



Aeon Metals Limited

ABN 91 121 964 725

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ASX Code - AML

29 January 2016.

Market Announcements Office
Australian Securities Exchange
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Quarterly Activities Report For the three months ending 31 December 2015

HIGHLIGHTS

- **Walford Creek Project:**
 - Project desktop assessment ongoing with metallurgical and infrastructure options assessed.
 - Project Manager appointed to assist with completion of Walford Preliminary Economic Assessment.
- **Formal Expressions of Interest (“EOI”) sought by MMG for Century mine mineral assets, processing facilities and supporting infrastructure:**
 - Aeon mandating an adviser to investigate synergistic options with Walford Creek.
 - Assets available include, amongst others:
 - Significant zinc tailings resource;
 - Processing plant (crush/grind/float) with 7.1Mtpa capacity;
 - Water bore fields;
 - 304km underground concentrate slurry pipeline to port;
 - Ship loading and port facility at Karumba; and
 - Grid power.
- **On 29 October 2015, shareholder approval for refinance and subsequently funds received:**
 - Strong cash position with ~\$8m cash on hand.
 - Near to longer term market funding risks mitigated.
 - Enables Aeon to explore, develop and build value during a cyclical low.

Walford Creek Project, North West Queensland

During the quarter Aeon Metals Ltd (“Aeon” or “the Company”) continued to review a number of possible options for Walford Creek processing and infrastructure. A consultant Project Manager has been hired to assist compile all options as part of the Walford Preliminary Economic Assessment.

Additionally, with the recent (January) cessation of operations at the Century zinc mine, the owner of Century (MMG Limited) is seeking Expressions of Interest (“EOI”) in relation to future business based around the Century mine mineral assets, processing facilities and supporting infrastructure.

Century assets available include, amongst others:

- Significant zinc tailings resource;
- Processing plant (crush/grind/float) with 7.1Mtpa capacity;
- Water bore fields;
- 304km underground concentrate slurry pipeline to port;
- Ship loading and port facility at Karumba; and
- Grid power.

MMG will consider investment or partnership proposals in relation to all or part of the assets and infrastructure. This presents an opportunity for the Company to formally review Walford Creek and Century project synergies including a material expansion of the resource base.

Figure 1 below shows the infrastructure (roads, townships including Century Mine, and Karumba port) for the Northwest gulf area.

Figure 1: Northwest Queensland road/port infrastructure and Walford Creek location



Corporate

On 29 October, 2015 shareholder approval was received for an additional ~\$4.8 million of debt funding to advance the flagship Walford Creek project. This has now boosted the cash to ~\$7.9 million and is a major step forward in setting a long term platform of growth for Aeon and specifically advancing Walford Creek, as well as reviewing asset/corporate opportunities, uninterrupted from near to medium term capital market restraints.

On 13 January 2016, Mr Ed Newman retired from the Board due to health issues. The Company has benefited significantly from Mr Newman's contribution over the last 7 years, particularly from his extensive knowledge and experience in project development and metallurgical processing.

Additionally, given the state of the markets and Company focus on costs, Mr John Goody, currently Executive Director, Exploration, has decided to become a non-executive Director on 1 March 2016.

From the commencement of trading on Monday, 18 January 2016, the Company's ASX code was changed to AML.

Exploration Expenditure

During the quarter, the Company expended approximately \$277,000 on exploration activities.

As at 31 December 2015, the Company had available cash of approximately \$7.9M.

Appendix 5B

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

A handwritten signature in black ink, appearing to read 'H. Collins', is positioned above the printed name and title.

Hamish Collins
Managing Director
Aeon Metals Limited

APPENDIX 1 - TENEMENT HOLDINGS AS AT 31 Dec 2015

TENEMENT HOLDER	TENEMENT I.D.	LOCATION	INTEREST HELD
Aeon Metals Limited	EPM 14628	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15920	Northwest of Monto, Qld	Surrender lodged
Aeon Metals Limited	EPM 15921	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15922	Northwest of Monto, Qld	Surrender lodged
Aeon Metals Limited	EPM 17001	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17002	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 17060	West of Monto, Qld	100%
Aeon Metals Limited	MDL 462	Northwest of Monto, Qld	100%
Aussie NQ Resources Pty Ltd	EPM 18359	South of Georgetown, Qld	100%
SLW Queensland Pty Ltd	EPM 14627	Southwest of Monto, Qld	60%
SLW Queensland Pty Ltd	EPM 19029	West of Monto, Qld	60%
Aeon Walford Creek Limited	EPM 11897	Mount Isa West, Qld	80%
Aeon Walford Creek Limited	EPM 11898	Mount Isa West, Qld	80%
Red Metal Limited	EPM 12653	Mount Isa South, Qld	
Summit Resources (Aust) Pty Ltd	EPM 13412	Mount Isa South, Qld	20%
Summit Resources (Aust) Pty Ltd	EPM 13413	Mount Isa South, Qld	20%
Summit Resources (Aust) Pty Ltd	EPM 13682	Mount Isa South, Qld	20%
Aeon Walford Creek Limited	EPM 14040	Mount Isa South, Qld	80%
Aeon Walford Creek Limited	EPM 14220	Walford Creek, Qld	100%
Aeon Walford Creek Limited	EPM 14233	Mount Isa South, Qld	72%
Aeon Walford Creek Limited	EPM 14694	Mount Isa North, Qld	80%
Aeon Walford Creek Limited	EPM 14712	Constance Range, Qld	80%
Aeon Walford Creek Limited	EPM 14713	Constance Range, Qld	80%
Aeon Walford Creek Limited	EPM 14821	Mount Isa South, Qld	80%
Aeon Walford Creek Limited	EPM 14854	Walford Creek, Qld	100%
Aeon Walford Creek Limited	EPM 14935	Constance Range, Qld	80%
Aeon Walford Creek Limited	EPM 15156	Mount Isa South, Qld	80%
Aeon Walford Creek Limited	EPM 15186	Constance Range, Qld	80%
Aeon Walford Creek Limited	EPM15212	Mount Isa West, Qld	80%
Mount Isa Mines Limited	EPM15911	Mount Isa South, Qld	100% *
Aeon Walford Creek Limited	EPM 16921	Mount Isa North, Qld	20%
Mount Isa Mines Limited	EPM 17297	Mount Isa South, Qld	100% *
Aeon Walford Creek Limited	EPM 17300	Mount Isa North, Qld	100%
Summit Resources (Aust) Pty Ltd	EPM 17511	Mount Isa North, Qld	20%
Summit Resources (Aust) Pty Ltd	EPM 17513	Mount Isa North, Qld	20%
Summit Resources (Aust) Pty Ltd	EPM 17514	Mount Isa North, Qld	20%
Summit Resources (Aust) Pty Ltd	EPM 17519	Mount Isa North, Qld	20%
Summit Resources (Aust) Pty Ltd	MDL 509	Mount Isa North, Qld	20%
Summit Resources (Aust) Pty Ltd	MDL 510	Mount Isa North, Qld	20%
Summit Resources (Aust) Pty Ltd	MDL 511	Mount Isa North, Qld	20%
Summit Resources (Aust) Pty Ltd	MDL 513	Mount Isa North, Qld	20%
Aeon Walford Creek Limited	EPM 18395	Mount Isa West, Qld	100%
Aeon Walford Creek Limited	EPM 18552	Walford Creek, Qld	100%
Aeon Walford Creek Limited	EPM 18769	Mount Isa West, Qld	100%
Aeon Walford Creek Limited	EPM 25989	Mount Isa West, Qld	100%

*100% JV AWC earned 100%, transfer of title pending

APPENDIX 2 – COMPETENT PERSONS

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 presentation of the Mineral Resources in the form and context in which they appear.

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

AEON METALS LIMITED

ABN

91 121 964 725

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors – Service Fees	-	-
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(277) - - (437)	(920) - - (960)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	35	51
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes received (R&D Tax Incentive)	-	-
1.7	Other (provide details if material) – GST Receipts/Payments – Security Deposits	28 -	8 -
Net Operating Cash Flows		(651)	(1,821)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (1)	- - (4)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(1)	(4)
1.13	Total operating and investing cash flows (carried forward)	(652)	(1,825)

+ See chapter 19 for defined terms.

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Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(652)	(1,825)
1.14	Cash flows related to financing activities Proceeds from issues of shares, options, etc. (Proceeds were received from institutional and sophisticated investors in accordance with placement announced on 3 April 2014. Placement is currently subject to shareholder approval).	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	4,789	8,050
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	– Capital Raising Costs	-	(212)
	– On market purchase of shares for equity based compensation	-	-
	Net financing cash flows	4,789	7,838
	Net increase (decrease) in cash held	4,137	6,013
1.20	Cash at beginning of quarter/year to date	3,732	1,856
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	7,869	7,869

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	213
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Transactions include the payment of Consultancy fees to the associated entities of the Directors, J. Goody & T. Mann, the payment of Superannuation and Directors fees to the Directors, E. Newman, H. Collins, T. Mann & P. Harris, as well as the reimbursement of ordinary expenditure incurred by Directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

The company has a corporate credit card facility for the purpose of the company expenses. There are four cards issued with a combined credit limit of \$30,000.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	30	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	380
4.2 Development	-
4.3 Production	-
4.4 Administration	355
Total	735

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7,869	3,732
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	7,869	3,732

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Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	EPM 15920 EPM 15922 EPM 25810	Surrender lodged 1/12/15 Surrender lodged 1/12/15 Abandoned	100 100 100
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)	N/A		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A		
7.3	*Ordinary securities	347,832,628	347,832,628	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	N/A		
7.5	*Convertible debt securities (description)	N/A		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A		

+ See chapter 19 for defined terms.

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7.7	Options (description and conversion factor)	Unlisted Options 1,000,000 63,251,107 52,174,894		Exercise price 12.5 15.81 9.35	Expiry date 8 February 2016 17 June 2017 17 December 2017
7.8	Issued during quarter	N/A			
7.9	Exercised during quarter	N/A			
7.10	Expired during quarter	N/A			
7.11	Debentures (totals only)	N/A			
7.12	Unsecured notes (totals only)	N/A			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

29 Jan 2016
Date:

Print name:
Hamish Collins

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

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- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.