

**Aeon Metals Limited and Controlled Entities**  
**ABN 91 121 964 725**  
**30 June 2023**  
**Annual Report**

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## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

The directors present their report, together with the financial report of the Group, comprising Aeon Metals Limited (the "Company" or "Aeon") and its controlled entities (together, "the Group") for the year ended 30 June 2023 and the Independent Auditor's report thereon.

### Directors

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

Dr Fred Hess - Managing Director  
 Mr Paul Harris - Chairperson, Non-Executive Director  
 Mr Ivan Wong - Non-Executive Director  
 Mr Andrew Greville - Non-Executive Director (Resigned 12 April 2023)

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 later in the Directors' report.

### Company Secretary

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

Mr David Hwang (resigned 26 August 2022)  
 Ms Lucy Rowe (appointed 26 August 2022)

Details of Ms Rowe's skills and experience are detailed later in this Report.

### Principal Activities

The principal activities of the Group during the financial period were:

- The exploration and development of the Walford Creek (100% owned) Copper-Cobalt project ("Walford Creek" or the "Project").

The Group's mineral assets otherwise comprise a regionally extensive, but disparate, tenement holding in Queensland, namely:

- A 100% interest in permits comprising:
  - Greater Whitewash Polymetallic Project ("Greater Whitewash");
  - Ben Hur Copper Project ("Ben Hur"); and
  - 7B Copper/Gold Project ("7B").
- A 100% interest in the Forsyth Gold Project.
- Various interests in permits of the Isa North base metals EPMs and MDLs.
- Various interests in permits of the Isa West base metals EPMs.
- Various interests in permits of the Isa South copper-gold EPMs.
- Various interests in 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.

## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

## Operating and financial review

### Operating Results

The loss of the Group amounted to \$3,439,000 (2022: \$3,454,000) including impairment losses of \$528,000 (2022: \$366,000).

### Dividends

No dividends were paid or declared, and no dividends have been recommended by the Directors (2022: \$Nil).

## Review of Operations

### Overview

Walford Creek Copper-Cobalt Project hosts one of Australia's highest-grade cobalt deposits. The known mineralisation extends approximately 10 km adjacent to the Fish River Fault (**FRF**). The Walford Creek Project hosts a Mineral Resource Estimate (**MRE**) of 72.6 million tonnes. Drilling over the 10 km of strike extent highlights the consistency of both the stratigraphy and style of mineralisation leading to greater confidence for further exploration success.

The primary metal products that Walford Creek will yield include copper, cobalt, zinc and nickel. These are some of the key metals required to support the move towards Net Zero Carbon Emissions by 2050. As such, the outlook for the development of Walford Creek is very positive with long-term demand strong and the prospect of future higher metal prices to incentivise new developments growing.

Aeon started this year with a successful drilling programme during the first half which enabled the Company to substantially increase the resource estimate. The Company planned to build upon that success by focussing on resource expansion along the FRF as the primary objective along with a regional focus on exploration within the Walford Creek tenement. Drilling was unable to restart in the second half of the year due to the Waanyi #3 Native Title claim that was registered with the National Native Title Tribunal. This has had the effect of changing the recognised Traditional Owners for the Walford Creek tenements from the Gangalidda and Garawa to the Waanyi.

The impact of the Native Title Claim has required an evaluation of the objectives for the 2023 calendar year site field exploration program. An extensive Laterite and Gravel (LAG) sampling program was conducted over the Walford tenement package with the intent to expand the resource footprint via the identification of geochemical anomalies which are prospective for drill-testing. Historically LAG sampling has been an effective method for target generation at the Walford Creek Copper Cobalt Project.

Elevated geochemical signatures of key elements at the near surface have routinely shown to be indicative of deeper subsurface metal collections. Confidence in geochemically derived drill targets can generally be improved by identifying multiple favourable datasets that converge such as gravity, magnetics, surface soil/LAG geochemistry, and mapped structural features. This approach has been put into practice by the Company and has resulted in identification of new prospective drill targets both along the FRF as well as new areas within the Walford Creek tenement which are separate from the known mineralised structures.

Project scale is critical to driving improved economic outcomes (e.g., lowering operating costs and/or longer mine life) and to attracting project development support. As a result, the Company remains focused on improving both the quantum and quality of the estimated resource at Walford Creek. This is expected to improve confidence in the resource to generate long term value creation for the Company.

Further to the exploration undertaken this year was the investment in the Walford Creek camp. Capital investment was approved to undertake a refurbishment to upgrade accommodation and kitchen facilities. The refurbishment will extend the life of the infrastructure and camp facilities allowing ongoing exploration activities to be conducted from a functional, safe and compliant central camp.

## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

#### Walford Creek - Exploration

The exploration programme at Walford Creek for the year was completed in early November 2022. This resulted in a significant increase in the resource estimate to 72.6 million tonnes. The resource was confirmed to extend in an essentially continuous mineralisation over a strike length of 10 km at Walford Creek, with the 2.1 km Le Mans and 1.2 km Amy West zones having now been drilled.

During the second half of the financial year, exploration work at Walford Creek was limited to the Laterite and Gravel (LAG) sampling program and a thorough review of the 2022 airborne electromagnetic (AEM) survey. No drilling was undertaken within EPM 14220 due to the newly registered Waanyi #3 Native Title claim with the National Native Title Tribunal. The new registration has had the effect of changing the recognised Traditional Owners (TO) for the Walford Creek tenements from the Gangalidda and Garawa to the Waanyi. The Waanyi were previously included as on-the-ground participants over the past 10 years, actively working with the Company in overseeing cultural heritage monitoring activities. However, the Waanyi, and their associated prescribed body corporate, have chosen not to continue under these previous arrangements. The Company is in negotiations to agree new arrangements and is awaiting a proposal from the Waanyi for the future conduct of cultural heritage monitoring activities.

#### Walford Creek – Airborne Electromagnetic (AEM) Survey Review

An in-depth review of the 2022 AEM survey data was conducted with the assistance of GeoDiscovery Group. The purpose of the review was to further analyse “conductivity highs” with the prospect of aiding target generation for the forthcoming drilling campaign. GeoDiscovery generated 1D Voxel Conductivity models that helped define subsurface conductive units. An area known as “Walford South” has shown significant potential for conductive subsurface units (Figures 1 and 2). A LAG sampling program over the area was designed to assist with correlating surface anomalies. The Walford South area is a highly prospective area where the Company will consider drill hole testing in the future.

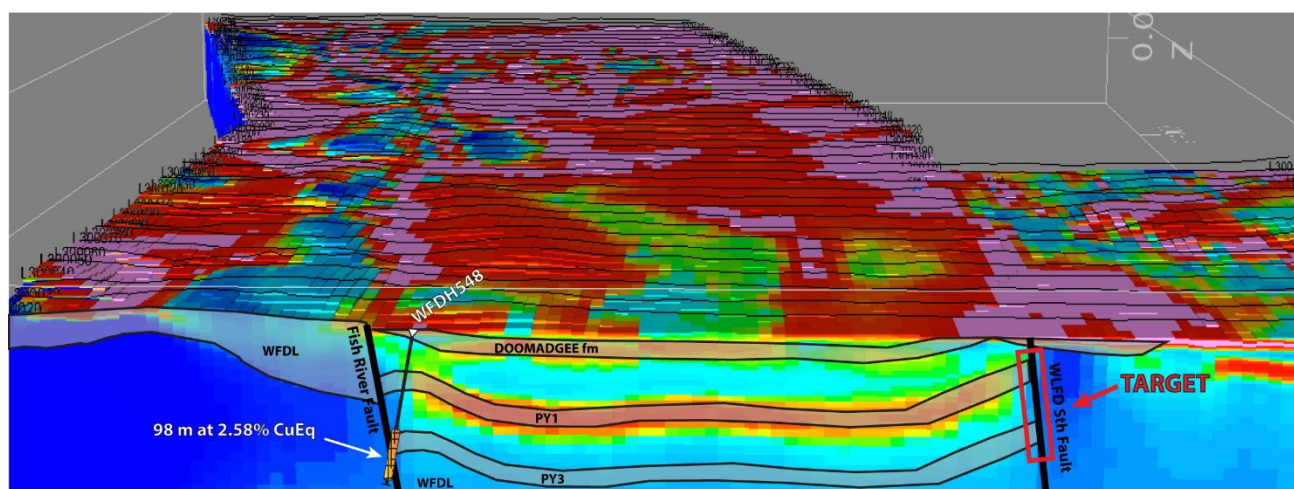


Figure 1: Electromagnetic Inversion map highlighting the PY1 Pyritic horizon, with WFDH548 showing correlatable conductive units.

## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

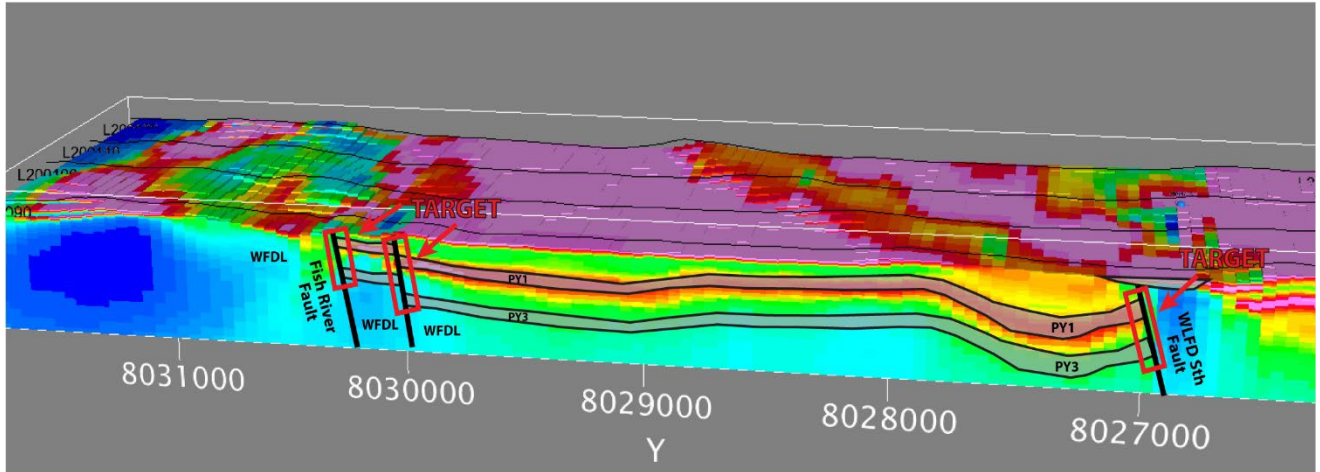


Figure 2: Walford South drilling targets generated from AEM Inversion data.

### Walford Creek – LAG Sampling Program

Geochemical information obtained from surface soil or LAG (“laterite and gravel”) samples has historically been an effective method of target generation at the Walford Creek Copper Cobalt Project. This exploration technique forms part of a larger exploration methodology involving:

- Initial desktop reconnaissance of the region;
- Preliminary field reconnaissance;
- Acquisition and modelling of select geophysical datasets;
- Broadly spaced preliminary soil or LAG sampling grid;
- Infill/targeted soil or LAG sampling at a higher resolution;
- Detailed structural field mapping of geochemically interesting areas; and
- Exploratory drilling of identified targets from coincident anomalous datasets.

Elevated geochemical signatures (above expected background levels) of key elements (target commodity metals and tracer species) at the near surface have routinely been shown to be indicative of deeper subsurface metal collections. Anomalously elevated elements of interest in the near-surface environment can exist due to several factors – not all are amenable to successful drill targeting. Thus, interpretation of the obtained results is always necessary in the context of the specific material being collected and the method of geochemical analysis being used. Confidence in geochemically derived potential drill targets can also be improved by identifying two or more favourable datasets that converge – e.g., gravity, magnetics, surface soil/LAG geochemistry, and mapped structural features.

Significant soil and LAG datasets exist in the Aeon database, obtained from previous exploration programs (Figures 3 and 4). After plotting this data a significant LAG sampling program was commenced by Aeon in the 2023 exploration season. The intent of this exploration program is to:

- fill in several “gaps” in existing datasets;
- resample some areas that indicated anomalous results; and
- explore new areas of mineralisation potential.

The purpose of this exercise is to expand the resource footprint via the identification of geochemical anomalies which justify drill-testing.



## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

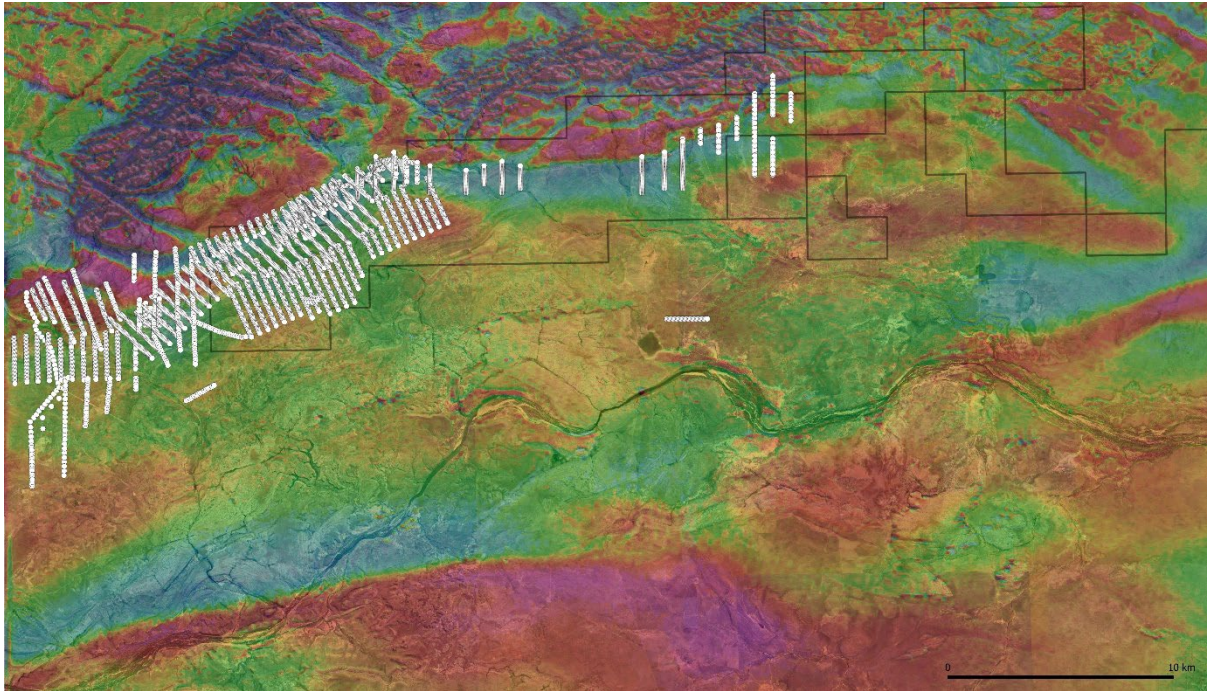


Figure 3: Historical/existing soil sampling locations (white) from previous exploration campaigns.

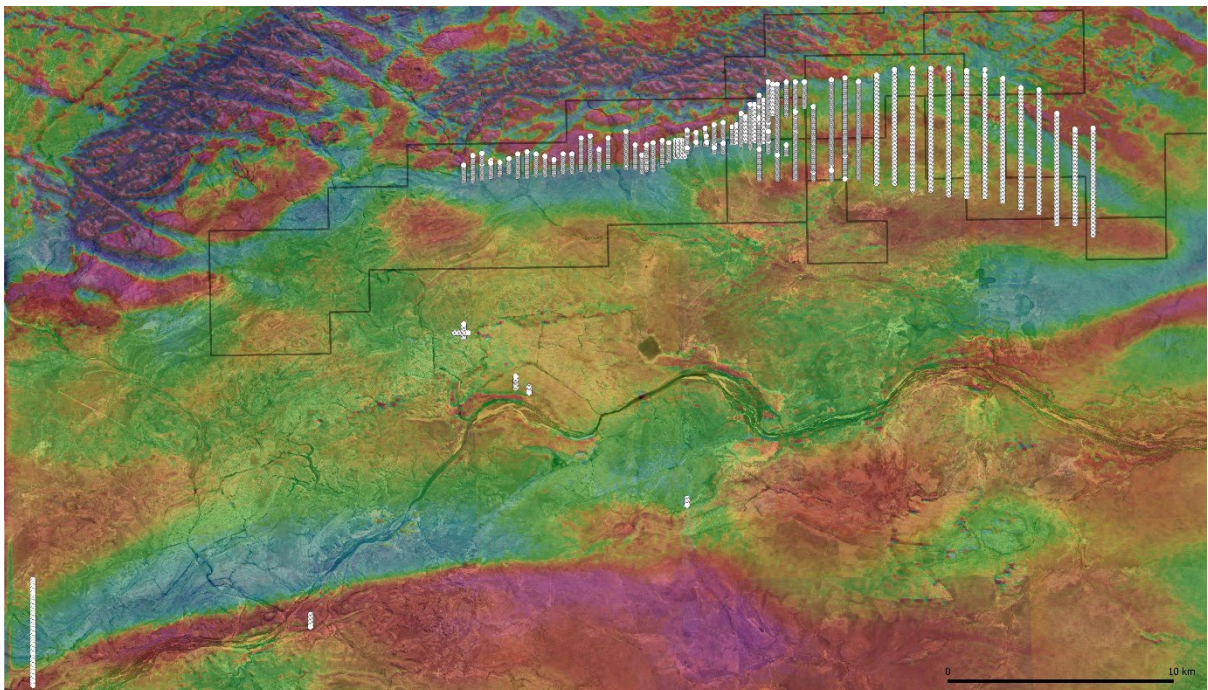


Figure 4: Historical/existing LAG sampling locations (white) from previous exploration campaigns.



## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

### LAG Sampling Outcomes

The LAG sampling program (Figure 5) for the 2023 exploration season was divided into four areas of interest:

- Walford South (1);
- Walford North (2);
- Walford Northeast (3); and
- Amy West (4).

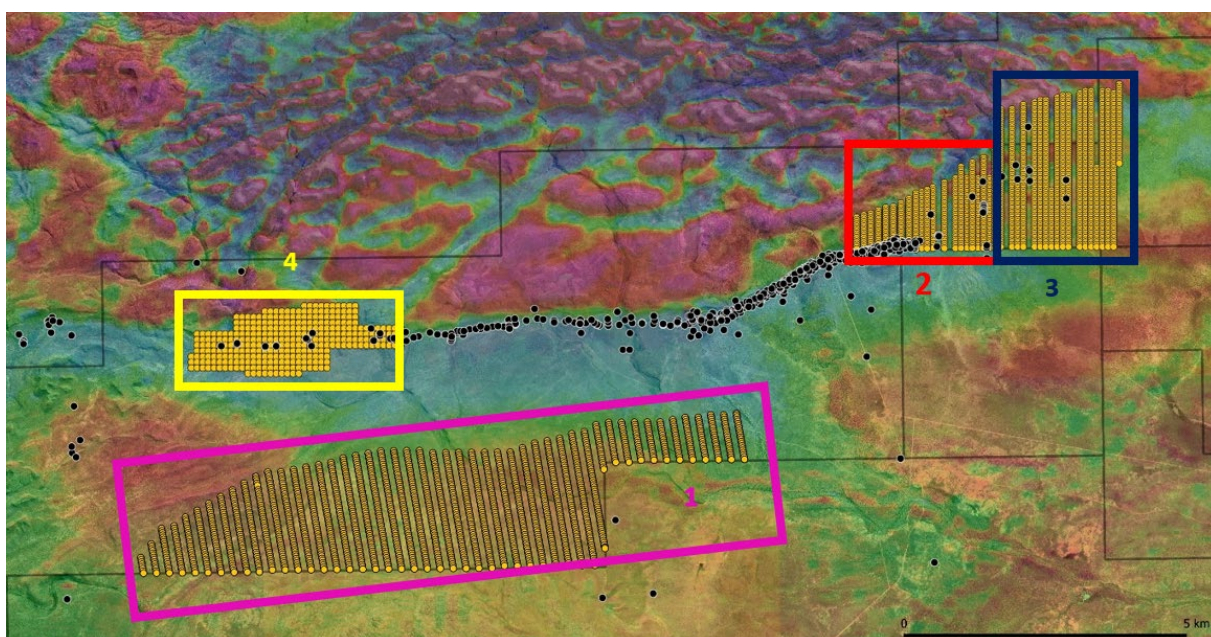


Figure 5: The LAG sampling grids in the Walford Creek Project and existing drill holes. Magnetics data (1VD) overlain on an aerial image.

Location maps and the obtained pXRF results for Cu, Pb, and Zn from these sampling areas are discussed below.

### Walford South

The Walford South area has been identified as an area of interest due to the possibility of a SW-trending splay structure extending out from the Fish River Fault, together with the identification of strong conductivity and magnetic contrast in this region. There are also several prominent faults inferred through this area that may serve as fluid migration pathways, thus the possibility of metal transport through this region is elevated. Sampling lines of 100 m x 40 m were completed. The obtained pXRF results indicated only minimal surface expression of anomalous Cu, Pb and Zinc. Some minor promising trends can be seen where elevated signatures for the three metals of interest align spatially. However, the results were generally not particularly prospective.

### Walford North

The Walford North area was of interest due to an indication of elevated copper obtained from historical LAG sampling in the area immediately north of the main E-W expression of the Fish River Fault. This has led to speculation that a secondary structure north of, and running parallel to, the Fish River Fault may exist here. Potential mineralisation may extend up and along this secondary structure, as it does with the Fish River Fault elsewhere in the Walford Creek Project. The sampling area's proximity to highly successful drilling outcomes along the Fish River Fault to the immediate south and west also advanced interest in this area. A sampling regime of 100 m x 40 m lines was considered appropriate for this area.



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The obtained pXRF results indicate a moderate coincidence in elevated Cu and Pb at the surface, south of the NE-SW trending magnetic high boundary that runs through the sample area. With relevance to the possibility of a secondary structure existing north of the main trend of the Fish River Fault, a very narrow linear NE-SW trending Cu and Pb trend was observed, however, the trend is not picked up in every sample line. Elevated Zn appears to only feature further to the east. None of Cu, Pb or Zn is particularly elevated in the areas of lowest magnetic response, close to the inferred NE trend of the Fish River Fault.

#### Walford Northeast

The LAG sampling conducted in the Walford North area was expanded to the immediate east and northeast. Geophysical data and structural interpretations suggesting that the eastern extension of the mineralised primary deformation zone of the Fish River Fault, east of the current extent of drilling, could split into two or more splay structures – i.e., a fish-tail fault array. Widely spaced historical LAG sampling across this area indicated several “hot spots” may exist for surface Cu leakage. Preliminary ground truthing of these locations suggested a history of multiple deformations involving fluid migration capable of significant iron and silica mobilisation. Thus, LAG sampling, 100 m x 40 m lines was conducted to provide extended geochemical coverage in the region and to re-visit some of the indicated areas of elevated Cu for confirmation of an anomalous signature at the surface.

The obtained pXRF results from the Walford North-East sample area were combined with the results from the Walford North sample area to better understand the overarching geochemical trends of the greater NE region. The potential “fish-tail” extension(s) of the Fish River Fault requires further investigation, but there is evidence that some separation spatially with respect to elevated metal responses at the surface exists. Elevated signals for all three elements, Cu, Pb and Zn, suggest there are at least two areas of interest, divided by a relatively “barren” zone in between. This possibly indicates the influence of a significant structure running ~NW-SE through this barren zone, displacing potential mineralisation along the Fish River Fault extension. The highest recorded values for Pb and Zn suggest the possibility of three or more mineralised structures through this area – generally trending approximately NE-SW, becoming more E-W to the south.

#### Amy West

Amongst other targets, the recent drilling of the 2022 exploration campaign aimed to explore the mineralisation potential of the Amy West area. Previous drilling campaigns had significant success, leading to some confidence that the area has the opportunity to be highly prospective. Several holes demonstrated excellent Cu grade over significant widths, including hole WFDH548 which was Aeon's premier drill hole of the 2022 exploration season. However, significant silicification increased structural complexity, and diminished grade was intercepted in holes to the west of the high-grade hole.

Geophysical datasets and structural interpretations suggest the possibility of a convergence of major structures in this area that may have influenced fluid mobilisation pathways, and subsequent mineralisation (or retainment of mineralisation) of the Fish River Fault and adjacent sediments. Some historical geochemical data from soil and LAG sampling does exist through this area, however, the coverage and obtained results were considered insufficient to support significant further work. A 100 m x 100 m sampling grid was designed over a larger area to provide more of an indication of anomalous metal leakages to the surface.

Broadly, the obtained pXRF results indicate two weakly defined geochemical trends running approximately west-southwest. This orientation closely aligns with the prominent linear magnetic low seen to the NE, with a likely structure running through this area that may have affected the Fish River Fault. Further testing is required to determine whether the influence of this structure has intensified or diminished ore grade, or bears little influence on mineralisation. Another possibility suggested by the obtained pXRF data is that the Fish River Fault has split into two approximately parallel structures (splay), or “flexed” in this area, with both structures potentially mineralised.

## Aeon Metals Limited

### Directors' Report

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#### 2024 Exploration Program

Aeon is now in the planning stages for the 2024 calendar year exploration program. A review of the LAG sampling program in conjunction with AEM inversion data and the 2022 drilling results is helping to refine new targets and expand into new exploration areas. The focus of this program will be Mineral Resource expansion at Walford Creek along strike (east and west) of the FRF. Further to this is the targeting of new resource areas based on AEM inversion data coupled with LAG sampling results. It is intended to utilise RC drilling as a rapid drilling method to test targets and to gain stratigraphic information. Diamond drill holes will twin the RC holes where evidence suggests that there is the potential for sulphides being present or to further understand the stratigraphy or structural components of the area.

Initially, drilling will be focused to expand the Mineral Resources west of the Amy deposit and to infill drill zones east of Amy into the Le Mans zone. Drill testing of the satellite targets generated from the AEM survey and LAG sampling program is also expected to be conducted.

Importantly, the exploration drilling at Walford Creek will benefit from being guided by a comprehensive suite of geophysical data informed by the geophysical signatures of an extensive existing drilling data set.

A two-phased approach will be taken to assess the regional targets within the Walford Creek Project area. The first phase will consist of approximately 11,000 drill metres, distributed between the regional targets as shown in Table 1. Up to an additional 5,000 drilling metres will be allocated on a priority basis following initial results from phase one. The areas proposed as part of the 2024 exploration program are shown in Figure 6.

Prospect	Proposed Holes	Proposed Metres
Amy Infill	8	3,000
Walford North and Northeast	12	4,000
Walford South	4	2,000
Amy West	6	2,000
<b>Total</b>	<b>30</b>	<b>11,000</b>

Table 1: Phase 1 Walford Creek Project drilling metre allocation.

# Aeon Metals Limited

## Directors' Report

For the year ended 30 June 2023

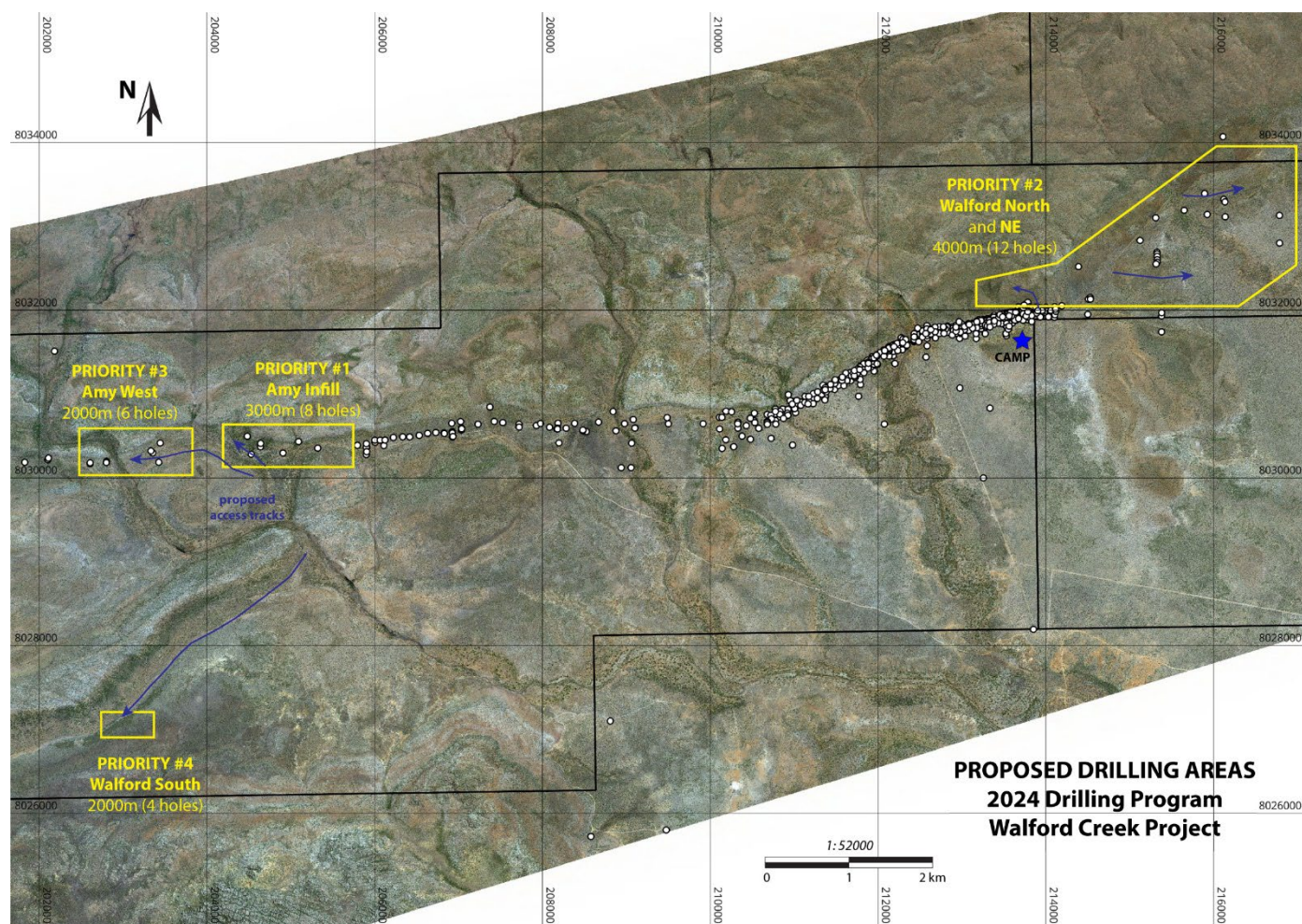


Figure 6: Walford Creek 2024 Exploration Target Locations

## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

## Mineral Resource estimates

### Amy and Le Mans zones

#### Copper Mineral Resource (13.5 Mt @ 2.4% CuEq)

The combined Amy and Le Mans Copper Mineral Resource now stands at 13.5 Mt @ 2.4% CuEq (1.16% Cu, 0.17% Co, 1.92% Pb, 0.84% Zn, 29.0 g/t Ag, and 0.09% Ni), extending over a strike of 6.1km.

Amy									
Category	Mt	Cu %	Pb %	Zn %	Ag ppm	Co %	Ni %	Pyrite %	Density t/m <sup>3</sup>
Inferred	8.3	1.35	2.04	0.74	55.7	0.22	0.12	46.0	3.61
Le Mans									
Category	Mt	Cu %	Pb %	Zn %	Ag ppm	Co %	Ni %	Pyrite %	Density t/m <sup>3</sup>
Inferred	5.3	0.86	1.73	1.01	29.0	0.09	0.04	39.4	3.46
Combined Amy/Le Mans									
Category	Mt	Cu %	Pb %	Zn %	Ag ppm	Co %	Ni %	Pyrite %	Density t/m <sup>3</sup>
Inferred	13.5	1.16	1.92	0.84	45.3	0.17	0.09	43.4	3.56

**Table 2: Amy and Le Mans Copper Rich Mineral Resource**  
(0.5% Cu cut-off)

#### Peripheral Cobalt Mineral Resource (12.6 Mt @ 1.0% CuEq)

The combined Amy and Le Mans Peripheral Cobalt Mineral Resource now stands at 12.6 Mt @ 1.0% CuEq (0.23% Cu, 0.08% Co, 1.23% Pb, 0.80% Zn, 24.4 g/t Ag, and 0.04% Ni), extending over a strike of 6.1km.

Amy									
Category	Mt	Cu %	Pb %	Zn %	Ag ppm	Co %	Ni %	Py %	Density t/m <sup>3</sup>
Inferred	3.5	0.26	2.08	0.95	37.7	0.08	0.04	35.3	3.40
Le Mans									
Category	Mt	Cu %	Pb %	Zn %	Ag ppm	Co %	Ni %	Py %	Density t/m <sup>3</sup>
Inferred	9.2	0.22	0.9	0.75	19.4	0.08	0.04	48.5	3.53
Combined Amy/Le Mans									
Category	Mt	Cu %	Pb %	Zn %	Ag ppm	Co %	Ni %	Py %	Density t/m <sup>3</sup>
Inferred	12.6	0.23	1.23	0.80	24.4	0.08	0.04	44.9	3.49

**Table 3: Amy and Le Mans Cobalt Peripheral Mineral Resource**  
(500 ppm Co cut-off excludes blocks within the of Copper MRE)

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



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

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

### Vardy and Marley Zones

Combined Marley/Vardy									
Category	Mt	Cu %	Pb %	Zn %	Ag ppm	Co %	Ni %	Py %	Density t/m <sup>3</sup>
Measured	7.3	1.14	1.07	0.89	28.4	0.15	0.06	42.3	3.46
Indicated	12.1	1.04	1.01	0.66	31.5	0.15	0.07	38.6	3.40
Inferred	0.7	1.05	1.09	0.70	38.9	0.14	0.06	42.7	3.49
<b>Total</b>	<b>20.1</b>	<b>1.08</b>	<b>1.03</b>	<b>0.75</b>	<b>30.6</b>	<b>0.15</b>	<b>0.06</b>	<b>40.1</b>	<b>3.43</b>

(values are subject to rounding which may result in apparent inconsistencies)

**Table 4: Marley/Vardy Copper Rich Mineral Resource**  
(0.5% Cu cut-off)

Combined Marley/Vardy									
Category	Mt	Cu %	Pb %	Zn %	Ag ppm	Co %	Ni %	Py %	Density t/m <sup>3</sup>
Measured	9.8	0.22	0.82	1.14	19.1	0.09	0.04	42.5	3.38
Indicated	15.4	0.23	0.89	0.97	20.3	0.08	0.04	37.7	3.30
Inferred	1.1	0.16	1.23	0.73	26.5	0.07	0.03	38.4	3.39
<b>Total</b>	<b>26.4</b>	<b>0.23</b>	<b>0.88</b>	<b>1.02</b>	<b>20.1</b>	<b>0.08</b>	<b>0.04</b>	<b>39.5</b>	<b>3.33</b>

(values are subject to rounding which may result in apparent inconsistencies)

**Table 5: Marley/Vardy Peripheral Cobalt Mineral Resource**  
(500 ppm Co cut-off on blocks that are outside of Copper MRE)

## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

#### Global Mineral Resources

The Global Mineral Resources include all four deposits with Measured and Indicated Resources now comprising 61.4% of the total.

Global									
Category	Mt	Cu %	Pb %	Zn %	Ag ppm	Co %	Ni %	Py %	Density t/m <sup>3</sup>
Measured	17.1	0.61	0.93	1.03	23.0	0.12	0.05	42.4	3.41
Indicated	27.5	0.59	0.94	0.84	25.2	0.11	0.05	38.1	3.34
Inferred	28.0	0.70	1.56	0.82	35.0	0.12	0.06	43.9	3.52
<b>Total</b>	<b>72.6</b>	<b>0.64</b>	<b>1.17</b>	<b>0.87</b>	<b>28.5</b>	<b>0.12</b>	<b>0.06</b>	<b>41.3</b>	<b>3.42</b>

(values are subject to rounding which may result in apparent inconsistencies)

**Table 6: Combined Mineral Resources across all (Marley, Vardy, Le Mans, Amy) Walford Creek Deposits**

In terms of contained metal in the Copper Mineral Resource and Peripheral Cobalt Mineral Resources, there is an increase in Cu, Co, Zn, Ag, Ni and Pb of 67%, 117%, 74%, 101%, 76% and 89% respectively, as shown in Table 6.

In copper equivalent terms, the global resource now stands at 1,173 Kt of copper equivalent metal.

Global Metal							
		Cu kt	Pb kt	Zn kt	Ag Moz	Co kt	Ni kt
2022*		276.1	392.1	354.6	33.0	48.0	21.1
2023 additions		185.4	460.7	270.5	33.5	36.9	18.9
<b>Total</b>		<b>461.5</b>	<b>853.0</b>	<b>635.4</b>	<b>66.5</b>	<b>84.9</b>	<b>40.0</b>
Increase		67%	117%	74%	101%	76%	89%

**Table 7: Combined Contained Metal across all (Marley, Vardy, Le Mans, Amy) Walford Creek Deposits**

## 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 by Mr Iain Miller who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) 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 Iain Miller 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.

## Aeon Metals Limited

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### Capital works

The Company has begun a refurbishment of the Walford Creek camp to upgrade accommodation and kitchen facilities. The refurbishment will extend the life of the infrastructure camp facilities allowing ongoing exploration activities to be supported by a functioning and compliant central camp. The need for refurbishment was exacerbated by a significant wet season which saw widespread flooding. This led to water ingress causing significant damage to existing demountable accommodation and kitchen buildings. A total of 12 single accommodation rooms were fully or partially impacted and the kitchen condition was no longer compliant with “AS 3.2.3 Food Premises and Equipment Standard”.

The project bulk fuel storage was replaced with a modern 15,000 litre capacity tank which complies with “AS 1940 The Storage and Handling of Flammable and Combustible Liquids”. The new tank is constructed with a self-bunding spillage system, double-skinned fabricated and eliminates all working at heights exposures. The tank is equipped with an emergency shut-down valve and fuel trigger nozzle shutdown.



Figure 7: Walford Creek Camp Diesel Fuel Storage (Old and New).

A summary of the estimated capital expenditure for the camp refurbishment and fuel storage tank is seen in Table 8.

Capital Project	Expenditure (\$000's)
Camp Accommodation Refurbishment	96
Kitchen Refurbishment	33
Fuel Storage Tank Upgrade	46
<b>Total Capital Projects</b>	<b>175</b>

Table 8: Walford Creek Camp Expenditure.

## **Aeon Metals Limited**

### **Directors' Report**

**For the year ended 30 June 2023**

#### **Corporate**

During January 2023, the maturity date of the OCP Asia loan facility was extended by one year to 17 December 2024. Additionally, in March 2023 the company entered into an additional arrangement with OCP Asia increasing the loan facility by a further \$5.0 million of which \$3.0 million had been drawn down at 30 June 2023.

As part of the capital raising announced in May 2022, investors were issued with one stapled option to acquire additional shares at an exercise price of \$0.04 per share for every two shares issued with an expiry date of 31 December 2023. As at 30 June 2023, a total of 157,126,481 unlisted options are outstanding for ordinary shares of the Company.

In August 2022, \$4.1 million of share capital was received following shareholder approval being received.

#### **Financial Position**

The net assets of the Group at 30 June 2023 were \$70.2 million (2022: \$69.6 million) including cash of \$1.2 million (2022: \$2.0 million).

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

#### **Significant Changes in State of Affairs**

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

#### **Events Since the End of the Financial Year**

During September, the Group has drawn down an additional \$1.0 million against the OCP facility. This leaves a further \$1.0 million of available credit at that time.

Other than the item mentioned above, there have not been any additional significant subsequent events to note.



## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

## Risk management

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

Key risks which have been identified include:

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

### Legislative and governmental risk

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

### Environmental risk

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

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

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

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

### Native title risk

The Group recognises that it operates in locations which are subject to native title issues. Access to exploration tenements requires meeting local heritage requirements to ensure sacred sites, artwork, and other areas of particular heritage significance are not damaged or interfered with. The Board actively manages its relationship with local

## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

indigenous groups to ensure timely and effective access to exploration ground while ensuring that sensitive areas are not affected. The Group recognises that changes in these relationships can have a significant impact on the Group's operations over the short, medium and long term.

#### Future capital requirements

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

#### Economic risks

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

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

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

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

#### Directors' meetings

During the financial year ended 30 June 2023, six (6) Meetings of the Board of Directors were held. Attendances by each Director during the period were as follows:

Director	Board Meetings		Audit Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Fred Hess	7	7	2	2
Paul Harris	7	7	2	2
Ivan Wong	7	7	2	2
Andrew Greville	6	6	2	1

#### 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

## **Aeon Metals Limited**

### **Directors' Report**

**For the year ended 30 June 2023**

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.

## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

#### Information on Directors and Company Secretary at the year end

Fred Hess (age 66)	—	Managing Director (appointed 25 June 2021)
Qualifications	—	B.Sc. (Hons) Ph.D. University of Queensland MAusIMM
Experience	—	Dr Hess has more than 41 years' experience in mining project development, operations and senior management across the Asia Pacific region. His experience covers open cut and underground mine development and operation across both base and precious metals. Most recently Fred was Managing Director of PanAust Limited.
Interest in Shares and Options	—	9,767,241 shares and 375,000 unlisted options held (as of the date of this report). 8,500,000 of these shares are funded by a limited recourse loan and considered to be options. Of the 9,767,241 shares, 1,267,241 are held by Hess Family Super Pty Ltd, 4,250,000 by Tander Wealth Fund Pty Ltd ATF and 4,250,000 by Biddy Wealth Fund Pty Ltd
Directorships held in other listed entities in the last 3 years	—	Ironbark Zinc Ltd
Paul Harris (age 55)	—	Non-Executive Chairman (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 30 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	—	3,114,566 shares and 125,000 unlisted options held (as of the date of this report). Of the 3,114,566 shares, 2,517,858 are held by Hollach Capital Pty Ltd and 596,708 by Wunulla Holdings Pty Ltd.
Directorships held in other listed entities in the last 3 years	—	Aurelia Metals Ltd
	—	Highfield Resources Ltd
	—	Koonenberry Gold Ltd



## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

#### Information on Directors and Company Secretary at the year end (continued)

Ivan Wong (age 60)	—	Non-Executive Director (appointed 1 July 2016)
Qualifications	—	B.Sc. Hons
Experience	—	Mr Wong has strong IT background and over 29 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 involvement 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	—	17,614,302 shares and 375,000 unlisted options held (as of the date of this report). Of the 17,614,302 shares, 16,000,000 are held by SLW Minerals Corporation Pty Ltd, 1,267,241 by Great Pacific Investment 347,061 by Teresa Yi Yin Wong.
Directorships held in other listed entities in the last 3 years	—	None
Andrew Greville (age 60) (resigned 12 April 2023)	—	Non-Executive Director (appointed 15 May 2020)
Qualifications	—	B.Eng (Mining), University of Queensland MAICD
Experience	—	Mr Greville is a senior international mining executive with over 38 years' experience and a track record of success. His expertise is particularly strong in the fields of business development, mergers and acquisitions, product marketing and strategy.
Interest in Shares and Options	—	3,267,241 shares held and 250,000 unlisted options, all by Alg Family A/C (as of the date of resignation). 2,250,000 of these shares are funded by a limited recourse loan and considered to be options.
Directorships held in other listed entities in the last 3 years	—	Rimfire Pacific Mining Ltd, Tulla Resources Plc and Nova Royalty Corporation
Lucy Rowe (age 47)	—	Company Secretary (appointed 26 August 2023)
Qualifications	—	Bachelor of Arts (University of Sydney)
	—	Graduate Diploma of Legal Studies (University of NSW)
Experience	—	Ms Rowe is an experienced compliance and governance professional, with over 20 years' experience. Lucy has held the position of Company Secretary of a number of listed and unlisted public companies over the last 13 years.
Interest in Shares and Options	—	No shares are held by Lucy Rowe.
Directorships held in other listed entities in the last 3 years	—	None

## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

## Remuneration Report - audited

### 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 (KMP) are those who have authority and responsibility for planning, directing and controlling the activities of the Group.

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. No external remuneration consultants were used during the year.

Dr Hess' salary since being appointed as Managing Director and CEO was \$400,000 per annum plus a superannuation contribution by the Company. Other key terms of Dr Hess' agreement include an annual cash payment of up to 33% of base remuneration, evaluated on the delivery of the Walford Creek PFS in the 1<sup>st</sup> half of 2023 (50%), board discretion (40%) and a safety target of zero LTI's (10%).

Dr. Hess' service agreement may be terminated at any time by the Company giving to the employee not less than three months' prior written notice. In the event of termination, the Company must pay Dr. Hess an amount equal to the remuneration payable for as much of the notice period as the employee is not so retained. The Company may terminate Dr. Hess' service agreement immediately in certain events including serious misconduct and material breach of contract.

The agreement may be terminated at any time by Dr Hess giving to the Company not less than three months prior written notice.

All non-executive Directors receive directors' fees coupled with statutory superannuation as required 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.

The Company did not issue any Directors' incentive shares funded by limited recourse loans during the year ended 30 June 2023. Directors' incentive shares funded by limited recourse loans have been issued in prior years under a scheme approved at the 2020 AGM. The grant of shares was designed to incentivise the Directors by participating in future growth and prosperity of the Company through share ownership and in recognition of their contribution to the Company. The Directors will only benefit from these shares and the associated loans if the Company's share price increases beyond 25% premium above the share issue price. The Directors will not be permitted to sell these shares at a price less than the issue price plus 25%. When sold, the loan amount per share will be repaid to the Company.

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

## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

### Remuneration Report (Continued)

#### 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.

<i>In thousands of AUD</i>	2023	2022	2021	2020	2019	2018
Net loss attributable to owners of the company	\$(3,434)	\$(3,449)	\$(6,057)	\$(5,402)	\$(4,015)	\$(13,892)
Dividends paid	-	-	-	-	-	-
Change in share price	(0.005)	(0.052)	\$(0.013)	\$(0.130)	\$(0.135)	\$0.210

#### Directors' and executive officers' remuneration

Details of the nature and amount of remuneration of each director of the Company, and each of the named Company executive and other key management personnel of the Group are:

<i>In AUD</i>		Salary & fees \$	Short-term Severance pay \$	Cash bonus \$	Long-term Leave entitlement \$	Post-employment Super-annuation benefits \$	Share-based payments Options & rights \$	Total \$	Performance based on percentage of remuneration
<b>Directors</b>									
<b>Non-executive directors</b>									
Paul Harris	2022	197,100	-	-	-	-	-	197,100	0%
(i)	2023	213,525	-	-	-	-	-	213,525	0%
Ivan Wong	2022	59,091	-	-	-	5,909	-	65,000	0%
	2023	58,824	-	-	-	6,177	-	65,001	0%
Andrew Greville	2022	59,091	-	-	-	5,909	-	65,000	0%
(ii)	2023	46,078	-	-	-	4,838	-	50,916	0%
<b>Executive directors</b>									
Fred Hess	2022	400,378	-	66,000	10,949	31,402	-	508,729	0%
	2023	403,000	-	-	36,924	27,500	-	467,424	0%
<b>Total</b>	2022	715,660	-	66,000	10,949	43,220	-	835,829	0%
	2023	721,427	-	-	36,924	38,515	-	796,866	0%

(i) The Directors have resolved that in compliance with Clause 13.9 of the Constitution that non – executive directors may be remunerated special-exertion fees for additional work undertaken during any given period, in line with the current approved cap of \$500,000. During the reporting period, from time to time, Mr Harris performed additional work assisting with the oversight of Management and attending external meetings whilst the Managing Director took annual leave, in the event that Mr Hess was unable to attend to these tasks virtually.

(ii) On 12 April 2023 Andrew Greville resigned as a director of the company.

Short-term remuneration includes salaries and fees and consultancy fees paid to non-executive Directors 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.

## **Aeon Metals Limited**

### **Directors' Report**

**For the year ended 30 June 2023**

### **Remuneration Report (Continued)**

#### **Details of incentive-based remuneration**

During the year ended 30 June 2023, no incentive shares were issued to executives of the Company. On 17 September 2021, shareholders approved the issue of 8.5 million fully paid ordinary shares to Fred Hess or his nominee respectively, to be funded by limited recourse loans. These were issued at 5.8 cents per share on 5 October 2021, the recourse on the loan is limited to the shares issued, the loans are interest free and repayable on 5 October 2024. 3,500,000 of the loan funded shares were to vest upon the announcement of a PFS in the first half of 2022 with the remaining 5,000,000 of the loan funded shares vesting upon the announcement of a DFS in the second half of 2022. On 22 April 2022 the Company announced that the PFS would be paused with renewed focus on exploration, due to the pause in the PFS it has been deemed there is a 0% likelihood of the loan funded shares vesting and therefore no expense has been recognised.

#### **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.

#### **Non-executive directors**

An amount of \$500,000 is available for payment of non-executive Directors' fees.

#### **Key Management Personnel transactions**

Key management persons, or their related parties made no transactions that were 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.



## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

### Remuneration Report (Continued)

#### Equity instruments

##### Incentive Shares (accounted for as options)

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

	Held at 1 July 2022	Granted as compensation	Other changes	Held at 30 June 2023
<b>Directors</b>				
Paul Harris	4,750,000	-	-	4,750,000
Ivan Wong	2,250,000	-	-	2,250,000
Fred Hess	11,000,000	-	(2,500,000)	8,500,000
Andrew Greville <sup>(i)</sup>	2,250,000	-	(2,250,000)	-
Total	20,250,000	-	(4,750,000)	15,500,000

The incentive shares held by each key management person are subject to a holding lock whereby that when sold, the loan amount per share will be repaid to the Company. The sale of the above shares is not permitted at a price less than the issue placement price plus 25%.

During the year 2,500,000 incentive shares issued to Fred Hess expired.

##### 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:

	Held at 1 July 2022	Purchases	Incentive shares granted	Disposals/ Other	Held at 30 June 2023
<b>Directors</b>					
Paul Harris	5,114,566	250,000	-	-	5,364,566
Ivan Wong	19,114,302	750,000	-	-	19,864,302
Fred Hess	11,517,241	750,000	-	(2,500,000)	9,767,241
Andrew Greville <sup>(i)</sup>	2,767,241	500,000	-	(3,267,241)	-
Total	38,513,350	2,250,000	-	(5,767,241)	34,996,109

##### Movements in options<sup>(ii)</sup>

The movement during the reporting period in the number of unlisted options (Loyalty options) in Aeon Metals Limited held directly, indirectly or beneficially, by each key management person, including their related parties, is:

	Held at 1 July 2022	Purchases	Incentive shares granted	Disposals/ Other	Held at 30 June 2023
<b>Directors</b>					
Paul Harris	-	125,000	-	-	125,000
Ivan Wong	-	375,000	-	-	375,000
Fred Hess	-	375,000	-	-	375,000
Andrew Greville <sup>(i)</sup>	-	250,000	-	(250,000)	-
Total	-	1,125,000	-	(250,000)	875,000

- (i) Andrew Greville resigned as a director on 12 April 2023 and is no longer a member of the company's key management personnel.

## **Aeon Metals Limited**

### **Directors' Report**

**For the year ended 30 June 2023**

### **Remuneration Report (Continued)**

- (ii) As part of the capital raising in May 2022, an unlisted option was attached to share acquisitions. The options were issued on a 1 unlisted loyalty option for every 2 ordinary shares acquired basis with an exercise price of 8.0 cents per share and an expiry date of 31 December 2023. Directors who applied for and were issued shares as part of the capital raising received options on the same basis as all others who participated in the capital raising.

### **Voting and comments made at the company's 2022 Annual General Meeting ('AGM')**

At the 2022 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

**This concludes the Remuneration Report which has been audited.**

## Aeon Metals Limited

### Directors' Report

For the year ended 30 June 2023

### Auditor's independence declaration

The auditor's independence declaration, as required under s307C of the Corporations Act 2001, is included on page 28 of the financial report and forms part of the Directors' Report for the year ended 30 June 2023.

### 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.

### Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services, as disclosed in note 28 to the financial statements, do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence, as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

### Rounding off

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

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



Dr Fred Hess  
**Managing Director**

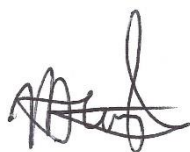
Dated at Sydney this 28th day of September 2023.

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

As lead auditor of Aeon Metals Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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



**Martin Coyle**  
Director

**BDO Audit Pty Ltd**

28 September 2023

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Consolidated Statement of Financial Position

As at 30 June 2023

	Note	30 June 2023 \$'000	30 June 2022 \$'000
<b>Assets</b>			
Cash and cash equivalents	10	1,217	2,000
Trade and other receivables	11	92	224
Other investments	12	54	53
Prepayments		95	95
<b>Total current assets</b>		<b>1,458</b>	<b>2,372</b>
Property, plant and equipment	13	368	319
Exploration and evaluation assets	14	104,377	96,515
Other assets		35	35
<b>Total non-current assets</b>		<b>104,780</b>	<b>96,869</b>
<b>Total assets</b>		<b>106,238</b>	<b>99,241</b>
<b>Liabilities</b>			
Trade and other payables	15	730	1,374
Employee benefits	16	284	213
Provisions	17	50	50
<b>Total current liabilities</b>		<b>1,064</b>	<b>1,637</b>
Loans and borrowings	18	34,943	27,991
<b>Total non-current liabilities</b>		<b>34,943</b>	<b>27,991</b>
<b>Total liabilities</b>		<b>36,007</b>	<b>29,628</b>
<b>Net assets</b>		<b>70,231</b>	<b>69,613</b>
<b>Equity</b>			
Share capital	19	127,013	122,956
Reserves	19	2,866	3,453
Accumulated losses	19	(59,614)	(56,767)
<b>Total equity attributable to owners of the Company</b>		<b>70,265</b>	<b>69,642</b>
<b>Non-controlling interests</b>		<b>(34)</b>	<b>(29)</b>
<b>Total equity</b>		<b>70,231</b>	<b>69,613</b>

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



## Aeon Metals Limited

### 30 June 2023 Annual Report

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	30 June 2023 \$'000	30 June 2022 \$'000
Other income		-	7
Administrative expenses		(1,978)	(1,835)
Impairment loss	14	(528)	(366)
Other expenses		(935)	(1,261)
<b>Results from operating activities</b>		<b>(3,441)</b>	<b>(3,455)</b>
Finance income		2	1
Finance costs		-	-
<b>Net finance income</b>	7	<b>2</b>	<b>1</b>
<b>Loss before income tax</b>		<b>(3,439)</b>	<b>(3,454)</b>
Income tax expense	9	-	-
<b>Loss for the period</b>		<b>(3,439)</b>	<b>(3,454)</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the period, net of tax</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(3,439)</b>	<b>(3,454)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(3,434)	(3,449)
Non-controlling interests		(5)	(5)
<b>Loss for the period</b>		<b>(3,439)</b>	<b>(3,454)</b>
<b>Total comprehensive Loss attributable to:</b>			
Owners of the Company		(3,434)	(3,449)
Non-controlling interests		(5)	(5)
<b>Total comprehensive Loss for the period</b>		<b>(3,439)</b>	<b>(3,454)</b>
<b>Loss per share</b>			
Basic loss per share (cents per share)	21	(0.32)	(0.42)
Diluted loss per share (cents per share)	21	(0.32)	(0.42)

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

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Note	Attributable to owners of the Company				Non-Controlling interests	Total equity
		Share capital	Equity Compensation reserve	Accumulated losses	Total		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		108,465	3,453	(53,318)	58,600	(24)	58,576
<b>Total comprehensive loss for the period</b>							
Loss for the period		-	-	(3,449)	(3,449)	(5)	(3,454)
<b>Total comprehensive loss for the period</b>		-	-	(3,449)	(3,449)	(5)	(3,454)
<b>Transactions with owners of the Company, recognised directly in equity</b>							
<i>Contributions by and distributions to owners of the company</i>							
Issue of ordinary shares	19	15,218	-	-	15,218	-	15,218
Capital Raising Cost	19	(904)	-	-	(904)	-	(904)
Shares issued for services	19	177	-	-	177	-	177
Total contributions by and distributions to owners of the company		14,491	-	-	14,491	-	14,491
<b>Balance at 30 June 2022</b>		<b>122,956</b>	<b>3,453</b>	<b>(56,767)</b>	<b>69,642</b>	<b>(29)</b>	<b>69,613</b>
Balance at 1 July 2022		122,956	3,453	(56,767)	69,642	(29)	69,613
<b>Total comprehensive loss for the period</b>							
Loss for the period		-	-	(3,434)	(3,434)	(5)	(3,439)
<b>Total comprehensive loss for the period</b>		-	-	(3,434)	(3,434)	(5)	(3,439)
<b>Transactions with owners of the Company, recognised directly in equity</b>							
<i>Contributions by and distributions to owners of the company</i>							
Issue of ordinary shares	19	4,092	-	-	4,092	-	4,092
Capital Raising Cost	19	(120)	-	-	(120)	-	(120)
Shares issued for services	19	85	-	-	85	-	85
Expired incentive shares	19	-	(587)	587	-	-	-
Total contributions by and distributions to owners of the company		4,057	(587)	587	4,057	-	4,057
<b>Balance at 30 June 2023</b>		<b>127,013</b>	<b>2,866</b>	<b>(59,614)</b>	<b>70,265</b>	<b>(34)</b>	<b>70,231</b>

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

## Aeon Metals Limited

### 30 June 2023 Annual Report

### Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	30 June 2023 \$'000	30 June 2022 \$'000
<b>Cash flows from operating activities</b>			
Other income		-	-
Cash paid to suppliers and employees		(2,438)	(3,118)
Cash used in operations		(2,438)	(3,118)
Interest received		2	1
<b>Net cash used in operating activities</b>	<b>20</b>	<b>(2,436)</b>	<b>(3,117)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(139)	(124)
Payments for exploration activities (net of grants received)		(5,180)	(9,600)
<b>Net cash used in investing activities</b>		<b>(5,319)</b>	<b>(9,724)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	19	4,092	15,218
Proceeds from borrowings		3,000	-
Payment of capital raising costs	19	(120)	(904)
<b>Net cash from financing activities</b>		<b>6,972</b>	<b>14,314</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(783)</b>	<b>1,473</b>
Cash and cash equivalents at 1 July		2,000	527
<b>Cash and cash equivalents at 30 June</b>	<b>10</b>	<b>1,217</b>	<b>2,000</b>

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

## Aeon Metals Limited

### 30 June 2023 Annual Report

## Notes to the consolidated financial statements

### 1. Corporate Information

The financial statements of Aeon Metals Limited ('the Company' or 'Aeon') and its controlled entities ('the Group') for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 28 September 2023.

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

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

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

### 2. Basis of preparation

#### 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).

#### Basis of Preparation

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

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

#### New standards and interpretations

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year ended 30 June 2023. The new and revised Standards and Interpretations did not have any significant impact.

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 2. Basis of preparation (continued)

##### Going concern

The annual 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 2023, the Group incurred a net loss before tax of \$3,439,000 (2022: \$3,454,000) and net cash outflow from operating and investing activities of \$7,755,000 (2022: \$12,841,000).

The cash flow forecast prepared for the assessment of Going Concern factors in a number of estimates and assumptions in relation to the timing and quantum of planned exploration expenditure. The planned expenditure foresees the need to raise capital during the forecast period in order to execute the Group's stated aim of progressing the Walford Creek Project.

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

The Directors regularly monitor the Company's cash position on an ongoing basis and have demonstrated a successful track record of raising capital and funding when required.

In August 2022, Aeon raised \$4,092,000 (before costs) following shareholder approval required in relation to related party placements. In addition, in January 2023, the Group negotiated an additional \$5,000,000 loan with OCP of which \$3,000,000 had been drawn down as at 30 June 2023.

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

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

##### 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.

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.



## Notes to the consolidated financial statements

### 2. Basis of preparation (continued)

#### Critical accounting judgements, estimates and assumptions

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

#### ***Share-based payment transactions***

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 19 for further information.

#### ***Exploration and evaluation costs***

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

#### ***Recovery of deferred tax assets***

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the 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.

##### **Basis of consolidation**

##### ***Transactions eliminated on consolidation***

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### ***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.

##### ***Acquisitions***

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

##### ***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.

##### ***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.

##### **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.

## Notes to the consolidated financial statements

### 3. Significant accounting policies (continued)

#### Property, plant and equipment

##### **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.

##### **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.

##### **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.

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.

##### **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:

- the expenditures are expected to be recouped through successful development and successful exploitation of the area of interest or alternatively, sale of the respective area of interest; or
- 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, which is usually after a final investment decision is made, 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.

## Notes to the consolidated financial statements

### 3. Significant accounting policies (continued)

#### Impairment

##### ***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;
- 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.

#### Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

#### Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

## Notes to the consolidated financial statements

### 3. Significant accounting policies (continued)

#### Employee benefits

##### **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.

##### **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 adjustment for differences between expected and actual outcomes.

##### **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. The future benefit calculated is discounted to determine its present value. Revisions to this calculated value are recognised in profit or loss in the period in which they arise.

#### 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.

#### 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.

#### Right-of-use assets

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.



# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 3. Significant accounting policies (continued)

##### Finance income

Finance income is recognised as it accrues in profit or loss, using the effective interest method.

##### 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.

##### 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.

##### 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.

## Aeon Metals Limited

### 30 June 2023 Annual Report

## Notes to the consolidated financial statements

### 3. Significant accounting policies (continued)

#### 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.

#### 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 of the warrants.

#### 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 2022, and have not been applied in preparing these consolidated financial statements. None of the new standards and amendments to standards are expected to have a material effect on the Group. The Group does not plan to adopt these standards early.

## Aeon Metals Limited

### 30 June 2023 Annual Report

## Notes to the consolidated financial statements

### 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.

#### **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.

#### **Share-based payment transactions**

The fair value of employee share options and warrants, including shares issued to Directors and employees as incentives, 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.

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

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

## Aeon Metals Limited

30 June 2023 Annual Report

## Notes to the consolidated financial statements

## 7. Finance income and finance costs recognised in profit or loss

	2023 \$'000	2022 \$'000
Interest income	2	1
	<b>2</b>	<b>1</b>

## 8. Expenses

## Expenses by nature

	2023 \$'000	2022 \$'000
Employee benefits expense – including superannuation	842	1,261
Depreciation expense	97	64
Consultancy expense	858	901
Impairment loss	528	366
Accounting and legal costs	455	298
Other expenses	661	572
	<b>3,441</b>	<b>3,462</b>

## Employee benefits expense

	2023 \$'000	2022 \$'000
Wages and salaries expense	778	1,136
Superannuation expense	64	125
Share based payments	-	-
	<b>842</b>	<b>1,261</b>

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 9. Income tax

	2023 \$'000	2022 \$'000
<b>Income tax recognised</b>		
<i>Current tax expense</i>		
Current year	-	-
Deferred tax expense	-	-
	-	-
<i>Reconciliation of effective tax rate</i>		
Loss for the year	(3,434)	(3,449)
Total tax expense	-	-
Loss excluding tax	-	-
	<b>(3,434)</b>	<b>(3,449)</b>
Tax using the Company's domestic tax rate of 25 percent (2022: 26 percent)	(859)	(862)
Non-assessable income	-	1
Losses not brought to account	859	861
	-	-
<b>Unrecognised deferred tax assets</b>		
Deductible temporary differences	(25,719)	(23,676)
Tax losses	28,823	26,973
	<b>3,104</b>	<b>3,297</b>

From 1 July 2019 Aeon Metals Limited, as head entity, and its subsidiaries elected to form a tax consolidated group.

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.

#### 10. Cash and cash equivalents

	2023 \$'000	2022 \$'000
Bank balances	1,217	2,000
	<b>1,217</b>	<b>2,000</b>

Refer to note 23 for further information on financial instruments.

#### 11. Trade and other receivables

	2023 \$'000	2022 \$'000
Other debtors	14	6
GST receivable	78	218
	<b>92</b>	<b>224</b>

Refer to note 23 for further information on financial instruments.



# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 12. Other Investments

	2023 \$'000	2022 \$'000
<b>Current investments</b>		
Term deposit	54	53
	<b>54</b>	<b>53</b>

The term deposit had an average interest rate of 2.72% (2022: 0.29%) and matures on 30 June 2024.

Refer to note 23 for further information on financial instruments.

#### 13. Property, plant and equipment

	Computer equipment	Mining and exploration equipment	Plant and equipment	Motor vehicles	Property improvements	Assets under construction	Total
in thousands of AUD							
<b>Cost</b>							
Balance at 1 July 2021	88	459	80	132	171	-	930
Additions/(Disposals)	1	(17)	111	-	-	-	95
Balance at 30 June 2022	<b>89</b>	<b>442</b>	<b>191</b>	<b>132</b>	<b>171</b>	<b>-</b>	<b>1,025</b>
Balance at 1 July 2022	89	442	191	132	171	-	1,025
Additions/(Disposals)	4	5	97	-	-	40	146
Balance at 30 June 2023	<b>93</b>	<b>447</b>	<b>288</b>	<b>132</b>	<b>171</b>	<b>40</b>	<b>1,171</b>
<b>Depreciation</b>							
Balance at 1 July 2021	(83)	(331)	(55)	(120)	(71)		(660)
Charge for the year	(3)	(27)	(9)	(3)	(22)		(64)
Disposals	-	18	-	-	-		18
Balance at 30 June 2022	<b>(86)</b>	<b>(340)</b>	<b>(64)</b>	<b>(123)</b>	<b>(93)</b>		<b>(706)</b>
Balance at 1 July 2022	(86)	(340)	(64)	(123)	(93)		(706)
Charge for the year	(3)	(21)	(49)	(2)	(22)		(97)
Disposals	-	-	-	-	-		-
Balance at 30 June 2023	<b>(89)</b>	<b>(361)</b>	<b>(113)</b>	<b>(125)</b>	<b>(115)</b>		<b>(803)</b>
<b>Carry amounts</b>							
At 1 July 2021	5	128	25	12	100		270
At 30 June 2022	<b>3</b>	<b>102</b>	<b>127</b>	<b>9</b>	<b>78</b>		<b>319</b>
At 1 July 2022	3	102	127	9	78		319
At 30 June 2023	<b>4</b>	<b>86</b>	<b>175</b>	<b>7</b>	<b>56</b>	<b>40</b>	<b>368</b>

The group has assets under construction at 30 June 2023 of \$40,000 representing the costs to date associated with refurbishment of the exploration camp. These assets under construction will be completed during the 2023-2024 year and transferred to mining and exploration equipment upon completion.

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 14. Exploration and evaluation assets

	2023 \$'000	2022 \$'000
Balance at 1 July	96,515	84,180
Additions, including capitalised interest and fees	11,446	13,870
Grants received (including R&D grant received)	(3,056)	(1,169)
Impairment losses	(528)	(366)
Balance at 30 June	<b>104,377</b>	<b>96,515</b>

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

Included in additions is an amount of \$3,952,000 (2022: \$3,233,000) relating to capitalised interest and fees, this represented 100% of interest and fees.

The impairment loss of \$528,000 (2022: \$366,000) relates to all other exploration and evaluation assets except for Walford Creek, this is due to Walford Creek being the main focus of the Company. Whilst these assets have been impaired it is still the intention of the Company to further these projects in the future.

Impairment testing of the Walford Creek resource has been conducted using a nominal mine plan which reflects the current best estimates for capital expenditure and operating costs for a resource of the size and complexity identified through exploration and metallurgical testing conducted. This nominal plan requires a range of estimates which may vary significantly in the future as additional information is obtained regarding both the resource as well as costs associated with extraction. Key assumptions underlying the Company's assessment of the potential value of the resource include:

- That the current resource can be mined effectively and that the resource as disclosed in the Group's mineral resource estimate reflects the actual resource available. As this is based on statistical modelling of drill results, the actual resources and grades could be significantly different when mined;
- That the capital expenditure required to bring a mine into production and the ongoing sustaining capital expenditure are consistent with the estimates made. Given the long lead times and the preliminary nature of these estimates, actual expenditure may vary significantly from these estimates; and
- Current commodity prices are a reasonable reflection of future commodity prices. Commodity prices can vary significantly over time due to a range of factors including demand and supply changes. As a result actual commodity prices achieved may vary substantially from assumptions made when assessing the resource for impairment.

#### 15. Trade and other payables

	2023 \$'000	2022 \$'000
Trade payables	183	565
Accrued expenses	547	809
	<b>730</b>	<b>1,374</b>

Refer to note 23 for further information on financial instruments.

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 16. Employee Benefits

	2023 \$'000	2022 \$'000
Salaries and wages accrued	77	57
Liability for annual leave	178	131
Liability for long service leave	29	23
Liability for superannuation	-	2
	<b>284</b>	<b>213</b>

#### 17. Provisions

	Site restoration \$'000	Total \$'000
Balance at 1 July 2022	50	50
Provisions made during the year	-	-
Provisions used during the year	-	-
Provisions reversed during the year	-	-
Balance at 30 June 2023	<b>50</b>	<b>50</b>

	Site restoration \$'000	Total \$'000
Current	50	50
Non-current	-	-
	<b>50</b>	<b>50</b>

##### Site Restoration

A provision of \$50,000 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 14.

#### 18. Loans and borrowings

	2023 \$'000	2022 \$'000
<b>Current</b>		
Limited recourse notes	-	-
	<b>-</b>	<b>-</b>
<b>Non-current</b>		
Limited recourse notes	34,943	27,991
	<b>34,943</b>	<b>27,991</b>

Refer to note 23 for further information on assets pledged as security and financing arrangements.

Refer to note 23 for further information on financial instruments.

Reconciliation of movement in loans and borrowings

	2023 \$'000	2022 \$'000
Outstanding at 1 July	27,991	24,758
New loan during the year	3,000	-
Accrued interest and fees during the year	3,952	3,233
Outstanding at 30 June	<b>34,943</b>	<b>27,991</b>

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 18. Loans and borrowings (continued)

In January 2023, the Company announced that it has reached an agreement with OCP Asia Group to extend the maturity date on its existing loan facility by 24 months (to 17 December 2024). In March 2023, the Company announced that it had reached an agreement with OCP Asia Group to expand the notes facility by a further \$5,000,000. During the period, The Company drew down \$3,000,000 against the additional facility negotiated.

The Company has accrued interest of \$3,952,000 during the year ended 30 June 2023. These transactions have been capitalised against the exploration and evaluation assets in accordance with AASB 123 (Borrowing costs) which requires borrowing costs directly attributable to the production of a qualifying asset, to form part of the cost of the asset.

#### Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	Currency	Rate	Year of maturity	2023		2022	
				Face value \$'000	Carrying amount	Face value \$'000	Carrying amount \$'000
Limited recourse notes	AUD	12.00%	Dec 2024	35,777	34,943	27,991	27,991
<b>Total interest-bearing liabilities</b>				<b>35,777</b>	<b>34,943</b>	<b>27,991</b>	<b>27,991</b>

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

#### 19. Equity

##### Share capital

	2023		2022	
	No. of shares (000's)	\$'000	No. of shares (000's)	\$'000
On issue at 1 July	1,005,232	122,956	691,670	108,465
Shares issued for cash	102,299	4,092	301,271	15,218
Incentive shares issued for services	-	-	8,500	-
Shares issued for services	2,970	85	3,791	177
Share issue costs	-	(120)	-	(904)
On issue at 30 June	<b>1,110,501</b>	<b>127,013</b>	<b>1,005,232</b>	<b>122,956</b>

##### Ordinary Shares

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

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

##### Issuance of ordinary shares for the year to 30 June 2023

Date	No. of shares issued	Price per share \$	Total consideration \$	Purpose
1 August 2022	1,250,000	0.0400	50,000	Placement
3 August 2022	100,799,450	0.0400	4,031,978	Placement
1 September 2022	250,000	0.0400	10,000	Placement
11 November 2022	2,969,849	0.0287	85,113	Payment for services
	<b>105,269,299</b>		<b>4,177,091</b>	

## Aeon Metals Limited

### 30 June 2023 Annual Report

## Notes to the consolidated financial statements

### 19. Equity (continued)

#### Year Ended 30 June 2023

No shares were granted to employees and directors as incentive for services during the year ended 30 June 2023.

#### Year Ended 30 June 2022

8,500,000 shares were granted to employees and directors as incentive for services, these shares were provided through a limited recourse loan arrangement.

#### Share based payments

##### Year Ended 30 June 2023

3,150,000 performance rights were issued during the year ended 30 June 2023. These performance rights were issued in August 2022 to employees of the Company with one third of the rights vesting on 1 July of each of the years 2023, 2024 and 2025. These performance rights may be exercised upon meeting the vesting conditions for nil consideration.

On 11 November 2022, 2,969,849 shares were issued in consideration for services at a weighted average price of \$0.0287. The corresponding value of \$85,000 was recognised in profit and loss during the period.

##### Year Ended 30 June 2022

On 17 September 2021, shareholders approved the issue of 8.5 million fully paid ordinary shares to Fred Hess, or his nominee respectively, to be funded by limited recourse loans. These were issued at 5.8 cents per share on 5 October 2021. The recourse on the loan is limited to the shares issued, the loans are interest free and repayable on 5 October 2024. 3,500,000 of the loan funded shares were to vest upon the announcement of a PFS in the first half of 2022 with the remaining 5,000,000 of the loan funded shares vesting upon the announcement of a DFS in the second half of 2022. On 22 April 2022 the Company announced that the PFS would be paused with renewed focus on exploration, due to the pause in the PFS it has been deemed there is a 0% likelihood of the loan funded shares vesting and therefore no expense has been recognised.

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 19. Equity (continued)

Equity compensation reserve	2023	2022
	\$'000	\$'000
Balance at 1 July	3,453	3,453
Expired incentive shares	(587)	-
Balance at 30 June	<b>2,866</b>	<b>3,453</b>

The equity compensation reserve records the fair value of incentive shares and warrants issued. During the year ended 30 June 2023, 6,300,000 options expired resulting in an amount of \$587,000 being recognised directly in retained earnings (2022: Nil options and Nil Value).

Incentive shares outstanding	no. of incentive shares (000's)	Weighted average exercise price \$	no. of incentive shares (000's)	Weighted average exercise price \$
	2023	2023	2022	2022
Outstanding at 1 July	43,100	0.14	34,600	0.16
Granted during the year	-	-	8,500	0.058
Expired during the year	(6,300)	0.20	-	-
Exercised during the year	-	-	-	-
Outstanding at 30 June	<b>36,800</b>	<b>0.13</b>	<b>43,100</b>	<b>0.14</b>

#### 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:

	Director incentive shares 2022	Employee incentive shares 2021	Director incentive shares 2021
Number of incentive shares	8,500,000	5,100,000	9,000,000
Grant date	17 Sept 2021	12 Aug 2020	12 Aug 2020
Fair value at grant date	\$Nil	\$0.065	\$0.065
Share price at grant date	5.9 cents	15.0 cents	15.0 cents
Exercise price	5.8 cents	15.5 cents	15.5 cents
Expected volatility	N/A	67%	67%
Expected life	3 years	3 years	3 years
Risk-free interest rate	N/A	0.27%	0.27%
Dividend yield	N/A	0%	0%
Estimated share to vest	0%	100%	100%

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



# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 19. Equity (continued)

Retained earnings	2023	2022
	\$'000	\$'000
Balance at 1 July	(56,767)	(53,318)
Net Loss recognised for the period	(3,434)	(3,449)
Items of other comprehensive income recognised directly in retained earnings		
Expired options	587	-
Balance at 30 June	<b>(59,614)</b>	<b>(56,767)</b>

#### 20. Reconciliation of cash flows from operating activities and non-cash financing activities

	Note	2023	2022
Cash flows from operating activities		\$'000	\$'000
Loss for the year		(3,439)	(3,454)
Adjustments for:			
Depreciation	13	97	64
Impairment of exploration and evaluation assets	14	528	366
Loss on sale of asset		-	11
Shares issued for services	19	85	177
Share-based payments	19	-	-
		<b>(2,729)</b>	<b>(2,836)</b>
Change in trade and other receivables		(10)	-
Change in prepayments		(1)	(6)
Reclassification of exploration costs		159	64
Change in trade and other payables		93	(277)
Change in provisions and employee benefits		52	(62)
Net cash used in operating activities		<b>(2,436)</b>	<b>(3,117)</b>

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 21. Earnings per share

##### Basic and diluted earnings per share

The calculation of basic and diluted (options have no dilutive effect) earnings per share at 30 June 2023 was based on the loss attributable to ordinary shareholders of \$3,439,000 (2022: \$3,454,000) and a weighted average number of ordinary shares outstanding of 1,063,068,000 (2022: 822,288,000), calculated as follows:

	2023 \$'000	2022 \$'000
Loss for the year	(3,439)	(3,454)
Loss attributable to ordinary shareholders	<b>(3,439)</b>	<b>(3,454)</b>
<i>Weighted average number of ordinary shares (basic and diluted)</i>		
	2023 thousands	2022 thousands
Issued ordinary shares at 1 July <sup>(i)</sup>	968,431	657,070
Effect of shares issued	94,637	165,218
Weighted average number of ordinary shares at 30 June	<b>1,063,068</b>	<b>822,288</b>
	2023 cents per share	2022 cents per share
Basic and diluted loss per share	<b>0.32</b>	0.42

- (i) When calculating the earnings per share (EPS), issued ordinary shares are adjusted to excluded performance shares issued which are subject to an exercise price and expiry date as these shares are considered options for the purposes of these calculations. 36,800,000 shares were excluded from shares issued at 1 July 2022 (1 July 2021: 34,600,000).

#### 22. Short term leases

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

	2023 \$'000	2022 \$'000
Less than one year	14	14
Between one and five years	-	-
More than five years		
	<b>14</b>	<b>14</b>

The Group leases one premise under operating leases. The lease is under a 12-month contract which expires in December 2023. The rental payment on this lease is \$2,253 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.

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 23. 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:

	Note	Carrying amount	
		2023 \$'000	2022 \$'000
Interest bearing investments	12	54	53
Trade and other receivables	11	92	224
Cash and cash equivalents	10	1,217	2,000
		<b>1,363</b>	<b>2,277</b>

##### Impairment losses

	2023 \$'000	2022 \$'000
Neither past due nor impaired	92	224
Past due 1 – 30 days	-	-
Past due 31 – 90 days	-	-
Past due 91 + days	-	-
	<b>92</b>	<b>224</b>

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

## Aeon Metals Limited

### 30 June 2023 Annual Report

## Notes to the consolidated financial statements

### 23. Financial instruments (continued)

#### 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 \$30,000 credit card facility (2022: \$30,000). At 30 June 2023 the undrawn amount is \$30,000 (2022: \$30,000).

At 30 June 2023 the Group has payables of \$730,000 (2022: \$1,374,000) due within 3 months.

#### Exposure to liquidity risk

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

#### 30 June 2023

Carrying Amount \$'000	Contractual cash flows					
	Total	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Liabilities</b>						
Limited recourse notes <sup>(i)</sup>	34,943	42,548	-	-	42,548	-
Trade payables	730	730	730	-	-	-
	<b>35,673</b>	<b>43,278</b>	<b>730</b>	<b>-</b>	<b>42,548</b>	<b>-</b>

#### 30 June 2022

Carrying Amount \$'000	Contractual cash flows					
	Total	3 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Liabilities</b>						
Limited recourse notes	27,991	33,797	-	-	33,797	-
Trade payables	1,374	1,374	1,374	-	-	-
	<b>29,365</b>	<b>35,171</b>	<b>1,374</b>	<b>-</b>	<b>33,797</b>	<b>-</b>

<sup>(i)</sup> \$42,548,000 of the contractual cash flow payable in 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.

## Aeon Metals Limited

## 30 June 2023 Annual Report

## Notes to the consolidated financial statements

## 23. Financial instruments (continued)

## 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 2023	Carrying amount 2023 \$000's	Interest rate 2022	Carrying amount 2022 \$000's
<b>Fixed rate instruments</b>				
Financial liabilities <sup>(i)</sup>	12%	34,943	12%	27,991
		<b>34,943</b>		<b>27,991</b>
<b>Variable rate instruments</b>				
Financial assets	0.00%	1,217	0.01%	2,000
Amortised cost	2.72%	54	0.24%	53
		<b>1,271</b>		<b>2,053</b>

<sup>(i)</sup> The coupon rate on the limited recourse loan is 12% p.a. however the effective interest rate per tranche has been determined to be between 12.55% and 13.72% at the date of entering into the agreement.

*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.

*Cashflow 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.

	<b>Variable rate instruments</b>	
<b>Profit or loss</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
100bp increase	13	13
100bp decrease	(13)	(13)

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 23. Financial instruments (continued)

##### 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 Value 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:*

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000		\$'000	\$'000
<b>Assets carried at amortised costs</b>				
Interest bearing investments	54	54	53	53
Trade and other receivables	92	92	224	224
Cash and cash equivalents	1,217	1,217	2,000	2,000
	<b>1,363</b>	<b>1,363</b>	<b>2,277</b>	<b>2,277</b>
<b>Liabilities carried at amortised cost</b>				
Trade and other payables	(730)	(730)	(1,374)	(1,374)
Limited recourse notes	(34,943)	(34,943)	(27,991)	(27,991)
	<b>(35,673)</b>	<b>(35,673)</b>	<b>(29,365)</b>	<b>(29,365)</b>

#### 24. Commitments and contingencies

There are no contractual commitments or contingent liabilities at 30 June 2023 (2022: Nil).



## Aeon Metals Limited

### 30 June 2023 Annual Report

## Notes to the consolidated financial statements

### 25. Related parties

Key management personnel compensation

The key management personnel compensation comprised:

	2023	2022
	\$	\$
Short-term employee benefits	721,427	781,660
Long-term employment benefits	36,924	10,949
Post-employment benefits	38,515	43,220
	<b>796,866</b>	<b>835,829</b>

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

There were no related party transactions during the year other than transactions with key management personnel as part of their remuneration.

### 26. Group entities

	Country of incorporation	2023	2022
		%	%
<i>Parent entity:</i>			
Aeon Metals Limited	Australia		
<i>Significant subsidiaries:</i>			
Aussie NQ Resources Pty Ltd	Australia	100	100
SLW Queensland Pty Ltd	Australia	60	60
Aeon Walford Creek Ltd	Australia	100	100
Aeon Isa Exploration Pty Ltd	Australia	100	100
Aeon Monto Exploration Pty Ltd	Australia	100	100
Aeon Walford Exploration Pty Ltd	Australia	100	100

### 27. Events Since the End of the Financial Year

During September, the Group has drawn down an additional \$1.0 million against the OCP facility. This leaves a further \$1.0 million of available credit at that time.

Other than the item mentioned above, there have not been any additional significant subsequent events to note.

# Aeon Metals Limited

## 30 June 2023 Annual Report

### Notes to the consolidated financial statements

#### 28. Auditors' remuneration

	2023 \$	2022 \$
<b>Audit and review of financial statements</b>		
Auditors of the Company – BDO and related network firms		
Group	101,282	88,140
Total audit and review of financial statements	<b>101,282</b>	<b>88,140</b>
<b>Non-audit services</b>		
Auditors of the Company – BDO and related network firms		
Taxation compliance services	16,000	26,208
R&D compliance services	42,000	40,000
Total non-audit services	58,000	66,208
<b>Total services provided by BDO and related network firms</b>	<b>159,282</b>	<b>154,348</b>

#### 29. Parent entity disclosures

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

	2023 \$'000	2022 \$'000
<b>Results of the parent entity</b>		
Loss for the year	(3,439)	(3,454)
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>(3,439)</b>	<b>(3,454)</b>
<b>Financial position of parent entity at year end</b>		
Current assets	1,458	2,368
Non-current assets	104,678	96,678
<b>Total assets</b>	<b>106,136</b>	<b>99,046</b>
Current liabilities	962	1,442
Non-current liabilities	34,943	27,991
<b>Total liabilities</b>	<b>35,905</b>	<b>29,433</b>
<b>Net assets</b>	<b>70,231</b>	<b>69,613</b>
<b>Total equity of parent entity comprising of:</b>		
Share capital	127,013	122,956
Reserves	2,866	3,453
Accumulated losses	(59,648)	(56,796)
<b>Total equity</b>	<b>70,231</b>	<b>69,613</b>

## Aeon Metals Limited

### 30 June 2023 Annual Report

#### Directors' declaration

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

- a) the consolidated financial statements and notes set out on pages 29 to 58 and the remuneration report on pages 22 to 26 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 2023 and of its performance for the 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.

The Directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards

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 2023.

Signed in accordance with a resolution of the Directors.



Dr Fred Hess  
**Managing Director**

Dated at Sydney this 28th day of September 2023

## INDEPENDENT AUDITOR'S REPORT

To the members of Aeon Metals Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Aeon Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying 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 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

## Material uncertainty related to going concern

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

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

## Exploration and evaluation assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Exploration and evaluation assets are a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the exploration and evaluation activities to the Group's business and the carrying value of these assets, being the largest group of assets on the consolidated statement of financial position; and</li> <li>• The significance of management's estimates and assumptions regarding the recoverability of carrying values in accordance with AASB 6.</li> </ul> <p>Details of the exploration and evaluation assets are disclosed in Notes 2, 3 and 14.</p>	<p>To determine whether the exploration and evaluation assets were appropriately accounted for, valued and disclosed within the financial statements, we performed, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Evaluated the Group's accounting policy to recognise exploration and evaluation assets using the criteria in AASB 6;</li> <li>• Reviewed the Group's tenement licences to assess the rights to tenure are current;</li> <li>• Tested a sample of the Group's additions to areas of interest for the year and agreeing additions to underlying records;</li> <li>• Analysed management's assessment of the recoverability of assets through successful development and exploitation of the areas of interest, or by their sale, by evaluating the Group's documentation of planned activities including tenements expenditure commitments as per the approved work programs issued by the QLD Department of Natural Resources, Mines and Energy;</li> </ul>

- Evaluated internal budgets and cash flow projections for consistency with management's stated intentions for continuing exploration and evaluation activities in the areas of interest and critically assessing feasibility of these intentions with regard to available cash;
- Obtained managements' impairment calculation and enquired of Management in respect of their assessment of the future recoverable value of the exploration and evaluation expenditure;
- Critically analysed the assumptions applied by management in performing the impairment calculation;
- Engaged our valuation specialists to assist with the assessment of the reasonability of the discount rate applied to the impairment model;
- Assessed the competency, objectivity and independence of management's experts;
- Evaluated the mathematical accuracy of computations provided management;
- Performed sensitivity analyses on the inputs into the impairment model; and
- Considered management's conclusion on the impairment of non-core exploration & evaluation assets and recalculated the impairment loss recognised.

### Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' Report (excluding the audited Remuneration Report section) for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report to Shareholders, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



When we read the Annual Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

#### **Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

### **Report on the Remuneration Report**

#### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report under the heading 'Remuneration Report' for the year ended 30 June 2023

In our opinion, the Remuneration Report of Aeon Metals Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.



### **Responsibilities**

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 Australian Auditing Standards.

**BDO Audit Pty Ltd**

BDO

A handwritten signature in black ink, appearing to read 'Martin Coyle', written over a faint, stylized 'BDO' watermark.

**Martin Coyle**  
**Director**

Sydney, 28 September 2023