

## AEON SHAREHOLDER LETTER

Dear Aeon Metals Shareholder,

I am taking this opportunity to introduce myself and to provide some further background to the ASX announcement that was released today with respect to the Walford Creek Pre-Feasibility Study (**PFS**).

I joined the Aeon Board in July 2019 as an independent, non-executive director. My primary attraction to this role was the opportunity to contribute my extensive project development and operational experience to the development of the Walford Creek Copper-Cobalt Project.

I recently agreed to take on the role of Interim Managing Director following the resignation of our previous Managing Director, Hamish Collins, in mid-March. It was Hamish's commitment and unshakeable optimism over the previous nine years that now allows us to contemplate a credible path towards Walford Creek's development.

Since the results of the original Preliminary Economic Analysis announced in February 2017 there have been delays in study deadlines and changes to the project scope over the ensuing four years. While I might draw attention to the fact that there has also been a more than threefold increase in the size of the mineral resource over this same period, I appreciate that longer term shareholders, large or small, might be feeling frustrated and disappointed with the apparent lack of overall progress achieved to date.

As outlined in today's announcement we have identified a credible potential path to a technically and economically viable Walford Creek Project. It is on the basis of the considerable body of relevant testwork completed to date, combined with the assessment of some very experienced external practitioners and my own convictions, that the Board, and also importantly, our largest shareholder, Orchard Capital Partners Asia, are supportive of this path.

Undoubtedly shareholders would prefer a shorter time period to a Walford Creek development decision, however I am also sure that you would want us to avoid taking any shortcuts. We must therefore wait for drill samples to be collected to recommence testwork and complete an extensive program this year to firm up our new flowsheet. I have guided completion of the revised PFS process to as late as mid-2022 however we are optimistic that test work and hence the PFS may be resolved earlier.

Our new flowsheet is relatively simple, and therefore should not present any unacceptable operational risks. It maximises the recovery of all the valuable metals, except for lead. It offers portfolio appeal in terms of the spread of final products produced. Moreover, the exploration potential of Walford Creek is far from fully realised and therefore, in combination with the revised flowsheet, it offers the potential to deliver further significant upside.

The new proposed Walford Creek flowsheet is the culmination of an enormous amount of prior work and studies. The opportunity for pyrite concentrate leaching was recognised at the beginning of the project evaluation process, but was not studied in any detail until much later. A detailed understanding of the deportment of the valuable metals and the flotation responses of the various ore samples necessarily preceded it. You also need to do a lot of laboratory flotation to make sufficient quantities of pyrite concentrate to do the leach testwork. By the time the focus shifted to the leaching testwork, the capacity to make saleable base metal concentrates was already firmly embedded in the flowsheet.

The primary purpose of the leaching testwork was therefore to recover the cobalt. Only after a significant amount of testwork was completed did the focus broaden to the other metals. It is only now when fresh eyes have studied the entirety of the testwork and then been focussed on arriving at a viable holistic alternative has a clearer economic path been identified.

I also want to take this opportunity to stress the strategic importance of undertaking an extensive exploration program in conjunction with this new PFS direction. At Aeon, we have a very strong geological team who know our ground very well. The intention is to now define the limits and increase the confidence classification of the Walford Creek mineralisation in order to fully capture the Walford Creek Project development proposition. The initial exploration work will revolve around collecting more detailed magnetic and gravity data to better target the sub-surface structures that host mineralisation prior to drilling.

The regional exploration initiative to commence greenfields data collection (once again likely magnetics and gravity) will be enormously beneficial in defining the region further. The north west Queensland exploration province already hosts a number of substantial and lesser mineral deposits. The best place to look for new deposits is in the vicinity of currently known ones. We have a good understanding of the Walford Creek deposit and how it was originally formed. Walford Creek lies adjacent to the Fish River Fault at the edge of a very large (hundreds of kilometres wide) sedimentary basin. Our "Basin Edge" concept and the tenement package that was acquired in late 2019 reflect our geologists' view of where to look for the next Walford Creek or other large deposit.

The results of the Beauchamps drilling campaign of three holes conducted in December 2020 are, at first glance, a little underwhelming since only minor levels of copper mineralisation were encountered. But, as our geologists rightly point out, we did discover a large IOCG (Iron Oxide Copper Gold) system, albeit unmineralised, at a much shallower depth than was anticipated. The importance of this is that we would appear to be drilling in the right suburb but quite possibly the wrong street. Other very large mineralised IOCG systems (think Olympic Dam, Carrapateena) are often found in the neighbourhood of similarly large but unmineralized IOCG systems.

Given these Beauchamps regional holes are very deep (up to 800m), they are expensive to drill. We will thus be considering a range of different options, including potential joint venture arrangements with major mining companies, to accelerate the testing of some of these large-scale regional targets.

I would like to conclude by saying that we now have a very clear picture of what is required to deliver a viable Walford Creek development proposition. While a significant portion of the testwork completed to date provides us with the necessary initial confidence, we still have a lot more to do to maximise the chances of success. I look forward to Aeon keeping shareholders regularly informed about our progress in the future.

Should you wish to discuss any matter more fully then I am happy to hear from you.

A handwritten signature in blue ink, appearing to read "Fred Hess".

Dr Fred Hess  
Interim Managing Director  
Aeon Metals Limited

**This ASX release has been authorised for and on behalf of the Aeon Board by:**

Dr. Fred Hess, Interim Managing Director and CEO

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**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.

A Pre-Feasibility Study on the Walford Creek Project is targeted for completion in H1 2022.