious metal developer/explorer with interests in three projects in Queensland and New South Wales. Direct interests in Mineral Resources comprising 9.6 Moz of silver, 578 kos of indium , 71 koz of gold and lesser copper, lead, zinc and tin.

Monto Minerals is a base metal developer/explorer with interests in the Herberton project and the Baal Gammon mine, which is currently under care and maintenance. Direct interests include royalties over 3.6 Moz of silver, 3.4 Moz of Indium and less copper and tin.

Mungana Goldmines is a gold and base metal development company with interests in South Australia and Queensland. The company holds the Mungana base metal mine (now on care and maintenance) as well as the Chillagoe and Tunkilla project, which are currently being assessed at Feasibility level.

Paradigm Metals is a gold and copper exploration company with projects in the Lachlan Fold Belt of NSW, the Mount Isa region of Queensland and an option over a graphite project in Brazil. Direct interests in Mineral Resources containing 1.2 Moz of silver, 22 kt of lead and 15 kt of zinc.

Queensland Mining Corporation holds copper and gold assets in the Cloncurry Minerals Field of northwest Queensland. Key projects include the White Range copper project and the Mount Norma copper mine (both at Feasibility level). Direct interests in Mineral Resources containing 313 koz of silver, 307 koz of gold and 264 kt of copper.

Rex Minerals is a development/exploration company with interests in copper, gold and iron projects in South Australia, the most advanced being the Hillside iron oxide copper gold deposit. Direct interests in Resources containinig 337 Mt of raw magnetite, 1.3 Moz of gold and 1.98 kt of copper metal.

RMG holds interests in copper and zinc-lead silver projects in Australia and Chile, with the most advanced being the operating Trebol copper mine in Chile. The company earning an interest in mineral Resources containing 334 koz of silver and 276 kt of zinc.

Sandfire Resources is a copper-gold producer with active mineral exploration projects principally in Western Australia and the Northern Territory. The company's Degrussa Mine is currently in operation, while the Thaduna copper project in Western Australia is at a Feasibility level. Direct interests in Mineral Resources containing 1.3 Moz of silver, 766 koz of gold, 630 kt of copper and minor lead and zinc.

Syndicated Metals is a base metal focused company with principal projects located in the Mount Isa region in northwest Queensland. The company's most advanced project is the Leichardt West copper gold project which is currently at scoping to pre-feasibility level. Direct interests in Mineral Resources containing 482 koz of silver, 96 kt of copper, 49 koz of gold and minor cobalt.

Terramin is a base and precious metals exploration/development company with interests in South Australia and Algeria. Key projects in clud the now closed Angas zinc mine, and the Tala Hamza deposit, which is at Feasbility level. Direct interests in Mineral Resources include 7.4 Moz of silver, 2.3 Mt of contained zinc, 727 kt of lead including a significant reserve position.



Ventnor Resources is a base metal exploration company focussed on Western Australia and Queensland. The company's key project is the Thaduna copper project in Western Australia, which is at a Feasibility level of assessment. Direct interests in Mineral Resources containing 542 koz of silver.

Venturex Resources is an exploration and development company with a significant portfolio of base metal projects in the Pilbara region of Western Australia. The Pilbara copper-zinc-lead project is currently at a feasibility level of assessment. Direct interests in 15.7 Moz of silver, 892 kt of contained zinc, 319 kt of copper metal, 93 koz of gold and 77 kt of lead.

Zamia Metals is an exploration company with copper, gold and molybdenum targets in the Clermont district of central Queensland. The Anthony molybdenum deposit is at scoping/pre-feasibility level and is the company's most advanced project. Direct interests in Mineral Resources containing 62 kt of molybdenum metal and 18 koz of gold.



Appendix C: Geoscientific Rating Valuation of Early Stage Exploration Tenements



Lease	Area (km²)	BHC (AUD/km ²)	Share	0 prop	n erty	O	ff erty	Anon	naly	Geolo	УĘо	Lower (AUD)	Upper (AUD)	Midpoint (AUD)
Constance Ra	ange			Low	High	Low	High	Low	High	Low	High		Market Value	
EPM 14712	75	450	100%	2.5	m	1.2	1.7	2	2.5	2	2.5	\$202,000	\$536,000	\$369,000
EPM 14713	62	450	100%	2	2.5	1.2	1.7	H	1.5	H	1.5	\$34,000	\$133,000	\$83,500
EPM 14935	65	450	100%	2	2.5	1.2	1.7	1.5	2	1.5	2	\$79,000	\$248,000	\$163,500
EPM 15186	204	450	100%	2	2.5	1.2	1.7	H	1.5	-1	1.5	\$110,000	\$439,000	\$274,500
												\$425,000	\$1,356,000	\$890,500
Isa North				Low	High	Low	High	Low	High	Low	High		Market Value	
EPM 14694	13	450	80%	1.5	2	1	1.5	1	1.5	H	1.5	\$4,000	\$16,000	\$10,000
EPM 16921	68	450	100%	2	2.5	Ч	1.5	1	1.5	1.5	2	\$41,000	\$86,000	\$63,500
EPM 17300	16	450	100%	2.5	m	1.2	1.7	1	1.5	2	2.5	\$22,000	\$69,000	\$45,500
EPM 17511	48	450	100%	2	2.5	1.2	1.7	1	1.5	1.5	2	\$31,000	\$111,000	\$71,000
EPM 17513	160	450	80%	2	2.5	H	1.5	H	1.5	1.5	2	\$87,000	\$326,000	\$206,500
EPM 17514	353	450	80%	2.5	ς	H	1.5	2	2.5	2	2.5	\$636,000	\$1,788,000	\$1,212,000
EPM 17519	254	450	80%	2.5	ς	н	1.5	2	2.5	2	2.5	\$457,000	\$1,285,000	\$871,000
												\$1,278,000	\$3,681,000	\$2,479,500
Isa South				Low	High	Low	High	Low	High	Low	High	-	Fair Market Value	
EPM 12653	29	450	%0	2	2.5	н	1.5	1.2	1.7	2	2.5	\$0	\$0	\$0
EPM 13412	89	450	100%	2.5	m	1.2	1.7	1	1.5	2	2.5	\$108,000	\$342,000	\$225,000
EPM 13413	86	450	100%	2	2.5	1	1.5	7	1.5	2	2.5	\$69,000	\$242,000	\$155,500
EPM 13682	137	450	100%	1.5	2	1.2	1.7	1	1.5	1.5	2	\$74,000	\$279,000	\$176,500
EPM 14040	26	450	80%	2	2.5	1.2	1.7	1.2	1.7	2	2.5	\$24,000	\$74,000	\$49,000
EPM 14233	54	450	72%	2.5	m	1.5	2	2	2.5	2	2.5	\$118,000	\$294,000	\$206,000
EPM 14821	80	450	80%	2	2.5	1.2	1.7	2	2.5	2	2.5	\$110,000	\$169,000	\$139,500

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Forsayth		EPM14627	EPM19029	EPM17060	EPM15922	EPM14628	EPM17001	EPM15920	EPM15921	EPM17002	Gladstone		EPM 18769	EPM 18395	EPM15212	EPM 11898	EPM 11897	Isa West		EPM 17297	EPM15911	EPM 15156	Lease	
		87	301	62	6	124	137	12	16	153			160	106	135	74	67			10	51	153	Area (km²)	
		450	450	450	450	450	450	450	450	450			450	450	450	450	450			450	450	450	BHC (AUD/km ²)	
		60%	60%	100%	100%	100%	100%	100%	100%	100%			100%	100%	80%	80%	80%			100%	100%	80%	Share	
Low		1	ц	1	ц	1	1	1	ц	1	Low		н	1.5	1.5	1.5	1.5	Low		2	1.5	2	prop	
High		1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	High		1.5	2	2	2	2	High		2.5	2	2.5)n berty	
Low		1	4	1	1.5	1.5	H	1.5	1.5	ц	Low		H	Ľ	н	ц	ц	Low		ц	ц	1	prop	
High		1.5	1.5	1.5	2	2	1.5	2	2	1.5	High		1.5	1.5	1.5	1.5	1.5	High		1.5	1.5	1.5	ff erty	
Low		1	÷	1	ц	1.5	H	1	1.5	1	Low		1.5	1	н	1.2	1.5	Low		1	1.5	1.5	Anor	
High		1.5	1.5	1.5	1.5	2	1.5	1.5	2	1.5	High		2	1.5	1.5	1.7	2	High		1.5	2	2	naly	
Low		1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	Low		4	2	2	2	2	Low		2	1.5	2	Geo	
High		2	2	2	2	2	2	2	2	2	High		1.5	2.5	2.5	2.5	2.5	High		2.5	2	2.5	logy	
	\$314,000	\$18,000	\$61,000	\$21,000	\$3,000	\$94,000	\$46,000	\$7,000	\$12,000	\$52,000		\$302,000	\$54,000	\$72,000	\$73,000	\$48,000	\$55,000		\$693,000	\$8,000	\$35,000	\$147,000	Lower (AUD)	
Market Value	\$1,304,000	\$79,000	\$275,000	\$95,000	\$13,000	\$335,000	\$208,000	\$25,000	\$42,000	\$232,000	Market Value	\$1,135,000	\$243,000	\$268,000	\$273,000	\$169,000	\$182,000	Fair Market Value	\$2,008,000	\$27,000	\$123,000	\$458,000	Upper (AUD)	
	\$809,000	\$48,500	\$168,000	\$58,000	\$8,000	\$214,500	\$127,000	\$16,000	\$27,000	\$142,000		\$718,500	\$148,500	\$170,000	\$173,000	\$108,500	\$118,500		\$1,350,500	\$17,500	\$79,000	\$302,500	Midpoint (AUD)	

Area (km²) (AU	(AL	BHC ID/km²)	Share	On prope	rty	Off proper	Ę	Anom	aly	Geolo	ду	Lower (AUD)	Upper (AUD)	Midpoint (AUD)
110 \$450 100% 2.0	\$450 100% 2.0	100% 2.0	2.0		2.5	1.0	1.5	1.0	1.5	1.5	2.0	\$75,000	\$280,000	\$177,500
											I	\$75,000	\$280,000	\$177,500
												\$3,247,000	\$10,321,000	\$6,784,000

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Appendix D: Valuation approaches and methods


Valuation considerations

This valuation has been prepared in accordance with the VALMIN code, in order to ensure compliance with the Australian Stock Exchange's listing rules and Australian Corporations Law. The VALMIN Code classifies mineral assets according to their maturity. The term *mineral asset* refers to all property held for the purpose of near term or eventual mineral extraction, including but not limited to:

- real property
- intellectual property
- tenements, plant, equipment and associated infrastructure.

Most mineral assets can be classified as outlined in the table below.

Project development stage	Criterion
Exploration areas	Mineralisation may or may not have been defined, but where a Mineral Resource has not been identified.
Advanced exploration areas	Considerable exploration has been undertaken and specific targets identified. Sufficient work has been completed on at least one prospect to provide a good geological understanding and encouragement that further work is likely to result in the determination of a Mineral Resource.
Pre-development/ resource	Mineral Resources and/or Ore Reserves have been identified estimated. A positive development decision has not been made. This includes properties where a development decision has been negative and properties are either on care and maintenance or held on retention titles.
Development	Committed to production but not yet commissioned or not initially operating at design levels.
Operating	Mineral properties, in particular mines and processing plants, which have been fully commissioned and are in production.

Mineral asset classification

Source: (VALMIN 2005)

The VALMIN Code defines *value* as the FMV of a mineral asset (2005). FMV is the amount of money or the cash equivalent that a willing buyer and seller would exchange on the valuation date in an arm's length transaction (VALMIN 2005). Each party is assumed to have acted knowledgeably, and without compulsion. In essence, FMV is comprised of:

- **Underlying or 'technical value',** which is an assessment of a mineral asset's future economic benefit under a set of assumptions, excluding any premium or discount for market, strategic, or other considerations
- **Market component,** which is a premium relating to market, strategic or other considerations, which can be either positive, negative, or zero.

The market value should include all material information to the asset. For projects with extensive technical detail, the valuer determines materiality of information based on whether its inclusion would result in the valuation reaching a different conclusion.



Mineral assets are generally valued based on approaches that assess income, cost, and the open market. As the VALMIN Code is not prescriptive in this regard, the 2008 Edition of The South African Code for the Reporting of Mineral Asset Valuation ("SAMVAL") and the Canadian 2003 Edition of the Standards and Guidelines for Valuation of Mineral Properties ("CIMVAL") provide insight into applicable approaches, as shown in the table below.

Approach	Project development stage			
	Exploration	Resource	Development	Operating
Income	No	Rarely	Yes	Yes
Cost	Yes	Rarely	No	No
Market	Yes	Yes	Yes	Yes

Source: (CIMVAL 2003)

Income-based approach

The income-based approach assumes that a valuer can model the future economic returns of a mineral asset based on the information available at the valuation date (SAMVAL 2008). The income-based approach is best suited for the valuation of individual assets for which a large amount of technical data has already been collected or can be estimated. This approach generally involves the construction of a discounted cash flow ("DCF") model based on a project development concept and may include sophisticated risk analysis and simulation.

Despite its sophistication, the income-based approach has limitations in that it:

- may not fully reflect the market value
- relies on a number of subjective inputs (e.g. the appropriate discount rate)
- excludes assets without considerable technical detail, such as in scoping and prefeasibility studies.

Market-based approach

The market-based approach uses the transaction prices of projects in similar geographical, geopolitical, and geological environments to derive a market value using a process similar to that in the real estate industry (CIMVAL 2003). The market-based approach may use the assumption either of joint venture terms or outright acquisitions, and can be presented in range of unitised values including on a dollar per ounce or tonne of contained metal/mineral; dollar per square kilometre; or as a percentage of the prevailing commodity price.

In Xstract's opinion, a market-based approach is well suited to establishing a likely value for base metal deposits and exploration projects, as it inherently takes into account all value drivers.





By undertaking а qualitative analysis of comparable transactions, it is possible to develop a 'gut feel' for likely market price responses to varying levels of equity interest. Further its simplicity in-built provides an `reality check', which helps to ensure that the science of the methodology does not dominate the assessment (O'Connor and McMahon 1994).

Notwithstanding this, the market-based approach relies on a number of assumptions and often

lack true comparability with the assets being valued. Indeed, the intuitive approach is limited by the variability of values obtained across a range of investments, which makes it difficult to consistently decipher the value of control premia or any other aspect that

contributes to the value of a project. Furthermore, these approaches are often weakened by their reliance on heuristics – the 'gut feel' mental short-cuts that a valuer undertakes during qualitative analysis of incomplete datasets (Tversky and Kahneman 1974). Heuristics can introduce serious bias. However, in despite its well-documented shortcomings, there is significant merit in using market-based benchmarks for valuations (Grant 1994).

Comparable transactions method

The comparable market value approach is an adaptation of the common real estate method to valuation. For the purposes of mineral asset valuation, a valuer compiles and analyses 100% equity acquisitions of projects of similar nature, time and circumstance with a view to establishing a range of values that the market is likely to pay for a project. The comparable transactions method:

- implies a market premium or discount for the prevailing sovereign risk
- captures market sentiment for specific commodities or locations
- accounts for intangible aspects of a transaction (i.e. intellectual property).

The transactions deemed to be analogous to the mineral asset being valued are used to determine a unit price (e.g. $/km^2$ or /copper equivalent tonnes) for the asset being valued.

While this method is used widely in the minerals industry, it contains a number of weaknesses that may undermine the accuracy of this method. Firstly, there is an intricate value dynamic between the quantity (size) and quality (grade or prospectivity) of deposits that may result in the exclusion of a large number of comparable transactions. Further, the disclosed price of an asset may not necessarily equate to the value of the tenement, as the calculated value may have been influenced by factors such as the arrangement of debt financing, marketing rights, contingent payments, and future royalties. Finally, this method is largely retrospective and may not take into account anticipated or recent commodity or other variable value drivers.



Mineral Transaction Ratio analysis

Metal transaction ratios are a useful method of evaluating mineral resources that contain more than one metal. The gross dollar content of the metals contained in the mineral resource is calculated using metal prices as of the date of the market transaction. The MTR is the transaction value divided by the gross dollar content and is analogous to the ratio of unit metal value to metal price.

The transaction dataset is analysed to derive an appropriate value of range of values to apply to the mineral resources of the subject property in terms of value per unit metal, unit value as a percent of metal price and/or MTR. Considerations in choosing an appropriate range of market values include (i) evaluation of the mean and median values as well as overall variability and range, (ii) consider eliminating outliers at the high and low end of the range, (iii) examine possible relation of values to transaction date, size or grade of mineral resource, size of transaction, jurisdiction or other factors, and (iv) consider which properties are more similar to the subject property.

Joint venture terms method

The joint venture terms method, a variation of the comparable market value method, attempts to account for the ownership premium attributed by the market. This technique involves transactions where only partial ownership of a project is acquired. It is widely recognised that the market will attribute a sliding-scale premium in accordance with the level of ownership acquired. For example, a joint venture agreement for a 51% interest in a project may attract a market value significantly above that for an identical project in which a 49% interest is acquired. The joint venture terms method provides the valuer with a larger acquisitions dataset than the comparable market value method, and consequently these approaches are often used simultaneously in mineral asset valuations.

Yardstick method

The yardstick method typically entails expressing the unitised sales price as a percentage of the prevailing commodity price (e.g. copper price/\$/t Cu). Proponents of the yardstick method believe that it is a better reflection of the market dynamics, which are assumed to be reflected entirely by the commodity price. Xstract consider that the use of a commodity price as a reference point implies it is a principal value driver, which is not necessarily true. This position is taken as gold is often used as a store of value when the markets are risk averse, and like exploration projects, a high-risk gold project may have a price behaviour disproportionate to the rest of the market. Furthermore, commodity prices are highly volatile and therefore the yardstick method does not reflect the notion that deposit values change over time. As such, the Yardstick method is generally not considered suitable as a primary valuation method but is considered acceptable as a secondary methodology.

Cost-based approach

The cost-based approach is based on the notion that a return is expected from an investment. This approach can be both retrospective and forward looking. By taking the position of the vendor who is likely to seek re-imbursement of sunk costs with a risk premium, a possible market position may be determined. By analysing the future costs associated with a project, and the anticipated risk-adjusted returns, the acquiring party's view of value may be quantified.



Geoscientific rating

The geoscientific rating or Kilburn method, is an attempt by the valuer to quantify the various technical aspects of a property through applying multipliers to a base or intrinsic value (Goulevitch and Eupene 1994) (Kilburn 1990). This intrinsic value is known as the base holding cost ("BHC"), which represents "the average cost to identify, apply for, and retain a base unit of area of title."

To arrive at a value for each property, the valuer considers four key attributes, which either enhance or downgrade the BHC of each property. The technical factors considered are the:

- **Off-property factor** nearby properties containing physical indications of favourable mining conditions such as old workings and/or mines
- **On-property factor** the property hosts favourable mining indications such as historic workings or mines. Importantly any mineralisation capable of supporting a Mineral Resource estimate, compliant according to the guidelines of the JORC Code, will be assessed using other valuation methods
- **Anomaly factor** assesses the degree of exploration completed over the property and the number of resultant mineralised targets identified
- **the Geological factor** assesses the area covered by and degree of exposure of favourable rock types and/or structures (if this is related to the mineralisation style being assessed) within the property.

These attributes are given incremental, fractional, or integer ratings to arrive at a series of multiplier factors. These multipliers are then applied sequentially to the BHC to estimate the technical value of the mineral property. This is adjusted for local market conditions to determine the fair market value of the project as at the effective valuation date. Xstract's multipliers or ratings and the criteria for rating selection are summarised in the table below.

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Unfavourable geological setting
0.5			Extensive previous exploration gave poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation on lease	No targets outlined	Generally favourable geological setting
1.5	Minor workings	Minor workings or mineralised zones exposed	Target identified, initial	
2.0	Coveral old workings in district	Several old workings or exploration targets identified	mulcations positive	Favourable geological
2.5	Several old workings in district		Significant grade intercepts evident but not linked on cross or long section	mineralised zones
3.0	Mine or abundant workings with	Mine or abundant workings with significant previous production		Significant mineralised zones exposed in prospective host rocks
3.5	significant previous production		Several economic grade	
4.0	Along strike from a major mine(s)	Major mine with significant	sections	
5.0	Along strike of world class mine	historical production		
10.0		World class mine		

Geoscience rating criteria



The strength of the geoscientific method is that it makes an attempt to implement a systematic system. While it does require a subjective assessment of the various multipliers, it also demands a degree of detached rigor to account for the key factors that can be reasonably considered to impact on the exploration potential of a property.



ÆON METALS

aeon**metals**.com.au





ALL CORRESPONDENCE TO:

By Mail:

Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia

Level 12, 225 George Street Sydney NSW 2000 Australia

By Fax:

+61292909655

Online:

www.boardroomlimited.com.au

By Fax:

1300 737 760 (within Australia) +61 2 9290 9600 (outside Australia)

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded before 10.00am (Sydney time) on Monday 22 June 2015.

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1: APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2: VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3: SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: Where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: To sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: This form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4: LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10.00am (Sydney time) on Monday 22 June 2015.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

BY FAX	+ 61 2 9290 9655
BY MAIL	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
IN PERSON	Level 12, 225 George Street, Sydney NSW 2000 Australia
ONLINE	info@aeonmetals.com.au

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

YOUR ADDRESS

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Security-holders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

STEP 1: APPOINT A PROXY

I/We being a member/s of Aeon Metals Limited (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **The Grace Hotel, Corner of York and King Streets, 77 York Street, Sydney, NSW 2000 commencing at 10.00am (Sydney time) on Wednesday 24 June 2015** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2: VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Approval to permit OCP Asia (Hong Kong) Limited, Centar SP3 Limited and OL Master Limited to increase their voting power in the Company's shares to more than 20% through the exercise of certain warrants			
Resolution 2	Issue of Shares to Chairman, Thomas Mann			
Resolution 3	Issue of Shares to Managing Director, Hamish Collins			
Resolution 4	Issue of Shares to non-executive Director, Edgar Newman			
Resolution 5	Issue of Shares to executive Director, John Goody			
Resolution 6	Issue of Shares to non-executive Director, Paul Harris			

STEP 3: SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

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