



ASX Announcement — 18 April 2017

## WALFORD CREEK COBALT ROASTING SCOPING STUDY

### Aeon Metals Limited

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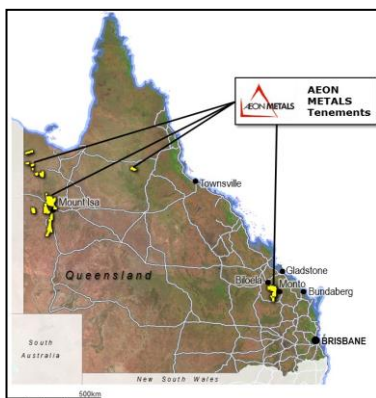
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#### ASX Code - AML

Shares on Issue: 347m  
Share Price: \$0.18  
Market Capitalisation: \$62.5m  
Cash (31 Dec 2016): \$4m

All mineral resources projects  
located in Queensland:



Aeon Metals Limited (“Aeon” or “the Company”) advises it has now completed a Preliminary Scoping Study of a development to exploit the Walford Creek Global Resource.

A Preliminary Economic Assessment (“PEA”) has already been completed on the Vardy high grade section of the Walford Creek Resource and Aeon is proceeding to a Bankable Feasibility Study on the Vardy project aiming to produce in Year 1 some 10 kt of copper, 2 kt of zinc and 0.5 kt of cobalt as early as 2019, for a currently estimated capital cost of \$97.4 million. The Vardy Resource is, however, only approximately 9% of the currently estimated Walford Creek Global Resource which is estimated to contain, notably, 60 kt of cobalt, 295 kt of copper, 623 kt of zinc, 626 kt of lead and 55 Mozs of silver.

The Preliminary Scoping Study which has now been completed, considers mining the Walford Creek Global Resource at a rate of 2.5 Mtpa for 15 years. This Study shows clearly the potential for Walford Creek beyond the smaller Vardy project and, importantly, it shows the key issue of acid sales which needs to be resolved to tap the full potential of Walford Creek.

The Scoping Study indicates a project on this scale could produce on average some 1.2 ktpa of cobalt, 8 ktpa of copper, 15 ktpa of zinc and 13 ktpa of lead and would generate some 1,300 ktpa of sulphuric acid for sale which, at an assumed sale price of US\$100 per tonne, would represent some 45% of project revenue. Currently, there is no market for this quantity of sulphuric acid but there are a number of proximate phosphate resources held by third parties which are potential offtakers of this acid. Other potential offtakers may emerge as the volume and security of this potential acid supply becomes more widely known. The Study estimates a capital cost of \$668 million with a 3 year payback.

Further details of the Study are contained in the attached materials and attention is drawn in particular to the cautionary statements which predicate the findings.

For more information, please contact:

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## WALFORD CREEK COBALT ROASTING

### SCOPING STUDY

**17.7kt Cobalt metal production over 15 year mine life  
Copper, Zinc and Lead concentrates with payable Silver  
plus Sulphuric Acid production**

The Scoping Study proposes a large scale, 2.5 Mtpa open pit mine and onsite processing utilising a concentrator, roaster and acid plant that would produce copper, zinc, and lead concentrates, with payable silver as well as cobalt metal and sulphuric acid over a 15 year mine life.

#### Scoping Study Parameters – Cautionary Statement

The Scoping Study referred to in this announcement has been undertaken to determine the potential viability of an open pit mine, onsite sulphide floatation and cobalt-rich pyrite roast processing with an associated acid plant of the Walford Creek Global Resource. It is a preliminary technical and economic study of the potential viability of the Walford Creek Global Resource. It is based on low-level technical and economic assessments that are not sufficient to support the estimation of Ore Reserves. Further evaluation work and appropriate studies are required before Aeon will be able to estimate any Ore Reserves or to provide any assurance of an economic development case.

Approximately 23% of the total LOM production target is in the Indicated Resource category with 77% in the Inferred Resource Category. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further infill drilling of the Walford Creek Global Resource will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. Additionally, the selected optimised pit shell and practical pit design incorporated an approximately 57° inter-ramp angle as determined by Aeon with further geotechnical assessment required to determine the appropriate angle.

The Scoping Study is based on the material assumptions outlined elsewhere in this announcement. While Aeon considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the outcomes indicated by the Scoping Study will be achieved.

To achieve the potential mine development outcomes indicated in the Scoping Study, substantial funding will be required. Investors should note that there is no certainty that Aeon will be able to raise funding when needed. The Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

#### Background

The Scoping Study considers a large scale 2.5 Mtpa open pit that would produce copper, zinc, and lead concentrates with payable silver as a stand-alone operation which would include a roaster and acid plant to produce cobalt metal and sulphuric acid.

The indicative production start date contemplated for the Project is Q1-2022 assuming the receipt of all necessary Government approvals. The Project is located in an area subject to the northern wet season which precludes significant construction activity between November and March so that regulatory and funding delays may have an extended effect on the timeline.

The Scoping Study was compiled in conjunction with AMEC Foster Wheeler, a global consultancy, engineering and project management company focused on the resources industry. The following table details the study contributors to the Scoping Study report.

Table 1 Party Responsible for the Order of magnitude Scoping Study Report Sections	
Section Title	Contributor
Resource Estimation	H&S Consultants Pty Ltd
Mining	Australian Mine Design and Development ("AMDAD")
Process Plant	AMEC Foster Wheeler
Off-Site Infrastructure	Aeon
Transportation	Aeon
Environmental, Permitting, Social & Community	Animal Plant Mineral
Operations Plan	Aeon
Project Execution Plan	AMEC Foster Wheeler
Capital Costs	AMEC Foster Wheeler/AMDAD
Operating Costs	AMEC Foster Wheeler/AMDAD
Market Studies	Aeon
Economic Assessment	Aeon
Risk and Opportunities	Aeon/AMEC Foster Wheeler/AMDAD

All consultants/contractors engaged by Aeon in the preparation of the Scoping Study have provided their consent to the data and interpretations contained in this announcement.

Overall, the level of accuracy of the numbers in the Scoping Study is at level of  $\pm 30\%$  but some numbers are more accurate being based, for example, on actual testwork or current actual costs in the market.

## Key Outcomes of the Scoping Study

Key components of the scoping study and the material assumptions used in the study are included elsewhere in this announcement. Information includes preliminary mine designs and estimated mine production schedules, metallurgical recoveries from test work on composite ores, limited roasting studies and costs based on comparison with similar operations and estimates provided by mining and engineering contractors.

The scoping study is based on the Walford Creek Global Resource and includes an optimised open pit for 2.5mtpa ROM ore over 15 years. Ore reporting from the open pit will be processed through a conventional float mill to produce copper, zinc, lead and pyrite concentrates. The pyrite concentrate will then be processed through an onsite roaster to produce cobalt metal. An acid plant will also be built producing sulphuric acid.

A preliminary financial model has been prepared utilising revenue assumptions as outlined in Appendix B. The model indicates robust financial metrics which include an **after tax NPV<sub>8%</sub> of approximately A\$458M and an IRR of approximately 19%**.

The estimated total capital cost is approximately A\$668M, including A\$33M mining pre-strip costs and A\$55M contingency. **The approximate payback period is 3 years.**

## Key Components of the Scoping Study

### 1. Mineral Resource

The scoping study is based on the Walford Creek Global Resource as per ASX announcement on 6 March 2015 and summarised in Tables 2 and 3 below:

Table 2 Resource Estimate						
Category	Mt	Cu %	Pb %	Zn %	Ag g/t	Co %
Indicated	16.3	0.46	0.83	1.02	20.1	0.091
Inferred	57.1	0.39	0.86	0.80	24.5	0.079
<b>Total</b>	<b>73.3</b>	<b>0.40</b>	<b>0.85</b>	<b>0.85</b>	<b>23.5</b>	<b>0.081</b>

(minor rounding errors)

Table 3 Resource Estimate					
Category	Cu tonnes	Pb tonnes	Zn tonnes	Ag Mozs	Co tonnes
Indicated	74,700	134,800	166,300	10.5	14,800
Inferred	220,800	491,200	456,900	45.0	44,800
<b>Total</b>	<b>295,500</b>	<b>626,000</b>	<b>623,200</b>	<b>55.5</b>	<b>59,600</b>

(minor rounding errors)

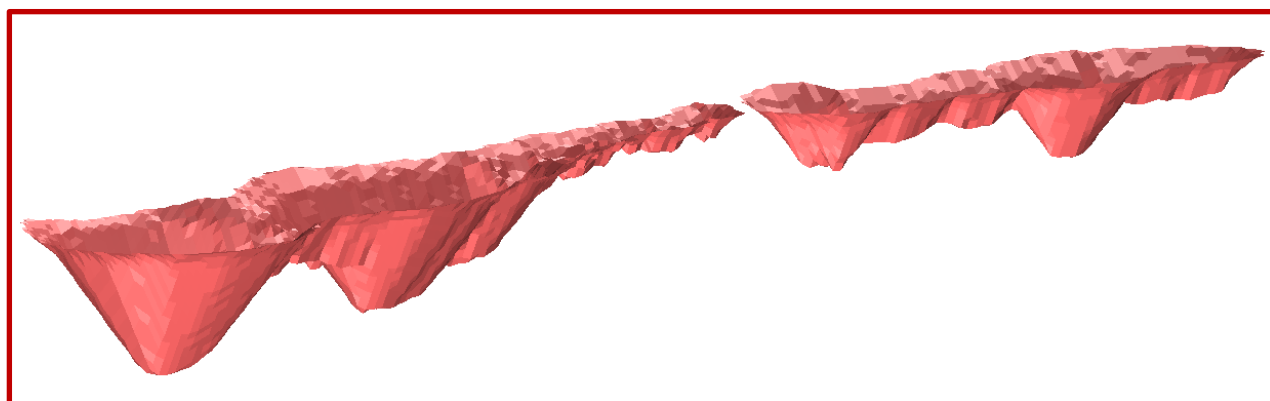
Indicated Resource categories make up on average 23% of the mill feed for the LOM schedule.

### 2. Mining

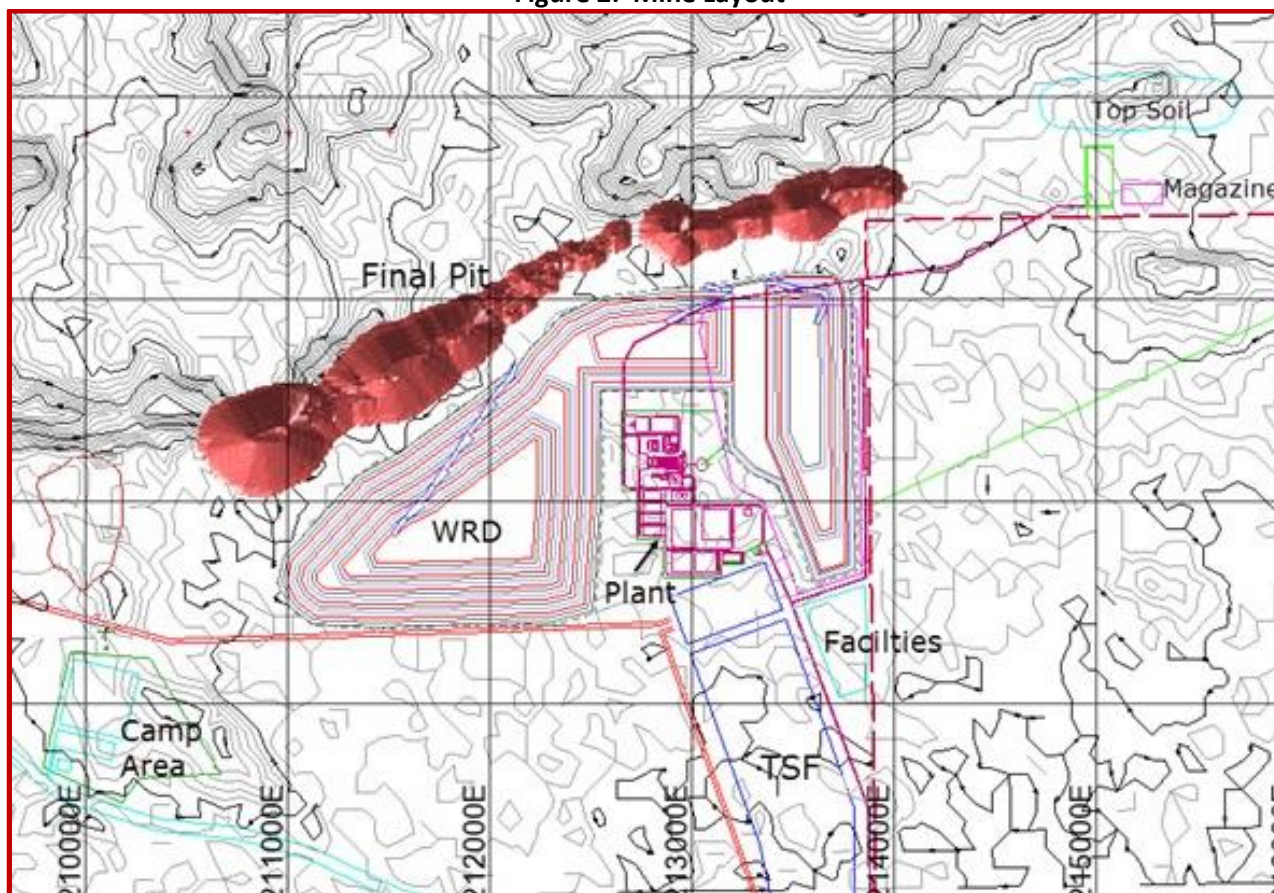
The Walford Creek deposit is amenable to mining by open pit methods. The mining scoping study has been prepared based on conventional truck and hydraulic excavator operation. An overall material movement rate of up to approximately 27.2 Mtpa, to achieve the required 2.5 Mtpa mill feed rate, represents a medium scale hard-rock operation. The main mining fleet would comprise 110 t to 220 t excavators loading 90 t dump trucks.

Pit shell optimisation work undertaken by AMDAD indicates a life of mine production target of 34.6Mt of ROM ore @ 0.43% Cu, 0.89% Pb, 0.75% Zn, 0.081% Co and 26g/t Ag. Life of mine strip ratio is approximately 6.4.

**Figure 1: 2.5mtpa Walford Creek Global Resource Indicative Pit Shell**



**Figure 2: Mine Layout**



### 3. Process Engineering

Engineering consultant AMEC Foster Wheeler compiled the scoping study including a review of processing options, which has resulted in a plant design based on processing 2.5 Mtpa ROM and consisting of the following facilities:

#### A. Concentrator

- Ore delivery to a primary crushing circuit
- Ore storage and reclaim
- SABC grinding circuit
- Cobalt preflotation circuit
- Copper rougher with concentrate regrind and two stage cleaning flotation circuit
- Lead rougher with concentrate regrind and three stage cleaning flotation circuit
- Zinc rougher with concentrate regrind and three stage cleaning flotation circuit
- Pyrite rougher with two stage cleaning flotation circuit
- Concentrate thickening and filtration
- Tailing thickening and filtration

#### B. Roaster

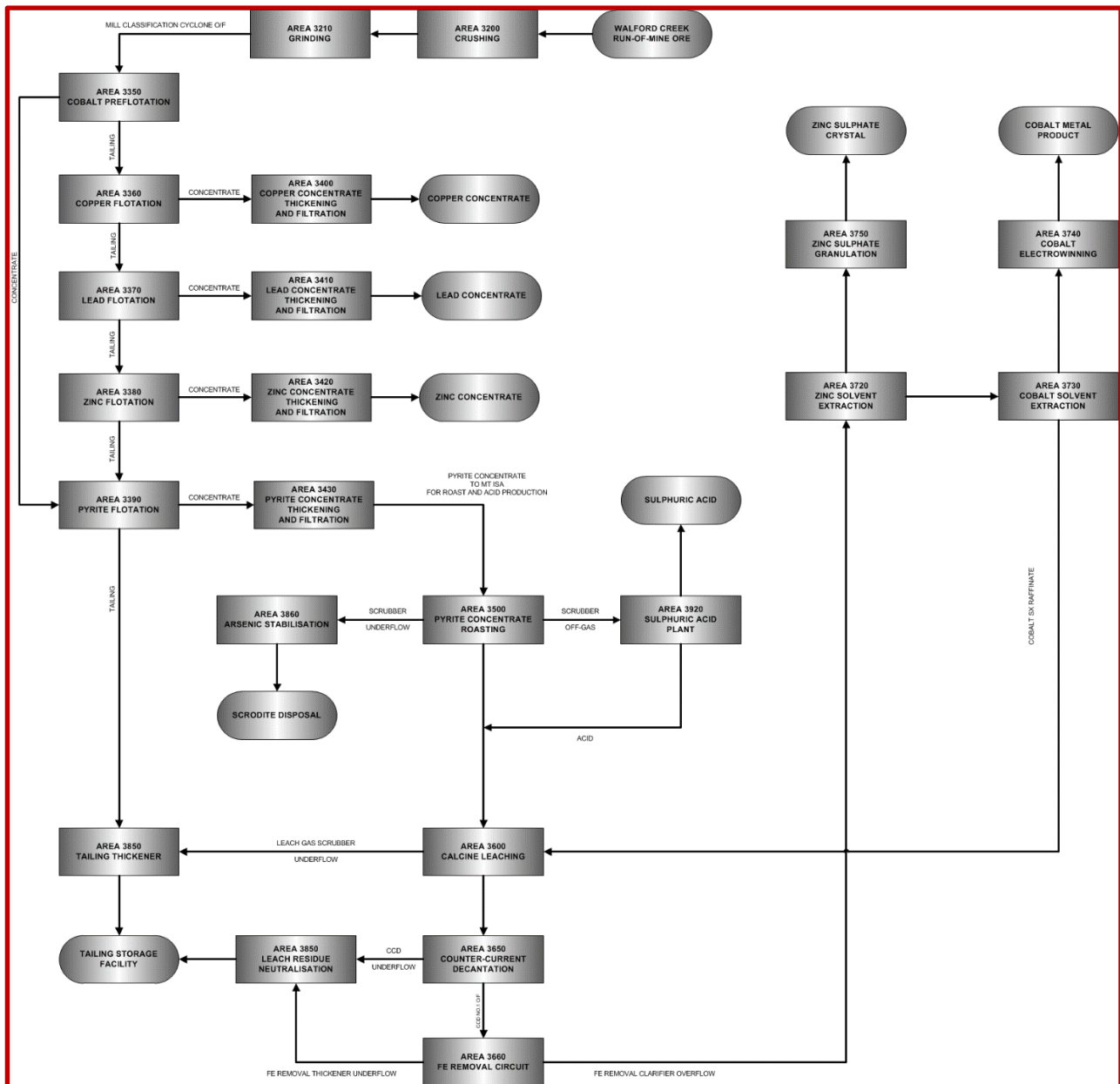
- Pyrite concentrate roasting and arsenic stabilisation circuit
- Calcine leaching, iron removal and neutralisation circuit
- Zinc and cobalt solvent extraction
- Cobalt electrowinning
- Zinc sulphate granulation



- Co-generation plant
- Oxygen plant

### C. Acid plant

**Figure 3: Process Facility Block Flowsheet**



The following table details mine life production of contained metal. Sulphuric acid is produced at a production rate of approximately 1.3 Mtpa over the 15 year mine life. There is limited on site capacity for on-site acid storage and therefore, apart from revenue issues, regular and reliable acid offtake arrangements are required.

	Contained Metal				
	Copper	Zinc	Lead	Cobalt	Silver
	kt	kt	kt	kt	kozs
YR1	2.77	5.10	9.19	0.422	203
YR2	14.64	8.76	14.97	1.398	331
YR3	15.30	17.91	6.89	2.353	333
YR4	7.88	20.17	4.78	1.252	315
YR5	1.75	12.62	0.00	0.706	299
YR6	2.01	11.30	8.21	0.589	364
YR7	2.05	11.21	11.00	0.568	375
YR8	5.13	15.50	6.43	0.923	400
YR9	4.97	18.58	8.57	0.807	409
YR10	5.40	17.53	26.31	0.871	520
YR11	6.93	21.57	35.62	0.910	497
YR12	14.44	20.62	17.74	1.840	484
YR13	17.00	13.14	11.08	2.400	523
YR14	18.96	22.01	26.71	2.381	1003
YR15	2.45	3.64	5.15	0.284	115

(minor rounding errors)

#### 4. Infrastructure, Transport and Logistics

Water would be utilised from surface and groundwater sources in order to provide the required 2,160 ML of water per annum for the Project. Surface water would be sourced from a pump station installed on the Nicholson River approximately 6 km from the Project. The overall water demand would also be supplemented by water extracted from sub artesian bores close to the Project.

A cogeneration plant would be installed at Walford Creek to utilise the waste heat from the roaster and acid plant to generate the majority of the Project's power requirements.

All of the concentrates and cobalt product are currently modelled to be transported through Karumba but better alternatives may become available given the size and longevity of the project. The sulphuric acid produced at the Walford site would be sold ex mine gate and for modelling purposes an ex mine gate revenue of US\$100 per tonne has been assumed.

## Environmental and Permitting Requirements

In order for the Project to be developed and operated, Aeon will need to obtain an Environmental Approval (EA) and a Mining Lease at Walford. A key requirement of the EA will be the preparation and submission of Environmental Impact Statement (EIS) reports as both the mine production and processing facility production trigger the minimum limits required. The EIS reports will include environmental baseline work and process design criteria that is required to address the Project environmental Terms of Reference (TOR).

The assumed Approvals timeframe is based on substantial completion of metallurgical and engineering design work for both the mine and processing facility. It is anticipated this could be carried out in 2017 – 2018 and the Environmental approval process commenced in January 2019 if there is sufficiently early resolution of acid sales.

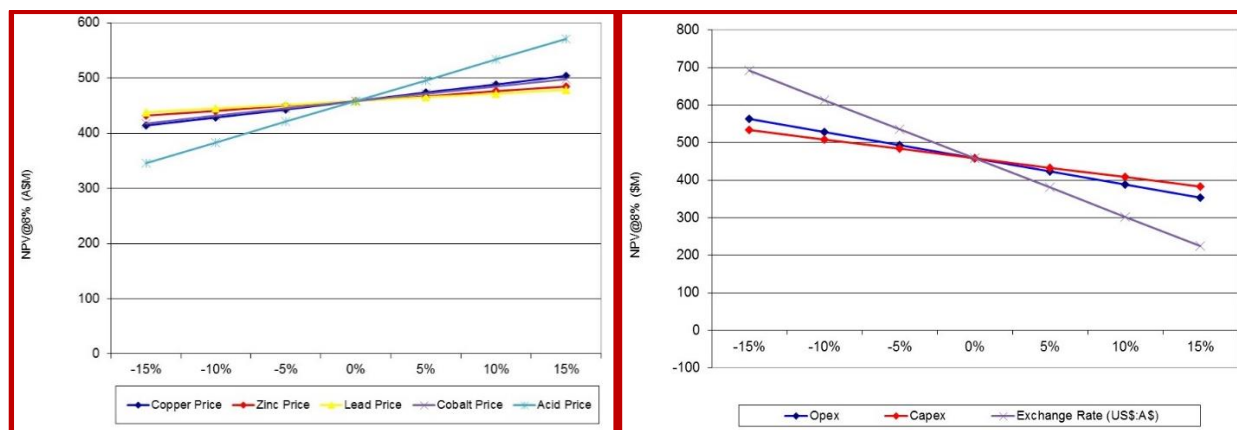
## 5. Funding

The Directors are currently of the view that funding for the Project will be available when appropriate offtake arrangements are in place and a Bankable Feasibility Study confirms the economic viability of the project.

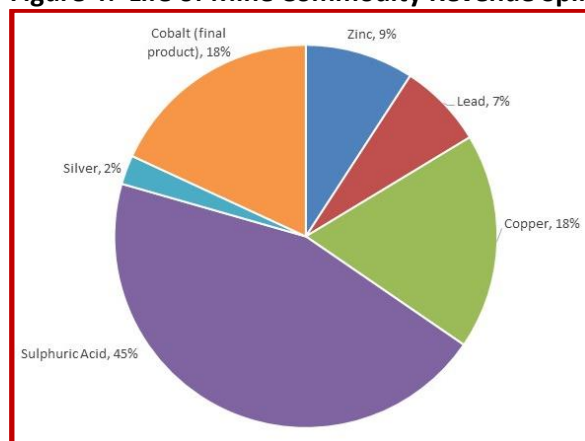
## Sensitivity

The following graphs demonstrates the sensitivity of the NPV<sub>8%</sub> to the following

- Copper, lead, zinc, cobalt and sulphuric acid prices
- Operating and capital costs, exchange rate.



**Figure 4: Life of Mine Commodity Revenue Split**





## Next Steps

Aeon will proceed with further work on this project once Aeon has sufficient acid offtake commitments to underpin the project.

## APPENDIX 1 - COMPETENT PERSONS STATEMENT

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 this report 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 results is based on information compiled by 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 results in the form and context in which they appear.

## APPENDIX 2 – FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements that are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of Aeon Metals Limited.

Actual values, results, interpretations or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements in the announcement as they speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, Aeon Metals Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

This announcement has been prepared by Aeon Metals Limited. The document contains background information about Aeon Metals Limited and is current at the date of this announcement. The announcement is in summary form and does not purport to be all-inclusive or complete.

Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement.

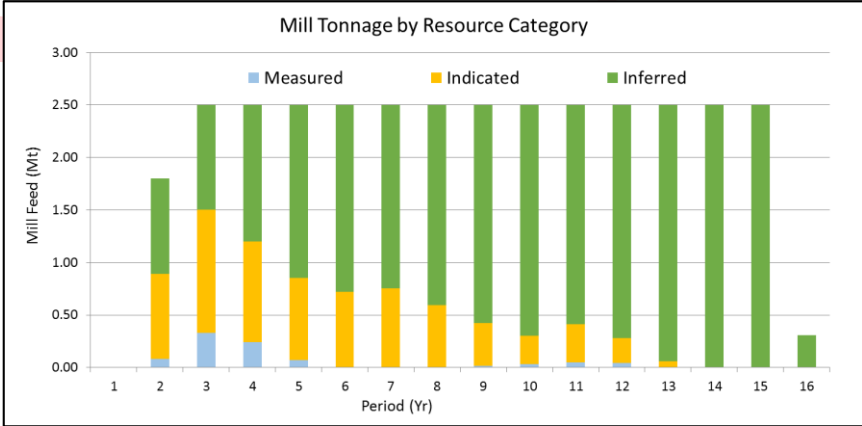
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Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments. To the fullest extent of the law, Aeon Metals Limited, its officers, employees, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinion, estimates, forecasts or other representations contained in this announcement. No responsibility for any errors or omissions from the announcement arising out of negligence or otherwise is accepted.

## APPENDIX 3 – PROJECT DESIGN CRITERIA

Criteria	Commentary																								
<b>Mineral Resource Estimates</b>	<p>The Mineral Resource Estimates declared on 6 March 2015 has been used as a basis for the production target. This estimate was prepared by a Competent Person in accordance with the 2012 JORC Code &amp; Guidelines.</p> <p>The production target is 34.6Mt of ROM ore @ 0.43% Cu, 0.89% Pb, 0.75% Zn, 0.081% Co and 26g/t Ag.</p>																								
<b>Site Visit</b>	<p>Mr Simon Tear, the Competent Person for the Mineral Resource Estimates as part of this study has been on a site visit.</p> <p>Dr Greg Harbort from AMEC has also been on a site visit as part of metallurgical evaluation and overall scoping study preparation.</p>																								
<b>Study Status</b>	<p>The production target and financial information in this release are based on a scoping study. The scoping study referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping study will be realised.</p>																								
<b>Capital Costs</b>	<p>The following table provides a summary of the pre-production capital as estimated for the Scoping Study.</p> <table border="1"> <thead> <tr> <th colspan="2">Capital Cost Summary (AU\$)</th></tr> </thead> <tbody> <tr> <td>Site Infrastructure</td><td>5,962,698</td></tr> <tr> <td>Mine Capital</td><td>33,022,863</td></tr> <tr> <td>Processing</td><td>427,255,081</td></tr> <tr> <td>Tailings Storage Facility</td><td>3,904,932</td></tr> <tr> <td><b>Subtotal</b></td><td><b>470,145,574</b></td></tr> <tr> <td>Accuracy &amp; Growth Allowances</td><td>68,245,842</td></tr> <tr> <td>EPCM</td><td>43,712,271</td></tr> <tr> <td>Owners Costs</td><td>21,936,486</td></tr> <tr> <td>Contingency</td><td>54,908,082</td></tr> <tr> <td>Commissioning</td><td>8,742,454</td></tr> <tr> <td><b>Total Capital Cost</b></td><td><b>667,690,709</b></td></tr> </tbody> </table>	Capital Cost Summary (AU\$)		Site Infrastructure	5,962,698	Mine Capital	33,022,863	Processing	427,255,081	Tailings Storage Facility	3,904,932	<b>Subtotal</b>	<b>470,145,574</b>	Accuracy & Growth Allowances	68,245,842	EPCM	43,712,271	Owners Costs	21,936,486	Contingency	54,908,082	Commissioning	8,742,454	<b>Total Capital Cost</b>	<b>667,690,709</b>
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	<p>The capital costs are presented as of the Q1-2017 to an estimated accuracy level of <math>\pm 30\%</math>. The final scope of the project requires further definition and additional study to ensure the value of the project is optimised and that a Bankable Feasibility Study estimate can be stated.</p>																																																																																					
<b>Estimation Margin of Error</b>	<p>It is not possible to ascribe a single margin of error assessment over the numbers in the Scoping Study. Capital and operating costs have an estimated accuracy level of <math>\pm 30\%</math>.</p>																																																																																					
<b>Cut-off parameters</b>	<p>A cut-off of 0.55% copper equivalent was applied to the Mineral Resource Estimates JORC Resource.</p>																																																																																					
<b>Mining factors or assumptions</b>	<p>The mining Scoping Study has been prepared based on a conventional truck and hydraulic excavator operation, with an overall material movement rate of up to approximately 27.2 Mtpa, to achieve the required 2.5 Mtpa mill feed rate. The main mining fleet would comprise 110 t to 220 t excavators loading 90 t dump trucks.</p> <p>10m benches have been allowed for in the waste zone and 5m benches in the mineralised zone in order to minimise ore loss and dilution.</p> <p>A minimum mining block size of 7.5m by 10m by 2.5m has been assumed in the Resource block model for the scoping study. Mining recovery of 95% and mining dilution of 5% has been used to calculate the relevant Resources.</p> <p>The selected optimised pit shell and practical pit design incorporated approximately a 57° inter-ramp angle as determined by Aeon with further geotechnical assessment required to determine the appropriate angle.</p> <p>The percentage of Measured, Indicated and Inferred Resource that relate to the production schedule is given in the table below:</p> <div><p>Mill Tonnage by Resource Category</p><table border="1"><thead><tr><th>Period (Yr)</th><th>Measured (Mt)</th><th>Indicated (Mt)</th><th>Inferred (Mt)</th><th>Total (Mt)</th></tr></thead><tbody><tr><td>1</td><td>0.00</td><td>0.00</td><td>0.00</td><td>0.00</td></tr><tr><td>2</td><td>0.00</td><td>0.80</td><td>0.90</td><td>1.80</td></tr><tr><td>3</td><td>0.30</td><td>1.20</td><td>1.00</td><td>2.50</td></tr><tr><td>4</td><td>0.30</td><td>1.00</td><td>1.20</td><td>2.50</td></tr><tr><td>5</td><td>0.10</td><td>0.80</td><td>1.60</td><td>2.50</td></tr><tr><td>6</td><td>0.00</td><td>0.70</td><td>1.80</td><td>2.50</td></tr><tr><td>7</td><td>0.00</td><td>0.70</td><td>1.80</td><td>2.50</td></tr><tr><td>8</td><td>0.00</td><td>0.60</td><td>1.90</td><td>2.50</td></tr><tr><td>9</td><td>0.00</td><td>0.40</td><td>2.10</td><td>2.50</td></tr><tr><td>10</td><td>0.00</td><td>0.30</td><td>2.20</td><td>2.50</td></tr><tr><td>11</td><td>0.00</td><td>0.20</td><td>2.30</td><td>2.50</td></tr><tr><td>12</td><td>0.00</td><td>0.10</td><td>2.40</td><td>2.50</td></tr><tr><td>13</td><td>0.00</td><td>0.00</td><td>2.50</td><td>2.50</td></tr><tr><td>14</td><td>0.00</td><td>0.00</td><td>2.50</td><td>2.50</td></tr><tr><td>15</td><td>0.00</td><td>0.00</td><td>2.50</td><td>2.50</td></tr><tr><td>16</td><td>0.00</td><td>0.00</td><td>0.30</td><td>0.30</td></tr></tbody></table></div>	Period (Yr)	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	Total (Mt)	1	0.00	0.00	0.00	0.00	2	0.00	0.80	0.90	1.80	3	0.30	1.20	1.00	2.50	4	0.30	1.00	1.20	2.50	5	0.10	0.80	1.60	2.50	6	0.00	0.70	1.80	2.50	7	0.00	0.70	1.80	2.50	8	0.00	0.60	1.90	2.50	9	0.00	0.40	2.10	2.50	10	0.00	0.30	2.20	2.50	11	0.00	0.20	2.30	2.50	12	0.00	0.10	2.40	2.50	13	0.00	0.00	2.50	2.50	14	0.00	0.00	2.50	2.50	15	0.00	0.00	2.50	2.50	16	0.00	0.00	0.30	0.30
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11	0.00	0.20	2.30	2.50																																																																																		
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16	0.00	0.00	0.30	0.30																																																																																		
<b>Metallurgical factors or assumptions</b>	<p>Engineering consultant AMEC Foster Wheeler compiled the scoping study including a review of processing options, which has resulted in a plant design based on processing 2.5Mtpa ROM and consisting of a concentrator, roaster and acid plant.</p>																																																																																					



The process recovery assumptions are based on testwork performed by a number of specialist consultants and laboratories to support the recovery assumptions for copper, zinc, lead and cobalt detailed in the following table:

Recoveries by Production Year									
	Recovery (%)								
	Copper	Lead	Zinc		Cobalt	Silver			Pyrite
	Cu Conc	Pb Conc	Zn Conc	Zn Precip	Co Cathode	Cu Conc	Pb Conc	Zn Conc	Pyrite Conc
YR2	60%	64%	35%	51%	67%	5%	11%	3%	84%
YR3	92%	67%	45%	32%	65%	9%	9%	4%	59%
YR4	89%	43%	72%	13%	67%	12%	4%	6%	71%
YR5	74%	33%	73%	15%	67%	9%	3%	8%	84%
YR6	38%	0%	48%	40%	68%	3%	0%	11%	93%
YR7	45%	49%	56%	27%	59%	2%	10%	8%	74%
YR8	48%	59%	57%	25%	56%	2%	12%	7%	69%
YR9	85%	42%	64%	18%	80%	5%	9%	10%	70%
YR10	74%	52%	70%	16%	59%	4%	14%	10%	69%
YR11	69%	77%	69%	18%	63%	5%	16%	7%	83%
YR12	81%	81%	74%	11%	61%	7%	13%	7%	72%
YR13	90%	70%	72%	15%	67%	12%	9%	6%	78%
YR14	91%	57%	59%	26%	62%	14%	5%	5%	80%
YR15	92%	76%	74%	11%	55%	15%	7%	6%	75%
YR16	93%	81%	71%	57%	264%	14%	8%	6%	346%

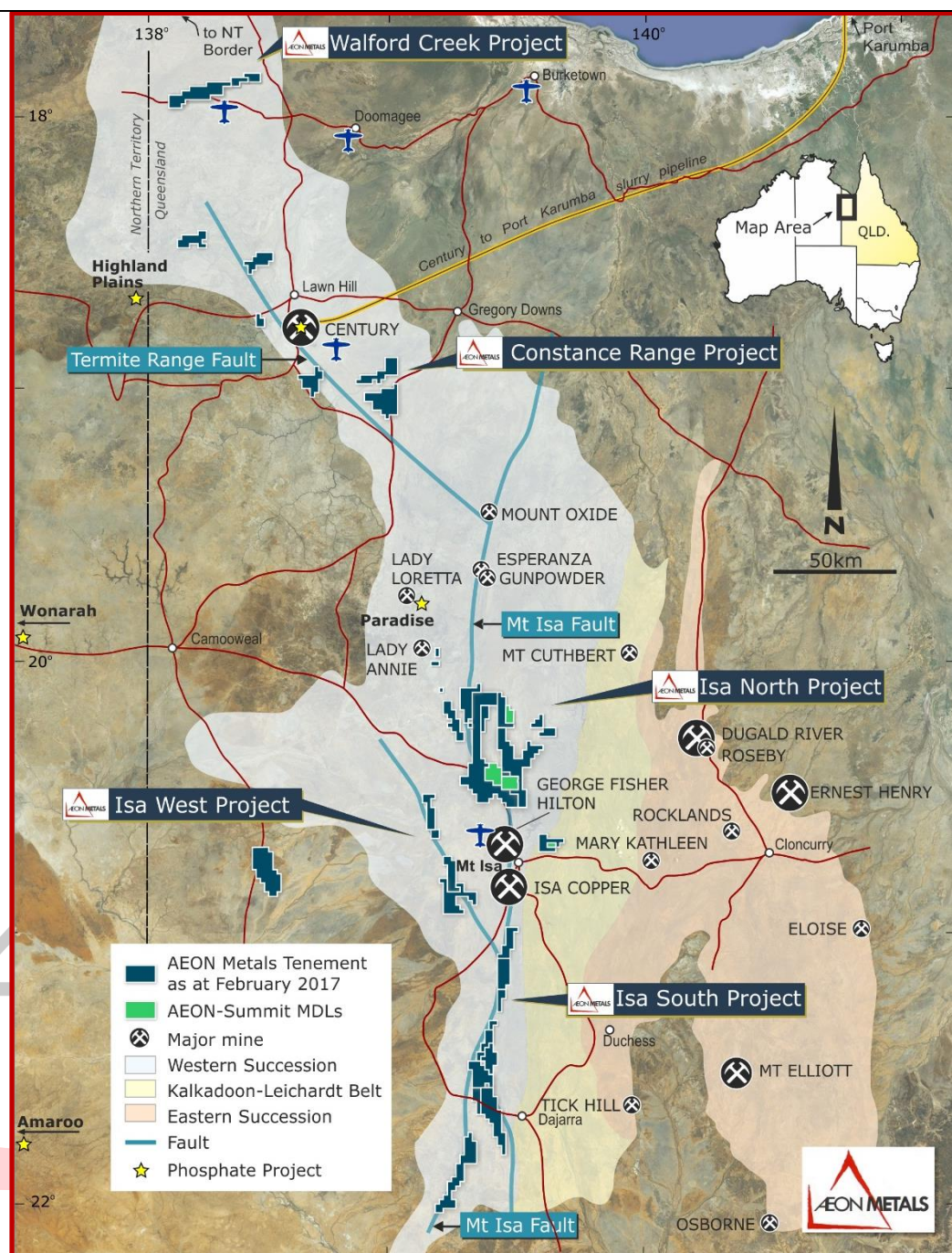
The recovery of copper, lead, zinc, silver and cobalt is dependent on the geo-metallurgical domain. In Year 15 a portion of the pyrite concentrate produced in Year 14 is treated in the downstream plant, resulting in reported pyrite and cobalt recoveries above 100%.

<b>Environmental</b>	<p>To date, Aeon has been undertaking preliminary environmental baseline work that will form part of its EA application submission required to obtain an EA and Mining Lease for the Project. The Mining Lease application will be managed by the Department of Natural Resources and Mines and the EA application is administered through the Department of Environmental and Heritage Protection. The Commonwealth Department of Environment will manage potential Matters of National Environmental Significance related to the Project.</p> <p>The expected timeframe for the EA and Mining Lease process is around one year following the preparation of the EIS documentation for the Project.</p>
<b>Infrastructure</b>	<p>For the Scoping Study, it is assumed that water would be utilised from surface and groundwater sources in order to provide the required 2,160 ML of water per annum for the Project. Surface water would be sourced from a pump station installed on the</p>

	<p>Nicholson River some 6 km from the Project. The overall water demand would also be supplemented by water extracted from sub artesian bores close to the Project.</p> <p>Aeon is assuming the installation of a cogeneration facility to provide power to most of the onsite facility. The short fall would be made up by diesel power generation.</p> <p>Aeon has selected Karumba as the port facility for the Project. Containerised concentrate would be trucked from Walford Creek to Karumba for loading into barges to then transfer to a mother ship in deeper waters for worldwide export.</p>																				
<b>Costs</b>	<p>All costs in the estimation of the production target and the associated financial information were estimated to a scoping study level of accuracy (<math>\pm 30\%</math>).</p> <p>The table below details the average operating costs per tonne of mill feed over the life of mine.</p> <table border="1"> <thead> <tr> <th colspan="2">Unit Costs (A\$/t ROM) – Average LOM</th></tr> </thead> <tbody> <tr> <td>Mining</td><td>28.97</td></tr> <tr> <td>Processing</td><td>25.64</td></tr> <tr> <td>Tailings</td><td>1.57</td></tr> <tr> <td>Concentrate Trucking</td><td>2.56</td></tr> <tr> <td>Port</td><td>4.53</td></tr> <tr> <td>Site Administration</td><td>5.20</td></tr> <tr> <td>Insurances</td><td>1.16</td></tr> <tr> <td>Royalties</td><td>4.01</td></tr> <tr> <td><b>Total</b></td><td><b>73.64</b></td></tr> </tbody> </table> <p>Process Plant capital and operating costs supplied by AMEC Foster Wheeler were based on a combination of first principle build up and current pricing for similar projects.</p> <p>Mining costs were based on proposals received from mining contractors.</p> <p>It is estimated that in excess of \$139 million would be paid in Queensland royalties over the life of the Project.</p>	Unit Costs (A\$/t ROM) – Average LOM		Mining	28.97	Processing	25.64	Tailings	1.57	Concentrate Trucking	2.56	Port	4.53	Site Administration	5.20	Insurances	1.16	Royalties	4.01	<b>Total</b>	<b>73.64</b>
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<b>Revenue factors</b>	<p>Revenue and cash flow forecasts have been derived from a combination of broker and industry analyst forecasts for copper, zinc, silver, cobalt and sulphuric acid price as well as the exchange rate from 2019.</p> <table border="1"> <thead> <tr> <th colspan="2">Economic and Commodity Price Assumptions</th></tr> <tr> <th>Item</th><th>Value</th></tr> </thead> <tbody> <tr> <td>Exchange Rate (US\$ : A\$)</td><td>0.725</td></tr> <tr> <td><b>Commodity Prices</b></td><td></td></tr> <tr> <td>Copper (US\$/lb)</td><td>3.30</td></tr> </tbody> </table>	Economic and Commodity Price Assumptions		Item	Value	Exchange Rate (US\$ : A\$)	0.725	<b>Commodity Prices</b>		Copper (US\$/lb)	3.30										
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		Zinc (US\$/lb)	1.25	
		Lead (US\$/lb)	1.00	
		Silver (US\$/oz)	20.00	
		Cobalt (US\$/t)	45,000	
		Sulphuric Acid (US\$/t)	100	
<b>Market assessment</b>	<p>The copper, lead and zinc concentrate markets are mature markets. The cobalt market is currently transitioning due to the supply/demand imbalance associated with cathode growth and supply weakness. Hence the forecast cobalt price offtake opportunities are becoming available. In regards to sulphuric acid, due to the high cost of transport most sulphuric acid is consumed in the region, if not the very country in which it is produced. Current prices for sulphuric acid in northwest Queensland are in the order of A\$150/t. This does fluctuate but more on the upside than downside and hence an US\$100/t is justified with assumption a number of proximate phosphate resources held by third parties are potential offtakers of this acid. See below a map of the major phosphate projects in northwest Queensland and the Northern Territory.</p>			





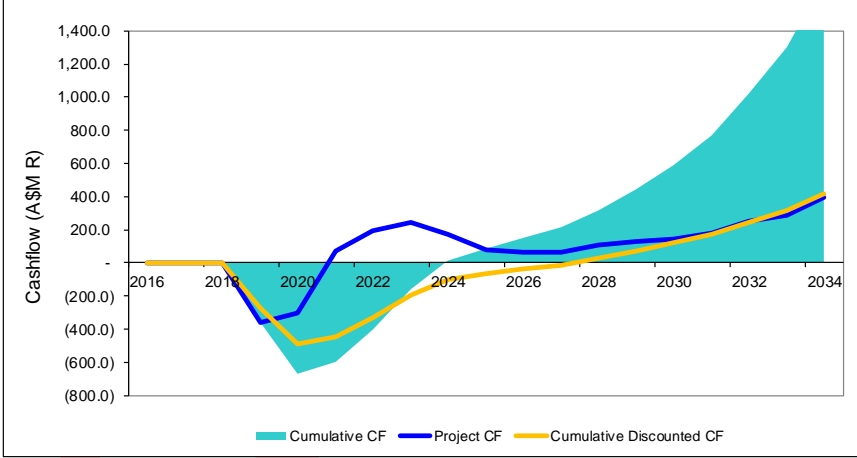
Based on the industry research outlined in “Revenue Factors” Aeon has formed the opinion that the forecast prices are relevant for the proposed production period for the Project.

#### Economic

A preliminary project cashflow model has been developed as part of the Scoping Study. The Cashflow model is a project level cashflow model and excludes the following:

- Project sunk costs prior to project approval
- Corporate overheads
- The project has been modelled in real A\$ as at Q1 2017

The Project schedule and therefore the cash flow model is driven by the following key assumptions:

	<ul style="list-style-type: none"> <li>• Production Commence Q1, 2022</li> <li>• Feasibility and engineering to be completed by Q1, 2020</li> <li>• Procurement of long lead items to commence during detail design phase</li> <li>• Construction phase 24 months, early works will be required to establish site prior to main contractor mobilisation</li> <li>• Mine pit development &amp; pre strip to be carried out during construction phase</li> <li>• Commissioning period 3 months followed by 6 week ramp up to nameplate capacity.</li> <li>• Contained metal produced over the life of mine is detailed in the table below.</li> </ul>  <p>A discount rate of 8% has been assumed for the model.</p>
<b>Social</b>	<p>The Project is situated on Bowthorn Station which has a perpetual leasehold exempt from Native Title issues. The Traditional Owners of the Project area are the Ganagalidda-Garawa and Waanyi Peoples who have cultural heritage ties to the area. To date no cultural heritage issues have been identified.</p>
<b>Other</b>	<p>To date there are no material legal or marketing agreements in place. The tenements are in good standing and no expectation that this will change.</p>
<b>Classification</b>	<p>Resources were classified in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). The classification of Mineral Resources was completed based on the geological complexity, estimation performance, number of drill samples, drill hole spacing and sample distribution. The Competent Person is satisfied that the result appropriately reflects his view of the deposit.</p>
<b>Audit or Reviews</b>	<p>The mining, processing and infrastructure components of the Scoping Study were independently reviewed by Aeon specialist consultants. No material issues were identified by the reviewers.</p>