

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2022

Aeon Metals Limited (ASX:AML) (**Aeon** or the **Company**) is pleased to present its activities report for the quarter ending 30 June 2022.

### Highlights:

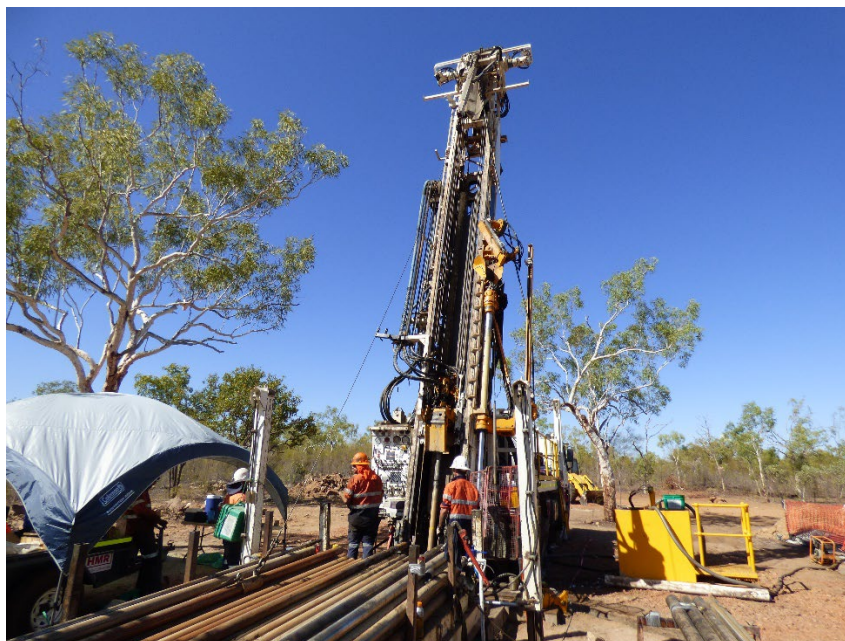
- Exploration drilling commenced at Walford Creek
- CEI grant funded airborne electromagnetic survey (AEM) scheduled for next quarter
- CEI grant funded gravity survey at Sugarbag prospect scheduled for next quarter

**Commenting on the activities for the quarter, Aeon Managing Director, Dr Fred Hess, said:**

*“Primary activities for the quarter were preparation for, and commencement of, exploration drilling at Walford Creek. In addition, the CEI funded geophysical surveys were planned with the expectation that these will be undertaken in the current quarter.”*

*“By mid-July, some 4,000 metres of drilling had been completed, mainly in the Le Mans zone. The extended turnaround times for analytical results in the current environment has delayed any meaningful reporting of drilling outcomes. The targeted PY1 and PY3 lodes were however intersected where expected.”*

*“Drilling has now moved to the western end of Amy zone where the 900 metre gap between two of the highest grade previous intersections is set to be tested. Once the geophysical survey results are analysed, it is expected that drilling will then move to focus on the regional target areas.”*



*2022 drill program at Walford Creek*

## Large-Scale 2022 Exploration Program

An aggressive drilling exploration strategy commenced in the quarter, with two multipurpose rigs operating. Rig one commenced on 21 May, and rig two shortly thereafter. Both rigs have now transitioned to double shift, maximising productivity. At the end of the quarter, approximately 3,000 metres of drilling had been undertaken with five completed drill holes and five partially completed pre-collars or active holes.

The twin objectives of the drilling program are to establish the potential for continuation of mineralisation along the 10km Amy-to-Vardy trend, and to commence exploration of satellite mineralisation within the Walford Creek Project area.

An Airborne Electromagnetic (AEM) survey, which is co-funded by the Queensland Government Collaborative Exploration Initiative (CEI) scheme, has been confirmed for late July. This will allow results to be received in time to allow integration of this data into the final drill targeting of satellite targets identified following the 2021 magnetic and gravity survey. Drilling of these targets is set to commence in September 2022 and will include any additional targets generated from the AEM survey.

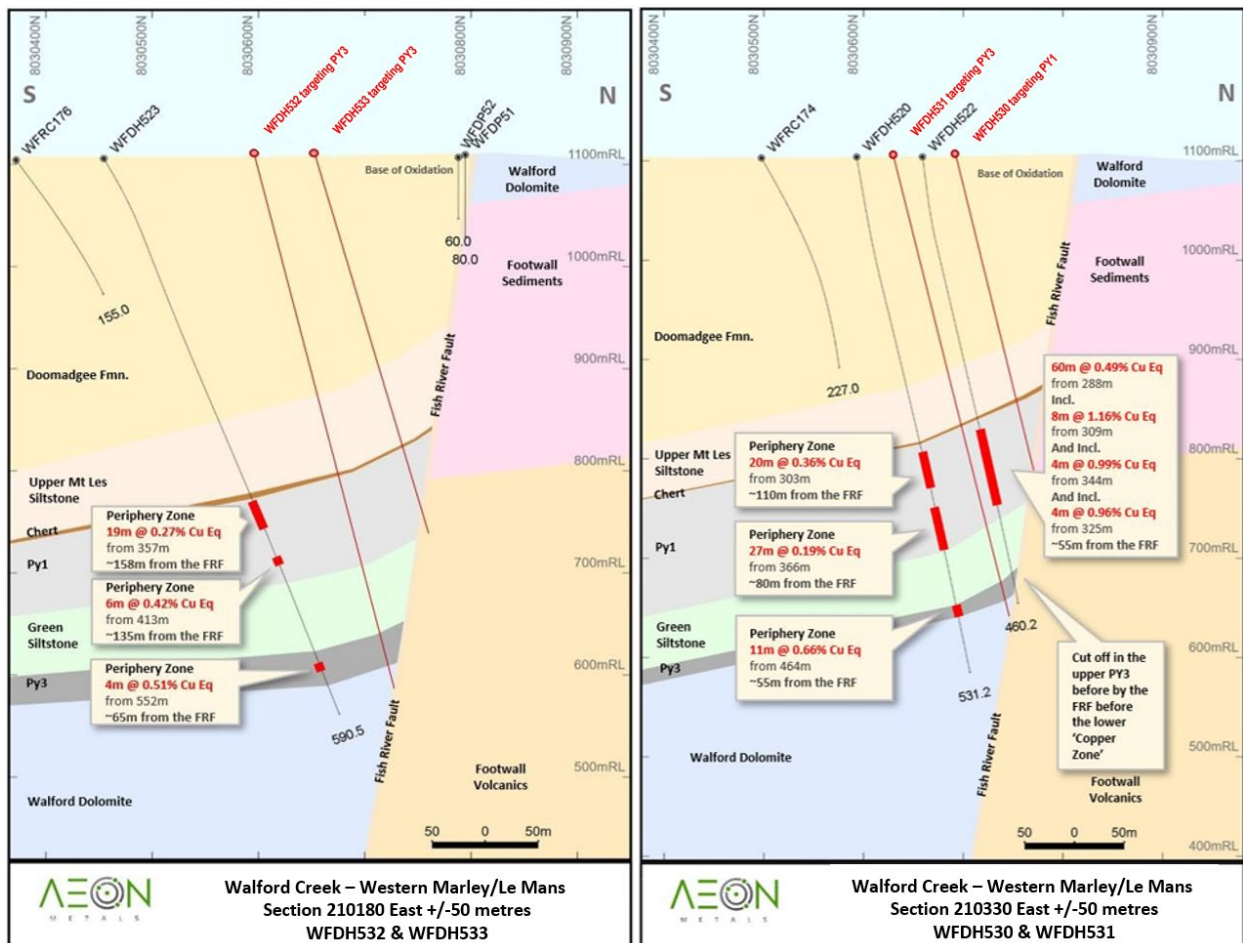


*AEM survey being mobilised to Walford Creek in July 2022*

Initially both drill rigs have been assigned to expanding the Mineral Resources west of the Marley/Vardy deposits into the Le Mans zone, and beyond into the Amy zone. The existing Mineral Resource estimate for Vardy and Marley only includes mineralisation as far west as 210675 metres east, with the initial 5 holes completed to the end of this quarter located within 750m of this boundary.

At the completion of the 2021 infill drilling program at Vardy and Marley, three exploratory holes were drilled stepping out some 150m to the west of Marley into the Le Mans zone. These step-out holes demonstrated the previously unrecognised presence of continued mineralisation within the PY1 unit, with a 60m periphery zone intersected over 50m away from the Fish River Fault (**FRF**). The Walford Creek geological model, based on the extensive drilling completed to date, anticipates a continuation of the high-grade mineralisation within the PY1 adjacent to the fault along the entire 2.1km strike of this untested zone.

Of the five holes completed to date in this campaign, drill holes WFDH532 and WFDH533 were both drilled on section 210180, targeting PY3 and PY1 mineralisation respectively (marked in red on first section below). Drill holes WFDH531 and WFDH530 were both drilled on section 210330, targeting PY3 and PY1 mineralisation respectively (marked in red on second section below). Drill hole WFDH534 was completed along strike 250m to the west of section 210180, testing for continuation of mineralisation within the PY3.



Assay results for the 2022 program are expected to commence being received in early August 2022.

In addition to the CEI grant for the AEM survey at Walford Creek, Aeon were successful in securing an additional CEI grant of \$96,800 of funding to conduct a ground gravity survey at the North Sugarbag EPM within the Mount Isa West project area. The proposed program is for an extensive ground gravity survey to be undertaken over the regional gravitational highs and along major structures at Sugarbag North. It is expected that gravity will facilitate the identification of potential dense pyritic shales within the Gunpowder formation which might be prospective for base metal mineralisation. In addition, it will contribute to the development of an improved understanding of the basement sequences west of Mount Isa in the Western fold belt. Aeon are pleased to advise that this program has now been scheduled to commence in August 2022.

## Corporate

On 9 May 2022, Aeon announced it had undertaken a placement to raise approximately A\$7.2 million (before costs). The issue price of the new shares was 4.0c plus a free, one-for-two unlisted loyalty option (strike price 8.0c and expiring 31 December 2023). Major shareholder, OCP Asia, provided commitments to participate in the placement, as did all Aeon directors.

In conjunction with the placement, a one-for-three entitlement offer was launched on the same price terms. The entitlement offer raised approximately A\$1.0 million (before costs).

At a General Meeting held on 19 July 2022, Aeon shareholders approved a number of resolutions ratifying participation and terms associated with the placement and entitlement offer. A revised company constitution was approved.

As noted in the March 2022 quarter activities report, the Walford Creek Pre-Feasibility Study (**PFS**) has been paused to allow an increased focus on exploration in the interim.

At quarter end, Aeon held A\$2.1 million cash and had drawn debt of A\$28.4 million.

### ASX Additional Information

ASX listing rule 5.3.1: Exploration and evaluation expenditure during the quarter was A\$2.5 million. Details of exploration activity during the June 2022 quarter are set out in this report and are mostly associated with costs relating to the Walford Creek Project.

ASX listing rule 5.3.2: There were no substantive mining production or development activities during the quarter.

ASX listing rule 5.3.5: Appendix 5B, Section 6.1 – description of payments: During the June 2022 quarter, Aeon paid directors fees of A\$189,000.

### Appendix 5B

The Company's Appendix 5B cash report has also been released today.

### This ASX release has been authorised by the Aeon Board:

For more information, please contact:

#### Investors

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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.***

TENEMENT HOLDER	TENEMENT I.D.	LOCATION	INTEREST HELD
Aeon Monto Exploration Pty Ltd	EPM 14628	Northwest of Monto, Qld	100%
Aeon Monto Exploration Pty Ltd	EPM 15921	Northwest of Monto, Qld	100%
Aeon Monto Exploration Pty Ltd	EPM 17001	Northwest of Monto, Qld	100%
Aeon Monto Exploration Pty Ltd	EPM 17002	Northwest of Monto, Qld	100%
Aeon Monto Exploration Pty Ltd	EPM 17060	West of Monto, Qld	100%
Aeon Monto Exploration Pty Ltd	EPM 27604	Monto	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 North	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 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 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 15911	Mount Isa South	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%
Aeon Walford Exploration Pty Ltd	EPM 26316	Walford Creek	100%
Aeon Walford Creek Limited	EPM 27311	Walford Creek	100%
Aeon Walford Creek Limited	EPM 27312	Walford Creek	100%
Aeon Walford Creek Limited	EPM 27314 (Application)	Walford Creek	100%
Aeon Walford Creek Limited	EPM 27315 (Application)	Walford Creek	100%
Aeon Isa Exploration Pty Ltd	EPM 27435	Mount Isa West	100%
Aeon Isa Exploration Pty Ltd	EPM 27436	Mount Isa West	100%
Aeon Walford Creek Limited	EPM 27512	Walford Creek	100%
Aeon Walford Exploration Pty Ltd	EPM 27535	Constance Range	100%
Aeon Isa Exploration Pty Ltd	EPM 27743	Mount Isa West	100%
Aeon Isa Exploration Pty Ltd	EPM 27744	Mount Isa West	100%
Aeon Isa Exploration Pty Ltd	EPM 27745	Mount Isa West	100%
Aeon Walford Creek Limited	EPM 28402 (Application)	Walford Creek	100%

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AEON METALS LIMITED

ABN

Quarter ended ("current quarter")

91 121 964 725

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(250)	(1,444)
(e) administration and corporate costs	(302)	(1,674)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,169
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(552)</b>	<b>(1,948)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(111)	(124)
(d) exploration & evaluation (if capitalised)	(2,462)	(10,769)
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,573)</b>	<b>(10,893)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,013	15,218
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(336)	(903)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,677</b>	<b>14,315</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	502	580
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(552)	(1,948)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,573)	(10,893)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,677	14,315

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,054</b>	<b>2,054</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,000	444
5.2	Call deposits	54	58
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,054</b>	<b>502</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	189
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>The amounts above relate to directors' fees.</p>		



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities <sup>(i)</sup>	28,408	28,408
7.2	Credit standby arrangements <sup>(ii)</sup>	30	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>28,438</b>	<b>28,408</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>30</b>
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p><sup>(i)</sup> The company has a limited recourse loan with OCP Asia Group ("OCP") amounting to \$28,408,000 which is fully drawn, the interest rate is 12.00%, is calculated quarterly and capitalised to the loan. The loan is secured over the assets of Aeon Walford Creek Limited. The loan matures on 17 December 2023.</p> <p><sup>(ii)</sup> 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 six separate cards, and the full \$30,000 is undrawn.</p>		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(552)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,462)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(3,014)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,054
8.5	Unused finance facilities available at quarter end (item 7.5)	30
8.6	Total available funding (item 8.4 + item 8.5)	2,084
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>0.69</b>
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Costs will reduce once the current drilling campaign is concluded.	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Yes, an additional \$4.3m has been received since the issue of shares was approved at the EGM as announced on 19 July 2022.	

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, see answers 1 and 2, we also note the continued support of our major shareholder and lender, O L Master Ltd (OCP).

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

## 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.

Date: 29 July 2022

Authorised by: By the board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.