

Aeon Metals Limited and its controlled entities

ABN 91 121 964 725

31 December 2022

Interim Financial Report

Aeon Metals Limited

31 December 2022 Interim Financial Report

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Aeon Metals Limited

31 December 2022 Interim Financial Report

Directors' Report

The Directors of Aeon Metals Limited (the "Company" or "Aeon") and the entities it controlled (together, "the Group") present their report together with the consolidated financial statements for the six months ended 31 December 2022 and the auditors' review report thereon.

Directors

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

Name

Dr Fred Hess
Managing Director

Mr. Paul Harris
Chairperson
Non-Executive Director

Mr. Ivan Wong
Non-Executive Director

Mr Andrew Greville
Non-Executive Director

Review of operations

Overview

The first half of FY2023 was focussed on confirming the continuity of mineralisation at Walford Creek along the 10 km of known strike adjacent to the Fish River Fault. The previously sparsely drilled regions of Le Mans and Amy were the focus of the 2022 drilling campaign.

Towards the western end of Amy, hole WFDH548 intercepted 98 metres at 2.56% CuEq, a record for Walford Creek. This follows prior year significant intercepts from WFDH378 (46 metres at 2.93% CuEq) and WFDH352 (80 metres at 2.61% CuEq). An updated mineral resource estimate is eagerly awaited.



Figure 1: High grade copper mineralization from standout Amy hole WFDH548

The high resolution gravity and magnetic geophysical surveys conducted in 2021 were augmented by a Queensland Government funded CEI grant to conduct an airborne electromagnetic survey at Walford. This extensive dataset has

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been thoroughly analysed and forms the basis for the 2023 proposed exploration program which is envisaged to focus on testing as many of these target areas as possible.

Aeon raised \$4.0 million (before costs) in a placement to OL Master (Singapore Fund 1) Pte. Limited, a member of the OCP Asia group (OCP) in August 2022 as approved by shareholders on 19 July 2022. The Company also raised a further \$90,000 from directors on the same terms and conditions as the shares issued to OCP. The \$4.1 million raised formed part of a successful \$9.1 million placement to new and existing sophisticated and professional investors, and existing eligible shareholders on the same terms via placement to new and existing sophisticated and professional investors and a rights issue for existing Aeon shareholders which was undertaken in May 2022 as disclosed in the Company's 2022 Annual Report.

On 27 January 2023, the Company announced that it had completed an agreement with OCP Asia Group to extend the maturity date on its existing loan facility by 12 months (to 17 December 2024).

On 18 August the Company announced the appointment of Greg Collins as Exploration Manager to replace Mr Pete Moorhouse. Greg has overseen the completion of the 2022 drilling program and is currently in the final stages of preparing an exploration program for 2023 that it is anticipated will for the first time test the prospectivity beyond the narrow confines of the extensive Fish River fault mineralisation. In addition, Ms Lucy Rowe from Automic Group was appointed Company Secretary on 26 August, replacing Mr David Hwang.

Exploration

The 2022 field program at the Walford Creek Project had the following objectives:

- To confirm the entire 10 km of strike at Walford Creek is mineralised in both the PY1 and PY3 units with the expectation that this would lead to an increase in the mineral resource estimates.
- Conduct an airborne electromagnetic survey over the Walford Creek project to identify additional potential targets within the tenement.

A total of 33 new drill holes were completed representing a total of 13,255 metres of drilling. The drilling has confirmed that both the PY1 and PY3 units persist over the previous 2.1 km gap to the west of the Marley zone, although both units appear to be at greater depth than the zones on either side. The increased depth impacted targeting where drill holes piercing each lode proximal to the fault intersect high grade copper-dominant mineralisation, while those piercing each lode distal to the fault intersect the lower grade cobalt peripheral mineralisation. The majority of the holes are considered to have pierced the distal section of the lode in what is defined as the Cobalt Peripheral resource mineralisation. Tables 1 and 2 summarise the significant intercepts for 2022 drilling campaign.

The results of the exploration activities were reported in the following ASX releases:

- 17 Aug 2022 – *Drilling success at Walford Creek extends mineralisation (3)*
- 23 Sep 2022 – *Drilling success at Walford Creek extends mineralisation at Le Mans(4)*
- 27 Oct 2022 – *AEM survey identifies new near surface targets at Walford*
- 9 Nov 2022 – *Amy West drilling delivers exceptional copper and cobalt results*
- 28 Nov 2022 – *Le Mans drilling delivers robust results*
- 1 Feb 2023 – *Final results from Le Mans drilling*



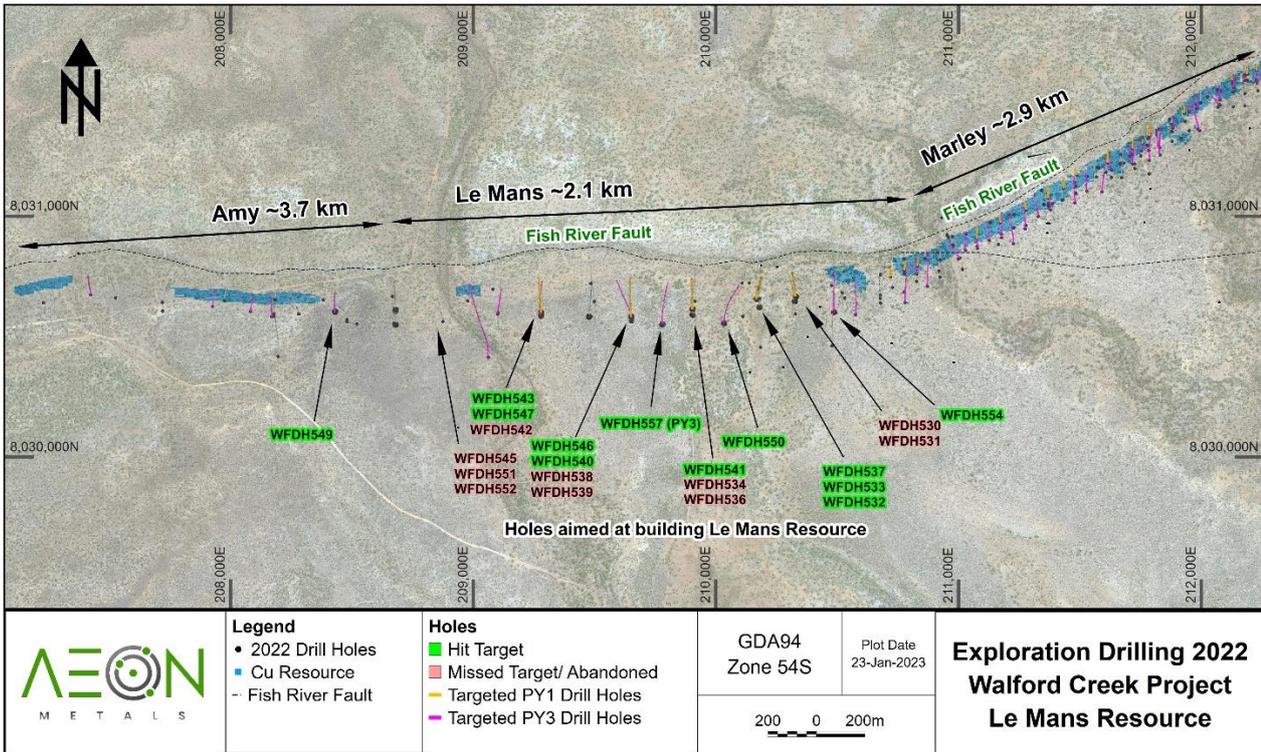
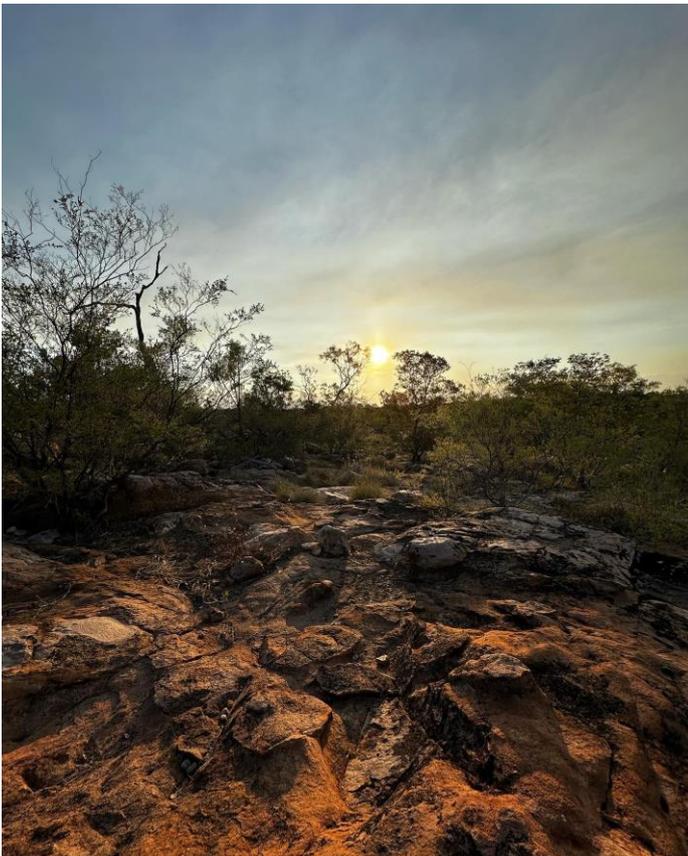


Figure 2: Location of 2022 drill holes completed at Le Mans

With all the Le Mans assay results received from the 2022 drilling program, the Company is confident that the Le Mans deposit will deliver a significant boost to the Walford Creek resource inventory. Release of the maiden mineral resource for Le Mans is expected during the remainder of this financial year.



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Table 1. Breakdown of significant 2022 results for Le Mans

Hole No.	Easting	Northing	AZI	Dip	Intersect	From	To	Cu	Co	Pb	Zn	Ni	Ag	CuEq	Distance from FRF	
			degrees	degrees	m	m	m	%	%	%	%	ppm	g/t	%	(m)	
WFDH530	210330	8030665	0	-73	76.5	273.5	349.0	0.28	0.08	0.92	2.10	404	24	1.27	30.00	
					Incl.	8.5	273.5	282.0	0.53	0.10	0.20	1.35	506	27	1.52	40.00
					Incl.	35.9	297.0	332.9	0.02	0.07	0.41	3.50	359	25	1.53	26.00
WFDH531	210326	8030646	0	-80	32.0	292.0	324.0	0.01	0.03	0.59	1.04	198	20	0.60	70.00	
					Incl.	4.0	317.0	321.0	0.00	0.05	0.38	4.11	287	17	1.56	70.00
					And	14.0	444.0	458.0	0.28	0.09	0.89	1.96	570	31	1.51	20.00
WFDH532	210180	8030621	0	-82	24.0	308.0	332.0	0.00	0.02	0.78	0.29	121	26	0.36	86.00	
					And	7.0	485.0	492.0	0.70	0.21	0.10	0.04	1039	18	1.74	41.00
WFDH533	210175	8030655	0	-82	24.0	300.0	324.0	0.05	0.03	0.29	0.43	181	21	0.48	42.00	
					And	8.0	372.0	380.0	0.00	0.16	0.16	2.32	640	6	1.41	21.00
WFDH534	209905	8030590	0	-80	11.0	410.0	421.0	0.01	0.02	0.73	0.11	105	27	0.32	86.00	
					And	8.0	640.0	648.0	0.41	0.12	0.07	0.01	639	23	1.12	24.00
					Incl.	3.0	640.0	643.0	0.97	0.11	0.10	0.00	550	35	1.66	24.00
WFDH537	210169	8030656	355	-77	65.0	275.9	341.0	0.21	0.08	0.48	1.14	424	16	1.00	22.00	
					Incl.	18.0	279.0	297.0	0.35	0.89	1.15	1.47	478	26	1.35	22.00
					Incl.	8.0	325.0	333.0	0.47	0.12	0.40	3.12	561	11	1.98	0.00
WFDH540	209653	8030577	355	-72	41.0	541.0	582.0	0.18	0.08	2.39	1.42	331	38	1.19	12.00	
					Incl.	25.0	553.0	578.0	0.28	0.10	3.10	1.50	453	40	1.45	12.00
WFDH541	209905	8030613	0	-75	11.0	398.0	409.0	1.47	0.07	4.03	1.79	439	28	2.46	21.00	
WFDH543	209280	8030599	5	-72	40.0	306.0	346.0	0.11	0.02	0.09	0.13	81	4	0.25	23.00	
WFDH545	208680	8030550	0	-73	3.0	304.0	307.0	0.01	0.01	0.24	0.72	74	19	0.41	119.00	
					And	29.0	484.0	513.0	0.00	0.00	0.10	0.15	40	2	0.08	75.00
WFDH546	209652	8030582	0	-68	60.0	379.0	439.0	0.19	0.05	0.66	0.87	253	8	0.70	23.00	
					Incl.	13.0	380.0	393.0	0.01	0.02	2.01	3.02	94	13	1.06	42.00
					Incl.	5.0	405.0	410.0	1.06	0.06	0.59	0.77	393	12	1.61	30.00
WFDH547	209280	8030586	0	-75	2.0	356.0	358.0	0.00	0.05	0.18	3.71	288	2	1.31	50.00	
					And	6.0	449.0	455.0	0.32	0.00	0.04	0.06	9	2	0.34	8.00
					And	6.0	467.0	473.0	1.85	0.00	0.01	0.08	16	3	1.85	0.00
WFDH549	208432	8030602	0	-81	4.0	321.0	325.0	0.21	0.04	0.05	0.01	171	9	0.43	60.00	
					And	34.0	443.0	477.0	0.74	0.06	0.16	0.07	327	15	0.74	20.00
					Incl.	12.0	464.0	476.0	0.38	0.10	0.06	0.04	560	16	0.95	20.00
WFDH550	210034	8030554	0	-78	4.0	385.0	389.0	0.00	0.01	0.25	0.01	79	35	0.31	110.00	
					And	47.0	565.0	612.0	0.48	0.07	0.19	0.24	318	26	1.04	20.00
					Incl.	23.0	586.0	609.0	0.78	0.10	0.16	0.17	435	34	1.48	15.00
WFDH552	208680	8030610	0	-77	18.0	363.0	381.0	0.22	0.05	0.02	0.05	228	8	0.49	30.00	
					Incl.	2.0	375.0	377.0	0.76	0.07	0.00	0.02	375	3	1.06	26.00
WFDH554	210487	8030601	0	-70	33.0	310.0	343.0	0.03	0.02	0.96	0.16	162	17	0.32	80.00	
					And	19.0	385.0	404.0	0.26	0.05	0.03	0.06	230	6	0.55	50.00
					And	41.0	456.0	497.0	0.43	0.16	0.46	0.46	834	20	1.41	0.00
					Incl.	18.0	461.0	479.0	0.39	0.23	0.63	0.68	1197	25	1.77	15.00
					And Incl.	12.0	485.0	497.0	0.79	0.17	0.16	0.36	877	20	1.78	0.00
WFDH557	209779.64	8030549.8	0	-75	23.0	407.0	430.0	0.00	0.02	0.30	0.37	143	17	0.32	85.00	
					And	12.0	605.0	617.0	0.39	0.03	0.02	0.01	154	4	0.54	0.00
					Incl.	3.0	614.0	617.0	1.04	0.00	0.00	0.01	17	1	1.01	0.00
WFDH560	209477.36	8030580	10	-78	6.0	357.0	363.0	0.01	0.01	0.06	0.33	99	1	0.17	93.00	
					And	12.0	513.0	525.0	0.03	0.02	1.45	1.07	112	30	0.67	23.00

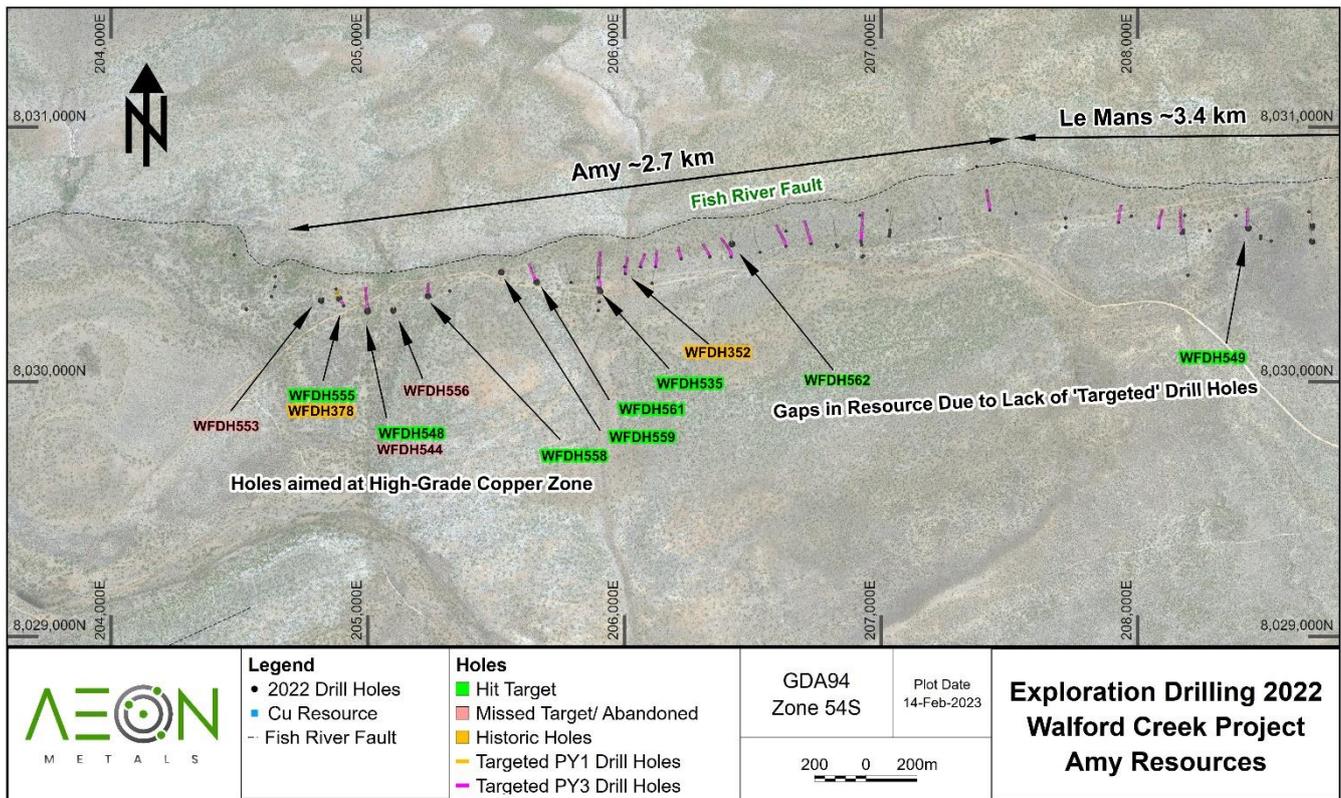


Figure 3: Map showing location of existing Cu resources and 2022 drill holes completed at the Amy zone^{1,2}

¹ Amy and Le Mans zones strike extent redefined following completion of 2022 drilling.

² 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.

Standout drill hole, WFDH548, the longest and highest grade intercept at Walford Creek (98m at 2.56% CuEq, first reported by Aeon on 9 November 2022) supported the assertion that a large and laterally extensive zone of copper mineralisation existed at Amy.

The broader Walford Creek geological model and deposition picture is now much better understood. The PY1 and PY3 lodes appear continuous along strike with mineralisation nearer surface at either end of the deposit and deeper in Le Mans. It is also apparent that the higher grades occur at either end of the deposit with the 2.7 km Amy zone in the west hosting thicker mineralisation and higher grades compared to the 0.8 km Vardy zone in the east.

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Table 2: Breakdown of significant 2022 results for Amy West and East (in addition to Amy '2018 Discovery Holes', WFDH352 and 378)

Hole No.	Easting	Northing	AZI	Dip	Intersect	From	To	Cu	Co	Pb	Zn	Ni	Ag	CuEq	Distance from FRF	
			degrees	degrees	m	m	m	%	%	%	%	ppm	g/t	%	(~m)	
WFDH352	206003	8030424	0	-83	80.0	302.0	382.0	1.46	0.17	0.60	0.77	905	30	2.61	15.00	
					Incl.	43.0	331.0	374.0	2.49	0.29	0.69	0.34	1505	41	4.06	15.00
WFDH378	204906	8030296	0	-83	44.0	273.0	317.0	1.24	0.12	4.66	2.58	703	77	3.06	45.00	
					Incl.	13.0	296.0	309.0	3.55	0.27	7.58	1.85	1536	105	5.94	45.00
WFDH535	205906	8030354	0	-67	12.0	230.0	242.0	0.01	0.03	0.59	1.93	182	11	0.79	82.00	
					Incl.	4.0	237.0	241.0	0.01	0.04	0.12	3.86	237	13	1.41	82.00
WFDH544	205000	8030280	0	-82	2.0	205.0	207.0	0.00	0.01	0.01	1.15	77	0	0.39	92.00	
WFDH548	205000	8030275	0	-77	98.0	319.0	417.0	1.58	0.17	1.35	0.38	891	37	2.65	22.00	
					Incl.	48.0	319.0	367.0	1.78	0.33	2.74	0.75	1776	72	3.95	22.00
					Incl.	43.0	373.0	416.0	1.57	0.01	0.01	0.02	35	4	1.57	0.00
WFDH549	208432	8030602	0	-81	4.0	321.0	325.0	0.21	0.04	0.05	0.01	171	9	0.43	60.00	
					And	34.0	443.0	477.0	0.74	0.06	0.16	0.07	327	15	0.74	20.00
					Incl.	12.0	464.0	476.0	0.38	0.10	0.06	0.04	560	16	0.95	20.00
WFDH553	204819	8030318	0	-81	8.0	107.0	114.0	0.21	0.03	0.06	0.19	209	6	0.44	85.00	
					And	2.0	148.0	150.0	0.71	0.05	0.15	0.15	193	16	1.07	71.00
WFDH555	204890	8030325	0	-81	27.0	121.0	148.0	0.33	0.06	0.56	1.19	297	10	1.00	55.00	
					Incl.	12.0	124.0	136.0	0.47	0.08	0.78	2.61	407	15	1.66	55.00
					And	8.0	159.0	167.0	0.42	0.06	0.01	0.06	275	5	0.71	48.00
					And	2.0	201.0	203.0	1.40	0.17	0.10	0.19	806	37	2.40	36.00
WFDH558	205233.79	8030338.21	0	-83	56.4	359.0	415.4	0.53	0.09	3.71	0.77	447	41	1.38	15.00	
WFDH559	205521.99	8030427.19	0	-90	8.0	256.0	264.0	0.00	0.02	0.07	1.12	131	5	0.46	52.00	
					And	42.0	355.0	397.0	0.62	0.19	0.61	0.95	1136	64	2.22	38.00
WFDH560	209477.36	8030580.03	10	-78	6.0	357.0	363.0	0.01	0.01	0.06	0.33	99	1	0.17	93.00	
					And	12.0	513.0	525.0	0.03	0.02	1.45	1.07	112	30	0.67	23.00
WFDH561	205655.55	8030391.66	350	-82	24.0	221.0	245.0	0.00	0.02	0.05	0.93	112	1	0.36	41.00	
					And	14.0	320.0	334.0	0.07	306.00	0.11	0.93	165	8	0.54	0.00
					And	41.2	356.0	397.2	0.06	0.05	0.06	0.34	269	14	0.49	0.00
WFDH562	206419.71	8030536.74	350	-83	11.0	210.0	221.0	0.00	0.01	0.08	0.48	35	2	0.18	30.00	
					And	38.0	295.0	333.0	0.36	0.09	0.32	0.23	475	17	0.95	0.00

Copper Equivalent methodology

Results are reported in recovered copper equivalents (**CuEq**) to account for the revised processing flow sheet as published in the Walford Creek Project Revised Scoping Study (see ASX release dated 30 June 2021). For consistency in reporting results from the 2021 drilling campaign, recovered CuEq intercepts continue to be calculated using the recovery and metal price assumptions utilised in the Scoping Study (see Table 1) according to the following equation:

$$\text{CuEq} = \text{Copper grade} * \text{copper recovery} + \text{Zinc grade} * \text{zinc recovery} * \text{zinc price} / \text{copper price} + \text{Cobalt grade} * \text{cobalt recovery} * \text{cobalt price} / \text{copper price} + \text{Silver grade} * \text{silver recovery} * \text{silver price} / \text{copper price} + \text{Nickel grade} * \text{nickel recovery} * \text{nickel price} / \text{copper price}$$

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Metal	USD/lb	Comments	Recovery assumptions after processing of bulk composite
Copper	4.54		95%
Lead	1.00	Assumption not recovered	0%
Zinc	1.36		92%
Cobalt	20.42		79%
Nickel	8.16		76%
Silver	27.00		82%

Table 2: Copper equivalent calculation parameters

** The individual metal values where CuEq has been shown on the cross sections for historic holes can be found reported in previous ASX releases. The same formula and parameters have been applied to calculate these grades as were used the 2021 results.

Corporate

Aeon raised \$4.0 million (before costs) in a placement to OL Master(Singapore Fund 1) Pte. Limited, a member of the OCP Asia group (OCP) in August 2022 as approved by shareholders on 19 July 2022. The Company also raised a further \$90,000 from directors on the same terms and conditions as the shares issued to OCP. The \$4.1 million raised formed part of a successful \$9.1 million placement to new and existing sophisticated and professional investors, and existing eligible shareholders on the same terms via placement to new and existing sophisticated and professional investors and a rights issue for existing Aeon shareholders which was undertaken in May 2022 as disclosed in the Company's 2022 Annual Report.

On 27 January 2023, the Company announced that it had completed an agreement with OCP Asia Group to extend the maturity date on its existing loan facility by 12 months (to 17 December 2024).

On 18 August the Company announced the appointment of Greg Collins as Exploration Manager to replace Mr Pete Moorhouse. It is anticipated Greg will oversee the testing of key regional targets identified during geophysical surveys conducted over the past two years. In addition, Ms Lucy Rowe from Automic Group was appointed Company Secretary on 26 August, replacing Mr David Hwang.

The 2022 Annual Report was released on 26 October 2022. The 2022 Annual General Meeting was held on 22 November 2022.

In November 2022, Aeon received Federal Government R&D grant funds of \$2.8 million for research and development work already completed. This grant was associated with the selection, design and operation of metallurgical processes that seek to produce high grade concentrates consistently and at maximum recovery.

At 31 December 2022, Aeon held \$0.7 million cash and had drawn debt of \$29.4 million.

Financial Position

The net assets of the Group at 31 December 2022 were \$71.7 million (30 June 2022: \$69.6 million) including cash of \$0.7 million (30 June 2022: \$2.0 million).

Significant Changes in State of Affairs

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

After Balance Date Events

On 27 January 2023, the Company announced that it had completed an agreement with OCP Asia Group to extend the maturity date on its existing loan facility by 12 months to 17 December 2024. In consideration of the maturity date extension, there is an additional fee equivalent to 2% of the total facility, which will be capitalised over the remaining term of the loan. There were no other changes to loans and borrowings during the period.

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Future Developments, Prospects and Business Strategies

The Company's priority is to advance Walford Creek towards the development of a world class base metals mine as well as continue to explore on priority exploration tenements. In order to do this Aeon's near-term strategy at Walford Creek includes completing a PFS. A PFS sets the Project parameters (plant throughput, product outputs, operating and capital costs, etc) enabling a decision to advance towards a final Feasibility Study and project development.

Environmental Issues

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and State.

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 subsequently 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.

Auditor's independence declaration

The auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 11 of the financial report and forms part of this directors' report.

Rounding off

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

Signed in accordance with a resolution of the directors:



Fred Hess
Managing Director

Dated at Sydney on 1 March 2023.

COMPETENT PERSON STATEMENTS

The data in this report that relates to Mineral Resource Estimates for the Walford Creek Deposit 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 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 Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion in the report of the Mineral Resources in the form and context in which they appear.

The information in this report that relates to Exploration Targets and Exploration Results for the Walford Creek Deposit is based on information compiled 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 report of the Exploration Targets and Exploration Results in the form and context in which they appear.

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 2022, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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 2023

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Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 Dec 2022 \$'000	30 June 2022 \$'000
Assets			
Cash and cash equivalents		717	2,000
Trade and other receivables		222	224
Other investments		53	53
Prepayments		43	95
Total current assets		1,035	2,372
Property, plant, and equipment		323	319
Other assets		35	35
Exploration and evaluation assets	6	100,872	96,515
Total non-current assets		101,230	96,869
Total assets		102,265	99,241
Liabilities			
Trade and other payables		862	1,374
Employee benefits		258	213
Provisions		50	50
Loans and borrowings	7	29,376	-
Total current liabilities		30,546	1,637
Loans and borrowings	7	-	27,991
Total non-current liabilities		-	27,991
Total liabilities		30,546	29,628
Net assets		71,719	69,613
Equity			
Share capital	8	126,928	122,956
Reserves		2,866	3,453
Accumulated losses		(58,044)	(56,767)
Total equity attributable to owners of the Company		71,750	69,642
Non-controlling interests		(31)	(29)
Total equity		71,719	69,613

The accompanying notes are an integral part of these consolidated financial statements.

Aeon Metals Limited

31 December 2022 Interim Financial Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Other income		-	-
Administrative expenses		(949)	(1,202)
Impairment loss		(379)	-
Employee benefits expense		(539)	(794)
Results from operating activities		(1,867)	(1,996)
Finance income		1	1
Net finance income		1	1
Loss before income tax		(1,866)	(1,995)
Income tax expense		-	-
Loss for the period		(1,866)	(1,995)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(1,866)	(1,995)
Loss attributable to:			
Owners of the Company		(1,864)	(1,995)
Non-controlling interests		(2)	-
Loss for the period		(1,866)	(1,995)
Total comprehensive Loss attributable to:			
Owners of the Company		(1,864)	(1,995)
Non-controlling interests		(2)	-
Total comprehensive Loss for the period		(1,866)	(1,995)
Loss per share			
Basic loss per share (cents per share)	9	(0.17)	(0.24)
Diluted loss per share (cents per share)	9	(0.17)	(0.24)

The accompanying notes are an integral part of these consolidated financial statements.

Aeon Metals Limited

31 December 2022 Interim Financial Report

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022

Note	Attributable to owners of the Company			Total \$'000	Non- controlling interests \$'000	Total equity \$'000	
	Share capital \$'000	Equity compensation reserve \$'000	Accumulated losses \$'000				
Balance at 1 July 2021, as previously reported	108,465	3,453	(53,318)	58,600	(24)	58,576	
Total comprehensive loss for the period							
Loss for the period	-	-	(1,995)	(1,995)	-	(1,995)	
Total comprehensive loss for the period	-	-	(1,995)	(1,995)	-	(1,995)	
Transactions with owners of the Company, recognised directly in equity							
<i>Contributions by and distributions to owners of the company</i>							
Issue of options	8	107	-	107	-	107	
Issue of shares for cash	8	10,205	-	10,205	-	10,205	
Issue of shares for services	8	177	-	177	-	177	
Capital raising costs	8	(567)	-	(567)	-	(567)	
Total contributions by and distributions to owners of the company		9,815	107	-	9,922	-	9,922
Balance at 31 December 2021		118,280	3,560	(55,313)	66,527	(24)	66,503
Balance at 1 July 2022, as previously reported		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							
Expiration of options	8		(587)	587	-	-	-
Issue of shares for cash	8	4,092	-	-	4,092	-	4,092
Capital raising costs	8	(120)	-	-	(120)	-	(120)
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

The accompanying notes are an integral part of these consolidated financial statements.

Aeon Metals Limited

31 December 2022 Interim Financial Report

Consolidated Statement of Cash Flows

For the six months ended 31 December 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities			
Other income		-	-
Cash paid to suppliers and employees		(1,326)	(1,962)
Cash used in operations		(1,326)	(1,962)
Interest received		1	1
Net cash used in operating activities		(1,325)	(1,961)
Cash flows from investing activities			
Acquisition of property, plant, and equipment		(50)	(13)
Payments for exploration and evaluation activities (net of grants received)		(3,880)	(5,469)
Net cash used in investing activities		(3,930)	(5,482)
Cash flows from financing activities			
Proceeds from the issue of share capital	8	4,092	9,836
Payment of capital raising costs	8	(120)	(198)
Proceeds from borrowings		-	-
Net cash from financing activities		3,972	9,638
Net (decrease)/increase in cash and cash equivalents		(1,283)	2,195
Cash and cash equivalents at 1 July		2,000	527
Cash and cash equivalents at 31 December		717	2,722

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated interim financial statements

1. Corporate Information

The financial statements of Aeon Metals Limited ('Company' or 'Aeon') and its controlled entities ('the Group') for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 1 March 2023.

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 half-year was exploration and evaluation of mineral licences in Australia.

The Registered Office of the Company is Level 5, 126 Phillip 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 2022 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 adopted

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 half-year. There was no material impact on the group's financial statements on the adoption of these Standards and Interpretations.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Notes to the consolidated interim financial statements

2. Summary of Significant Accounting Policies (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 2022, the Group incurred a net loss before tax of \$1.9 million (2021: \$2.0 million) and had a net cash outflow from operating and investing activities of \$5.3 million (2021: \$7.4 million).

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 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 have demonstrated a successful track record of raising capital and funding when required.

On 27 January 2023, the Company announced that it had completed an agreement with OCP Asia Group to extend the maturity date on its existing loan facility by 12 months to 17 December 2024.

The Company understands it will require further funding to continue its progress as planned. The Directors believe that additional funding arrangements will be successful.

Should the Group be unable to execute the forecast strategy 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.

Judgements and estimates

In preparing these interim financial statements, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022. There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods.

3. 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 2022 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 2022.

Notes to the consolidated interim financial statements

5. Operating segments

The Group's only operation is exploration and evaluation of minerals in Queensland, Australia.

The Group's operations form a single business segment, performing exploration activities in one geographical area, being Queensland, Australia.

6. Exploration and evaluation of assets

	Dec-22	Jun-22
	\$'000	\$'000
Balance at 1 July	96,515	84,180
Additions, including capitalised interest	7,496	13,870
R&D claim received	(2,760)	(1,169)
Impairment losses	(379)	(366)
Balance at 31 December/30 June	100,872	96,515

Recoverability of the carrying amount of exploration 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 \$1,385,000 (FY 2022: \$3,233,000) relating to capitalised interest and fees, this represented 100% of interest and fees.

7. Loans and Borrowings

	Dec-22	Jun-22
	\$'000	\$'000
Current liabilities		
Limited recourse notes	29,376	-
	<u>29,376</u>	<u>-</u>
Non-current liabilities		
Limited recourse notes	-	27,991
	<u>-</u>	<u>27,991</u>

On 27 January 2023, the Company announced that it had completed an agreement with OCP Asia Group to extend the maturity date on its existing loan facility by 12 months to 17 December 2024. In consideration of the maturity date extension, there is an additional fee equivalent to 2% of the total facility, which will be capitalised over the remaining term of the loan. There were no other changes to loans and borrowings during the period.

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	Currency	Nominal Interest rate	Year of maturity	31 December 2022		30 June 2022	
				Face value	Carrying amount	Face value	Carrying amount
				\$'000	\$'000	\$'000	\$'000
Limited recourse notes	AUD	12.00%	Dec 2023 ⁽ⁱ⁾	29,376	29,376	27,991	27,991
Total interesting- bearing liabilities				<u>29,376</u>	<u>29,376</u>	<u>27,991</u>	<u>27,991</u>

The amortised cost of the notes was calculated using a discounted cashflow based on an effective interest rate of 13%.

- (i) On 27 January 2023, the Company announced it completed an agreement with OCP Asia Group to extend the maturity date on its existing loan facility by 12 months to 17 December 2024.

Notes to the consolidated interim financial statements

8. Capital and reserves

Share capital

	31 December 2022		30 June 2022	
	No. of Ordinary shares	\$'000	No. of Ordinary shares	\$'000
In thousands of shares				
In issue at 1 July	1,005,232	122,956	691,670	108,465
Shares issued for cash	102,299	4,092	301,271	15,218
Issued for services	2,970	-	8,500	-
Incentive shares issued for services	-	-	3,791	177
Share issue costs	-	(120)	-	(904)
In issue at 31 December/30 June	<u>1,110,501</u>	<u>126,928</u>	<u>1,005,232</u>	<u>122,956</u>

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

Reserves**Equity compensation reserve**

The equity compensation reserve records the fair value of incentive shares and warrants issued. When an option or warrant expires, or it is exercised, the fair value of the affected instrument is transferred to retained earnings.

Incentive shares

No incentive shares were issued during the period (FY 2022 8,500,000), 6,300,000 expired (FY 2022 nil), and none were exercised (FY 2022 nil).

The total number of incentive shares on issue at 31 December 2022 is 36.8 million (30 June 2022: 43.1 million), these have been funded by limited recourse loans.

Performance rights

A total of 3,150,000 performance rights were issued during the period (FY 2022: NIL).

The total number of performance rights on issue at 31 December 2022 is 3.15 million (30 June 2022: NIL), the rights entitle the holder to receive one ordinary share for nil consideration for each vested and exercised performance right. The vesting of performance rights is conditional upon the individual remaining an employee of the Company until the vesting date. The performance rights lapse 3 years after and vest as follows:

- One third on 1 July 2023; and
- One third on 1 July 2024; and
- One third on 1 July 2025.

Aeon Metals Limited

31 December 2022 Interim Financial Report

Notes to the consolidated interim financial statements

9. Loss per share

	Dec-22	Dec-21
	\$'000	\$'000
<i>Basic loss per share has been calculated using:</i>		
Net loss for the period attributable to owners of the Company	(1,864)	(1,995)
Weighted average number of ordinary shares	1,089,287	822,221
<i>Diluted loss per share has been calculated using:</i>		
Net loss for the period attributable to owners of the Company	(1,864)	(1,995)
Weighted average number of ordinary shares – basic	1,089,287	822,221
Effect of share options on issue	-	-
Weighted average number of ordinary shares - diluted	1,089,287	822,221
	Dec-22	Dec-21
	cents per share	cents per share
Basic and diluted loss per share	0.17	0.24

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 26 of the 30 June 2022 Annual Financial Report.

11. Subsequent events

On 27 January 2023, the Company announced that it had completed an agreement with OCP Asia Group to extend the maturity date on its existing loan facility by 12 months to 17 December 2024. In consideration of the maturity date extension, there is an additional fee equivalent to 2% of the total facility, which will be capitalised over the remaining term of the loan. There were no other changes to loans and borrowings during the period.

Directors' Declaration

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

1. the consolidated interim financial statements and notes set out on 12 to 20, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the six-month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. 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:



Fred Hess
Managing Director

Dated at Sydney this 1 March 2023

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 2022, 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 2022 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 gives a true and fair view and 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 2022 and its financial 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

A handwritten signature in black ink, appearing to read 'Martin Coyle', is written over a faint, light-colored BDO logo watermark.

Martin Coyle
Director

Sydney, 1 March 2023