



Aeon Metals Limited

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ASX Code - AML

29 April 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 March 2016

HIGHLIGHTS

- **Walford Creek Project:**
 - **Walford Preliminary Economic Assessment (“PEA”) for standalone project well advanced. PEA options assessed include:**
 - **Producing copper, zinc, lead, and pyrite concentrates for sale; and**
 - **Producing copper, zinc and lead concentrates for sale and processing of pyrite to extract cobalt and potentially silver and sulphur.**
 - **Drilling at Walford to commence next week (approx 5 May). Drilling program consisting of up to 4,000m (RC/DD) with focus on obtaining fresh metallurgical samples. This will enable further Resource definition and the program will include several exploration holes.**
 - **2nd year wet season environmental base line studies completed during quarter.**
- **MMG Expression of Interest (“EOI”) for Century mine mineral assets, processing facilities and supporting infrastructure.**
 - **Technical consultants AMEC Foster Wheeler undertaking process options study to investigate utilisation of current Century processing plant (crush/grind/float);**
 - **Pitt Capital Partners mandated as corporate adviser.**

Walford Creek Project, North West Queensland

During the quarter Aeon Metals Limited (“Aeon” or “the Company”) has advanced the Walford Preliminary Economic Assessment (“PEA”). The PEA is being compiled by a dedicated project manager with engineering and consulting companies (noted below) engaged to undertake specific tasks in their respective areas of expertise. The PEA enables the development options for Walford to be assessed.

The PEA is divided into 4 main areas:

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

The objective of the PEA is to determine capital and operating costs for the following Walford Creek Project production scenarios:

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

A preferred production scenario will be determined by comparing the project NPV’s. The PEA is forecast to be completed this quarter.

Drilling at Walford to commence next week (approx 5 May). Drilling program consisting of up to 4,000m (RC/DD) with focus **on obtaining fresh metallurgical samples. This will enable further Resource definition and the program will include several exploration holes.**

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

DEHP guidelines stipulate that all projects to be assessed at the EIS level in the Gulf Plains country require to be surveyed on two separate occasions. APM executed the first survey in April 2015 and have now completed the field component of the second survey. The survey was undertaken following extensive rainfall in March and was determined to be a success by APM Principal Biologist, Dr. Mitch Ladyman.

At this stage, the data does not suggest any major issues of concern. The focal point of the survey was the areas of disturbance associated with the pit and the proposed infrastructure area.

MMG Expression of Interest (“EOI”) for Century mine

As mentioned in the previous quarterly report, the nearby Century mine was closed in January and the owner of Century (MMG Limited) commenced an Expression of Interest (“EOI”) process in relation to future businesses 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;
- Accommodation camp and sealed airstrip;
- Ship loading and port facility at Karumba; and
- Grid power.

In February, Aeon mandated Pitt Capital Partners as corporate adviser to assist with the EOI process.

Aeon has been formally reviewing Walford Creek and Century project synergies which include, amongst others;

- a material expansion of the respective Resource bases;
- utilisation of Century processing plant (crush/grind/float) - technical consultants AMEC Foster Wheeler mandated to undertake process options in this regard; and
- Utility and logistic synergies.

The EOI process is ongoing.

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



Other

During the quarter a field trip was undertaken to the Company's Forsyth EPM 18359. Aeon applied for the tenement in the belief that the Forsyth Project geology offered the opportunity to identify deep porphyry-related hydrothermal gold, base metal and molybdenum mineralisation. Several rock grab samples were collected to allow a determination of the alteration patterns in rocks exploited for gold in narrow veins within the altered granites. As the grades of the grab samples were encouraging, a follow up soil sampling campaign is planned.

Exploration Expenditure

During the quarter, the Company expended approximately \$231,000 on exploration activities.

As at 31 March 2016, the Company had available cash of approximately \$7.4m.

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 31MARCH 2016

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	Surrender lodged
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	EPM 15212	Mount Isa West, Qld	80%
Mount Isa Mines Limited	EPM 15911	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 Limited's 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 Limited 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 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 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	(231) - - (304)	(1,151) - - (1,264)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	51	102
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	22 -	30 -
Net Operating Cash Flows		(462)	(2,283)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - (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		-	(4)
1.13	Total operating and investing cash flows (carried forward)	(462)	(2,287)

+ 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)	(462)	(2,287)
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	5	8,055
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	5	7,843
	Net increase (decrease) in cash held	(457)	5,556
1.20	Cash at beginning of quarter/year to date	7,869	1,856
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	7,412	7,412

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	183
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, J Goody & 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

+ See chapter 19 for defined terms.

Appendix 5B

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	950
4.2 Development	-
4.3 Production	-
4.4 Administration	525
Total	1,475

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	7,412	7,869
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	7,412	7,869

+ See chapter 19 for defined terms.

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Mining exploration entity and oil and gas exploration entity quarterly report

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 14627	Surrender lodged March 2016	60	0
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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Mining exploration entity and oil and gas exploration entity quarterly report

7.7	Options (description and conversion factor)	Unlisted Options N/A		Exercise price	Expiry date
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 ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here:
(Director/~~Company secretary~~)

29 April 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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Mining exploration entity and oil and gas exploration entity quarterly report

- 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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