

Target Market Determination (TMD)

Issuer	Aeon Metals Limited (ACN 121 964 725)
Product Name	Loyalty Options
Date of TMD	17 May 2022
Overview of this document	<p>This document is a target market determination for the purposes of section 994B of the <i>Corporations Act 2001</i> (Cth) (Corporations Act) in respect of the Loyalty Options to be issued by us upon participation in a non-renounceable pro rata entitlement offer.</p> <p>This document is not a prospectus and does not take into account any particular investor's objective, financial situation or needs. You should refer to our Replacement Prospectus at https://www.aeonmetals.com.au/wp-content/uploads/2022/05/2022-May-13-Replacement-Prospectus.pdf and consider obtaining independent financial product advice before deciding to participate in the entitlement offer.</p>
Overview of the Offer Shares and attaching Loyalty Option	<p>The Loyalty Options each represent a share in the capital of Aeon Metals Limited (AML), an ASX-listed mineral exploration company based in Australia.</p> <p>AML has an extensive exploration tenement portfolio in the Mt Isa mineral province in North West Queensland, as well as in the Rawbelle district in South East Queensland. AML's flagship asset is the 100% owned Walford Creek Project, an advanced copper-cobalt deposit, through which it intends to create shareholder value, and new and sustainable local employment opportunities.</p> <p>AML has invited eligible shareholders to participate in a non-renounceable pro rata entitlement of:</p> <ul style="list-style-type: none"> • 1 Offer Share, being an ordinary share, at a price of \$0.04 for every 3 ordinary shares in AML held on the record date; and • 1 free unlisted and non-transferable Loyalty Option which will be exercisable at the exercise price of \$0.08 for every 2 Offer Shares taken up in the offer. <p>Any shares issued on exercise of the Loyalty Options will rank equally with the existing ordinary shares on issue.</p> <p>Unless exercised earlier, the Loyalty Options will expire at 5:00pm on 31 December 2023. The Loyalty Options may also only be exercised if, at the time the holder purports to exercise that Loyalty Option, the holder holds at least the same number of ordinary shares that were issued to it under the offer. Holders of the Loyalty Options will also be unable to participate in any new issues of ordinary shares in the company which are made to shareholders generally (i.e. the Loyalty Options must be exercised before the holder will be entitled to participate in new pro rata issues).</p>

	<p>The purpose of the offer is to enable eligible shareholders to continue to participate in the growth of the company. Despite this, there are various risks associated with the Loyalty Options:</p> <ul style="list-style-type: none"> • the pre-feasibility study relating to AML's flagship project has been paused due to elevated global input cost and supply chain volatility, meaning the success of the project remains speculative; • the total cost of Walford Creek Project is unknown and there may be a need for further capital injections such that AML can successfully achieve its objectives. Further equity finance may result in the dilution of existing shareholders' investments, while any additional debt financing could involve restrictive covenants which could limit AML's operations and business strategy; • mineral exploration and development is an inherently high risk undertaking; • holders of the Loyalty Options may lose money if they exercise Loyalty Options which are not in-the-money at the time of exercise. For example, if you were to exercise Loyalty Options at \$0.08 per share in circumstances where AML shares were trading at around \$0.06 per share, your shares would only have a value of approximately \$0.06 despite the loyalty options having been exercised at a higher price. Depending on the strategy used, losses can be substantial; • the Loyalty Options are non-renounceable and non-transferable, meaning that they may not be exercised by any other person other than the holder. The holders of the Loyalty Options will therefore only have the ability to obtain a benefit if the option is in-the-money at the time of exercise; • the Loyalty Options at their date of issue are not in-the-money and their present value is uncertain. You should not acquire Offer Shares <i>solely</i> in order to acquire Loyalty Options; and • the Loyalty Options have a limited life span and will expire. If unexercised, they are worth nothing after the expiry date.
<p>Retail clients for whom the Offer Shares and attaching Loyalty Options are unsuitable</p>	<p>Potential categories would include retail clients:</p> <ul style="list-style-type: none"> • who are pursuing a less speculative investment strategy; • who do not presently hold ordinary shares in AML; • persons who accept the Offer Shares solely to increase their exposure via the Loyalty Options; • who do not understand and accept the risks associated with holding options; and • whose financial situation is such that they would not have the ability to meet obligations from potential exercise of the Loyalty Options without experiencing material personal hardship.
<p>Target Market</p>	<p>Target Market for Loyalty Options</p> <p>While there are a number of different investment strategies for which holding acquiring Loyalty Options may be suitable, we generally consider that the target market for this offering is a retail client that is seeking to profit from a market view on the longer term performance of AML.</p>

	<p>Likely objectives, financial situation and needs of retail clients in the target market</p> <p>The eligible shareholders for whom the Offer Shares and Loyalty Options will be suitable are likely to have a medium to high risk appetite, are seeking higher returns through speculative investments and are able to withstand losses without suffering material hardship.</p> <ul style="list-style-type: none"> • <u>Likely objectives</u>: Increase position in a speculative investment in order to seek higher returns with corresponding higher risk. Increase or maintain current proportional level of ownership of AML. • <u>Likely financial situation</u>: Have a relatively high and regular income and/or substantial holdings of capital available for investment. Are able to withstand potential losses from market movements without causing distress or material impact on living standards. • <u>Likely needs</u>: Wish to use spare capital to make enhanced returns. <p>Why the product is likely to be consistent with the likely objectives, financial situation and needs of the Target Market:</p> <p>We expect that the Loyalty Options will be consistent with the likely objectives, financial situation and needs of the retail clients in the target market because these products offer the potential for enhanced returns, and the class of retail client should be able to bear any potential losses without suffering material hardship.</p>
<p>Distribution Conditions</p>	<p>The distribution of this product is subject to the following conditions and restrictions:</p> <ul style="list-style-type: none"> • The product can be distributed by AML only. That is, the product cannot be distributed or offered through unrelated third parties; • The product can only be distributed to retail clients who: <ul style="list-style-type: none"> ○ have an existing shareholding in AML; ○ have completed the Application Form and paid the Application Money; ○ have a registered address in Australia, New Zealand or Hong Kong on the record date. <p>AML views that these distribution conditions are appropriate and are of a nature that it is likely that the product will be distributed to the target market. In particular the offer of Loyalty Options is only available to existing AML shareholders who should have some understanding of AML.</p>
<p>Review Triggers</p>	<p>The TMD may no longer be considered appropriate and a review of this TMD must be undertaken by AML, if any of the below review triggers occur:</p> <ul style="list-style-type: none"> • A significant number of complaints received from customers who acquired the Loyalty Options. • A material incident or significant number of incidents, which relate to customer's purchase or use of the product and which shows that the TMD may no longer be appropriate for the product. • A significant dealing of this product to customers who are outside of the Target Market occurs. • AML determines that the product is not being distributed and purchased as envisaged by this TMD.

	<ul style="list-style-type: none"> • Market conditions become increasingly volatile such that the product is no longer appropriate for all types of clients who have been identified as being within the Target Market. • A material change is made to any applicable laws, rules or regulations which directly affects options trading. • The receipt of a product intervention power order from ASIC requiring AML to immediately cease retail product distribution conduct in respect of the product. • The material alteration of the product or product terms and conditions, which would cause the TMD to no longer be appropriate for the product. • Any other event or circumstance that AML views would materially change a factor taken into account in making the TMD.
First Review due date	By 17 May 2023
Review Period (ongoing)	At least every 12 months from the date of the First Review and each subsequent review. Reviews must also take place within 12 months from the date of a review conducted following the occurrence of a review trigger. Note this TMD will likely be withdrawn once all Loyalty Options have been exercised or have expired.
Review Trigger Information Reporting Requirements	The Offer Shares and Loyalty Options are not distributed by unrelated third parties, therefore no review trigger information reporting requirements are applicable to this product.