

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2019

Aeon Metals Limited (“Aeon” or “the Company”) is pleased to present its activities report for the quarter ended 30 September 2019.

Highlights:

- Walford Creek Project Scoping Study released post quarter end – excellent technical and economic outcomes.
- High-grade intersections within infill drilling at Vardy/Marley; expected to increase Resource volume, grade and confidence levels, and potentially extend open pit dimensions.
- Best Vardy/Marley intercept during quarter of 34m @ 2.13% Cu and 0.31% Co from 47m (hole WFDH438).
- Further definition of previously under-drilled Amy Resource with mineralisation characteristics similar to that seen in the Vardy and Marley Resources.
- Best Amy intercept during quarter of 40m @ 1.05% Cu, 0.11% Co, 2.21% Pb, 1.42% Zn and 39g/t Ag from 416m (hole WFDH466).
- Extension in strike length of Walford Creek deposit with known mineralisation now stretching for 12.5km from the eastern extent of Vardy through to Hedley’s Creek.
- Updated Resource estimates expected in December 2019 quarter.

The 2019 drilling program on the Company’s 100%-owned Walford Creek Project commenced in early May and was concluded by the end of September. The drilling totalled 14,870m in 69 drill holes and focused on the Vardy, Marley and Amy Resource zones, with some limited drilling also at Hedley’s and within the Basin Edge Project.

During the September 2019 quarter, 37 holes were drilled for a total of 8,414m. Most of this drilling focused within the Amy zone. Updated Resource estimates for Walford Creek are expected to be completed in the December 2019 quarter.

Technical and economic assessment continued, culminating in the recent announcement (21 October 2019) of the Walford Creek Project Scoping Study. The Scoping Study has demonstrated that this high-grade polymetallic asset is amenable to development – both technically and economically. The Scoping Study also considered only Mineral Resources defined within the Vardy and Marley zones. Recent Amy zone drill results present strong potential upside to the initial Scoping Study outcomes.

The Pre-Feasibility Study (PFS) on the Walford Creek Project is now targeted for completion in Q2 2020. The PFS will incorporate updated Mineral Resources inclusive of 2019 drilling in the Amy zone.

Walford Creek Project (100% Aeon)

Scoping Study outcomes

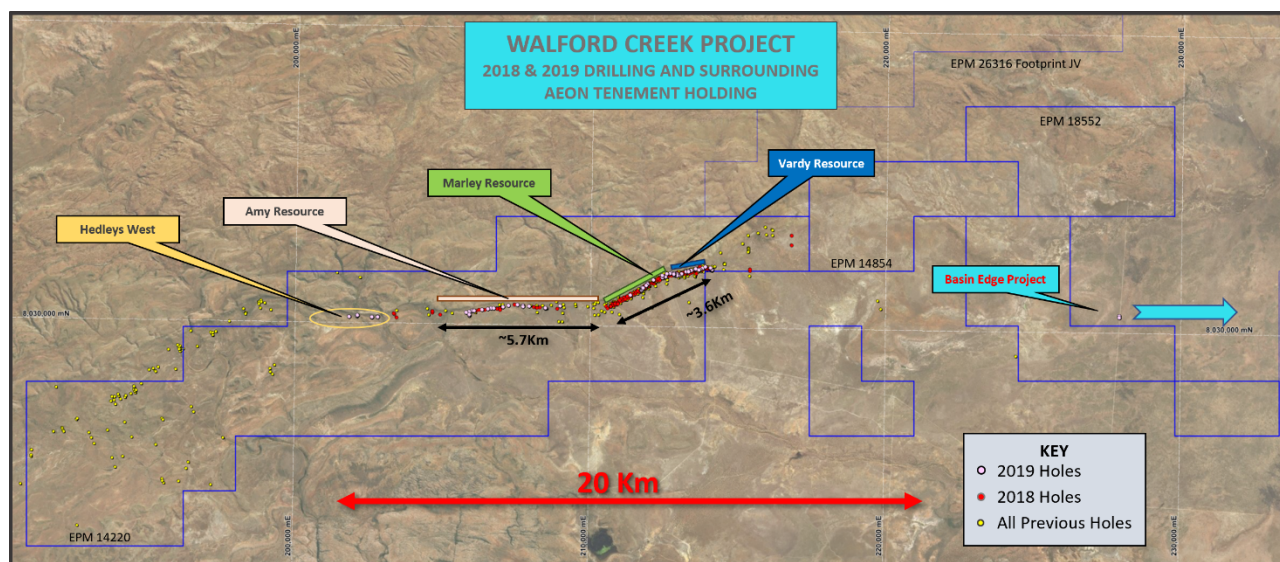
Scoping Study highlights, subject to the usual cautions, include:

- Conventional open pit and underground mining of existing Vardy and Marley deposits delivering an initial operating life of approx. 11 years.
- 1.5Mtpa heap leach of lower-grade material combined with 2.0Mtpa flotation process plant to treat higher grade material. Commercially proven bio-leaching of cobalt concentrate.
- Final product streams of copper, lead and zinc concentrates plus cobalt-nickel sulphide and zinc sulphide.
- Total contained production of 146kt copper and 22kt cobalt (plus zinc, lead, silver and nickel). Total copper equivalent (CuEq) production of 446kt and average annual CuEq output of 42.5kt.
- Forecast LOM net revenue split of 33% copper, 39% cobalt, 9% zinc, 7% lead, 7% silver and 5% nickel (LOM avg price assumptions of US\$3.09/lb Cu, US\$23.31/lb Co and 0.725 A\$/US\$).
- Average cash operating cost of US\$1.52/lb CuEq and All-In-Sustaining-Cost (AISC) of US\$1.56/lb CuEq.
- Forecast pre-production capital expenditure of A\$323M, representing a globally attractive pre-production capital intensity of approximately US\$5,500/t of annual CuEq output.
- Ungeared, real, post-tax NPV8% of A\$431M. Post-tax internal rate of return (IRR) of 34% and payback of 3 years.
- Projected LOM and average annual positive net cashflow of A\$894M and A\$111M respectively.

Note that the above numbers are necessarily approximations. Please see Aeon's ASX release of 21 October 2019 (*Walford Creek Project Highly Economic*) for full details of the Scoping Study. In addition, please go to <https://inventum3d.com/c/aeonmetals/walford> for a 3D interactive Walford Creek Project display.

2019 drilling program

The 2019 Walford Creek drilling program commenced on 3 May 2019 with a single drill rig undertaking reverse circulation (RC) pre-collars. A second rig arrived on site and commenced diamond drilling of those RC pre-collars on 13 May 2019. Drilling was concluded on 27 September 2019.



The 2019 drill program consisted of a combination of exploration outside of current Resource boundaries and drill holes planned as part of priority work for the Walford Creek Pre-Feasibility Study (PFS) (including additions to the Resource, geotechnical, metallurgical, water, and environmental datasets).

Area	Drilling metres (Q3 2019)	Drilling metres (2019 total)
Vardy	569	3,725
Marley	798	2,822
Amy	6,135	6,934
Hedley's Creek	264	740
Basin Edge Project	648	648
Total	8,414	14,869

Vardy and Marley

Drilling undertaken within the Vardy and Marley Resource was undertaken for several reasons including:

- Targeted conversion of a significant proportion of Inferred material to Indicated classification;
- Testing of shallow potential resources in areas with strong potential to be open pit mined;
- Gathering of metallurgical samples from mineralised zones;
- Geotechnical testing; and
- To test several gaps in what is otherwise strong continuity of the ore zones.

Better intercepts during the quarter included hole WFDH420 with 19m @ 1.38% Cu and 0.24% Co from 269m, and hole WFDH438 that intersected a broad high grade interval of 34m at 2.13% Cu and 0.31% Co from a shallow 47m down hole.

For further details of Vardy/Marley drilling during the quarter, refer to Aeon ASX releases dated 26 July 2019 (*High Grade Vardy Drilling Results*), 6 August 2019 (*Vardy Drilling Update*), 21 August 2019 (*Vardy Drilling Update*) and 16 September 2019 (*Marley Zone Drilling Update*).

Amy

The majority of the drilling from the September 2019 quarter was focused within the previously under-drilled Amy zone, over a 2.5km strike length.

Significant mineralisation was intercepted in holes WFDH456, WFDH459, WFDH466, WFDH468, WFDH469 and WFDH472. These assay results and style of mineralisation show strong similarities to the Vardy/Marley Resources and confirms the continuity and tenor of the PY3 unit throughout the Walford Creek deposit. It is expected that these results will lead to increases in the updated Amy Resource estimates.

For further details of Amy drilling during the quarter, refer to Aeon ASX releases dated 18 July 2019 (*Further Step Out Success West of Amy*), 29 July 2019 (*Amy Exploration Update*) and 24 September 2019 (*Amy Exploration Update*).

Hedleys Creek

Initial exploratory RC drilling has focused on an area called Hedleys Creek that is located approximately 12.0 - 12.5km from the eastern end of the currently planned Vardy pit design and approximately 2.0 - 2.5km west of the Amy Resource boundary.

Assay results from the 7 holes drilled at Hedleys Creek have been received with a best intersection of 7m @ 0.80% Cu and 0.13% Co from 93m (including 3m @ 1.31% Cu, 0.25% Co and 22gt Ag from 97m). Although these intercepts aren't as thick as other intervals throughout the deposit, the continuation of mineralisation along the Fish River Fault and the shallow depth of prospective stratigraphy is reassuring for future exploration success along strike.

For further details on the drilling activity around Hedleys Creek, refer to Aeon ASX releases dated 13 June 2019 (*Mineralised PY3 Defined in Drilling West of Amy*) and 18 July 2019 (*Further Step Out Success West of Amy*).

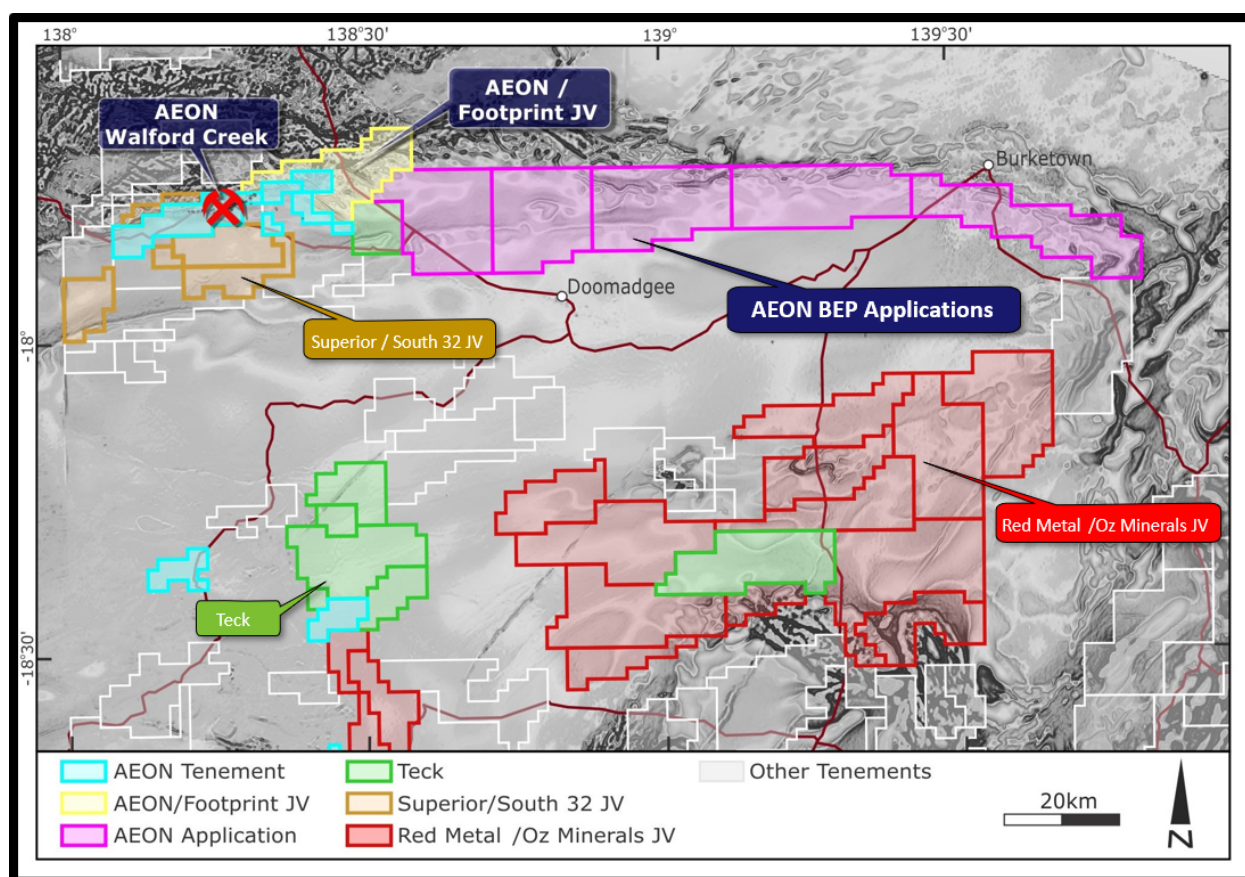
Basin Edge Project / Footprint JV

Aeon has applied for exploration permits over a further 130km of potential strike extent to the east starting immediately from the eastern boundary of the Walford Creek tenements. These new tenement holdings, known as the Basin Edge Project, lie on the northern basin bounding fault architecture. This structure is interpreted as a continuation of the Fish River Fault that hosts the Walford Creek deposits.

Holes WFDH482 and WFDH483 were drilled as an earn-in to acquire 100% of EPM 26316 (see Aeon ASX release dated 4 July 2019, *Basin Edge Project*). EPM 26316 lies approximately 14km east of the Walford Creek deposit.

Once assays have been received, a release detailing this work will be forthcoming.

For further details of the Basin Edge Project tenure and strategy, refer to Aeon ASX release dated 4 July 2019 (*Basin Edge Project*).



Safety

There were no reported injuries at Walford Creek during the quarter. This is a significant improvement from the previous quarter and is a result of dedicated changes to tooling, techniques and site layouts, all of which have been implemented in consultation with the operational teams.

Exploration & Evaluation Expenditure

During the quarter, the Company expended approximately A\$3.1m on exploration and evaluation activities at Walford Creek.

No significant exploration work was undertaken on the Company's other exploration tenements during the quarter.

As at 31 September 2019, the Company had available cash of approximately A\$3.1 million.

Corporate

On 2 July 2019, the Company announced the appointment of Dr Fred Hess as an independent non-executive Director. Fred brings extensive and diverse operating and development experience to the Aeon Board. His career spans more than 35 years in mining project development, operations and senior management across the Asia Pacific region.

For further details of Fred's appointment and professional experience, refer to Aeon ASX release dated 2 July 2019 (*Independent Director Appointment Dr Fred Hess*).

The Company's Annual General Meeting will be held on 25 November 2019. Details are set out in Aeon ASX release dated 23 October 2019 (*Notice of AGM and Proxy*).

Appendix 5B

The Company's Appendix 5B cash report is attached.

For more information, please contact:

Hamish Collins
Managing Director

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www.aeonmetals.com.au

ABOUT AEON METALS

Aeon Metals Limited (**Aeon**) is an Australian based mineral exploration and development company listed on the Australian Securities Exchange (ASX: AML). Aeon holds a 100% ownership interest in the Walford Creek Copper-Cobalt Project (**Walford Creek Project**) located in north-west Queensland, approximately 340km to the north north-west of Mount Isa. Aeon has completed a Scoping Study in October 2019 on the development of a 3.5Mtpa open pit and underground mining operation at the Walford Creek Project producing approximately 146kt copper and 22kt cobalt (plus zinc, lead, silver and nickel) for sale to global metal markets. This Scoping Study demonstrated that the Walford Creek Project represents a technically robust and highly economic mine development. A Pre-Feasibility Study (**PFS**) is targeted for completion in Q2 CY2020.

APPENDIX 1 - TENEMENT HOLDINGS AS AT 30 SEPTEMBER 2019

TENEMENT HOLDER	TENEMENT I.D.	LOCATION	INTEREST HELD
Aeon Metals Limited	EPM 14628	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15921	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17001	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17002	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17060	West of Monto, Qld	100%
Aeon Metals Limited	MDL 462	Northwest of Monto, Qld	100%
Aussie NQ Resources Pty Ltd	EPM 18359	South of Georgetown, Qld	100%
SLW Queensland Pty Ltd	EPM 19029	West of Monto, Qld	60%
Aeon Walford Creek Limited	EPM 11898	Mount Isa West	80%
Aeon Walford Creek Limited	EPM 13412	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 13413	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 13682	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 14040	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 14220	Walford Creek	100%
Aeon Walford Creek Limited	EPM 14233	Mount Isa South	72%
Aeon Walford Creek Limited	EPM 14694	Mount Isa North	80%
Aeon Walford Creek Limited	EPM 14712	Constance Range	80%
Aeon Walford Creek Limited	EPM 14713	Constance Range	80%
Aeon Walford Creek Limited	EPM 14821	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 14854	Walford Creek	100%
Aeon Walford Creek Limited	EPM 14935	Constance Range	80%
Aeon Walford Creek Limited	EPM 15156	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 15186	Constance Range	80%
Aeon Walford Creek Limited	EPM 15911	Mount Isa South	100%
Summit Resources (Aust) Pty Ltd	EPM 17513	Mount Isa North	20%
Summit Resources (Aust) Pty Ltd	EPM 17514	Mount Isa North	20%
Summit Resources (Aust) Pty Ltd	EPM 17519	Mount Isa North	20%
Aeon Walford Creek Limited	EPM 18395	Mount Isa West	100%
Aeon Walford Creek Limited	EPM 18552	Walford Creek	100%
Aeon Walford Creek Limited	EPM 18769	Mount Isa West	100%
Aeon Walford Creek Limited	EPM 26906	Walford Creek	100%
Footprint Resources Pty Ltd	EPM 26316	Walford Creek	Farm In

APPENDIX 2 - COMPETENT PERSONS STATEMENT

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

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

AEON METALS LIMITED	
ABN	Quarter ended ("current quarter")
91 121 964 725	30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(3,404)	(3,404)
(b) development	-	-
(c) production	-	-
(d) staff costs	(175)	(175)
(e) administration and corporate costs	(352)	(352)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	21	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,910)	(3,910)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(1)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1)	(1)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,031	7,031
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,910)	(3,910)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,120	3,120

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,069	980
5.2 Call deposits	2,051	6,051
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,120	7,031

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
222
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	30	Nil
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The company maintains an ANZ Credit Card Facility totalling \$30,000, with a rate of 17.74%PA on purchases not paid for within the relevant period. This facility is split across five separate cards, and the full \$30,000 is undrawn.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	700
9.2 Development	-
9.3 Production	-
9.4 Staff costs	250
9.5 Administration and corporate costs	200
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,150

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	EPM 26316	Farm In	0%	Earning 100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: .29 October 2019

Print name: ...S J Lonergan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.