Aeon Metals Limited
ABN 91 121 964 725

Annual report
30 June 2016

Contents

The directors present their report together with the consolidated financial statements of the Group comprising of Aeon Metals Limited (the Company and/or Aeon) and its subsidiaries (the Group) for the financial year ended 30 June 2016 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Directors:

Mr. Thomas Joseph Mann	(appointed 28 June 2010)
Mr. John Leslie Goody	(appointed 28 September 2006, resigned 7 September 2016)
Mr. Edgar George Newman	(appointed 31 December 2008, resigned 13 January 2016)
Mr. Hamish Collins	(appointed 28 March 2012)
Mr. Paul Harris	(appointed 17 December 2014)
Mr. Ivan Wong	(appointed 1 July 2016)
Mr. Stephen Lonergan	(appointed 7 September 2016)

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated. Information on each person's qualifications, experience and special responsibilities is given in Section 7 of the Directors' report.

2. Company secretary

The following person held the position of Company Secretary at the end of the financial period:

Mr. Stephen J. Lonergan LL.B (Hons), LL.M (McGill)

Mr. Lonergan was company secretary of KBL Mining Limited until 1 May 2014 and retired as an executive director of that company on 15 May 2014. He was the general counsel and company secretary of CBH Resources Ltd until its takeover in 2010 and was a director and company secretary of Paradigm Metals Ltd until November 2012 and a director of Finders Resources Limited until August 2013. He was also general counsel of Savage Resources and Pancontinental Mining and has been involved in the Australian and international mining industry for more than 30 years.

Mr. Lonergan was appointed Company Secretary on 28 September 2006.

3. Principal activities

The principal activities of the Group during the financial period were the exploration and development of the Walford Creek (100%) base metal project and exploration for base and precious metals mineralisation in Northwest Queensland. The Group's mineral assets comprise a regionally extensive, but disparate, tenement holding in Queensland, namely:

- A 100% interest in the Walford Creek copper-lead-zinc-cobalt project.
- A 100% interest in permits comprising:
    - Greater Whitewash Polymetallic Project ("Greater Whitewash");
    - Ben Hur Copper Project ("Ben Hur") (a combined John Hill/Kiwi Carpet project); and
    - 7B Copper/Gold Project ("7B").
- A 100% interest in the Forsayth Project.
- Various interests in 6 permits of the Isa North base metals EPMs and four MDLs
- Various interests in 3 permits of the Isa West base metals-phosphate EPMs.
- Various interests in 10 permits of the Isa South copper-gold EPMs.
- Various interests in 4 permits of the Constance Range base metals EPMs.

There were no significant changes in the nature of the Group's principal activities during the financial period.

4. Operating and financial review

Operating Results

The loss of the Group amounted to $2,467,000 (2015: $9,154,000) including impairment losses of $939,000 (2015: $7,270,000).

Dividends

No dividends were paid or declared and no dividends have been recommended by the Directors.

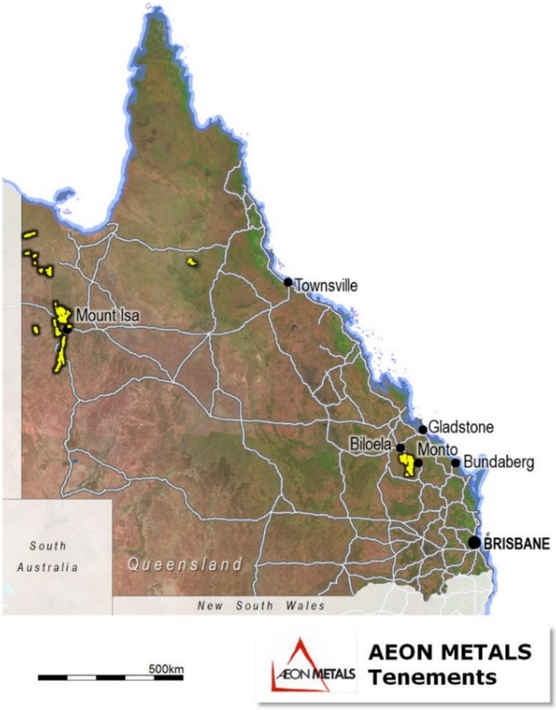
Review of Exploration Operations

The 12-month period to 30 June 2016 has seen the Company continue to actively advance the Walford Creek Project, a large base metals project with a significant JORC Indicated and Inferred Resource. The Walford Creek Project has potential for open pit mine development of world class scale. Aeon also holds an extensive (~2,619km²) exploration tenement portfolio, linked by significant fault architecture, in the world-class Mt Isa mineral province in Northwest Queensland.

The Company also has a tenement package in Southeast Queensland with a focus on copper. Although limited work was carried out within this tenement package during the year, this tenement package, consisting of Ben Hur, 7B, and Greater Whitewash Projects, has significant projects within a 15km radius of each other. The tenement package in Southeast Queensland has become a multiple project copper province with the ability to develop a centralised processing plant to service the combined project base. This is assisted by the fact that the location of the projects are all close to major infrastructure (power, sealed highway, water) and only 215km by highway to Gladstone port.

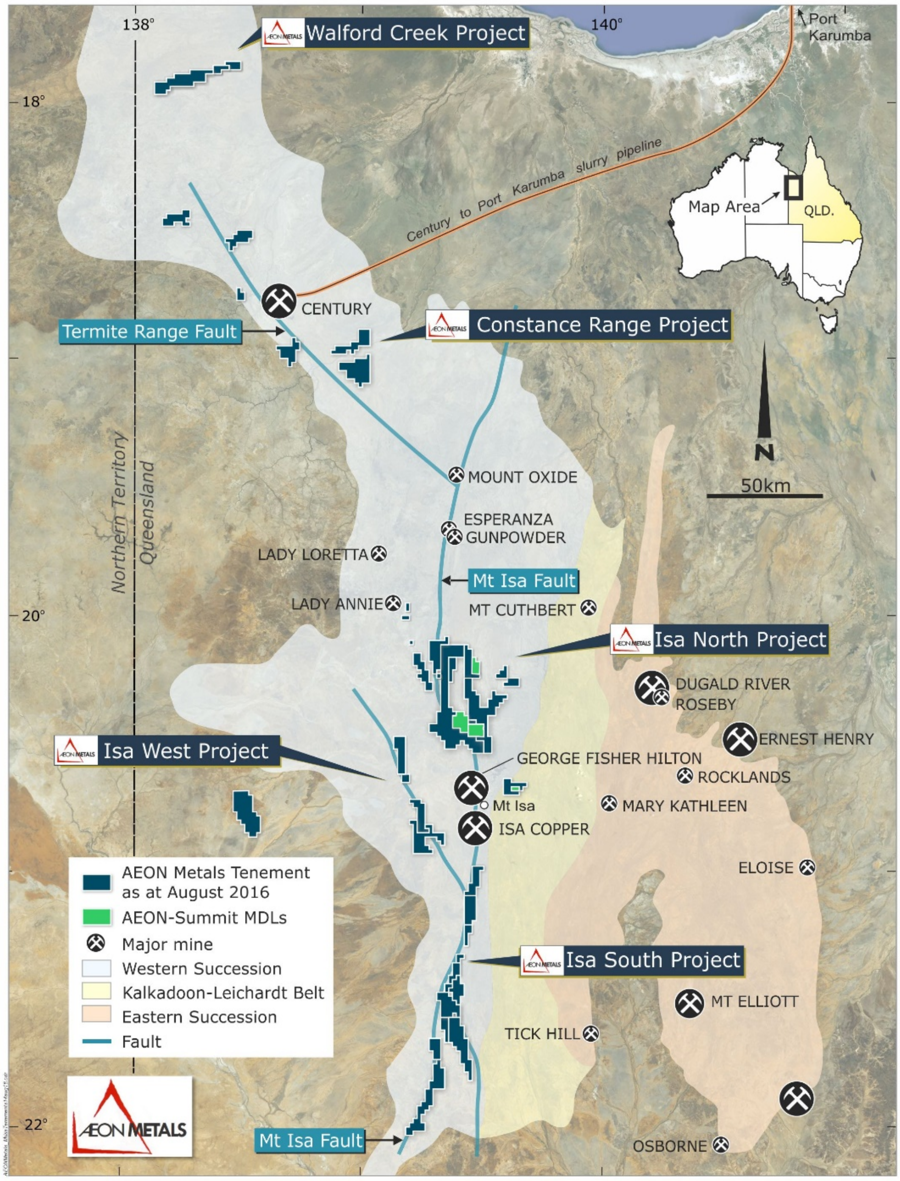
The location of Aeon's tenement holdings in Northwest and Southeast Queensland is shown below:

Figure 1: Aeon's Tenement Holdings



NORTHWEST QUEENSLAND PROJECTS

Figure 2: Location of Aeon's Northwest Queensland Projects



THE WALFORD CREEK PROJECT

The flagship asset and highest priority tenement holding of Aeon is the 100% owned Walford Creek Project. The Walford Creek Project has the potential for open pit mine development of world class scale.

THE WALFORD CREEK PROJECT (continued)

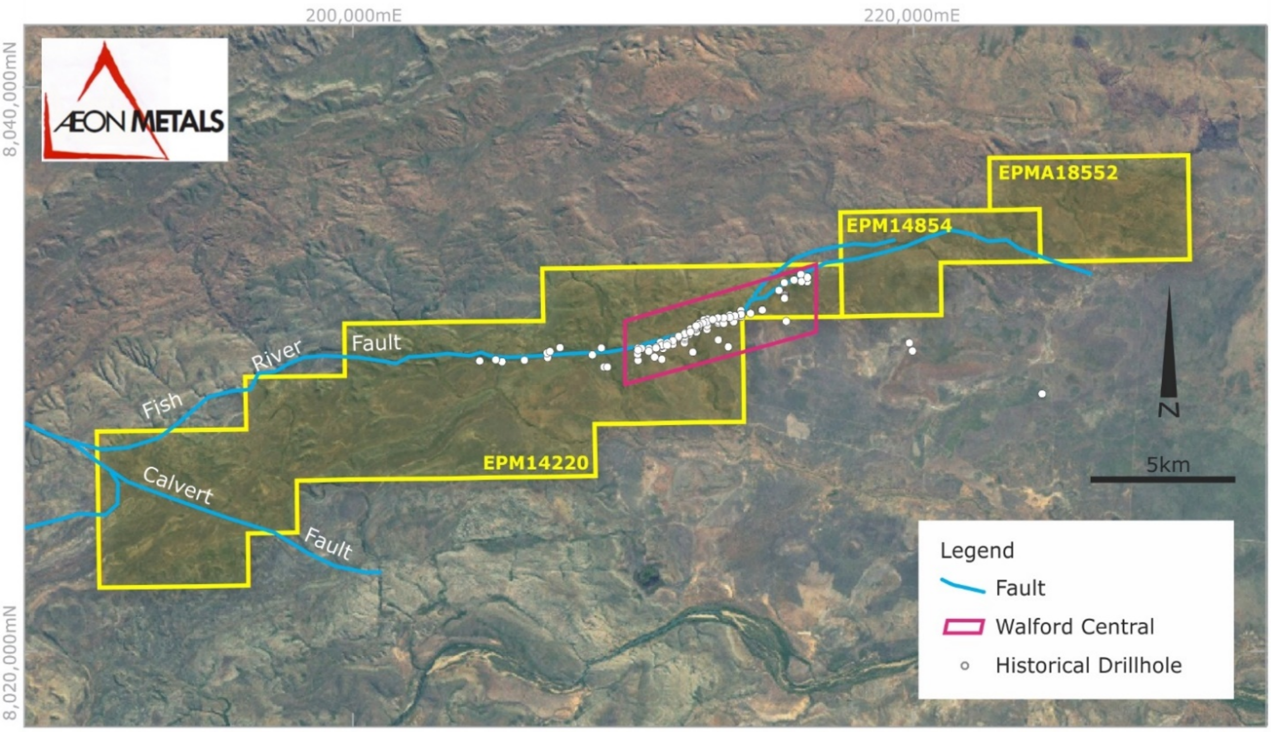
The Walford Creek Project is located approximately 350km north west of Mount Isa in Northwest Queensland, close to the Northern Territory border. The closest town is Doomadgee, approximately 70km to the East, which is accessed by a sealed road from Cloncurry. Doomadgee has a commercial airstrip that connects the project site to other major centres within Queensland.

At Walford Creek, Aeon holds (through its subsidiary Aeon Walford Creek Limited) the right to explore for minerals on 3 granted exploration permits covering a total area of 173km² as summarised below:

Table 1: Aeon's Tenement Holdings - Walford Creek (WC) Project

Tenement Summary							
EPM	**Tenement Name**	**Project**	**Status**	**Sub Blocks**	**Kms^2**	**Grant Date**	**Expiry Date**
EPM 14220	Walford Creek	WC	Granted	41	131.282	08-Mar-04	07-Mar-17
EPM 14854	Walford East	WC	Granted	6	19.212	22-Nov-05	21-Nov-20
EPM 18552	Walford Far East	WC	Granted	7	22.414	30-Nov-12	29-Nov-17

Figure 3: Walford Creek Tenements and Historical Drill Holes



THE WALFORD CREEK PROJECT (continued)

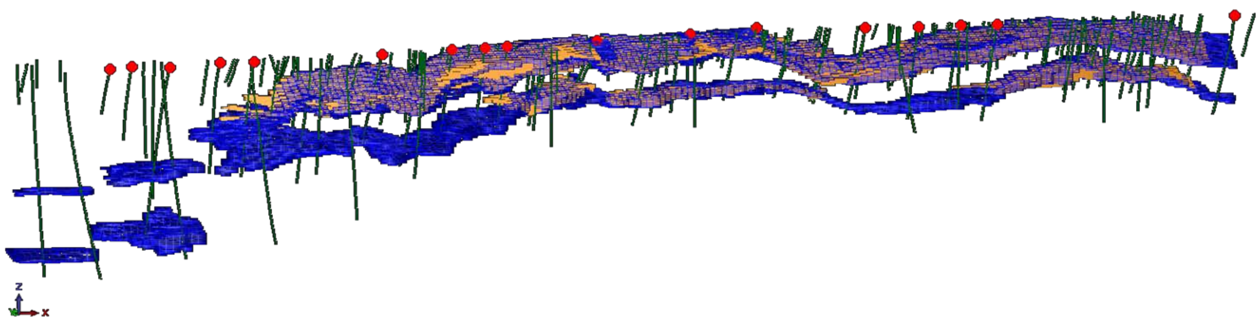
The current Resource estimates for Walford Creek are as follows:

Table 2: Resource Estimates for Walford Creek

Category	Mt	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Co (ppm)
Indicated	16.2	0.46	0.83	1.02	20.1	909
Inferred	57.1	0.39	0.86	0.80	24.5	785
Total	**73.3**	**0.40**	**0.85**	**0.85**	**23.5**	**813**
Category	**Mt**	**Cu (kt)**	**Pb (kt)**	**Zn (kt)**	**Ag (Moz)**	**Co (kt)**
Indicated	16.2	75	135	166	10.5	14.8
Inferred	57.1	221	491	457	44.9	44.8
Total	**73.3**	**296**	**626**	**623**	**55**	**60**

Details are available in the Company's ASX announcements on 6 March 2015 and 16 March 2015

Figure 4: 2015 Resource Estimates Mineralised Zones



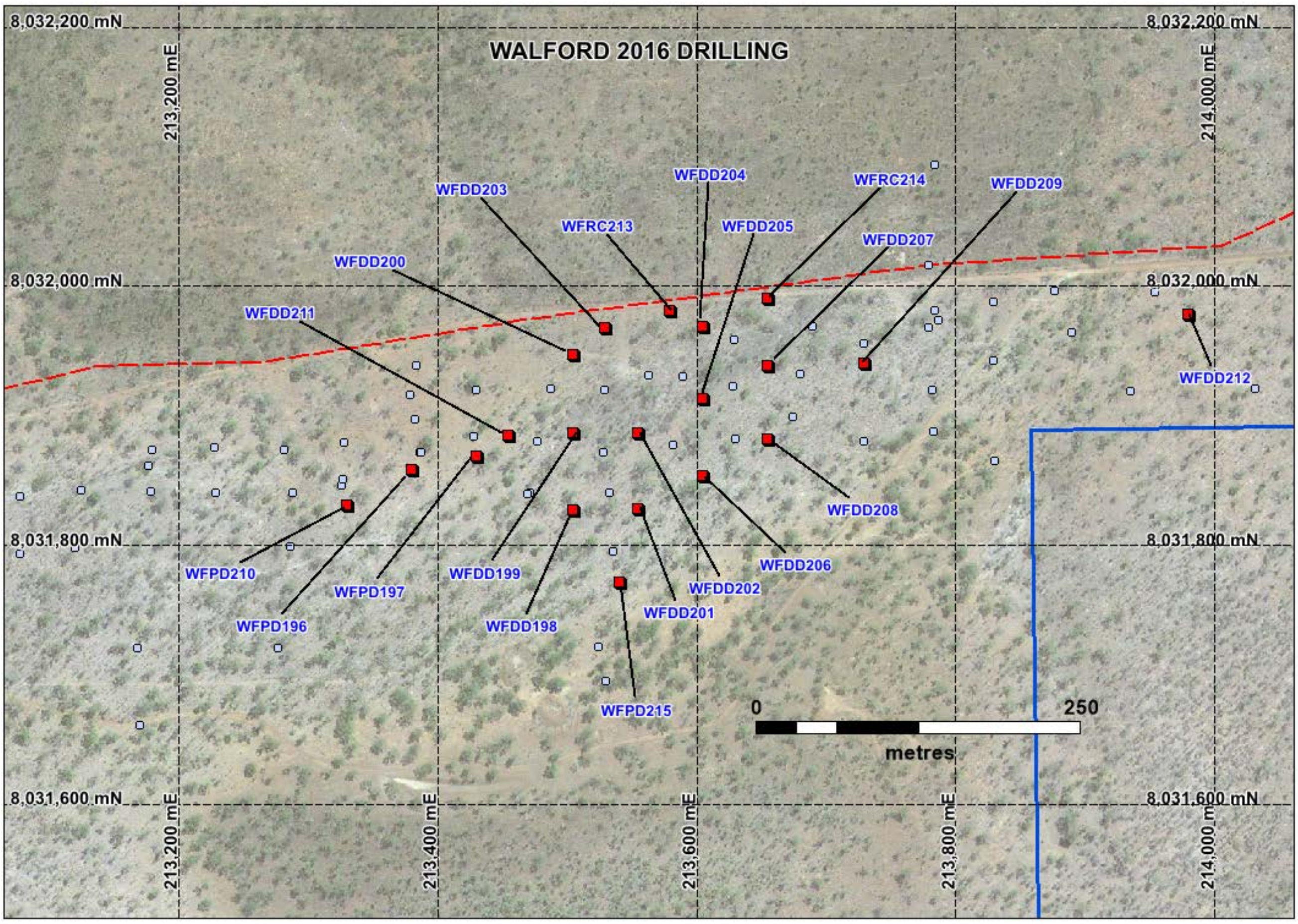
The current Mineral Resource has been defined along a 5km strike length of the Fish River Fault corridor, which extends over a distance of approximately 25km within the Walford Creek tenements. The mineralisation is largely structurally controlled and there is further potential for extension to the defined Mineral Resource along the strike length of the fault. Drilling undertaken during May and June 2016, discussed below, is expected to enable a Resource Estimate upgrade in October/November 2016.

The Walford Creek 2016 drill program commenced on 5 May with the principle aim of the program to obtain further bulk samples for metallurgical work as well as upgrade the confidence of the JORC Resource. A total of 20 diamond holes were completed for 3,452m (274m RC pre-collar and 3,178m DD).

The plan of the drilling is shown in Figure 5 below.

THE WALFORD CREEK PROJECT (continued)

Figure 5: Walford 2016 Drilling



The first sixteen holes have been returned from the assay laboratory post 30 June 2016 with excellent high grade copper and zinc results. The two high grade intersections from hole WFDD199 and 200 are individually the most significant copper and zinc intersections thus far drilled at Walford Creek. Although no further Resource estimation work is possible until all results from this program of drilling have been received, there is clearly a higher grade component closer to the fault which remains open to the west for further closer spaced drilling. On 31 August 2016 the Company announced a drilling program to start in mid September 2016 on this shallow high grade area.

THE WALFORD CREEK PROJECT (continued)

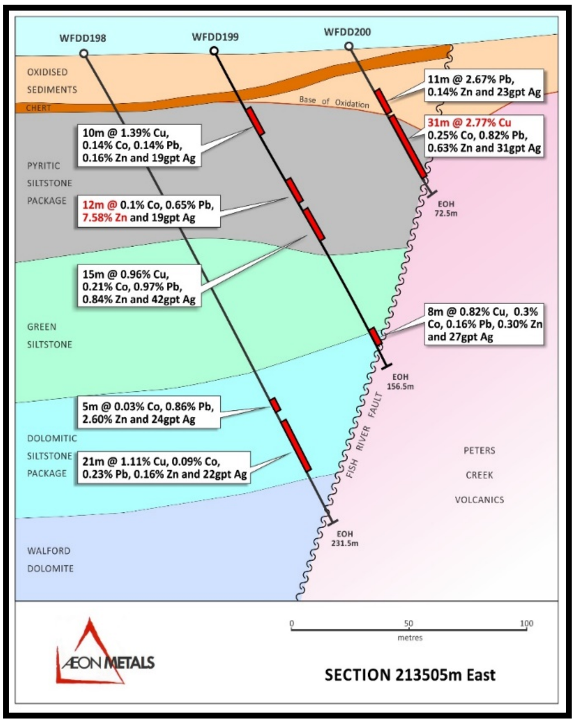
Table 3: 2016 Drill Program Results[1]

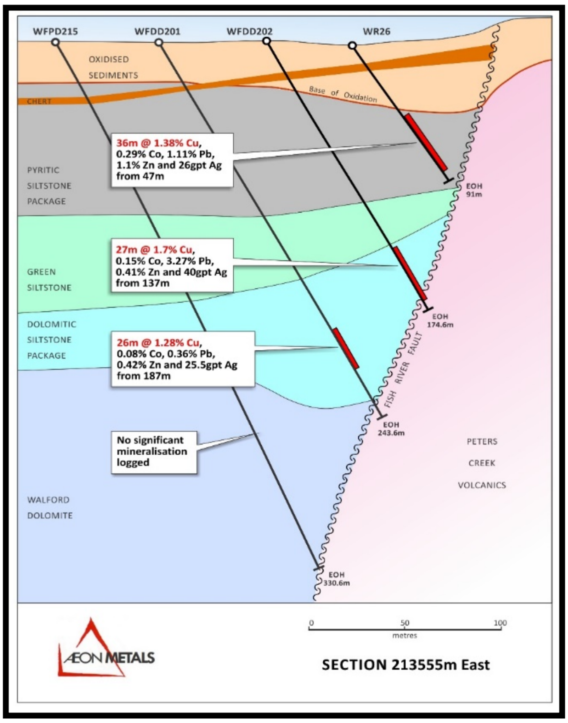
Hole No.	Easting	Northing	Azimuth Degrees	Dips degrees	Intersect m	From m	To m	Cu %	Co %	Pb %	Zn %	Ag g/t
WFPD197	213430	8031868	355	-80	10	147	157	0.00	0.02	2.20	1.80	29
					5	163	169	3.13	0.19	4.00	0.24	70
					12	182	194	1.50	0.10	0.10	0.22	24
WFDD198	213505	8031827	355	-60	5	172	177	0.00	0.03	0.86	2.60	24
					21	183	204	1.11	0.09	0.23	0.16	22
					2	204	206	0.23	0.05	3.50	2.75	45
WFDD199	213505	8031887	355	-60	10	28	38	1.39	0.14	0.14	0.16	18.9
					4	38	42	0.00	0.04	2.18	0.38	18
					12	64	76	0.00	0.10	0.65	7.58	19
					15	79	94	0.96	0.21	0.97	0.84	42
					8	140	148	0.82	0.30	0.16	0.30	27
WFDD200	213505	8031946	355	-60	11	22	33	0.07	0.00	2.67	0.14	22.50
					32	34	66	2.70	0.25	0.80	0.62	32.1
					18	34	52	4.45	0.29	1.20	0.26	30
					11	52	63	0.44	0.22	0.27	1.30	25.40
WFDD201	213555	8031827	355	-60	26	187	213	1.28	0.08	0.36	0.42	25.5
WFDD202	213555	8031886.1	355	-60	27	137	164	1.7	0.15	3.27	0.41	40
WFDD203	213530	8031967.7	355	-60	4	35	39	4.7	0.07	0.32	0.02	29.6
WFDD204	213605	8031968.6	355	-60	20	34	54	3.8	0.30	0.97	0.75	34
					12	54	66	0.07	0.20	0.20	1.82	6.4
WFDD205	213605	8031912.3	355	-60	20	123	143	2.0	0.22	2.92	0.38	57
WFDD206	213605	8031852.7	355	-60	No significant base metal mineralisation							
WFDD207	213654.9	8031937.4	355	-60	19	69	88	0.65	0.24	0.09	1.54	17.9
					Incl 7	73	80	1.24	0.23	0.12	0.35	22.5
					Also 10	79	89	0.32	0.27	0.08	2.93	14.7
					And 11	136	147	0.61	0.07	1	1.09	25.2
WFDD208	213650.7	8031883.1	355	-60	8	175	183	1.63	0.1	0.14	0.35	25.5
					Incl 5	175	180	2.34	0.14	0.17	0.52	28.6
					And 4	188	192	1.84	0.12	1.27	0.74	50.3
					Incl 2	188	190	3.13	0.18	1.35	0.39	70.35
WFDD209	213730.0	8031938.8	355	-68	5	31	36	1.15	0	0.15	0.02	4.6
					Also 10	166	176	0.22	0.05	2.29	2.4	44.3

Hole No.	Easting	Northing	Azimuth Degrees	Dips degrees	Intersect m	From m	To m	Cu %	Co %	Pb %	Zn %	Ag g/t
					Also 10	180	190	1.02	0.07	0.05	0.07	14.5
WFDD210	213327.3	8031830.8	355	-75	8	53	61	0.03	0.06	4.13	0.88	22.4
					Also 14	178	192	0.05	0.02	1.23	1.55	27.9
					Also 31.7	192	EOH	1.34	0.16	0.83	0.3	19.9
					Incl 22	192	214	1.84	0.21	1.08	0.38	24.7
WFDD211	213453.9	8031884.4	355	-55	13	28	41	1.39	0.2	0.06	0.14	31.6
					Also 25	51	76	0.28	0.14	2.11	3.54	26
					Incl 7	57	64	0.04	0.98	1.23	10	34.4

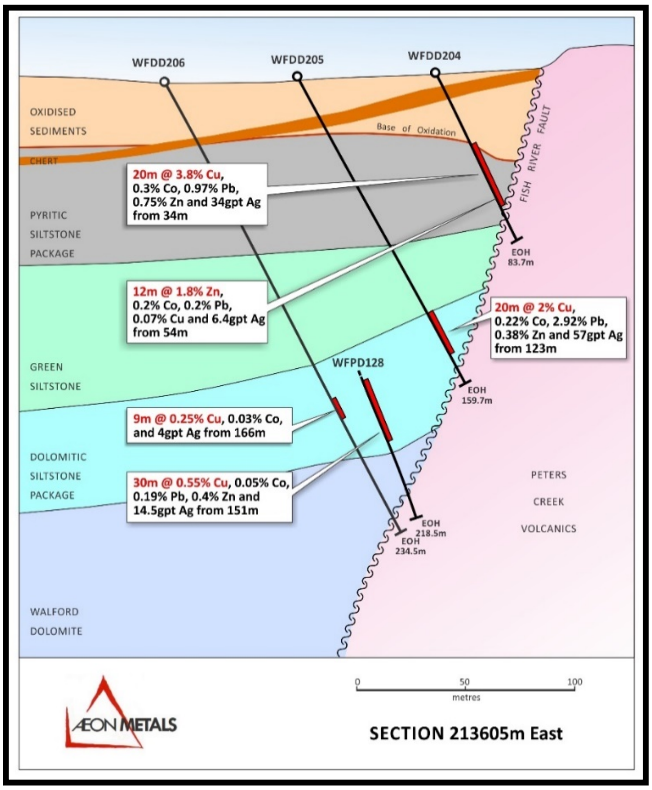
[1] *As at 30 August 2016*

Figure 6: Walford Creek 2016 Drill Program X-Sections





THE WALFORD CREEK PROJECT (continued)



During the 12-month period, Aeon has been engaged in establishing the key feasibility drivers for the Project (e.g. product definition and metallurgical processing, conceptual mining and plant design, and indicative logistics and infrastructure studies). The Company continued to review a number of possible options for Walford Creek processing and infrastructure.

A consultant project manager was hired to assist compile all options as part of the Walford Preliminary Economic Assessment ("PEA"). The PEA enables the development options for Walford to be assessed.

The PEA is divided into 4 main areas:

- Resource studies including drilling and resource estimate (H&S Consultants);
- Open pit mining studies (RungePincockMinarco);
- Process plant (AMEC Foster Wheeler);
- Infrastructure, utility supplies and logistics.

The objective of the PEA is to determine capital and operating costs for a number of Walford Creek Project production scenarios, including amongst others:

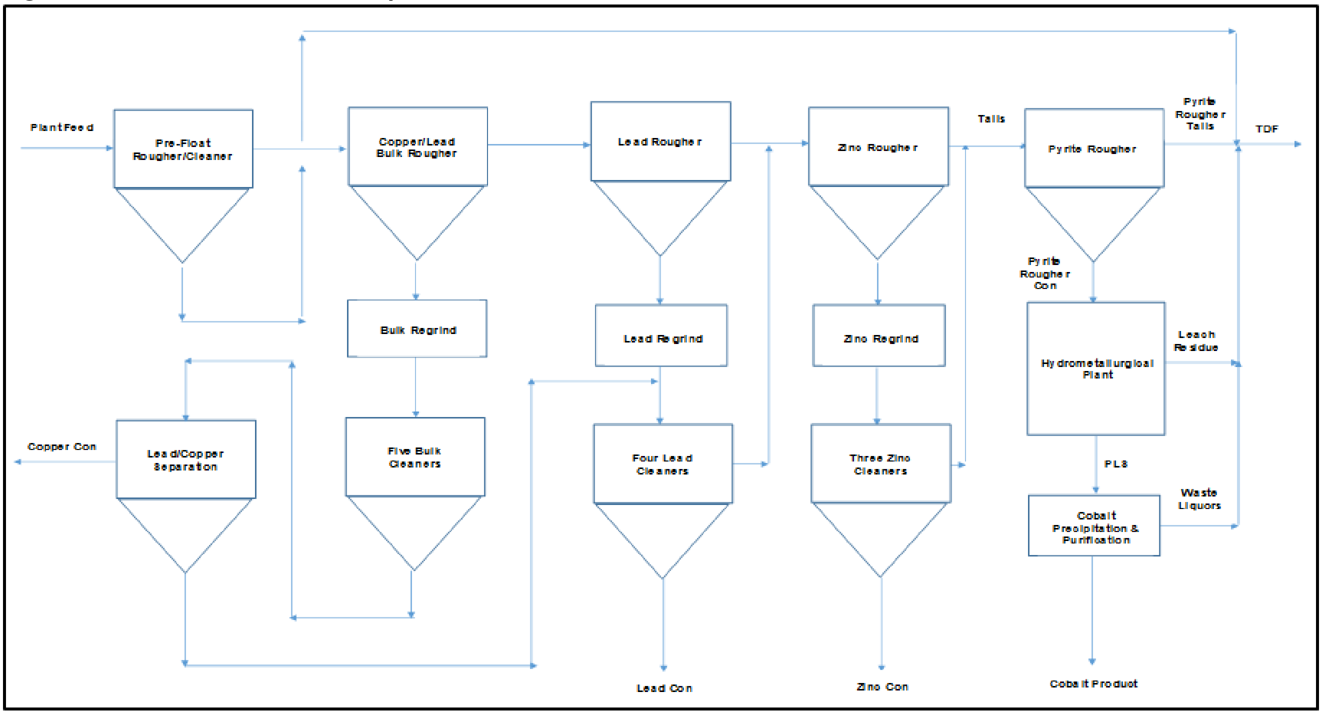
- Producing copper, zinc, and lead concentrates and a cobalt product;
- Producing copper, zinc, lead, and pyrite concentrates for sale; and
- Producing copper, zinc and lead concentrates for sale and processing of pyrite to extract cobalt and potentially silver for sale.

THE WALFORD CREEK PROJECT (continued)

A preferred production scenario will be determined by comparing the alternative Project NPV's. In order to finalise this assessment, the Company is awaiting the upgraded Resource Estimate which will follow shortly after all the current drill program assay results are completed and inputted into the geological model.

Metallurgical assessment continued during the 12-month period for Walford Creek with information generated concluding that copper, zinc, lead and pyrite concentrates can be produced in a flotation circuit as shown in the following diagram. The pyrite concentrate contains the recoverable cobalt, and further testwork is required to determine the optimal hydrometallurgical process for recovery.

Figure 7: Walford Creek Multi-component Flowsheet



THE WALFORD CREEK PROJECT (continued)

Environmental approvals consultant, Animal Plant Mineral Pty Ltd ("APM"), commenced consultation with the Department of Environment and Heritage Protection ("DEHP") in February of this year to determine the requirements to close out the biological survey work for the Walford Creek Project. The biological surveys underpin the Environmental Impact Study ("EIS") process; they inform the Project approvals documents and are the basis of any and all ongoing management of the site.

DEHP guidelines stipulate that all projects to be assessed at the EIS level in the Gulf Plains country require to be surveyed on two separate occasions. APM executed the first survey in April 2015 and has now completed the field component of the second survey. The survey was undertaken following extensive rainfall in March 2016 and was determined to be a success by APM Principal Biologist, Dr. Mitch Ladyman. At this stage, the data does not suggest any major issues of concern. The focal point of the survey was the areas of disturbance associated with the pit and the proposed infrastructure area.

OTHER NORTHWEST QUEENSLAND PROJECTS (excluding Walford Creek)

A map showing Aeon's interest (through subsidiary Aeon Walford Creek Limited) in various exploration permits in Northwest Queensland is shown in Figure 2. This tenement package, is extensive (covering some 2,619km^2) and located in the world-class Mt Isa minerals province in North West Queensland.

These permits extend over a distance of approximately 500km from north to south and are subdivided into 4 main project areas, namely Constance Range, Isa North, Isa West and Isa South. It includes contiguous land holding (~170km) along the Mt Isa Fault, bordering north and south of Glencore Xstrata's Mount Isa Mines.

Northwest Queensland is host to a number of significant base metal mines such as Mount Isa, George Fisher Hilton, Mount Gordon, Ernest Henry, Osborne, Lady Loretta and the Century zinc mine. This area is accessible by road and the city of Mount Isa is the largest population centre in the region. It has its own airport connecting the region to major centres in Australia.

Aeon has interests (through joint venture and/or 100% ownership) in 28 granted EPMs covering a total area of approximately 2,619km^2 for the 5 project areas.

Table 1 (above) shows the Walford Creek Project tenements and Table 4 (below) shows the other tenement holdings.

THE WALFORD CREEK PROJECT (continued)

Table 4: Aeon's Tenement Holdings – Other Northwest Queensland Projects (excluding Walford Creek tenements)

Exploration Permit for Minerals (EPM) - Tenement Summary							
EPM No.	**Tenement Name**	**Project**	**Status**	**Sub Blocks**	**Kms^2**	**Grant Date**	**Expiry Date**
EPM 11897	May Downs	IW	Granted	16	51.232	07-Jul-04	06-Jul-18
EPM 11898	May Downs South	IW	Granted	18	57.636	07-Jul-04	06-Jul-18
EPM 13412	Yappo	IS	Granted	20	64.04	16-Dec-11	15-Dec-16
EPM 13413	Rufus	IS	Granted	22	70.444	16-Dec-11	15-Dec-16
EPM 13682	Wonomo	IS	Granted	43	137.686	16-Dec-11	15-Dec-16
EPM 14040	Kahko	IS	Granted	7	22.414	20-Apr-05	19-Apr-18
EPM 14233	Mt Guide	IS	Granted	17	54.434	20-Apr-05	19-Apr-17
EPM 14694	Mount Kelly South	IN	Granted	4	12.808	19-Oct-05	18-Oct-18
EPM 14712	Constance Range	C	Granted	23	73.646	21-Aug-06	20-Aug-19
EPM 14713	Constance Range Sth	C	Granted	19	60.838	21-Aug-06	20-Aug-19
EPM 14821	Waverly	IS	Granted	25	80.05	08-Jan-07	07-Jan-18
EPM 14935	Riversleigh	C	Granted	20	64.04	21-Aug-06	20-Aug-18
EPM 15156	Rufus South	IS	Granted	48	153.696	22-Mar-07	21-Mar-17
EPM 15186	Gregory	C	Granted	63	201.726	23-Mar-07	22-Mar-17
EPM 15212	Yaringa	IW	Granted	50	160.1	13-Aug-07	Under review
EPM 15911	Blue Hills	IS	Renewal Pending	16	51.232	15-Nov-07	14-Nov-16
EPM 16921	Buckley River	IN	Granted	21	67.242	23-Feb-10	22-Feb-18
EPM 17297	Blue Hills West	IS	Granted	3	9.606	21-Jun-10	20-Jun-19
EPM 17300	Waverly North	IS	Granted	3	9.606	06-Jul-09	05-Jul-18
EPM 17511	Andersons	IN	Granted	15	48.03	06-Jan-10	05-Jan-20
EPM 17513	Calton	IN	Granted	50	160.1	06-Jan-10	05-Jan-20
EPM 17514	Valhalla	IN	Granted	110	352.22	06-Jan-10	05-Jan-20
EPM 17519	Skal	IN	Granted	79	252.96	06-Jan-10	05-Jan-20
EPM 18395	Isa West	IW	Granted	33	105.666	14-Apr-11	13-Apr-21
EPM 18769	Beauchamps	IW	Granted	50	160.1	23-May-12	22-May-17

THE WALFORD CREEK PROJECT (continued)

Table 5: MDL Tenement Summary

Mineral Development Licence (MDL) - Tenement Summary									
MDL No.	**Tenement Name**	**Project**	**Status**	**Holder**	**JV**	**Hectares**	**Grant Date**	**Start Date**	**Expiry date**
MDL 509	Andersons	IN	Granted	SUMM	AML	640.7685	25-Aug-14	01-Sep-14	31-Aug-19
MDL 510	Valhalla	IN	Granted	SUMM	AML	5130.7394	25-Aug-14	01-Sep-14	31-Aug-19
MDL 511	Watta	IN	Granted	SUMM	AML	2194.2358	25-Aug-14	01-Sep-14	31-Aug-19
MDL 513	Skal	IN	Granted	SUMM	AML	3827.6479	25-Aug-14	01-Sep-14	31-Aug-19

SUMM = Summit Resources (Aust) Pty Ltd AML= Aeon Metals Limited

Isa North (IN)

The Isa North Mining Rights Agreement, between Summit Resources (Aust) Pty Ltd ("Summit") and Aeon subsidiary Aeon Walford Creek Ltd ("AWCL"), covers the Isa North Project's EPMs.

In accordance with the Agreement, AWCL has earned an 80% interest in the non-uranium mineral potential within the Isa North Co-operative area through exploration and expenditure. Summit retains 100% ownership of the tenements and sole and exclusive rights to uranium.

The Isa North tenements are located immediately adjacent to the northern boundary of Glencore's Mount Isa Mine Mining Lease covering the world-class Mount Isa copper and the Mount Isa, Hilton and George Fisher zinc-lead-silver deposits.

The Isa North tenements cover a series of intersecting major faults including the Mount Isa, Hero, and Western Fault zones.

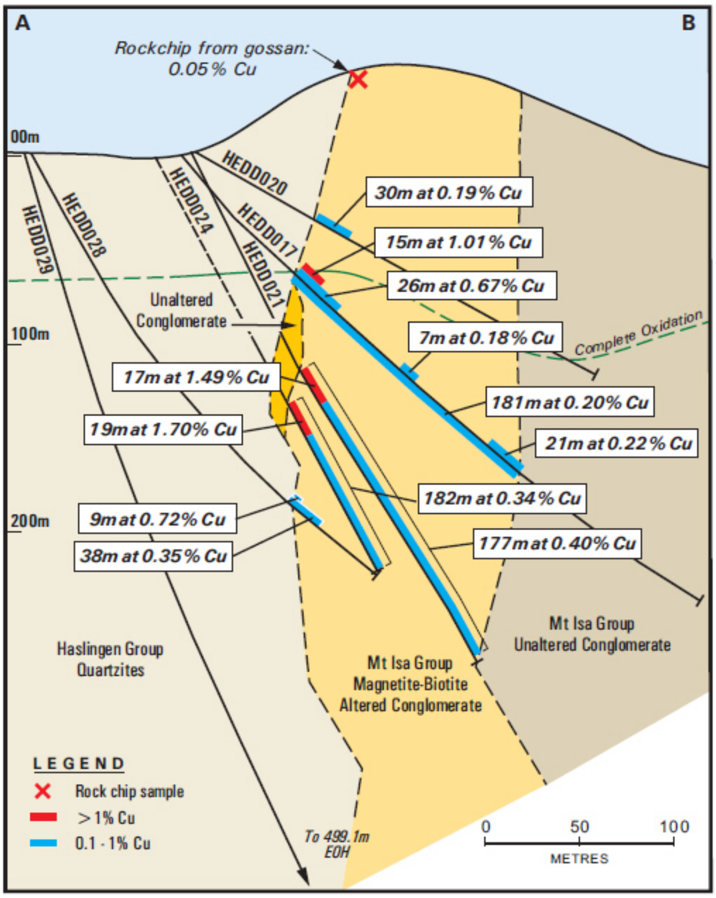
Aeon's primary target within the Isa North tenement package is the Hero Prospect, which lies along the Hero Fault.

The Hero prospect is located 30km north of the township of Mount Isa on the main highway and is the most advanced of any of the Isa Projects with copper mineralisation hosted in the dolomitic Hero Conglomerate, a basal unit of the Isa Group sediments. High grade mineralisation is associated with magnetite-biotite alteration overprinted by a late copper phase. Broad lower grade copper mineralisation is also associated with a silica-dolomite alteration phase including low temperature silica flooding and veining along the hanging wall of the Hero Fault.

A significant number of drill holes have been drilled in the past 6 years into the northern area which encountered some good intersections as shown in Figure 8.

Isa North (IN) (continued)

Figure 8: X-section showing significant intersections at the northern end of the Hero Prospect



During the 12 month period, 3 RC holes (534m) were completed along strike at Hero Prospect. Assay results from these 3 holes substantiate encouraging previous exploration drilling along the Hero trend. Variably gossanous conglomerate outcrop over one kilometre in strike along the eastern side of the north south trending Hero Fault, an interpreted splay fault off the Isa Fault and ~30km due north of the Glencore Mount Isa Copper-Lead-Zinc mines.

The RC drilling undertaken confirms the broad zones of low grade copper present at the Hero Prospect. Although the three holes did not intersect any high grade copper as seen previously at the northern end of the Prospect tested in 2009 and 2010, the wide intercepts of mineralisation including 106m at 0.17% copper from 20m down hole indicate that significant hydrothermal fluids altered and mineralised the conglomerate unit over a large strike length.

Isa North (IN) (continued)

Figure 9: Mitchell drill rig collared over hole HERC036 at Hero

Isa South (IS)

The Isa South Project is located along the southern extensions of the Mount Isa Fault Zone adjacent to the southern margin of the Mount Isa Mining Lease. Priority targets within the Isa South Project area include Mount Annable, Waverly and Mount Guide prospects.

Isa West (IW)

The Isa West Project comprises 2 tenements from the Western Isa Agreement with Summit and 2 by AWCL. Part of the project area straddles approximately 50km of the significant north norwest trending May Downs Fault corridor. Geological mapping and surface geochemical surveys have identified a number of highly significant copper anomalies which require further drill targeting.

Constance Range (C)

The Constance Range tenements lie along or adjacent to the Termite Range Fault associated with stratabound base metal mineralisation at the world-class Century zinc-lead-silver deposit. The Musselbrook copper-gold prospect is the focus of Aeon's near term exploration activities within the Constance Range Project area. The prospect is located approximately 30km north of the Century Mine.

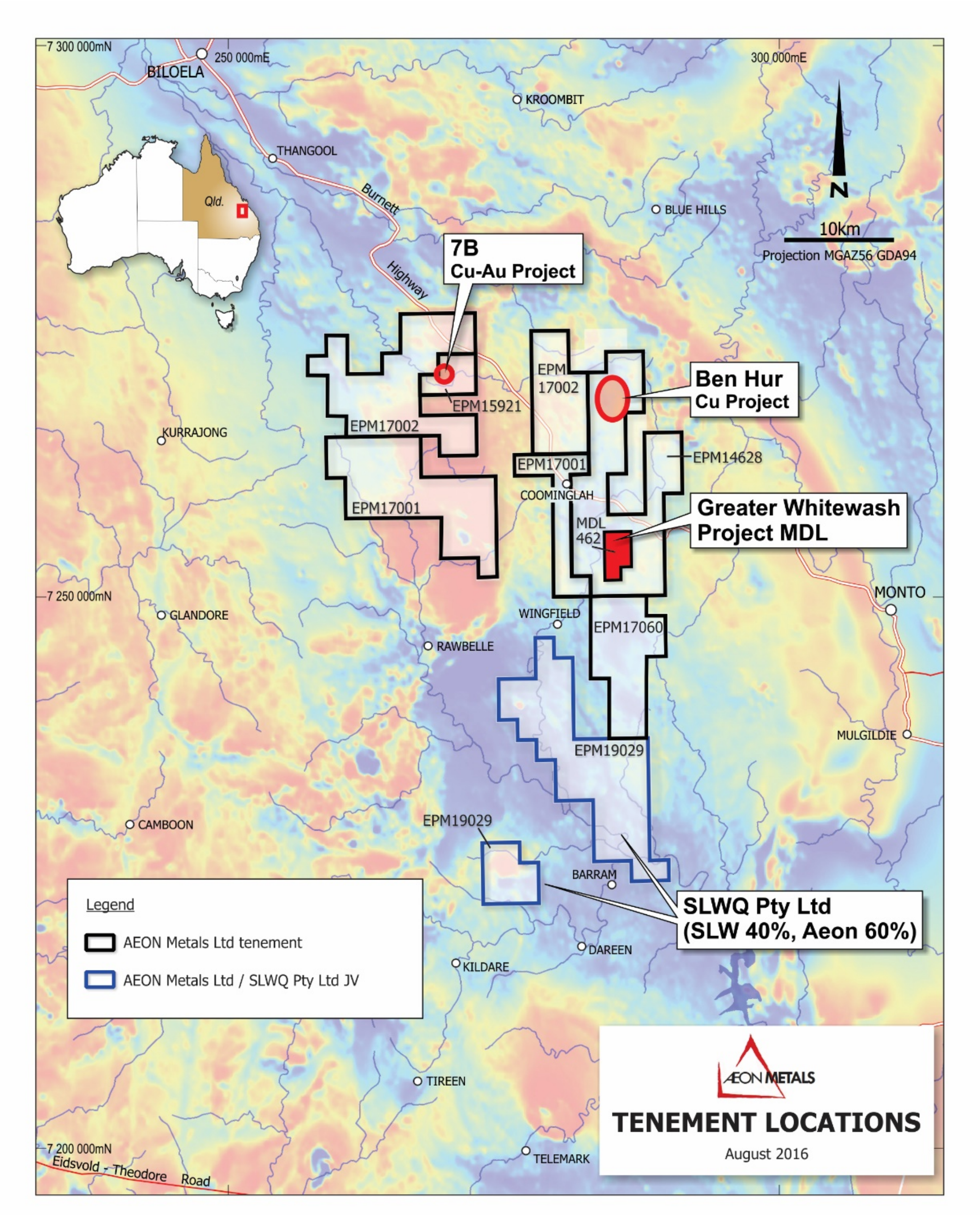
<u>SOUTHEAST QUEENSLAND OPERATIONS</u>

The Southeast Queensland tenement package lies approximately 30kms west of the town of Monto, Queensland. Monto is a town of 1,300 people and located approximately 115kms south west of Gladstone, a deep-water port. The region hosts exceptionally good infrastructure including a mining-oriented town with a willing workforce, bitumen highways that pass through the permit areas, a viable rail system, extensive power grid and large scale water resources.

SOUTHEAST QUEENSLAND OPERATIONS (continued)

The Group controls 5 EPMs and 1 MDL: EPMs 14628, 15921, 17001, 17002 and 17060 & MDL 462 all of which are held 100% by the Company. In 2012 the Company entered into an earn-in and joint venture with Rio Tinto Exploration Pty Ltd ("RTZ") on EPM 17060. After completing Phase 1 Commitment to sole fund an exploration program and any associated expenditure to a minimum of AU$200,000, RTZ gave notice during the year ended 30 June 2016 not to extend Phase 2 Period (Earn In). Although disappointing, the exploration work completed and associated data collected by RTZ over this tenement has enabled a better understanding of the geological conditions along strike to the south of Aeon's Greater Whitewash, John Hill and Kiwi Carpet Projects.

Figure 10: Southeast Queensland Tenement locations



SOUTHEAST QUEENSLAND OPERATIONS (continued)

Many individual prospects have emerged during the several years' exploration on the Company's Southeast tenements. All data has been collated and reviewed on these prospects which has aided in ongoing exploration as well as strategic management decisions.

EPM 18359 – FORSAYTH – Gold

During the 12 month period a field trip was undertaken to the Company's Forsayth EPM 18359, which is located centrally around the township of Forsayth and approximately 35 km south southeast of Georgetown in North Queensland. Aeon applied for the tenement in the belief that the Forsayth Project geology offered the opportunity to identify deep porphyry-related hydrothermal gold, base metal and molybdenum mineralisation. Several rock grab samples were collected to allow a determination of the alteration patterns in rocks exploited for gold in narrow veins within the altered granites. As the grades of the grab samples were encouraging, a follow up soil sampling campaign is planned in 2016-17 year.

Competent Persons 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 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 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 and other northeast Queensland tenements 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.

The information in this report that relates to Exploration Results and Mineral Resources for the south eastern Queensland tenements is based on information compiled by Mr Robin Simpson, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Simpson is employed by SRK Consulting. Mr Simpson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC, 2012). Mr Simpson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Corporate
During the 12 month period, Aeon issued 43,479,431 ordinary fully paid shares at $0.075 per share pursuant to an underwritten, non renounceable rights issue to raise $3,260,957 before issue costs.

Financial Position

The net assets of the Group at 30 June 2016 were $32,535,000 (2015: $28,648,000), with cash on hand of $6,629,000 (2015: $1,812,000).

During the year ended 30 June 2016, the Group refinanced with the OCP Asia Group its limited recourse debt of $22.83 million including capitalised interest (borrowed to fund the acquisition of the Walford Creek Project in 2014) to extend the repayment date to 17 December 2017, capitalise interest quarterly and to draw an additional $4,850,000. There were no other significant changes to the terms of the borrowings. As part of the refinancing arrangements, the Group issued the OCP Asia Group 73,000,000 unlisted options (each exercisable at 9.35 cents and expiring 17 December 2017). At a General Meeting in October 2015 Aeon shareholders approved that the OCP Asia Group may exercise these options free of the Corporations Act restrictions on increases in relevant interests beyond 20%. The shareholders also gave similar approval in respect of 63,251,107 unlisted options (each exercisable at 15.81 cents and expiring 17 June 2017) which were issued to the OCP Asia Group in 2014 in connection with the acquisition of Walford Creek.

The Directors have prepared cashflow projections for the Group for the coming 12 months which includes significant exploration and evaluation expenditure.

Aeon's opening share price on 1 July 2015 was $0.08 per share. During the year ended 30 June 2016 the share price varied between $0.03 and $0.09 per share. The closing share price at 30 June 2016 was $0.08 per share.

Significant changes in the state of affairs

Other than the refinancing matters noted above there were no significant changes in the state of affairs of the Group during the financial period.

5. Likely developments

With the acquisition of the Walford Creek Project and associated tenements in June 2014, the Group now controls large tenement packages in both Northwest and Southeast Queensland containing a mix of advanced exploration as well as early stage but geologically well located exploration permits. The Company's priority is to advance the Walford Creek Project towards the development of a world class base metals mine as well as continue to explore on priority exploration tenements.

Aeon's near term strategy at Walford Creek includes establishing mining and metallurgical parameters combined with infrastructure requirements. The 2016 drill program completed in June 2016 has also assisted in obtaining further bulk sample for metallurgical work as well as assist in a probable upgrade in the confidence of the JORC Resource.

The Board continues to review the exploration strategy for all the Group's prospects.

6. Environmental regulation

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and State. The exploration undertaken both at the north-western and south-eastern Queensland tenements to date has not created any significant environmental issues. However, environmental issues will arise as and when the Group moves into 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.

7. Information on directors

Thomas Joseph Mann age 70	—	Non Executive Chairman
Experience	—	Mr. Mann has over 30 years' experience in financial markets and global trade having established a global trading corporation with offices in North America and the Asia-Pacific. Mr. Mann has been actively involved in capital raising and strategic development initiatives for public and private companies.
Interest in Shares and Options	—	5,050,430 shares held by TJ & CJ Mann Super Pension Fund
Special Responsibilities	—	Member of the Audit Committee
Directorships held in other listed entities in the last 3 years	—	Resource & Investment NL (Resigned 14 May 2015)

Mr. Mann is considered to be an independent Director

John Leslie Goody age 64	—	Executive Director (to 29 February 2016) Non Executive Director (effective 1 March 2016, resigned 7 September 2016)
Experience	—	Mr. Goody has over 45 years experience in the mining industry and has been responsible for the development of various prospects throughout Australia, Papua New Guinea, Vanuatu, Philippines, China and Chile. Mr. Goody is a member of the Geological Society of Australia
Interest in Shares and Options	—	28,451,112 shares held by Goody Investments Pty. Ltd.# 1,000,000 shares held by Goody Family A/C 3,000,000 shares held by John Leslie Goody 50,000 shares held by Goody Super Fund # 15,240,000 of these shares were sold on 8 September 2016 and Mr Goody advised that he was no longer a substantial holder
Directorships held in other listed entities in the last 3 years	—	None

Mr. Goody was considered to be a non independent Director

7. Information on directors (continued)

Edgar George Newman age 64	—	Non Executive Director (resigned 13 January 2016)
Qualifications	—	Dip AppSc (Chem)
Experience	—	Mr. Newman has over 33 years experience in the mining and exploration industry. He has held positions as chemist and manager of an analytical services laboratory as well as being involved in feasibility studies, design, construction and commissioning of several mining and processing operations in Australia and Papua New Guinea.
Interest in Shares and Options	—	None
Special Responsibilities	—	Chairman of the Audit Committee
Directorships held in other listed entities in the last 3 years	—	None

Mr. Newman was considered to be an independent Director

Hamish Collins age 47	—	Managing Director (appointed 28 March 2012)
Qualifications	—	B.Eng (Mining) Hons
	—	Graduate diploma in Applied Finance and Investments from the Securities Institute of Australia
Experience	—	Mr. Collins has a combined 24 years of mining industry and mine finance experience. His previous positions as Managing Director of MM Mining Limited and Chief Executive Officer of Aston Resources Limited were preceded by senior level positions in corporate finance at BNP Paribas, NM Rothschild & Sons (Australia) Ltd, Commonwealth Bank of Australia and SG, Hambros (Australia) Ltd.
Interest in Shares and Options	—	500,000 shares held by the Collins Family Superannuation Fund
	—	4,000,000 shares held by Louise Collins. These shares are funded by a non-recourse loan and considered to be options.
Directorships held in other listed entities in the last 3 years	—	Timpetra Resources Limited (resigned 31 March 2014)

Mr. Collins is considered to be a non independent Director

7. Information on directors (continued)

Paul Harris age 48	—	Non Executive Director (appointed 17 December 2014)
Qualifications	—	M.Eng (Mining), University of New South Wales
	—	B.Comm (Finance), University of New South Wales
	—	Graduate diploma in Applied Finance and Investments from the Securities Institute of Australia
	—	Graduate of the Australian Institute of Company Directors (GAICD)
Experience	—	Mr. Harris has over 25 years' experience in the financial markets and investment banking, more recently advising mining corporates on strategy, mergers and acquisitions and capital markets. His most recent position was Managing Director, Head of Metals and Mining at Citi, having previously worked for many years at Merrill Lynch and Bankers Trust.
Interest in Shares and Options	—	114,286 shares held by Hollach Capital Pty Ltd.
Directorships held in other listed entities in the last 3 years	—	None

Mr. Harris is considered to be a non independent Director since 6 June 2016

Ivan Wong age 53	—	Non Executive Director (appointed 1 July 2016)
Qualifications	—	BSc Hons
Experience	—	Mr. Wong has strong IT background and over 20 years experience in running various businesses in Australia. Mr. Wong is currently an Executive Director of Great Pacific Financial Group which was established in 1992. Via its subsidiary / related companies it has involved in many business operations/ventures since establishment. Currently its core business is in mortgage finance, loan management and property management. Previously it had businesses in financial services, IT services, property information, property development and hotel investment and management services.
Interest in Shares and Options	—	329,203 shares held by Teresa Yi Yin Wong
Directorships held in other listed entities in the last 3 years	—	None

Mr. Wong is considered to be a non independent Director

7. Information on directors (continued)

Stephen Lonergan age 69	—	Non Executive Director (appointed 7 September 2016)
Qualifications	—	LL.B (Hons) Australian National University
	—	LL.M McGill University
Experience		Mr. Lonergan was company secretary of KBL Mining Limited until 1 May 2014 and retired as an executive director of that company on 15 May 2014. He was the general counsel and company secretary of CBH Resources Ltd until its takeover in 2010 and was a director and company secretary of Paradigm Metals Ltd until November 2012 and a director of Finders Resources Limited until August 2013. He was also general counsel of Savage Resources and Pancontinental Mining and has been involved in the Australian and international mining industry for more than 30 years.
.		
Interest in Shares and Options	—	1,000,0000 shares held by Stephen Lonergan. These shares are funded by a non-recourse loan and considered to be options.
Directorships held in other listed entities in the last 3 years	—	KBL Mining Limited

Mr. Lonergan is considered to be an independent Director

8. Remuneration report – audited

8.1 Principles of compensation

This report details the nature and amount of remuneration for each Director of the Company and Group and for key management personnel of the Group.

The Board establishes appropriate remuneration for Directors and remuneration levels and incentive structures for key management personnel. Key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of the Group. This category comprises the Managing Director, Mr. Hamish Collins who is an employee of the Company and Mr. John Goody, who was engaged under a consultancy arrangement. Mr Goody resigned from this role to become a non-executive Director on 1 March 2016.

Compensation levels have been, and will be, set to be in line with Australian mineral exploration entities of equivalent size and comparable operations in order to attract and retain suitably qualified and experienced key management personnel but also having regard to the prevailing financial capacity of the Company.

Mr. John Goody was retained on a contract which commenced on the date the entity was admitted to the Official List of the ASX (14 June 2007) and which terminated when he ceased to be executive Director of the Company on 1 March 2016. Since becoming a non-executive Director, Mr Goody received directors' fees coupled with superannuation payments in the same manner as the other non-executive Directors. Mr. Goody's remuneration for the period from 1 July 2015 until he resigned as executive Director was $89,040 exclusive of GST.

The Managing Director, Mr. Hamish Collins is a full time employee of the Company. Mr. Collins' salary for the year ended 30 June 2016 was $325,000 per annum plus a superannuation contribution by the Company.

Mr. Collins' service agreement may be terminated at any time by the Company giving to the employee not less than six months' prior written notice. In the event of termination, the Company must pay Mr. Collins an amount equal to the remuneration payable for so much of the notice period as the employee is not so retained.

The agreement may be terminated at any time by Mr. Collins giving to the Company not less than three months prior written notice. The Company may terminate Mr. Collins' service agreement immediately in certain events including serious misconduct and material breach of contract.

All non-executive Directors receive directors' fees coupled with superannuation payments and, when providing additional services to the Group, they are paid at normal commercial rates for their work. Neither non-executive Directors nor key management personnel are entitled to any retirement benefits.

All remuneration paid to Directors and key management personnel is valued at cost to the Group and is expensed or capitalised as appropriate.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years.

In thousands of AUD	**2016**	**2015**	**2014**	**2013**	**2012**
Net loss attributable to owners of the company	**($2,465)**	**($9,140)**	**($ 3,930)**	**$ (72)**	**$ (1,995)**
Dividends paid	-	-	-	-	-
Change in share price	**$0.002**	**$ (0.060)**	**$ (0.070)**	**$ 0.140**	**$ (0.212)**

8. Remuneration report – audited (continued)

8.2 Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company, each of the two named Company executives and other key management personnel of the Group are:

		Short-term			Post-employment	Share-based payments	
in AUD		Salary & fees $	Bonus $	Consultancy fees $	Super-annuation benefits $	Options and rights $	Total $
Directors							
Non-executive directors							
Thomas Mann	2016	180,000	-	-	11,400	-	191,400
	2015	120,000	-	60,000	11,400	-	191,400
Edgar Newman (resigned 13 January 2016)	2016	53,354	-	-	5,069	-	58,423
	2015	140,250	-	-	13,323	-	153,573
Paul Harris	2016	54,313	-	-	5,160	-	59,472
	2015	27,016	-	-	2,567	-	29,583
John Goody (effective 1 March 2016)	2016	16,667	-	-	1,583	-	18,250
Executive Directors							
Hamish Collins	2016	325,000	-	-	30,000	-	355,000
	2015	325,000	50,000	-	30,000	-	405,000
John Goody (resigned 29 February 2016)	2016	-	-	89,040	-	-	89,040
	2015	-	-	134,000	-	-	134,000

Short-term remuneration includes salaries and fees and consultancy fees paid to non-executive Director's and associated related parties for services provided by the Director. The remuneration disclosed above represents the cost to the Group for the services provided by Directors.

Details of incentive based remuneration

On 8 May 2014, shareholders approved the issuance of 4 million fully paid ordinary shares at $0.12 per share to Hamish Collins, to be funded by a limited recourse loan. The recourse of the loan is limited to the shares issued. The loan is interest free and repayable within 3 years. In accordance with AASB 2 the loan is required to be valued and accounted for as an option. The fair value of $406,000 was calculated using the Black Scholes model with inputs of 15 cents share price, 12 cents strike price, three year period to expiry, 2.89% risk free interest rate and 101.3% volatility. There are no performance or service conditions attached to the loan. The fair value of the options was recognised as an expense during the year ended 30 June 2014. At balance date the loan was not repaid.

8.3 Equity instruments

All options and performance rights refer to options and rights over ordinary shares of Aeon Metals Limited and all are exercisable on a one-for-one basis.

8.3.1 Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

8.4 Non-executive directors

At the 2014 Annual General Meeting, shareholders approved an aggregate amount of $375,000 to be available for payment of non-executive Directors' fees. No change to this was made at the 2015 Annual General Meeting.

8. Remuneration report – audited (continued)

8.5 Key Management Personnel Transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities. A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or joint control were as follows:

			Transaction values year ended 30 June		Balance outstanding as at 30 June	
in AUD		*Note*	**2016**	**2015**	**2016**	**2015**
Key management person						
Thomas Mann	Reimbursements	(i)	-	-	-	-
John Goody	Reimbursements	(i)	1,259	2,246	-	193
Edgar Newman	Reimbursements	(i)	2,572	7,774	-	160
Hamish Collins	Reimbursements	(i)	459	1,095	100	95
Paul Harris	Reimbursements	(i)	1,396	-	80	-
Total and current liabilities					180	448

(i) The Group reimbursed John Goody, Edgar Newman, Hamish Collins and Paul Harris for business related expenditure. The amounts were paid as per third party receipts.

8.5.1 Options over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Aeon Metals Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2015	Granted as compensation	Other changes	Held at 30 June 2016	Vested during the year
Directors					
Hamish Collins	4,000,000	-	-	4,000,000	-

8.5.2 Movements in shares

The movement during the reporting period in the number of ordinary shares in Aeon Metals Limited held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2015	Purchases	Received on exercise of options	Sales	Held at 30 June 2016
Directors					
Thomas Mann	5,050,430	-	-	-	5,050,430
John Goody	32,501,112	-	-	-	32,501,112
Hamish Collins	128,235	371,765	-	-	500,000
Paul Harris	-	114,286	-	-	114,286

8. Remuneration report – audited (continued)

8.5.2 Movements in shares (continued)

	Held at 1 July 2014	Purchases	Received on exercise of options	Sales	Held at 30 June 2015
Directors					
Thomas Mann	5,050,430	-	-	-	5,050,430
John Goody	32,501,112	-	-	-	32,501,112
Hamish Collins	78,235	50,000	-	-	128,235

9. Directors' meetings

During the financial period, seven (7) Meetings of the Board of Directors were held. Attendances by each Director during the period were as follows:

Director	Number attended	Number eligible to attend
Thomas Mann	7	7
John Goody	7	7
Edgar Newman	3	3
Hamish Collins	7	7
Paul Harris	7	7

In addition to the Directors' meetings, two (2) Audit Committee meetings were held during the year. They were attended by Paul Harris, Thomas Mann and Hamish Collins.

10. Share options

Unissued shares under options

At the date of this report unissued ordinary shares of the Group under options (warrants) are:

Expiry date	Exercise price	Number of shares
Options		
17/06/2017	$0.158	63,251,107
17/12/2017	$0.094	52,174,894
17/12/2017	$0.094	20,825,106

All unissued shares are ordinary shares in the Company. 7,650,000 shares issued under limited recourse loans are excluded from the above table.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

The Company issued 52,175 thousand warrants to OL Master Limited exercisable at 9.35 cents. These warrants expire on 17 December 2017 and represented the first tranche of warrants issued in conjunction with the refinancing facility in 2015. An amount of $1,764 thousand excluding capital raising costs, of the proceeds from the refinancing was allocated to the warrants.

The Company issued a second tranche of 20,825 thousand warrants exercisable at 9.35 cents on 30 October 2015 in conjunction with the drawdown of Tranche 2 of the refinancing facility. The warrants expire on 17 December 2017. An amount of $1,564 thousand of the proceeds from the refinancing was allocated to the warrants.

11. Issue of ordinary shares

The Company issued 43,479 thousand shares on 10 July 2015 at an issue price of 7.5 cents per share as part of its non renounceable rights issue. This raised approximately $3,260 thousand before issue costs.

12. Indemnification and insurance of officers and auditors

The Company has agreed to indemnify the current directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of the conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving wilful breach of duty in relation to the Company. The directors have not included details of the amount of the premium paid in respect of the directors' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract. The Group has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor.

13. Non-audit services

During the year KPMG, the Group's auditor, did not perform any other services in addition to their statutory duties.

	2016 AUD
Audit and review of financial statements	115,160
Total paid to KPMG	115,160

14. 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. The Company was not a party to any such proceedings during the period.

15. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 68 and forms part of the directors' report for the financial year ended 30 June 2016.

16. Rounding off

The Company is of a kind referred to in ASIC Class Order 2016/191 dated 1 April 2016 and in accordance with that Class Order, amounts in the consolidated financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors:

H. Collins

Hamish Collins
Managing Director

Dated at Sydney on 12 September 2016

Aeon Metals Limited

Consolidated statement of financial position

As at 30 June 2016

in thousands of AUD	***Note***	**30 June 2016**	**30 June 2015**
Assets			
Cash and cash equivalents	*15*	6,629	1,812
Trade and other receivables	*14*	146	91
Other investments	*12*	50	49
Prepayments		49	48
Total current assets		6,874	2,000
Property, plant and equipment	*10*	144	157
Other Assets		36	44
Exploration and evaluation assets	*11*	50,113	43,295
Total non-current assets		50,293	43,496
Total assets		57,167	45,496
Liabilities			
Trade and other payables	*22*	921	462
Provisions	*21*	50	50
Employee benefits	*19*	103	109
Total current liabilities		1,074	621
Loans and borrowings	*23*	23,558	16,227
Total non-current liabilities		23,558	16,227
Total liabilities		24,632	16,848
Net assets		32,535	28,648
Equity			
Share capital	*17*	48,379	45,332
Reserves	*17*	8,830	5,523
Accumulated Losses		(24,682)	(22,217)
Total equity attributable to equity holders of the Company		32,527	28,638
Non-controlling interests		8	10
Total equity		32,535	28,648

The Notes on pages 34 to 64 are an integral part of these consolidated financial statements.

Aeon Metals Limited

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2016

in thousands of AUD	***Note***	**2016**	**2015**
Continuing operations			
Impairment loss	*11*	(939)	(7,270)
Administrative expenses		(1,033)	(937)
Other expenses	*7*	(656)	(1,046)
Results from operating activities		(2,628)	(9,253)
Finance income		161	102
Finance costs		-	(3)
Net finance income	*9*	161	99
Loss before tax		(2,467)	(9,154)
Income Tax expense	*13*	-	-
Loss for period		(2,467)	(9,154)
Other Comprehensive Income		-	-
Total comprehensive loss for the year		(2,467)	(9,154)
Loss attributable to:			
Owners of the Company		(2,465)	(9,140)
Non-controlling interest		(2)	(14)
Loss for the period		(2,467)	(9,154)
Total comprehensive loss attributable to:			
Owners of the Company		(2,465)	(9,140)
Non-controlling interest		(2)	(14)
Total comprehensive loss for the period		(2,467)	(9,154)
Earnings per share			
Basic loss per share (AUD)	*18*	(0.73) (cents)	(3.09) (cents)
Diluted loss per share (AUD)	*18*	(0.73) (cents)	(3.09) (cents)

The Notes on pages 34 to 64 are an integral part of these consolidated financial statements.

Aeon Metals Limited

Consolidated statement of changes in equity

For the year ended 30 June 2016

		Attributable to owners of the Company				
in thousands of AUD	***Note***	**Share capital**	**Equity compensation Reserve**	**Accumulated Losses**	**Non-controlling interests**	**Total equity**
Balance at 1 July 2014		43,411	5,734	(13,637)	24	35,532
Total comprehensive income for the year						
Profit or loss		-	-	(9,140)	(14)	(9,154)
Total comprehensive income/(loss) for the year		-	-	(9,140)	(14)	(9,154)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of ordinary shares	*17*	2,128	-	-	-	2,128
Capital raising costs	*17*	(260)	-	-	-	(260)
Rights surrended	*20*	-	(130)	130	-	-
Issue of share options	*20*	-	357	-	-	357
Exercise of share options	*17*	53	(8)	-	-	45
Share options expired	*20*	-	(430)	430	-	-
Total contributions by and distributions to owners of the Company		1,921	(211)	560	-	2,270
Balance at 30 June 2015		45,332	5,523	(22,217)	10	28,648
Balance at 1 July 2015		45,332	5,523	(22,217)	10	28,648
Total comprehensive income for the year						
Profit or loss		-	-	(2,465)	(2)	(2,467)
Total comprehensive income/(loss) for the year		-	-	(2,465)	(2)	(2,467)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of ordinary shares	*17*	3,260	-	-	-	3,260
Capital raising costs	*17*	(213)	-	-	-	(213)
Issue of warrants	*23*	-	3,267	-	-	3,267
Issue of share options	*20*	-	40	-	-	40
Total contributions by and distributions to owners of the Company		3,047	3,307	-	-	6,354
Balance at 30 June 2016		48,379	8,830	(24,682)	8	32,535

The Notes on pages 34 to 64 are an integral part of these consolidated financial statements.

Aeon Metals Limited

Consolidated statement of cash flows

For the year ended 30 June 2016

in thousands of AUD	***Note***	**2016**	**2015**
Cash flows from operating activities			
Government grant received		466	443
Cash paid to suppliers and employees		(1,394)	(1,622)
Cash generated from operations		(928)	(1,179)
Interest received/(used in)		161	102
Interest expense		-	-
Net cash used in operating activities	*16*	(767)	(1,077)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(24)	(28)
Payments for exploration activities		(2,227)	(4,235)
Acquisition of other investments		(1)	(1)
Net cash used in investing activities		(2,252)	(4,264)
Cash flows from financing activities			
Proceeds from issue of share capital		3,260	2,094
Proceeds from refinancing notes (net of costs)		4,789	-
Payment of capital raising costs		(213)	(182)
Net cash from/(used in) financing activities		7,836	1,912
Net increase in cash and cash equivalents		4,817	(3,429)
Cash and cash equivalents at 1 July		1,812	5,241
Cash and cash equivalents at 30 June	*15*	6,629	1,812

The Notes on pages 34 to 64 are an integral part of these consolidated financial statements.

1. Reporting entity

Aeon Metals Limited (the “Company”) is a company domiciled in Australia. The address of the Company’s registered office is Level 7, 88 Pitt Street, Sydney NSW 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group is a for-profit entity and primarily is involved in prospect and tenement exploration for a range of minerals including copper and molybdenum.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 12 September 2016.

(b) Going concern

The 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 year ended 30 June 2016, the Group incurred a net loss before tax of $2,467 thousand, including impairment on exploration and evaluation assets of $939 thousand. The Group recorded net cash inflows from operating, investing and financing activities of $4,817 thousand. As at 30 June 2016, the Group had net assets of $32,535 thousand, including cash of $6,629 thousand.

The Directors have prepared cash flow projections for the coming 12 months that support the ability of the Group to continue as a going concern. These cashflow projections include significant exploration and evaluation expenditure and assume the Group maintains expenditure in line with the level of funding available.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value

The methods used to measure fair values are discussed further in note 5.

2. Basis of preparation (continued)

(d) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

The Company is of a kind referred to in ASIC Class Order 2016/191 dated 1 April 2016 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

(e) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 2(b) – going concern
- Note 11 – exploration and evaluation asset impairment
- Note 13 – unrecognised and deferred tax assets
- Note 17 – Issue of warrants
- Note 20 – measurement of share-based payments
- Note 24 – valuation of financial instruments

(f) Changes in accounting policies

The Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

3. Significant accounting policies (continued)

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Financial assets at fair value through profit or loss

A financial asset is classified as fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Non-derivative financial assets – measurement (continued)

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss in equity is reclassified to profit or loss.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The depreciation rates used for each class of depreciable assets are:

• Computer equipment	20% - 67%
• Mining and exploration equipment	5% - 67%
• Plant and equipment	5% - 50%
• Motor vehicles	10% - 25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the entity has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operation in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and revaluation expenditure to mining property and development assets within property, plant and equipment.

(e) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;

3. Significant accounting policies (continued)

(e) Impairment (continued)

(i) Non-derivative financial assets (continued)

- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets measured at both an individual asset and a collective level. All assets are individually assessed for specific impairment.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3. Significant accounting policies (continued)

(e) Impairment (continued)

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

3. Significant accounting policies (continued)

(g) Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(h) Revenue

(i) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(ii) Government grants

Government grants that relate to capitalised Exploration and Evaluation expenditure is deducted from the carrying amount of the asset when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. When the assets are reclassified from exploration and evaluation expenditure to mining property and development assets the grant is recognised in profit or loss over the life of the asset as a reduced amortisation expense.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

The Group recognises the grant income as an operating cash flow in the cash flow statement in the same period it is received.

(i) Leases

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(j) Finance income and finance costs

Finance income and finance costs comprise interest income on funds invested (including available-for-sale financial assets), gains/losses on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, gains or losses on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

3. Significant accounting policies (continued)

(k) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability on the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

3. Significant accounting policies (continued)

(m) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(n) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

4. New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(a) AASB 9 Financial instruments (AASB 9)

AASB 9 (2009) will replace the existing guidance on AASP 139 Financial Instruments: Measurement and Recognition (AASB 139). It includes guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for the Group's annual reporting period beginning 1 July 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.

(b) AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

AASB is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 *Revenue from Contracts with Customers* is adopted at the same time.

The Group is assessing the potential impact on its financial statements resulting from the application of AASB 16.

5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination or an acquisition of assets is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(b) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss and held-to-maturity investments is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(c) Share-based payment transactions

The fair value of the performance rights is measured using the Monte Carlo Simulation method and the fair value of the employee share options, share appreciation rights and warrants is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility of the Company's share prices, adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(d) Financial liabilities

The fair value of limited recourse notes is determined based on discounted cash flows and an appropriate effective interest rate.

6. Operating segments

The Group's only operation is exploration of 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 phase so it has no products or services nor any major customers.

7. Other expenses

in thousands of AUD	2016	2015
Employee benefits expense	(532)	(587)
Superannuation expense	(84)	(102)
Share - based payments (refer note 20)	(40)	(357)
	(656)	(1,046)

8. Expenses by nature

in thousands of AUD	2016	2015
Employee benefit expense	616	689
Depreciation expense	37	42
Consultancy expense	407	314
Advertising expense	10	64
Impairment losses	939	7,270
Share- based payments	40	357
Finance costs	-	3
Other expenses	579	517

9. Finance income and finance costs

Recognised in profit or loss

in thousands of AUD	2016	2015
Interest income from bank deposits	161	102
Net change in fair value of financial assets at fair value through profit or loss	-	-
Finance income	161	102
Net change in fair value of financial assets at fair value through profit or loss	-	(3)
Finance costs	-	(3)
Net finance costs recognised in profit or loss	161	99

	2016	2015
The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:		
Total interest income on financial assets	161	102
Total interest expense on financial liabilities	-	-
	161	102

10. Property, plant and equipment

in thousands of AUD	Computer equipment	Mining and Exploration equipment	Plant and equipment	Motor Vehicles	Total
Cost					
Balance at 1 July 2014	52	282	48	141	523
Additions	7	19	2	-	28
Balance at 30 June 2015	59	301	50	141	551
Balance at 1 July 2015	59	301	50	141	551
Additions	2	-	4	18	24
Balance at 30 June 2016	61	301	54	159	575
Depreciation					
Balance at 1 July 2014	(49)	(198)	(4)	(101)	(352)
Depreciation for the year	(5)	(18)	(6)	(13)	(42)
Balance at 30 June 2015	(54)	(216)	(10)	(114)	(394)
Balance at 1 July 2015	(54)	(216)	(10)	(114)	(394)
Depreciation for the year	(4)	(17)	(6)	(10)	(37)
Balance at 30 June 2016	(58)	(233)	(16)	(124)	(431)
Carrying amounts					
at 1 July 2014	3	84	44	40	171
at 30 June 2015	5	85	40	27	157
at 1 July 2015	5	85	40	27	157
at 30 June 2016	3	68	38	35	144

11. Exploration and evaluation assets

in thousands of AUD	Capitalised Exploration Expenditure
Balance at 1 July 2014	43,323
Additions	7,242
Impairment losses	(7,270)
Balance at 30 June 2015	43,295
Balance at 1 July 2015	43,295
Additions	8,223
Government grant received in relation to exploration and evaluation	(466)
Impairment losses	(939)
Balance at 30 June 2016	50,113

The Group has capitalised exploration expenditure incurred up to 30 June 2016 of $8,223 thousand (2015: $7,242). Included in this amount are capitalised borrowing costs related to the acquisition of Aeon Walford Creek Limited, as the borrowings were specifically for the purpose of obtaining the exploration and evaluation asset, the capitalisation rate applied was 100%. In the year ended 30 June 2016 the amount that was capitalised in respect of this was $5,799 thousand (2015: $2,507 thousand).

11. Exploration and evaluation assets (continued)

An independent valuation of the exploration projects was completed in July 2015. Following a review of the valuations the Directors impaired the book value of certain projects to their recoverable amount, being the fair value less costs of disposal during the year ended 30 June 2015.

During the year ended 30 Jun 2016 a number of tenements were relinquished. As a result the Group has recognised an impairment loss for the year ended 30 June 2016 of $939 thousand (2015: $7,270 thousand) with respect to exploration and evaluation assets.

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. $2,229 thousand (2015: $4,235 thousand) of the capitalised costs have been included in cash flows from investing activities in the cash flow statement.

12. Other investments

in thousands of AUD	***Note***	**2016**	**2015**
Current investments			
Financial assets designated at fair value through profit or loss - listed shares (i)		5	5
Term deposit		45	44
		50	49

(i) 1,556,500 shares held in Zamia Metals Ltd (ZGM)

The term deposit had an average interest rate of 3.07% (2015: 3.65%) and matures in 1 month.

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 24.

Sensitivity analysis – equity price risk

All of the Group's equity investments are listed on the Australian Securities Exchange. For such investments classified at fair value through profit and loss, a 5 percent increase/decrease in the price of the stock held at the reporting date (or prior period) would have increased or decreased profit or loss by an immaterial amount.

13. Income tax

in thousands of AUD	**2016**	**2015**
Income tax recognised in profit or loss		
Current tax expense		
Current year	-	-
Deferred tax expense	-	-
Total income tax expense	-	-

13. Income tax (continued)

Reconciliation of effective tax rate

in thousands of AUD	**2016**	**2015**
Loss for the period	(2,467)	(9,154)
Total tax expense	-	-
Loss excluding tax	(2,467)	(9,154)
Tax using the Company's domestic tax rate of 30 percent (2015:30 percent)	(740)	(2,746)
Non-assessable income	146	22
Losses not brought to account	594	2,742
	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

in thousands of AUD	**2016**	**2015**
Deductible temporary differences	-	-
Tax losses	8,689	8,032
	8,689	8,032

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

14. Trade and other receivables

in thousands of AUD	**2016**	**2015**
GST receivable	146	91
	146	91

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in Note 24.

15. Cash and cash equivalents

in thousands of AUD	**2016**	**2015**
Bank balances	6,629	1,812
Cash and cash equivalents in the statement of cash flows	6,629	1,812

16. Reconciliation of cash flows from operating activities

in thousands of AUD	*Note*	2016	2015
Cash flows from operating activities			
Profit (loss) for the period		(2,467)	(9,154)
Adjustments for:			
Depreciation	*10*	37	42
Impairment of exploration and evaluation assets	*11*	939	7,270
Change in fair value of investment through profit and loss	*9*	-	3
Government grant		466	-
Equity-settled share-based payment transactions	*20*	40	357
		(985)	(1,482)
Change in trade and other receivables	*14*	(55)	499
Change in prepayments		(2)	1
Change in trade and other payables	*22*	281	(23)
Change in provisions and employee benefits	*19,21*	(6)	(72)
Net cash from/(used in) operating activities		(767)	(1,077)

17. Capital and reserves

Share capital

	Ordinary shares	
In thousands of shares	**2016**	**2015**
In issue at 1 July	297,353	271,917
Issued for cash	43,479	24,780
Issued for services	-	656
In issue at 30 June	340,832	297,353

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 regard to the Company's residual assets.

Issuance of ordinary shares

2016

The Company issued 43,479 thousand shares on 10 July 2015 at an issue price of 7.5 cents per share as part of its non renounceable rights issue. This raised approximately $3,260 thousand before issue costs. Capital raising costs included in share capital attributable to the issue of shares during the year was $213 thousand.

All issued shares are fully paid.

17. Capital and reserves (continued)

Issuance of ordinary shares (continued)

2016

650 thousand ordinary shares were issued on 11 March 2016 at an exercise price of $0.05 per share, as an incentive payment to an employee of the Company. The fair value of these shares was $40 thousand as at 11 March 2016 (refer note 20), which was funded by a limited recourse loan from the Company. Shares issued under limited recourse loan agreements are excluded from the number on shares or issue outlined above.

2015

During the year ended 30 June 2015 two (2) share placements in connection with the acquisition of Aeon Walford Creek Pty Ltd (formerly Aston Metals (QLD) Ltd) and associated funding as approved by shareholders on 8 May 2014 were completed. 15,669 thousand ordinary shares were issued on 15 July 2014 and 8,811 thousand ordinary shares were issued on 4 August 2014. These shares had an issue price of $0.12 per share. The total raised from the placements was $2,938 thousand of which $889 thousand was received as a prepayment during the year ended 30 June 2014. As consideration of capital raising costs associated with the placements approved on 8 May 2014, 656 thousand ordinary shares were issued at an issue price of $0.12 per share totalling $79 thousand (refer note 20).

3,000 thousand ordinary shares were issued on 4 August 2014 at an exercise price of $0.195 per share, as an incentive payment for two employees of the Company. The fair value of these shares was $357 thousand as at 4 August 2014 (refer note 20), which was funded by a limited recourse loan from the Company. Shares issued under limited recourse loan agreements are excluded from the number on shares or issue outlined above.

On 29 August 2014, existing options that were on issue with a fair value of $8 thousand were exercised resulting in the issue of 300 thousand ordinary shares. The issue price of these shares was $0.15 per share. Capital raising costs included in the share capital attributable to the issue of shares during the year was $260 thousand.

Reserves

Equity compensation reserve

The equity compensation reserve records the fair value of options and performance rights issued.

Issue of warrants

2016

The Company issued 52,175 thousand warrants on 6 August 2015 to OL Master Limited exercisable at 9.35 cents. These warrants expire on 17 December 2017 and represented the first tranche of warrants issued in conjunction with the new financing facility. An amount of $1,764 thousand excluding capital raising costs of $61 thousand, of the proceeds from the refinancing was allocated to the warrants, refer note 23.

The Company issued a second tranche of 20,825 thousand warrants on 30 October 2015 exercisable at 9.35 cents in conjunction with the drawdown of Tranche 2 of the finance facility. The warrants expire on 17 December 2017. An amount of $1,564 thousand of the proceeds from the refinancing was allocated to the warrants, refer note 23.

17. Capital and reserves (continued)

Expiration of warrants

2016

On 8 February 2016, 1,000 thousand warrants (share options) expired. This parcel of warrants had an exercise price of $0.125.

Total on issue

The total number of warrants and options on issue at 30 June 2016 was 136,251 thousand (2015: 64,251 thousand). Shares issued under non recourse loan agreements are excluded from the number of options on issue.

18. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of $2,465 thousand (2015: $9,140 thousand loss) and a weighted average number of ordinary shares outstanding of 337,939 thousand (2015: 295,647 thousand), calculated as follows:

Loss attributable to ordinary shareholders (basic)

in thousands of AUD	**2016**	**2015**
Loss for the period	(2,465)	(9,140)
Profit (loss) attributable to ordinary shareholders	(2,465)	(9,140)

Weighted average number of ordinary shares (basic)

in thousands of shares	***Note***	**2016**	**2015**
Issued ordinary shares at 1 July	*17*	297,353	271,917
Effect of shares issued in July 2014		-	15,025
Effect of shares issued in August 2014		-	8,705
Effect of shares issued in July 2015		42,292	-
Weighted average number of ordinary shares at 30 June		339,645	295,647

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2016 was based on loss attributable to ordinary shareholders of $2,465 thousand (2015: $9,140 thousand loss), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 337,939 thousand (2015: 295,647 thousand), calculated as follows:

Loss attributable to ordinary shareholders (diluted)

in thousands of AUD	**2016**	**2015**
Loss attributable to ordinary shareholders (basic)	(2,465)	(9,140)
Profit (loss) attributable to ordinary shareholders (diluted)	(2,465)	(9,140)

18. Earnings per share (continued)

Weighted average number of ordinary shares (diluted)

in thousands of shares	2016	2015
Weighted average number of ordinary shares (basic)	339,645	295,647
Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted) at 30 June	339,645	295,647

At 30 June 2016 63,251 thousand options (2015: 64,251 thousand options) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

19. Employee benefits

in thousands of AUD	2016	2015
Salaries and wages accrued	23	33
Liability for annual leave	80	75
Liability for superannuation	-	1
Total employee benefits - current	103	109

20. Share-based payment arrangements

Description of the share-based payment arrangements

2016

On 11 March 2016 the Company issued 650 thousand shares to one of its employees. The shares are funded by a limited recourse loan. The loan is limited to the shares issued, is interest free and repayable within 3 years. In accordance with AASB 2 the loan is required to be valued as an option. The fair value of the share options of $40 thousand was calculated using the Black Scholes Model. There are no performance or service conditions attached to the loan. At balance date the loan was not repaid.

2015

On 3 July 2014 the 4 million 5 year performance rights issued to Hamish Collins on 24 August 2012 were surrendered. The fair value of the performance rights was $130 thousand.

On 4 August 2014, 3,000 thousand fully paid ordinary shares were issued to two employees. The acquisition of the ordinary shares was funded by a loan from the Company. The recourse of the loan is limited to the shares issued. The loan is interest free and repayable within 3 years. In accordance with AASB 2 the loan is required to be valued as an option. The fair value of the share options of $357 thousand was calculated using the Black Scholes Model. The share options vested immediately and at balance date the loan was not repaid.

As consideration of capital raising costs associated with the placements approved on 8 May 2014 656 thousand ordinary shares were issued at an issue price of $0.12 per share. The fair value of $79 thousand was calculated with reference to the fair value of the services provided.

On 9 November 2014, 13,033 thousand options which had been issued during the year ended 30 June 2013 with a fair value $347 thousand expired.

20. Share-based payment arrangements (continued)

From time to time the Company will issue shares to employees and the acquisition of the ordinary shares is funded by a loan from the Company, with recourse of these loans being limited to the shares issued. The loans are interest free. In accordance with AASB 2 the loans provided to the employees and shares issued are required to be valued as an option. During the year ended 30 June 2015, 650 thousand of these options with a fair value of $83 thousand expired.

Disclosure of share option programme

The number and weighted average exercise prices of share options and warrants are as follows:

in AUD	Number of options/warrants 2016	Weighted average exercise price 2016	Number of options/warrants 2015	Weighted average exercise price 2015
Outstanding at 1 July	64,251,107	0.16	77,584,440	0.16
Expired during the year	(1,000,000)	(0.13)	(13,033,333)	(0.15)
Excercised during the year	-	-	(300,000)	(0.15)
Outstanding at 30 June	63,251,107	0.16	64,251,107	0.16
Exercisable at 30 June	63,251,107	0.16	64,251,107	0.16

The options and warrants outstanding at 30 June 2016 have an exercise price $0.1581 (2015: $0.125 to $0.1581) and a weighted average contractual life remaining of three hundred and twelve days (2015: seven hundred and ten days).

Shares issued under non recourse loan agreements are excluded from the number of options on issue outlined above.

Inputs for measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share-based payment plans:

	Employee Options 2016	Employee Options 2015
Number of options	650,000	3,000,000
Grant date	11 March 2016	4 August 2014
Fair value at grant date	$0.062	$0.119
Share price at grant date	5 cents	19 cents
Exercise price	5 cents	19.5 cents
Expected volatility (weighted average)	129%	101%
Expected life (weighted average)	3 years	3 years
Risk-free interest rate (based on government bonds)	1.55%	2.74%

The expected share price volatility has been calculated based on Aeon Metals Limited’s historical share price performance.

21. Provisions

In thousands of AUD	Site restoration	Total
Balance at 1 July 2015	50	50
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Balance at 30 June 2016	50	50
Non-current	-	-
Current	50	50
	50	50

Site restoration

A provision of $50 thousand was made in respect of the Group’s obligations in respect of environmental remediation. The required work is completed throughout the year on an ongoing basis. There has been no change to the provision in the current year. The provision has been capitalised to the Exploration and Evaluation assets at Note 11.

22. Trade and other payables

In thousands of AUD	2016	2015
Other payables	829	343
Accrued expenses	92	119
	921	462

The Group’s exposure to liquidity risk related to trade and other payables is disclosed in Note 24.

23. Loans and borrowings

See accounting policies in Note 3.

In thousands of AUD	2016	2015
Non-current liabilities		
Limited recourse notes	23,558	16,227
	23,558	16,227

During the year the Company refinanced its debt facility. On 23 July 2015 the Company issued 2,283 limited recourse notes as Tranche 1 to OL Master Limited with a face value of $22.83 million ("New Facility"). These funds were used to repay the principal and accrued interest owing under the existing limited recourse notes held by Centar SP3 Limited and OL Master Limited ("2014 Facility"). The New Facility is secured over Aeon Walford Creek Limited's ("AWCL") assets and the Company's AWCL shares in a manner identical to the 2014 Facility.

The New Facility's terms and conditions differ from the 2014 Facility in that interest will now capitalise on a quarterly basis, the repayment date has been extended by six months to 17 December 2017 and there is a mechanism whereby in the event of early repayment, OL Master Limited will be assured of an amount which will give it an internal rate of return of 12% up to the early repayment date. In addition 52,175 thousand warrants were issued as part of Tranche 1 to OL Master Limited as part of the terms of the refinancing. The new note facility and warrants issued have been recognised for accounting purposes based on their fair value at the date of the new facility, which was $14,724 thousand and $1,764 thousand respectively. The fair value of the New Facility and warrants was determined by reference to the fair value of the 2014 Facility of $16,488 at the date of renegotiations. The New Facility incurs interest at 12% p.a however the face value has been discounted using an effective interest rate of 35% to determine the fair value for accounting purposes. The fair value of the warrants was calculated using the Black Scholes model.

The Company issued 485 additional limited recourse notes to OL Master Limited as Tranche 2 of the New Facility on 30 October 2015 to raise $4.85 million for further work at the Walford Creek Project. In addition 20,825 thousand warrants were issued to OL Master Limited as part of Tranche 2 of the New Facility. The cash received on issue of the notes of $4,850 thousand has been allocated between the Tranche 2 warrants issued and the Tranche 2 liability. The notes issued in Tranche 2 incur interest at 12% p.a however the amounts have been allocated as $3,286 thousand to the loan and $1,564 to the warrants on the basis of an effective interest rate on the facility of 35%. The fair value of the warrants was calculated using the Black Scholes model.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 24.

23. Loans and borrowings (continued)

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows.

In thousands of AUD	Currency	Nominal interest rate	Year of maturity	30 June 2016 Face value	30 June 2016 Carrying amount	30 June 2015 Face value	30 June 2015 Carrying amount
Initial recourse notes	AUD	12.00%	July 2017	-	-	20,000	16,227
New recourse notes	AUD	12.00%	Dec 2017	27,680	23,558	-	-
Total interest-bearing liabilities				27,680	23,558	20,000	16,227

The amortised cost of the new 2,768 limited recourse notes with a face value of $10,000 per note which incur interest of 12% p.a were calculated using a discounted cashflow based on an effective interest rate of 35%.

The amortised cost of the initial 2,000 limited recourse notes with a face value of $10,000 per note which incur interest of 12% p.a were calculated using a discounted cashflow based on an effective interest rate of 33%.

24. Financial instruments

Financial risk management

The Group's financial assets consist mainly of deposits with banks.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity, other than deposits with Australian regulated banks and trade and other receivables.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

In thousands of AUD	Note	Carrying amount 2016	Carrying amount 2015
Interest bearing investments	*12*	45	44
Trade and other receivables	*14*	146	91
Cash and cash equivalents	*15*	6,629	1,812
		6,820	1,947

24. Financial instruments (continued)

Credit risk (continued)

Impairment losses

The ageing of the trade and other receivables at the end of the reporting period that were not impaired was as follows:

In thousands of AUD	**2016**	**2015**
Neither past due nor impaired	146	91
Past due 1 - 30 days	-	-
Past due 31 - 90 days	-	-
Past due 91 - 120 days	-	-
	146	91

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

In thousands of AUD	
Balance at 1 July 2014	17
Impairment loss recognised	-
Amounts written off	-
Balance at 30 June 2015	17
Balance at 1 July 2015	17
Impairment loss recognised	-
Amounts written off	-
Balance at 30 June 2016	17

At 30 June 2016 and 30 June 2015 an impairment loss of $17 thousand relates to a reimbursement of a deposit paid which the Group is not expecting to receive.

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group managed liquidity risk by monitoring forecast cash flows and ensuring that adequate cash in operating accounts is maintained. The Group has access to a $30 thousand credit card facility (2015: $30 thousand). At 30 June 2016 the undrawn amount is $30 thousand (2015: $30 thousand).

At 30 June 2016 the Group has payables of $921 thousand (2015: $462 thousand) due within 3 months.

24. Financial instruments (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

30 June 2015

		Contractual cash flows					
In thousands of AUD	Carrying amount	Total	2 mths or less	2-12 mths	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Limited recourse notes (i)	16,227	28,400	-	-	28,400	-	-
Trade payables	462	462	462	-	-	-	-
	16,689	28,862	462	-	28,400	-	-

30 June 2016

		Contractual cash flows					
In thousands of AUD	Carrying amount	Total	2 mths or less	2-12 mths	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Limited recourse notes (i)	23,558	36,593	-	-	36,593	-	-
Trade payables	921	921	921	-	-	-	-
	24,479	37,514	829	-	36,593	-	-

(i) 27,680 thousand of the contractual cash flow and 8,913 thousand of interest payable in years 1-2 years relates to a limited recourse loan secured over the assets of Aeon Walford Creek Limited.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Board monitors interest rates and equity prices and regularly reviews cashflow requirements.

The Group has no exposure to currency fluctuations and considers its exposure to interest rates and equity prices is minimal.

Interest rate risk

Profile

At the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as follows:

	Interest Rate	Carrying amount	Interest Rate	Carrying amount
In thousands of AUD	**2016**	**2016**	**2015**	**2015**
Fixed rate instruments				
Financial liabilities (i)	12%	23,558	12%	16,227
		23,558		16,227
Variable rate instruments				
Financial assets	2.05%	6,629	2.30%	1,812
Held-to-maturity assets	3.07%	45	3.45%	44
		6,674		1,856

(i) The coupon rate on the limited recourse loan is 12% p.a. however the effective interest rate has been determined to be 35% at the date of entering into the agreement.

24. Financial instruments (continued)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
Effect in thousands of AUD	**100bp increase**	**100bp decrease**
30 June 2015		
Variable rate instruments	18	(18)
30 June 2016		
Variable rate instruments	67	(67)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board ensures costs are not incurred in excess of available funds and as required will seek to raise additional funding through issues of shares for the continuation of the Group's operations. There were no changes in the Group's approach to capital management during the year.

Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

In thousands of AUD	*Note*	30 June 2016		30 June 2015	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value					
Financial assets designated at fair value through profit or loss	*12*	5	5	5	5
		5	5	5	5
Assets carried at amortised cost					
Interest bearing investments	*12*	45	45	44	44
Trade and other receivables	*14*	146	146	91	91
Cash and cash equivalents	*15*	6,629	6,629	1,812	1,812
		6,820	6,820	1,947	1,947
Liabilities carried at amortised cost					
Trade and other payables	*22*	(921)	(921)	(462)	(462)
Limited recourse notes	*23*	(23,558)	(23,558)	(16,227)	(16,227)
		(24,479)	(24,479)	(16,689)	(16,689)

24. Financial instruments (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In thousands of AUD	Level 1	Level 2	Level 3
30 June 2016			
Financial assets designated as at fair value through profit of loss	5	-	-
Total assets	5	-	-
30 June 2015			
Financial assets designated as at fair value through profit of loss	5	-	-
Total assets	5	-	-

There have been no transfers from Level 1 to Level 2 during the year ended 30 June 2016 (2015: no transfers in either direction).

25. Operating leases

Leases as lessee

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows.

in thousands of AUD	2016	2015
Less than one year	24	50
Between one and five years	-	6
More than five years	-	-
	24	56

The Group leases five premises under operating leases. Of these five leases, two leases currently run on a month to month basis. The total rental payments of these two leases is $3,642. The third and fourth leases are under 12 month contracts, both of which expire in September 2016. The total rental payments on these leases is $4,749 per month.

The remaining lease, is a 24 month lease, which expires 15 September 2016. The total rental payments are $3,222 per month.

To determine the operating lease classification, the Group considered that the land title did not pass, the rent paid to the landlord for the building is increased to market rent at regular intervals, and the entity does not participate in the residual value of the building. Accordingly, it was judged that substantially all the risks and rewards of the building are with the landlord. Based on these qualitative factors it was concluded that the leases are operating leases.

26. Commitments and contingencies

There are no contractual commitments or contingent liabilities at 30 June 2016 (2015: nil).

27. Related parties

Key management personnel compensation

The key management personnel compensation comprised:

in AUD	**2016**	**2015**
Short-term employee benefits	569,334	662,266
Share based payments	-	-
Consulting fees	149,040	194,000
Post-employment benefits	53,212	57,290
	771,586	913,556

The compensation disclosed above represents an allocation of the key management personnel's estimated compensation from the Group in relation to their services rendered to the Group.

Key management personnel and director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or joint control were as follows:

			Transaction values year ended 30 June		**Balance outstanding as at 30 June**	
in AUD		*Note*	**2016**	**2015**	**2016**	**2015**
Key management person						
Thomas Mann	Reimbursements	(i)	-	-	-	-
John Goody	Reimbursements	(i)	1,259	2,246	-	193
Edgar Newman	Reimbursements	(i)	2,572	7,774	-	160
Hamish Collins	Reimbursements	(i)	459	1,095	100	95
Paul Harris	Reimbursements	(i)	1,396	-	80	-
Total and current liabilities			5,686	11,115	180	448

(i) The Group reimbursed John Goody, Edgar Newman, Hamish Collins and Paul Harris for business related expenditure. The amounts were paid as per third party receipts.

28. Group entities

Significant subsidiaries

	Country of incorporation	Ownership interest	
		2016	**2015**
Parent Entity:			
Aeon Metals Limited			
Significant Subsidiaries			
Aussie NQ Resources Pty Ltd	Australia	100	100
SLW Queensland Pty Ltd	Australia	60	60
Aeon Walford Creek Ltd (previously Aston Metals (QLD) Ltd)	Australia	100	100

29. Subsequent events

On 1 July 2016, the Company announced Mr Ivan Wong was appointed as a non-executive director. Mr Wong is currently an Executive Director of Great Pacific Financial Group. In 2010, Great Pacific Financial Group formed a 50/50 joint venture company, SLW Minerals Corporation Pty Ltd (SLW). SLW currently holds approximately 16 million shares in the Company and holds a 40% interest in an incorporated exploration Joint Venture, SLQ Queensland Pty Ltd, with the Company owning the other 60%. As a result of this, Mr Wong is considered to be a non independent Director.

On 7 September 2016 the Company announced the retirement of Mr John Goody from his position as non-executive Director. The Company Secretary, Mr Stephen Lonergan was appointed as a non-executive Director on 7 September 2016.

30. Auditors' remuneration

In AUD	**2016**	**2015**
Audit and review services		
Auditors of the Company - KPMG		
Audit and review of financial statements	115,160	105,700
	115,160	105,700
Other services		
Auditors of the Company - KPMG		
Research and development tax incentive assistance	-	15,000
	-	15,000

31. Parent entity disclosures

As at, and throughout, the financial year ending 30 June the parent entity of the Group was Aeon Metals Limited.

in thousands of AUD	**2016**	**2015**
Result of parent entity		
Loss for the year	(1,242)	(7,200)
Other comprehensive income	-	-
Total comprehensive income for the year	(1,242)	(7,200)
Financial position of parent entity at year end		
Current assets	6,728	1,849
Non-current assets	51,307	43,295
Total assets	58,035	45,144
Current liabilities	939	491
Non-current liabilities	23,558	16,227
Total liabilities	24,497	16,718
	33,538	28,426
Total equity of parent entity comprising of:		
Share capital	48,379	45,332
Reserves	8,830	5,523
Accumulated losses	(23,671)	(22,429)
Total equity	33,538	28,426

Directors' declaration

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

(a) the consolidated financial statements and notes that are set out on pages 30 to 64 and the Remuneration report in section 8 in the Directors' report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards 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.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director (who performed the duties of the chief executive officer and chief financial officer) for the financial year ended 30 June 2016.

3 The directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Sydney this 12th day of September 2016.

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Hamish Collins
Managing Director

Independent auditor's report to the members of Aeon Metals Limited

Report on the financial report

We have audited the accompanying financial report of Aeon Metals Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 31 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independent auditor's report to the members of Aeon Metals Limited (continued)

Report on the financial report (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 25 to 28 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Aeon Metals Limited for the year ended 30 June 2016, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

Adam Twemlow
Partner

12 September 2016

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: the directors of Aeon Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adam Twemlow
Partner
12 September 2016