



ASX Announcement — 28 April 2017

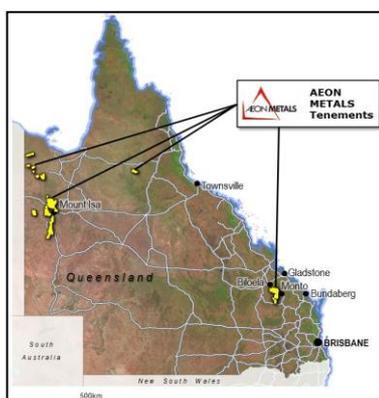
Quarterly Report For the three months ending 31 March 2017

Aeon Metals Limited

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ASX Code - AML

Shares on Issue: 347m
Share Price: \$0.165
Market Capitalisation: \$57m
Cash (31 March 2017): \$3mAll mineral resources projects
located in Queensland:

HIGHLIGHTS

The quarter ending 31 March 2017 marked a significant milestone for Aeon Metals Ltd (“Aeon” and/or the “Company”) with the announcement of a Preliminary Economic Assessment (“PEA”) for development of the high grade Vardy Zone within Aeon 100% owned Walford Creek Project.

Key outcomes of the PEA:

The key outcomes are summarised below and it should be emphasised that these are estimates and should be read in the light of the qualifications and cautions set out in the PEA announcement on 6 March 2017.

- 600ktpa throughput plant resulting in life-of mine (“LOM”) production of 38kt copper, 29kt zinc, and 3kt cobalt metals in concentrate.
- Projected life of mine revenue from copper, zinc, silver and cobalt is estimated at \$579M.
- Operating cost of \$97/t of ROM production.
- Estimated capital cost to first production of \$97 million including \$7 million of contingency.
- Confidence that estimated costs will be reduced.
- Projected LOM net cash flow of \$84M (incl. capital) with average EBITDA of ~\$39M per year.
- Bankable Feasibility Study next stage.
- Subject to funding and necessary Government approvals aiming for first production Q1-2019.
- 2017 drill campaign focused on LOM extension and/or expansion.

The Vardy Resource is only approximately 9% of the currently estimated Walford Creek Global Resource which is estimated to contain, notably, 60 kt of cobalt, 295 kt of copper, 623 kt of zinc, 626 kt of lead and 55 Mozs of silver.

On 18 April 2017 a Preliminary Scoping Study addressing “Cobalt Roasting” of the Global Resource was announced which considers a large scale, 2.5 Mtpa open pit mine and onsite processing utilising a concentrator, roaster and acid plant that would produce copper, zinc, and lead concentrates, with payable silver as well as cobalt metal and sulphuric acid over a 15 year mine life.

This Study shows clearly the potential for Walford Creek beyond the smaller Vardy project and, importantly, it shows the key issue of acid sales which needs to be resolved to tap the full potential of Walford Creek.

Walford Creek Project

On 15 February 2017 Aeon Metals announced the results of a PEA, compiled in conjunction with AMEC Foster Wheeler, for development of the high grade Vardy Zone within the Aeon 100%-owned Walford Creek Project.

The approach to project design has been to focus on low risk, open pit and conventional processing with a focus on mining higher grade material in the early years to achieve the optimum return and early payback of construction capital. The conventional nature of the processing plant will enable modular capacity increases in production capacity as and when additional Resources become available.

The PEA is based on the Vardy Resource, announced to the ASX on 22 December 2016 and summarised in Table 1 below:

Category	Mt	Cu %	Pb %	Zn %	Ag g/t	Co %	Pyrite %
Measured	1.0	1.14	0.84	0.83	25.9	0.17	46.0
Indicated	2.2	1.26	0.80	0.93	26.4	0.18	42.2
Inferred	3.4	1.28	0.68	0.63	25.0	0.15	36.5
Total	6.6	1.25	0.74	0.76	25.6	0.16	39.8

(minor rounding errors)

The mining component of the study has been prepared based on conventional truck and hydraulic excavator operation, with an overall material movement rate of up to approximately 5.0 Mtpa to achieve the required 600 ktpa mill feed rate.

Plant design is based on processing the 600 ktpa through conventional sulphide flotation and cobalt rich pyrite leaching circuits. Over the life of mine, some 171,504 tonnes of copper concentrate, 53,295 tonnes of zinc concentrate and 8,301 tonnes of cobalt hydroxide are produced containing 38,158 tonnes of copper, 28,848 tonnes of zinc and 3,196 tonnes of cobalt metals. In addition, 480,000 ozs of silver is credited from the copper concentrate. Contained metal produced over the life of mine is detailed in Table 2 below:

Commodity	2019	2020	2021	2022	2023	2024	Total
Copper (t)	10,102	6,340	6,514	5,356	5,248	4,598	38,158
Zinc (t)	2,013	5,140	7,808	2,712	8,141	3,034	28,848
Cobalt (t)	524	607	537	517	615	396	3,196

The PEA estimates operating cost of \$97/tonne of ROM production and the capital cost to first production of \$97.4 million including \$6.6 million of contingency. All costs in the estimation of the production target and the associated financial information were estimated to a scoping study level of accuracy and the Company is confident that both these operating and capital costs will be reduced.

The PEA estimates mine life revenue from copper, zinc, silver and cobalt at \$579 million. Estimated life of mine net cash flow is currently \$84 million (including capital) with average EDITDA of ~\$39 million per year.

2017 Drill Program

The successful 2016 drilling, which was focused on the eastern portion of the Walford Global Resource, now referred to as the Vardy Zone, identified high value shallow mineralisation. This highlighted the opportunity of other high grade near surface copper/cobalt mineralisation immediately adjacent to the Fish River Fault along strike. Additional high-grade copper and cobalt close to surface offers significant mine life extension of the 600 ktpa Project outlined in the PEA and/or the ability to scale up the Project's production rate.

The 2017 drilling program contemplates an aggregate of up to 7,000 metres of RC and diamond drilling and will include extension drilling to both the east/northeast and west of Vardy Resources as well as infill drilling on the Vardy Resource to move some of the 29% of the Vardy Resource currently in the Inferred Resource category to the Indicated Resource category. The program will otherwise include some exploration holes.

Exploration & Evaluation Expenditure

During the quarter, the Company expended approximately \$538,000 on exploration and evaluation activities.

As at 31 March 2017, the Company had available cash of approximately \$3m.

Appendix 5B

The Company's Appendix 5B cash report is attached.

For more information, please contact:

Hamish Collins
Managing Director
info@aeonmetals.com.au
www.aeonmetals.com.au

APPENDIX 1 - TENEMENT HOLDINGS AS AT 31 MARCH 2017

TENEMENT HOLDER	TENEMENT I.D.	LOCATION	INTEREST HELD
Aeon Metals Limited	EPM 14628	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15921	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17001	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17002	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17060	West of Monto, Qld	100%
Aeon Metals Limited	MDL 462	Northwest of Monto, Qld	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 11897	Mount Isa West	80%
Aeon Walford Creek Limited	EPM 11898	Mount Isa West	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 14040	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 14713	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 15186	Constance Range	80%
Aeon Walford Creek Limited	EPM 15212	Mount Isa West	Surrender lodged
Aeon Walford Creek Limited	EPM 15911	Mount Isa South	100%
Aeon Walford Creek Limited	EPM 16921	Mount Isa North	20%
Aeon Walford Creek Limited	EPM 17297	Mount Isa South	100%
Aeon Walford Creek Limited	EPM 17300	Mount Isa North	100%
Summit Resources (Aust) Pty Ltd	EPM 17511	Mount Isa North	20%*
Summit Resources (Aust) Pty Ltd	EPM 17513	Mount Isa North	20%*
Summit Resources (Aust) Pty Ltd	EPM 17514	Mount Isa North	20%*
Summit Resources (Aust) Pty Ltd	EPM 17519	Mount Isa North	20%*
Aeon Walford Creek Limited	EPM 18395	Mount Isa West	100%
Aeon Walford Creek Limited	EPM 18552	Walford Creek	100%
Aeon Walford Creek Limited	EPM 18769	Mount Isa West	100%

*Interest earned

APPENDIX 2 - COMPETENT PERSONS STATEMENT

The data in this report that relates to Mineral Resource Estimates for the Walford Creek Deposit including the Vardy zone is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion in the presentation of the Mineral Resources in the form and context in which they appear.

The information in this report that relates to Aeon Metals Limited's exploration results is based on information compiled by Mr Dan Johnson who is a Member of the Australian Institute of Geoscientists and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Dan Johnson is a full-time employee of Aeon Metals Limited and consents to the inclusion in the presentation of the exploration results in the form and context in which they appear.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

AEON METALS LIMITED	
ABN	Quarter ended ("current quarter")
91 121 964 725	31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(538)	(2,258)
(b) development	-	-
(c) production	-	-
(d) staff costs	(255)	(843)
(e) administration and corporate costs	(164)	(623)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	23	85
1.5 Interest and other costs of finance paid	-	(28)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	10	59
1.9 Net cash from / (used in) operating activities	(924)	(3,608)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(2)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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)	-	-
2.6	Net cash from / (used in) investing activities	-	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	2	2
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)	-	-
3.10	Net cash from / (used in) financing activities	2	2

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,988	6,674
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(924)	(3,608)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2	2
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,066	3,066

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	3,066	3,988
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,066	3,988

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	188
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Included are the payment of Superannuation and Directors fees to the directors H. Collins, P. Harris, S. Lonergan and I Wong. Additionally the fees paid to S. Lonergan for secretarial services are included.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	30	30
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The company maintains an ANZ Credit Card Facility totalling \$30,000, with a rate of 18.24%PA on purchases. This facility is split evenly across four separate cards, and the full \$30,000 is undrawn.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,380
9.2 Development	-
9.3 Production	-
9.4 Staff costs	281
9.5 Administration and corporate costs	200
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,861

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EPM 15186	Relinquished 20 sub-blocks	100	100
	EPM 15156	Relinquished 10 sub-blocks	100	100
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

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.



Sign here:
(Managing Director)

Date: 28 April 2017

Print name: Hamish Collins

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.