

WALFORD CREEK PRE-FEASIBILITY STUDY PAUSED IN CONJUNCTION WITH RENEWED EXPLORATION FOCUS

- Strategic decision to pause the Walford Creek Pre-Feasibility Study.
- First half of 2022 characterised by heightening input pricing uncertainty which has challenged the basis to complete a consistent and coherent economic assessment of the Walford Creek.
- Recent strategic assessment of the implications of 2021 exploration results highlight the potential for substantial uplift in both scale and extent of the Walford Creek deposit that warrants resolution prior to finalising project scope and economic evaluation
- Extending Pre-Feasibility Study timeframe ensures that the Walford Creek orebody is exploited to its full potential and that this is fully recognised in shareholder and project strategic valuations.

Aeon Metals Limited (ASX:AML) (**Aeon** or the **Company**) provides an update on the progress of the Pre-Feasibility Study (**PFS**) and the 2022 exploration program at its 100%-owned Walford Creek Copper-Cobalt Project (**Walford Creek** or **Project**) in north-west Queensland, Australia.

The Walford Creek Scoping Study was completed in June 2021 (refer to Aeon ASX release dated 30 June 2021) and outlined the projected economics of development under the preferred bulk flotation and pressure oxidation flowsheet. Key PFS workstreams were commenced shortly thereafter. In late February, Aeon advised that the PFS was on track, and, while still incomplete, the advanced status of many of the workstreams broadly suggested that the key physical outcomes and cost projections from the Scoping Study would be broadly confirmed in the PFS (refer Aeon ASX release dated 23 February 2022).

In the period since then geopolitical events have seen a dramatic heightening of already elevated global input cost and supply chain volatility (as well as, positively, further upward metal price pressures). This rapidly emerging, general inflationary environment has meant that the resolution of what constitutes a reasonable basis for applying project economic assumptions is rendered unclear. Under the circumstances, and, with the benefit of time to evaluate the full implications of the successful 2021 exploration results, the Board has resolved to exercise caution. There is no pressing need to finalise a PFS, especially when the 2022 exploration program is about to commence, and when realisation of significant near term exploration success has the strong likelihood of demanding a re-evaluation of potential project mine life and/or scale, and therefore economic value.

To put the upcoming 2022 exploration opportunity into context, the existing 38.6 Mt of Vardy and Marley mineral resources constitute a 3.7 km long, intensively drilled zone along the Fish River Fault. There is a further 6 km of strike along the Fish River Fault to the west (Amy and Le Mans zones) that currently hosts 5 Mt of mineral resources and which is largely limited by the paucity of drilling. The recent 2021 geophysical surveys highlighted a further 16 km of potential strike length to test across multiple targets exhibiting similar geophysical signatures to known mineralisation. The Walford dolomites lying below existing Vardy and Marley Py3 horizon are also considered to be promising new targets for mineralisation.

As previously announced (refer Aeon ASX release dated 29 March 2022), Aeon has secured the services of two multi-purpose drill rigs to commence a 19,000 m drilling programme in early May 2022. Aeon is also set to undertake an airborne electro-magnetic survey to complement the existing gravity and magnetic surveys completed in 2021. With a well-tested regional geological model complementing an unprecedented geological data set, the Aeon management and Board believe there is strong potential upside from aggressive exploration of the Company's prospects over the coming months and beyond.

The uncertainty in the external environment and the opportunity in the internal environment provide the underlying rationale for extending the PFS timetable. Realising the maximum strategic value of Walford Creek potential remains the primary consideration of the Board.

Aeon Managing Director and CEO, Dr Fred Hess, commented:

"The decision to pause the PFS process has occurred at a relatively advanced stage. However, the capital and operating cost estimates are always the final input pieces of any advanced project technical study, received prior to determination of forecast economics and finalisation of results.

"Our decision to commit to an aggressive 2022 exploration program was driven by our exploration team, led by our newly appointed Exploration Manager, Pete Moorhouse. They have impressed upon me the exciting potential uncovered by our 2021 program and the opportunity for it to deliver a material step change in mineral resource size.

"It became increasingly clear to me that when the implications for these issues were objectively weighed, then the best interests of the Company would be served by pausing the PFS. The very real potential for a reassessment of project scale and even the possible relocation of the proposed treatment facilities in conjunction with other emerging considerations suggested that greater clarity was required ahead of finalising the project scope of work.

"Under the circumstances, I felt it prudent to recommend to the Board that we pause to allow both the external environment to settle and for the internal upside environment to be explored more fully before finalising project scope.

"Notwithstanding a pause, I take comfort in the underlying direction of commodity prices and the increasing signals from government concerning the importance of increasing Australia's production of critical minerals. The growing demand for the suite of battery and electrification metals to be produced from Walford Creek, in addition to the existing and still growing broader end uses for these metal products, still suggests that the overall outlook is bright.

"The decision to advance Walford Creek on a more measured timeline is targeted to yield enhanced intrinsic value on the back of exploration and other success, and, to build in-situ value as market supply and demand forces realign in response to the coming age of energy transformation and evolution in the metal markets that underpin it."

This ASX release has been authorised by the Aeon Board:

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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.

Aeon's vision: making a difference – creating sustainable value by delivering key metals driving the low carbon future.