2023

Interim Report

ABN 91 121 964 725

Aeonmetals.com.au

Corporate Directory

Directors

Fred Hess
(Managing director)

Paul Harris
(Non-executive chair)

Ivan Wong
(Non-executive director)

Company Secretary

Lucy Rowe

Registered Office

Aeon Metals Limited
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Sydney, NSW, 2000

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ACN: 121 964 725
ABN: 91 121 964 725

Auditors

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Sydney, NSW, 2000

Ph: 02 9251 4100

Share Registry

Boardroom Pty Ltd
Grosvenor Place
Level 12
225 George Street
Sydney, NSW, 2000

Ph: 02 9290 9600

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Tenement Managers

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Red Hill, QLD, 4059

Ph: 07 3368 1033

Contents

The directors present their report, together with the financial report of the Group, comprising Aeon Metals Limited (the "Company" or "Aeon") and its controlled entities (together, "the Group") for the six months ended 31 December 2023 and the Independent Auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the reporting period are:

Dr Fred Hess - Managing Director
Mr Paul Harris - Chairperson, Non-Executive Director
Mr Ivan Wong - Non-Executive Director

Review of Operations

Overview

During the first half of FY 2024, management focused on advancing the establishment of a new Cultural Heritage and Monitoring Agreement with the Waanyi People. Due to delays in completing this critical agreement, regrettably, the 2023 drilling program was abandoned. The geological team has focussed on an extensive review and evaluation of all exploration data sets for not only Walford Creek but also all the other prospective tenements held by Aeon. This will inform our plans for the 2024 exploration season.

Aeon has applied for a grant through the Queensland Government's Collaborative Exploration Initiative (CEI). The application is aimed at undertaking a geophysical survey of the Rawbelle Project (Monto), with the hope of gaining a further understanding of the porphyry system. The government will announce the successful applicants in late March.

In addition to the exploration activity being undertaken, management has conducted a limited number of project assessments conducted by third parties to acquire an operating asset. Much of the focus for the latter part of the half has been on the evaluation of several promising project opportunities that would provide a pathway to cash flow generation. The time frame for the conclusion of these processes is fluid and any future announcement would be subject to Aeon achieving an advanced-stage agreement with vendors.

Exploration

The Waanyi People #3 Native Title claim was registered with the National Native Title Tribunal in April 2023. This has had the effect of changing the recognised Traditional Owners for the Walford Creek tenements from the Gangalidda and Garawa People to the Waanyi People. The Waanyi People had already been included as on-the-ground participants over the past 10 years, actively working with Aeon in overseeing cultural heritage monitoring activities. However, the Waanyi People, and their associated PBC, chose not to continue at present under these previous arrangements. As a result, the 2023 drilling campaign scheduled for Walford Creek was abandoned when it became clear that the resolution would take longer than expected.

Aeon is currently in discussion with the Waanyi People to secure a new cultural heritage and monitoring agreement.

With the geological team not required to support site drilling activities during the half, attention turned to undertaking a thorough review of all previously collected data sets with a view to better understanding mineral occurrences within the Walford Creek Project area. Dr Neal Reynolds, a geologist with extensive experience in basin-hosted mineral deposits and systems was retained to review the orebody genesis of the Walford Creek system to validate existing geological concepts for mineral deposition and to shed light on potential further extensions to the known mineralisation.

Bacchus Capital Advisers has conducted a process to identify potential partners for the Walford Creek project, based on the updated and much larger Mineral Resource Estimates earlier in the year. A number of parties have reviewed the data, and the process remains open.

Copper Equivalent Methodology

CuEq% = ((Cu% × Cu recovery) + ((Zn % × Zn price per lb × Zn_recovery) / Cu price) + ((Pb % × Pb price per lb × Pb_recovery) / Cu price) + ((Co % × Co price per lb × Co_recovery) / Cu price) + ((Ni % × Ni price per lb × Ni_recovery) / Cu price) + ((Ag g/t × Ag price per Oz × Ag_recovery) / Cu price)). The Metal Prices applied in the calculation were: Cu=4.54 USD/lb, Zn=1.36 USD/lb, Pb=1.00 USD/lb, Co=20.42 USD/lb, Ni=8.16 USD/lb, and Ag=27 USD/oz. Recovery assumptions after processing of bulk composite were Cu=95%, Zn=92%, Pb=0%, Co=79%, Ni=76%, and Ag=82%.

In the Company's opinion, all elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

Corporate

On 30 September 2023, the Company drew an additional $1,000,000 on the approved OCP Asia Group notes. A further $1,000,000 was drawn on 28 December 2023. The maturity date on this existing loan facility is 17 December 2024.

The 2023 Annual Report was released on 20 October 2023. The 2023 Annual General Meeting was held on 20 November 2023.

At 31 December 2023 Aeon held $1.2 million cash and had drawn debt of $39.4 million.

Financial Position

The net assets of the Group at 31 December 2023 were $64.0 million (30 June 2023: $70.2 million) including cash of $1.2 million (30 June 2023: $1.2 million).

The financial statements have been prepared on a going concern basis, refer to note 2.

Significant Changes in State of Affairs

Other than the matters noted above there have been no other significant changes in the state of affairs.

Events Since the Balance Date

There have not been any additional significant subsequent events to note.

Risk management

The Company is subject to a range of risks which may impact its operations. These include factors which may be partially or completely outside of the control of the Company. The Board has identified a range of risks which could have a significant impact on the operations of the business and where appropriate have implemented appropriate strategies to minimise the financial and operational impact to the business.

Key risks which have been identified include:

- Legislative and governmental risk;
- Environmental risk;
- Native title risk;
- Future capital requirements; and
- Economic risk.

Legislative and governmental risk

The Group's exploration assets are located within the Australian mainland. As such the primary legislative risks revolve around the policy framework within the Australian federal and state systems. The Company recognises that risks exist within this framework regarding the Company's right to explore and eventually exploit potential mineral resources. The Company mitigates these risks through involvement with industry groups at the macro level while ensuring active management of existing tenements are maintained in good order in accordance with the requirements of the exploration lease. The Group considers Australia to be a relatively low risk region with a stable legislative framework within which to operate.

Environmental risk

The Group's environmental risk relates to both environmental legislation as well as risks associated with climate change.

In relation to exploration legislation, the exploration undertaken on the Company's combined tenements in Queensland to date has not created significant environmental issues. However, environmental issues will arise as and when the Group moves into development and production and these issues will be thoroughly assessed at the time any mining authority is sought. Usual measures are undertaken pre and post drilling to ensure that the environmental impact is minimised. This includes re-contouring and re-seeding affected areas and capping drill collars. The work undertaken to date has produced minimal impact on the environment. No issues regarding compliance were encountered during the reporting period.

The Group recognises that climate change may impact on the operations of the business. This impact is most likely to have two notable impacts should the climate alter significantly. The Primary tenements on which the Company conducts operations are in a remote location which is subject to distinct seasonal factors. A change in climate may impact the length and severity of the wet season which in turn may impact the amount of time available for conducting exploration activities. Changes may also alter the operating parameters and economic viability of any potential mine operation. Climate change also risks causing weather events of a more severe nature on a more regular basis. Should such events occur more regularly this may impact the ability of the Company to operate effectively in the region.

The Board has considered issues relating to climate change and currently considers them to have limited impact on current operations. The Board has identified that climate change, and in particular Australia's commitment to net zero is likely to have a significant impact on the operational design and economic feasibility of any potential future mine development and this is reflected in the Group's approach regarding feasibility analysis.

Native title risk

The Group recognises that it operates in locations which are subject to native title issues. Access to exploration tenements requires meeting local heritage requirements to ensure sacred sites, artwork, and other areas of particular heritage significance are not damaged or interfered with. The Board actively manages its relationship with local indigenous groups to ensure timely and effective access to exploration ground while ensuring that sensitive areas are not affected. The Group recognises that changes in these relationships can have a significant impact on the Group's operations over the short, medium and long term.

Future capital requirements

The Group continues to require substantial expenditure on exploration to demonstrate an economic resource of sufficient size and quality to make the requisite decisions to develop an operational mine. The viability of the Group is subject to significant financial risk should it be unable to raise sufficient funds either through debt or equity to meet these requirements. Management and the Board are actively managing this risk through both engaging with capital markets, the Company's major shareholder as well as by dynamically managing on ground activity consistent with existing cash and unused borrowing facilities.

Economic risks

The revenue to be derived through the future sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

In addition to adversely affecting the reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company in its Australian operations are and will be taken into account in Australian currency, exposing the Company to fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

Auditor's independence declaration

The auditor's independence declaration, as required under s307C of the Corporations Act 2001, is included on page 8 of the financial report and forms part of the Directors' Report.

Proceedings on behalf of the Company

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Rounding off

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Dr Fred Hess
Managing Director

Dated at Sydney this 1st day of March 2024.

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Australia

DECLARATION OF INDEPENDENCE BY MARTIN COYLE TO THE DIRECTORS OF AEON METALS LIMITED

As lead auditor for the review of Aeon Metals Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Aeon Metals Limited and the entities it controlled during the period.

Martin Coyle
Director

BDO Audit Pty Ltd

Sydney, 1 March 2024

Consolidated Financial Statements

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	31 Dec 2023 $'000	30 June 2023 $'000
Assets			
Cash and cash equivalents		1,215	1,217
Trade and other receivables		34	92
Other investments		55	54
Prepayments		43	95
Total current assets		**1,347**	**1,458**
Property, plant and equipment		409	368
Exploration and evaluation assets	6	102,432	104,377
Other assets		35	35
Total non-current assets		**102,876**	**104,780**
Total assets		**104,223**	**106,238**
Liabilities			
Trade and other payables		476	730
Employee benefits		279	284
Loans and borrowings	7	39,432	-
Provisions		50	50
Total current liabilities		**40,237**	**1,064**
Loans and borrowings	7	-	34,943
Total non-current liabilities		**-**	**34,943**
Total liabilities		**40,237**	**36,007**
Net assets		**63,986**	**70,231**
Equity			
Share capital	8	127,013	127,013
Reserves	8	420	2,866
Accumulated losses		(63,411)	(59,614)
Total equity attributable to owners of the Company		**64,022**	**70,265**
Non-controlling interests		**(36)**	**(34)**
Total equity		**63,986**	**70,231**

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2023

	Note	31 Dec 2023 $'000	31 Dec 2022 $'000
Other income		21	-
Administrative expenses		(558)	(949)
Impairment loss	6	(5,120)	(379)
Other expenses		(615)	(539)
Results from operating activities		**(6,272)**	**(1,867)**
Finance income		1	1
Finance costs		-	-
Net finance income		**1**	**1**
Loss before income tax		**(6,271)**	**(1,866)**
Income tax expense		-	-
Loss for the period		**(6,271)**	**(1,866)**
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		**(6,271)**	**(1,866)**
Loss attributable to:			
Owners of the Company		(6,269)	(1,864)
Non-controlling interests		(2)	(2)
Loss for the period		**(6,271)**	**(1,866)**
Total comprehensive Loss attributable to:			
Owners of the Company		(6,269)	(1,864)
Non-controlling interests		(2)	(2)
Total comprehensive Loss for the period		**(6,271)**	**(1,866)**
Loss per share			
Basic loss per share (cents per share)	9	(0.57)	(0.17)
Diluted loss per share (cents per share)	9	(0.57)	(0.17)

The above consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Aeon Metals Limited

31 December 2023 Interim Financial Report

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023

	Note	Attributable to owners of the Company				Non-Controlling interests	Total equity
		Share capital	Equity Compensation reserve	Accumulated losses	Total		
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022		122,956	3,453	(56,767)	69,642	(29)	69,613
Total comprehensive loss for the period							
Loss for the period		-	-	(1,864)	(1,864)	(2)	(1,866)
Total comprehensive loss for the period		-	-	(1,864)	(1,864)	(2)	(1,866)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the company							
Issue of ordinary shares	8	4,092	-	-	4,092	-	4,092
Capital Raising Cost	8	(120)	-	-	(120)	-	(120)
Expired incentive shares	8	-	(587)	587	-	-	-
Total contributions by and distributions to owners of the company		3,972	(587)	587	3,972	-	3,972
Balance at 31 December 2022		**126,928**	**2,866**	**(58,044)**	**71,750**	**(31)**	**71,719**
Balance at 1 July 2023		**127,013**	**2,866**	**(59,614)**	**70,265**	**(34)**	**70,231**
Total comprehensive loss for the period							
Loss for the period		-	-	(6,269)	(6,269)	(2)	(6,271)
Total comprehensive loss for the period		-	-	(6,269)	(6,269)	(2)	(6,271)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the company							
Issue of ordinary shares	8	-	-	-	-	-	-
Capital Raising Cost	8	-	-	-	-	-	-
Performance rights	8	-	26	-	26	-	26
Expired incentive shares	8	-	(2,472)	2,472	-	-	-
Total contributions by and distributions to owners of the company		-	(2,446)	2,472	26	-	26
Balance at 31 December 2023		**127,013**	**420**	**(63,411)**	**64,022**	**(36)**	**63,986**

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2023

	Note	31 Dec 2023 $'000	31 Dec2022 $'000
Cash flows from operating activities			
Other income		-	-
Cash paid to suppliers and employees		(1,027)	(1,326)
Cash used in operations		(1,027)	(1,326)
Interest received		1	1
Net cash used in operating activities		**(1,026)**	**(1,325)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(99)	(50)
Payments for exploration activities (net of grants received)		(902)	(3,880)
Receipts on sale of property, plant and equipment		25	-
Net cash used in investing activities		**(976)**	**(3,930)**
Cash flows from financing activities			
Proceeds from issue of shares		-	4,092
Proceeds from borrowings	7	2,000	-
Payment of capital raising costs		-	(120)
Net cash from financing activities		**2,000**	**3,972**
Net (decrease)/increase in cash and cash equivalents		(2)	(1,283)
Cash and cash equivalents at 1 July		1.217	2,000
Cash and cash equivalents at 31 December		**1,215**	**717**

The above consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Corporate information

The financial statements of Aeon Metals Limited ('the Company' or 'Aeon') and its controlled entities ('the Group') for the half-year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 1 March 2024.

Aeon Metals Limited is the Group's ultimate parent company, and is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activity of the Company during the year was exploration and evaluation of mineral permits in Australia.

The Registered Office of the Company is Level 5, 126 Philip Street, Sydney NSW 2000.

2. Summary of significant accounting policies

Statement of compliance

The half-year financial report is prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual report of the Company as at 30 June 2023 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

Basis of Preparation

For the purposes of preparing the financial statements, the Company is a for-profit entity.

The interim consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is of a kind referred to in ASIC Corporations Instrument 2017/191 (Rounding in Financial/Directors' Reports) and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

New standards and interpretations

In presenting this interim report for the half-year ended 31 December 2023, the Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year ending 30 June 2024. The new and revised Standards and Interpretations did not have any significant impact.

Notes to the consolidated financial statements

2. Basis of preparation (continued)

Going concern

The interim consolidated financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

During the interim period ended 31 December 2023, the Group incurred a net loss before tax of $6,271,000 (2022: $1,866,000) and net cash outflow from operating and investing activities of $2,002,000 (2022: $5,255,000). In September 2023, the Group drew down an additional $1,000,000 of the OCP facility and drew an additional $1,000,000 in December 2023. The Group had fully drawn down the $5,000,000 of additional facility as at 31 December 2023.

The cash flow forecast prepared for the assessment of Going Concern factors in a number of estimates and assumptions in relation to the timing and quantum of planned exploration expenditure. The planned expenditure foresees the need to raise capital during the forecast period and an extension of the financing facility which falls due on 17 December 2024 in order to execute the Group's stated aim of progressing the Walford Creek Project.

The above matters give rise to a material uncertainty that may cast significant doubt over the ability of the Group to continue as a going concern.

The Directors regularly monitor the Company's cash position on an ongoing basis and the Group understands it will require further funding to continue its progress as planned. To date the Group have been successful in obtaining debt and equity financing from its major shareholder OCP in addition to the issuance of equity to its shareholders. On this basis the directors have a reasonable expectation that additional funding can be sourced.

Should the Group be unable to execute the forecast strategy, which includes raising capital, it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Critical accounting judgements, estimates and assumptions

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Notes to the consolidated financial statements

3. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2023 unless amended due to the adoption of new accounting standards effective for the period.

4. Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2023.

5. Operating segments

The Group's only operation is exploration for minerals in Queensland, Australia. The Group's Board reviews the internal financial statements on a monthly basis which are prepared on the same basis as these financial statements.

The Group's operations are all based in one geographic segment, being Queensland, Australia and the Group's operations are in the exploration and evaluation phase, so it has no products or services nor any major customers.

6. Exploration and evaluation assets

	Dec - 2023 $'000	Jun - 2023 $'000
Balance at 1 July	104,377	96,515
Additions, including capitalised interest and fees	3,175	11,446
Grants received (including R&D grant received)	-	(3,056)
Impairment losses	(5,120)	(528)
Balance at 31 December/30 June	**102,432**	**104,377**

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

Included in additions is an amount of $2,489,000 (2022: $3,952,000) relating to capitalised interest and fees, this represented 100% of interest and fees.

Due to a deterioration in commodity prices during the past six months and the impact on future anticipated commodity prices as a result of market changes, the Group has recognised an impairment of $5,000,000 in relation to its Walford Creek project. The balance of impairment relates to the Group's remaining tenement interests which continue to be impaired each period as no resource estimate has been determined in relation to those tenements.

7. Loans and borrowings

	Dec - 2023 $'000	Jun - 2023 $'000
Current		
Limited recourse notes	39,432	-
	39,432	**-**
Non-current		
Limited recourse notes	-	34,943
	-	**34,943**

Reconciliation of movement in loans and borrowings

	Dec - 2023 $'000	Jun - 2023 $'000
Outstanding at 1 July	34,943	27,991
New loan during the year	2,000	3,000
Accrued interest and fees during the half-year/year	2,489	3,952
Oustanding at 31 December/30 June	**39,432**	**34,943**

As at 31 December 2023, the Group had fully drawn the OCP facility. During the period, The Company drew down $2,000,000 against the additional facility negotiated.

The Company has accrued interest of $2,489,000 during the half-year ended 31 December 2023. These transactions have been capitalised against the exploration and evaluation assets in accordance with AASB 123 (Borrowing costs) which requires borrowing costs directly attributable to the production of a qualifying asset, to form part of the cost of the asset.

				31 December 2023		30 June 2023	
	Currency	Nominal Interest Rate	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Limited recourse notes	AUD	12.00%	Dec 2024	40,012	39,432	35,777	34,943
Total interest-bearing liabilities				**40,012**	**39,432**	**35,777**	**34,943**

The amortised cost of the notes was calculated using a discounted cashflow based on an effective interest rate per tranche of between 12.55% and 13.72% at the date of entering into the agreement.

8. Equity

Share capital

	31 December 2023 No. of shares (000's)	31 December 2023 $'000	30 June 2023 No. of shares (000's)	30 June 2023 $'000
On issue at 1 July	1,110,501	127,013	1,005,232	122,956
Shares issued for cash	-	-	102,299	4,092
Shares issued for services	-	-	2,970	85
Share issue costs	-	-	-	(120)
On issue at 30 June	**1,110,501**	**127,013**	**1,110,501**	**127,013**

Equity compensation reserve

	Dec - 2023 $'000	Jun - 2023 $'000
Balance at 1 July	2,866	3,453
Share based payment expense	26	-
Expired incentive shares	(2,472)	(587)
Balance at 31 December/30 June	**420**	**2,866**

The equity compensation reserve records the fair value of incentive shares and warrants issued. During the half-year ended 31 December 2023, 26,800,000 options expired resulting in a transfer of $2,472,000 to retained earnings (30 June 2023: 6,300,000 options and $587,000).

Incentive shares outstanding

	no. of incentive shares (000's) Dec -2023	no. of incentive shares (000's) Jun - 2023
Outstanding at 1 July	36,800	43,100
Granted during the year	-	-
Expired during the year	(26,800)	(6,300)
Exercised during the year	-	-
Outstanding at 31 December/30 June	**10,000**	**36,800**

Performance rights outstanding

	no. of incentive shares (000's) Dec -2023	no. of incentive shares (000's) Jun - 2023
Outstanding at 1 July	1,200	-
Granted during the year	-	3,150
Lapsed during the year	-	(1,950)
Exercised during the year	-	-
Outstanding at 31 December/30 June	**1,200**	**1,200**

During the half-year ended 31 December 2023, no performance rights lapsed (30 June 2023: 1,950,000) as a result of employees failing to meet the conditions of the performance rights.

9. Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted (options have no dilutive affect) earnings per share at 31 December 2023 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Loss attributable to ordinary shareholders (basic and diluted)

	Dec - 2023 $'000	Dec - 2022 $'000
Loss for the year	(6,269)	(1,864)
Loss attributable to ordinary shareholders	**(6,269)**	**(1,864)**
	thousands	**thousands**
Weighted average number of ordinary shares -basic	1,100,501	1,089,287
Effect of dilution	-	-
Weighted average number of ordinary shares - diluted	**1,100,501**	**1,089,287**

	Dec – 2023 cents per share	Dec - 2022 cents per share
Basic and diluted loss per share	**(0.57)**	(0.17)

10. Related parties

Arrangements with related parties, involving only key management personnel compensation, continued to be in place. For details on these arrangements, refer to Note 25 of the 30 June 2023 Annual Financial Report.

11. Events Since the End of the Financial Year

There have not been any additional significant subsequent events to note.

Directors’ declaration

In the opinion of the directors of Aeon Metals Limited (“the Company”):

a) the consolidated interim financial statements and notes set out on pages 10 to 19 are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the Group’s financial position as at 31 December 2023 and of its performance for the six-month period ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Dr Fred Hess
Managing Director

Dated at Sydney this 1st day of March 2024

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Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Aeon Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Aeon Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

Martin Coyle
Director

Sydney, 1 March 2024

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