

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2022

Aeon Metals Limited (ASX:AML) (**Aeon** or the **Company**) is pleased to present its activities report for the quarter ending 31 March 2022.

Highlights:

- Updated Mineral Resource Estimates for Vardy and Marley zones.
- Step-out drilling identifies potential Vardy zone repeat at Le Mans zone.
- Aeon successful in securing two Collaborative Exploration Incentive (CEI) grants totalling A\$296,800 to conduct geophysical surveys at Walford Creek and Mount Isa West.
- Planned large-scale 2022 drilling program to focus on major resource upgrade opportunities.
- Pre-Feasibility Study paused.
- Processes commenced to allow potential third-party evaluation of Walford Creek Project and regional tenement exploration packages.
- Continued strong upwards trend in Walford Creek relevant commodity prices.

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

“The decision to advance Walford Creek on a more measured timeline is targeted to yield enhanced intrinsic value on the back of 2022 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.”

Mineral Resource Estimates

Vardy & Marley Mineral Resource Estimates now contain **39.3 Mt extending over a strike of 3.6 km**. Of this, 97% or 38.1 Mt of the total tonnage is classified as Measured and Indicated.

Copper Mineral Resource

The Vardy & Marley Copper Mineral Resource Estimate has increased to **20.1 Mt @ 1.08% Cu, 0.15% Co, 31 g/t Ag, 1.03% Pb, 0.75% Zn and 0.06% Ni**. The corresponding previous Copper Mineral Resource Estimate completed in April 2021 was 19.6 Mt @ 1.08% Cu, 0.15% Co, 31 g/t Ag, 1.03% Pb, 0.73% Zn and 0.07% Ni.

For full details of the updated Vardy and Marley Mineral Resource Estimates refer to Aeon ASX release dated 23 March 2022, Walford Creek Resource Upgrade. Aeon confirms that it is not aware of any new information or data that materially affects the information included in that release. All material assumptions and technical parameters underpinning the estimates in that ASX release continue to apply and have not materially changed.

Category	Mt	Cu %	Pb %	Zn %	Ag ppm	Co %	Ni %	Pyrite %	Density t/m ³
Measured	7.3	1.14	1.07	0.89	28.4	0.15	0.06	42.31	3.46
Indicated	12.1	1.04	1.01	0.66	31.5	0.15	0.07	38.60	3.40
Inferred	0.7	1.05	1.09	0.70	38.9	0.14	0.06	42.71	3.49
Total	20.1	1.08	1.03	0.75	30.6	0.15	0.06	40.10	3.43

Table 1: Vardy/Marley Copper Mineral Resource (0.5% Cu cut-off)

Cobalt Peripheral Mineral Resource

The Vardy & Marley Cobalt Peripheral Mineral Resource Estimate was largely unchanged at **19.2 Mt @ 0.25% Cu, 0.10% Co, 21 g/t Ag, 0.95% Pb, 1.11% Zn and 0.04% Ni**. The corresponding previous Cobalt Peripheral Mineral Resource Estimate completed in April 2021 was 19 Mt @ 0.24% Cu, 0.09% Co, 21 g/t Ag, 0.96% Pb, 1.07% Zn and 0.04% Ni.

Category	Mt	Cu %	Pb %	Zn %	Ag ppm	Co %	Ni %	Pyrite %	Density t/m ³
Measured	7.6	0.24	0.87	1.23	19.8	0.10	0.04	43.01	3.38
Indicated	11.1	0.26	0.97	1.03	21.9	0.09	0.04	38.23	3.31
Inferred	0.5	0.23	1.74	0.91	26.9	0.10	0.04	36.61	3.31
Total	19.2	0.25	0.95	1.11	21.2	0.10	0.04	40.08	3.34

Table 2: Vardy/Marley Cobalt Peripheral Mineral Resource (600ppm Co Cut-off on blocks that are outside of Copper Resource)

The 2021 drilling was primarily aimed at producing metallurgical sample and geotechnical data to support the PFS. Holes were designed where possible to also provide infill data for the resource. An improved confidence in the classification of the Mineral Resource Estimates was achieved through this additional drilling data.

The results in terms of combined contained metal in the Copper Resource and Cobalt Peripheral Resource sees an increase in contained Cu, Co, Zn, Ag, Ni and Pb of 2.5%, 2.1% 4.8%, 1.9%, 1.6% and 1.9%, respectively, as shown in Table 3.

	Cu kt	Pb kt	Zn kt	Ag Moz	Co kt	Ni kt
Combined Metal 2021	258.0	383.0	346.0	32.3	46.9	20.7
Combined Metal 2022	264.3	390.1	362.6	32.9	47.9	21.0
Increase (actual)	6.3	7.1	16.6	0.6	1.0	0.3
Percentage Increase	2.5%	1.9%	4.8%	1.9%	2.1%	1.6%

Table 3: Vardy/Marley Copper and Cobalt Peripheral Contained Metal Increase

Large-Scale 2022 Exploration Program

The Company has successfully secured the services of two multi-purpose drill rigs to commence a 19,000 m program in May 2022. The key focus of this program will be Mineral Resource expansion from along strike at Walford Creek and at nearby high-priority exploration targets refined from the 2021 high resolution geophysical survey work.

Initially, both drill rigs will be assigned to expanding the Mineral Resources west of the recently updated Marley/Vardy deposits into the Le Mans zone and beyond into the Amy zone. Once the AEM survey is completed, one or both drill rigs are planned to move to initial drill testing of the satellite targets identified following the 2021 magnetic and gravity surveys as well as any additional targets generated from the planned CEI-funded AEM survey.

Importantly, this will be the first time that exploration drilling at Walford Creek will have had the benefit of being guided by such a comprehensive suite of geophysical data informed by the geophysical signatures of an extensive existing drilling data set.

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.

Three drill holes were completed as part of the 2021 drill program to assess the potential for further mineralisation west of the existing Marley zone in the Le Mans zone. This step-out drilling has demonstrated the previously unrecognised presence of continued mineralisation within the PY1 unit, with a 60 metre periphery zone intersected over 50 metres away from the Fish River Fault. The thickness of mineralisation observed, coupled with its favourable proximity to the mine stope designs for the PY3 extraction at the adjacent Marley zone, suggests that this zone has strong potential to be readily mined as an extension to the Marley underground mine plan.

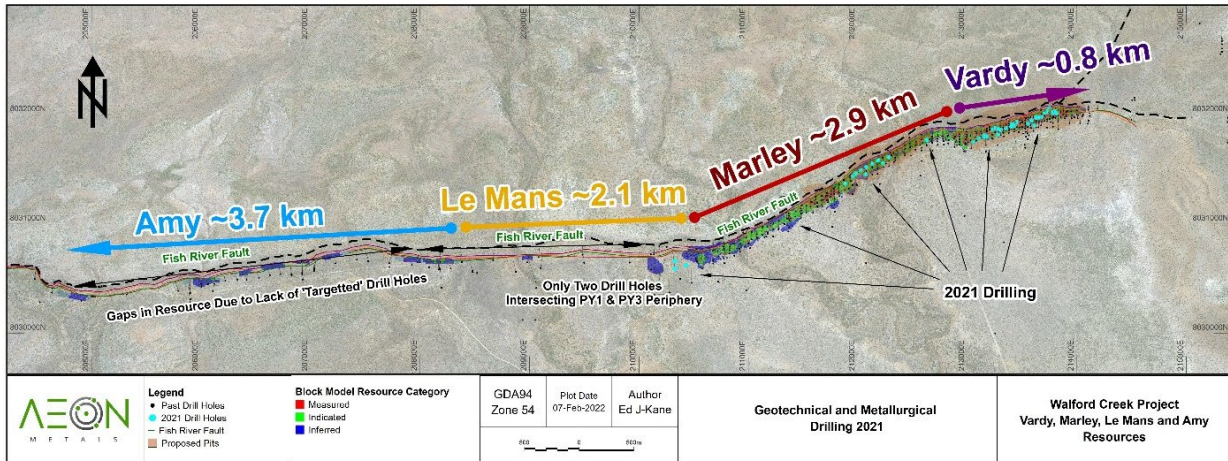


Figure 1 – Fish River Fault mineralised zones

Two CEI grants were awarded to Aeon to advance target definition through completion of geophysical surveys at its Walford Creek Copper-Cobalt Project (Walford Creek Project) and Mount Isa West Project. The CEI grant for Walford Creek will contribute A\$200,000 towards helicopter flown electro-magnetics. This allows approximately 1,000 line-kilometres of high-resolution data to be acquired. The footprint for this data acquisition encompasses coverage of the entire Fish River Fault and associated structures. The proposed survey lines, in relation to the existing regional targets at the Walford Creek Project, are shown in Figure 2.

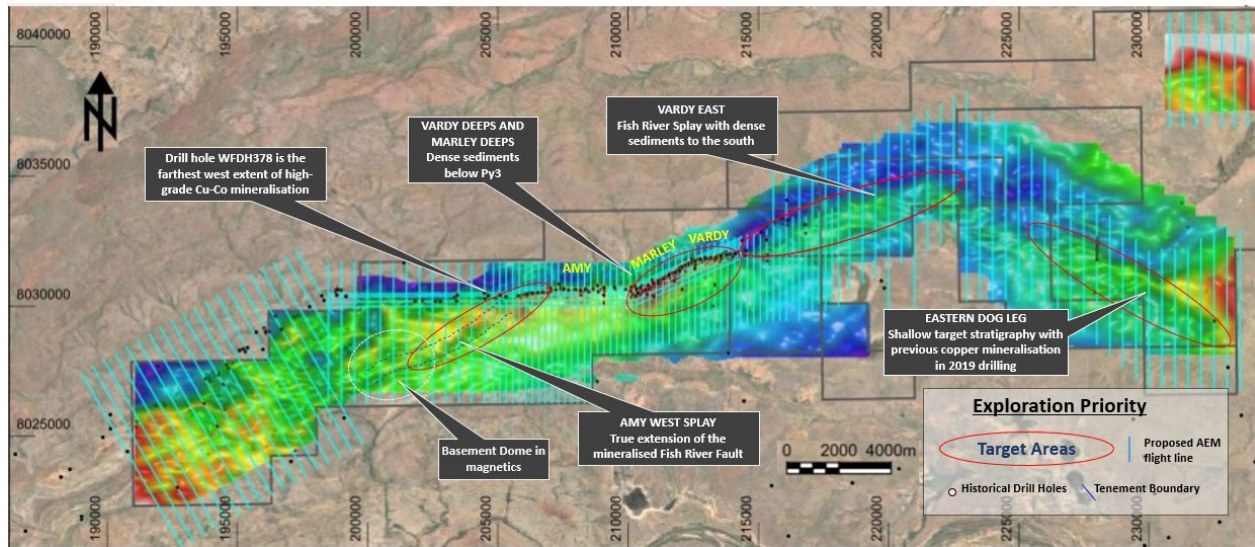


Figure 2: Walford Project priority target areas with proposed CEI funded AEM lines

At Mount Isa West, 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.

The proposed survey consists of approximately 2,000 ground gravity survey points on a grid pattern of 200 x 200 m spacing over the existing anomalies. This spacing resolution is considered sufficient

to identify any massive pyrite apron like that seen at Walford Creek or other alteration zones along the prospect fault corridors. The indicative layout is shown in Figure 3.

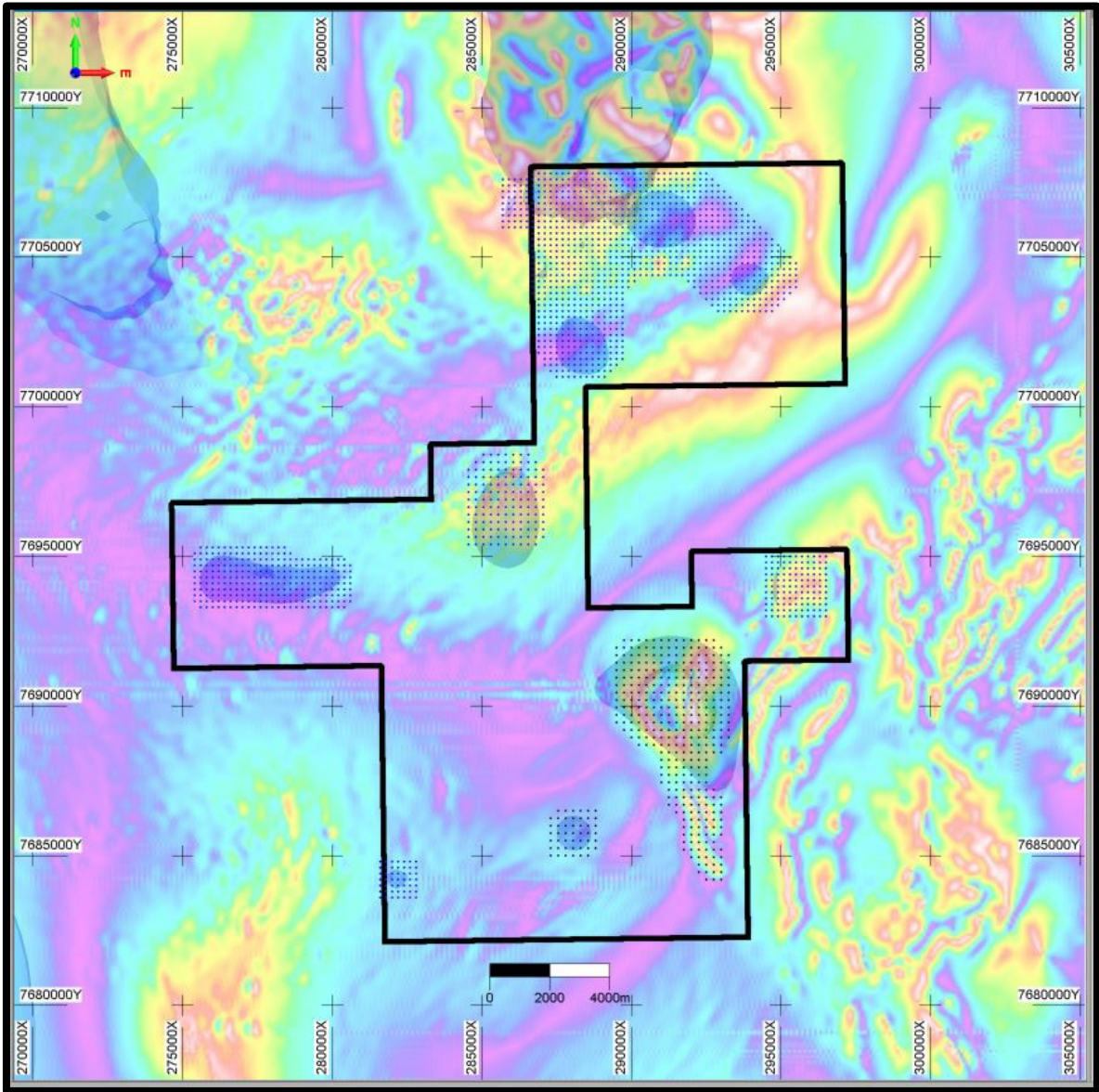


Figure 3: Proposed ground gravity survey points over regional 1mGal gravity anomaly isoshells and RTP magnetic data

Pre-Feasibility Study Paused

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.

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.

Corporate

Aeon holds a substantial regional tenement package that is highly prospective for copper and base metals. Given the on-going focus on Walford Creek Project, the decision was made to establish a data room to allow interested third parties the opportunity to submit proposals in relation to advancing exploration on these regional tenement packages. At present, a number of proposals have been received and these are currently under evaluation.

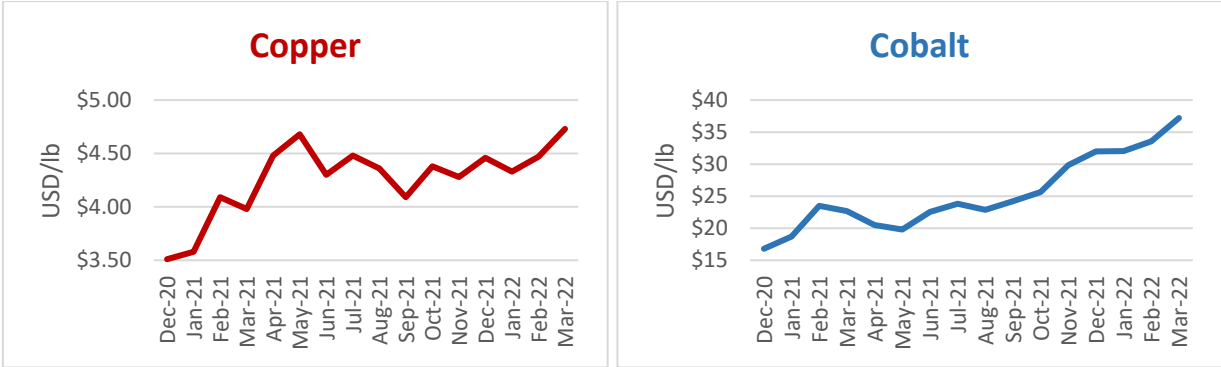
A similar process was more recently established to allow interested parties to review the Walford Creek Project. This process is expected to run over the next quarter.

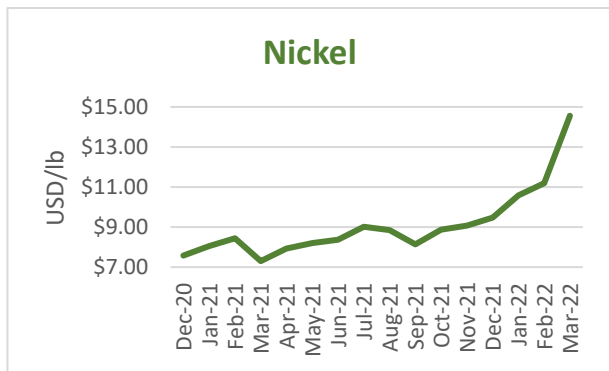
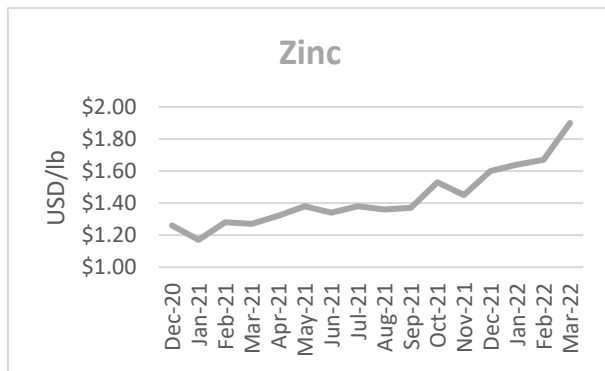
At quarter end, Aeon held A\$0.502 million cash and had drawn debt of A\$27.583 million.

Commodity Price Trends

Figures 4a to 4d highlight the consistent upwards trend in metal prices for the proposed Walford Creek products over the course of the past 15 months. All metals continued to trend upwards over the past quarter, particularly following the Russian invasion of Ukraine in mid-February.

Figures 4(a-d): Commodity price trends in 2021





ASX Additional Information

ASX listing rule 5.3.1: Exploration and evaluation expenditure during the quarter was A\$1.668 million. Details of exploration activity during the March 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 March 2022 quarter, Aeon paid directors fees of A\$190 thousand.

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:

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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

91 121 964 725

Quarter ended ("current quarter")

31 March 2022

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 (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(290)	(1,194)
(e) administration and corporate costs	(320)	(1,372)
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)	-	-
1.9 Net cash from / (used in) operating activities	(610)	(1,396)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	5	(13)
(d) exploration & evaluation (if capitalised)	(1,668)	(8,307)
(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 (9 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)	-	-
2.6	Net cash from / (used in) investing activities	(1,663)	(8,320)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,205
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	-	(567)
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)	-	-
3.10	Net cash from / (used in) financing activities	-	9,638

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,775	580
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(610)	(1,396)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,663)	(8,320)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	9,638

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	502	502

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	444	2,717
5.2 Call deposits	58	58
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)	502	2,775

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	190
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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.

The amounts above relate to directors' fees.

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

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<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 ⁽ⁱ⁾	27,583	27,583
7.2	Credit standby arrangements ⁽ⁱⁱ⁾	30	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	30	-
7.5	Unused financing facilities available at quarter end		30
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>⁽ⁱ⁾ The company has a limited recourse loan with OCP Asia Group ("OCP") amounting to \$27,583,000 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>⁽ⁱⁱ⁾ 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.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(610)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,668)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,278)
8.4	Cash and cash equivalents at quarter end (item 4.6)	502
8.5	Unused finance facilities available at quarter end (item 7.5)	30
8.6	Total available funding (item 8.4 + item 8.5)	532
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.23
	<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: Expenditure will increase in line with the resumption of site exploration activities commencing in May.	
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. The entity will need to raise additional cash to fund further commitments. The entity is in talks with several parties about potential short and/or long-term funding, details of these discussions are confidential at present.	

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 April 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.