



# Aeon Metals Limited

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**ASX Code - AML**

20 November 2017

## **2017 Annual General Meeting**

### **Address by Chairman Paul Harris**

Good morning,

I would like to welcome all Aeon shareholders and guests to our 2017 AGM.

The last 12 months has been a significant period of development for the business as we have taken a number of important steps toward the development of a Tier 1 Copper Cobalt project. I strongly believe the Walford Creek Project in north west Queensland represents a new world class mineral system. From where we sit today, we view Walford Creek as the largest Cobalt sulphide deposit in Australia, with no known show stoppers to developing the project.

We are also aware of the favourable timing as cobalt becomes the new generation growth metal, largely on the back of surging demand for electric vehicles, a number that is expected to reach 20 million by 2020.

Before I go any further I would like to take this opportunity to thank the Aeon management team, staff and my fellow directors for their hard work and commitment during a fantastic year of progress for Aeon. I would also like to recognise Gangalidda-Garawa and Waanyi peoples who are the custodians of the cultural heritage at Walford Creek.

Aeon has enjoyed a number of highlights over the past 12 months including the discovery and resource delineation of the high grade, 'Vardy' zone, and most importantly the development and validation of the Zambian Copperbelt style Geological Model which includes the high-grade Copper Cobalt mineralized zone pyrite unit 3 ('PY3').

In December 2016 we announced an increase in the Walford Creek Vardy Resource following two successful drill campaigns of 28 holes for over 4000 metres. The high-grade Vardy mineralisation of 6.6Mt at 1.25% Cu and 0.16% Co over 1 km of strike highlighted the potential for further high-grade zones near surface elsewhere within the 4.5km strike of the Walford Creek Global Resource.

Subsequent to the Vardy Resource delineation, Aeon announced a Preliminary Economic Assessment ('PEA') for the development of the high-grade Vardy Zone in February 2017. The assessment showed the project was technically conventional and economically robust with a 600ktpa throughput plant resulting in life-of mine ('LOM') production of 38kt Cu, 29kt Zn, and 3kt Co metals in concentrate with projected life of mine revenue estimated at \$579M.

In April we announced a Cobalt Roasting Preliminary Scoping Study on the Walford Creek Global Resource at a rate of 2.5 Mtpa for 15 years producing on average 1.2ktpa of Co, 8 ktpa of Cu, 15 ktpa

of Zn and 13 ktpa of Pb. The project design included a conventional float mill to produce Cu, Zn, Pb and a pyrite concentrate to be processed through an onsite roaster to produce Co metal via SX/EW. The roasting plant would enable production of electricity onsite and an acid plant would also be built to produce Sulphuric Acid of ~1.3 Mtpa. A preliminary financial model on the project indicated robust financial metrics including an after tax NPV of ~\$458M and an IRR of ~19% with payback within 3 years.

In May, we announced an agreement on a loan extension with OCP Asia Group ('OCP') to extend the \$27.68 million loan by a further 2 years, through to December 2019 and the necessary approvals were given by shareholders in August 2017. We also agreed terms with OCP giving Aeon the right to sell down Walford Creek project equity up to 49% should it elect to do so. The loan extension and sell down right gives Aeon flexibility and opens new opportunities to continue developing the Walford Creek project.

The subsequent 2017 May-July drill campaign turned out to be extremely exciting showing some of the highest quality copper/cobalt results in Australia over recent years.

Towards the end of the campaign our geological team generated a game changing geological model at Walford Creek indicating that the mineralisation exhibits strong characteristics of the Zambian Copperbelt style sediment hosted copper-cobalt mineralisation. The lower Py3 zone was found to be the first favourable site for mineral bearing hydrothermal fluids and as such the Py3 looks to contain the best copper grades. Subsequent assay results have consistently validated this model

In August we successfully raised \$5.5 million through an equity placement to institutional and sophisticated investors to fund the up-coming drill program and further studies. The placement was oversubscribed and enabled Aeon to broaden the share register by attracting a good mix of domestic and international long-term institutional investors.

Throughout the year our management team continued to remain vigilant on controlling costs and in July we consolidated our Mt Isa premises to a single location with the capacity to warehouse our increasing core for the longer term.

In late September we redeployed our geological team back to site to drill ~2,500m of predominantly diamond core drilling prior to the start of the wet season. With the application of the Zambian Copperbelt style model, targeting the high-grade copper-cobalt Py3 zone from 120m

The drilling program was successfully completed on budget and the rig has now been demobilised. The drilling program consisted of 9 diamond core holes totalling approximately 2,379 metres focused on the PY3 mineralised unit both within and outside along strike of the Vardy Resource , the visual estimates are now being confirmed as assay results are being received.

We are firmly of the belief that successful results from the drill campaign will lead to a material increase in the high-grade Vardy Resource and that Aeon is well placed to add significant shareholder value in 2018.

We are appreciative of shareholder feedback and we endeavour to respond to all queries. With that in mind we have appointed the highly respected communication firm Citadel Magnus who are here with us today, and will be working closely with us to promote and help inform the market of our progress.

Subject to shareholder approval of Resolution5 at this AGM, KPMG will retire as the Company's auditor. I take this opportunity to thank Stephen Board and Adam Tremlow of KPMG for the service they have provided over the years.

We remain focused on developing the Walford Creek project and delivering returns that will reward your support. We look forward to a successful year ahead.

Thank you

#### Competent Persons Statement

The data in this address that relates to Mineral Resource Estimates for the Walford Creek Deposit and Vardy Zone 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 address that relates to Exploration Results for the Walford Creek Deposit and Vardy Zone Deposit 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.