

Aeon Metals Limited and its controlled entities

ABN 91 121 964 725

31 December 2017  
Interim Financial Report

## Aeon Metals Limited

### 31 December 2017 Interim Financial Report

## Contents

	<i>Page</i>
Directors' Report	3-16
Auditor's Independence Declaration	17
Consolidated Financial Statements	
Consolidated Statement of Financial Position	18
Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Consolidated Statement of Changes in Equity	20
Consolidated Statement of Cash Flows	21
Notes to the Consolidated financial statements	22-28
Directors' Declaration	29
Independent Auditor's Review Report	30
Appendices	32

## Aeon Metals Limited

### 31 December 2017 Interim Financial Report

## Directors' Report

The Directors of Aeon Metals Limited (the "Company" or "Aeon") and the entities it controlled (together, "the Group") present their report together with the consolidated financial statements for the six months ended 31 December 2017 and the auditors' review report thereon.

## Directors

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

### Name

Mr. Hamish Collins  
Managing Director

Mr. Paul Harris  
Chairperson  
Non-Executive Director

Mr. Ivan Wong  
Non-Executive Director

Mr. Stephen Lonergan  
Non-Executive Director

## Review of operations

The 6-month period to 31 December 2017 has been an exciting period for the Company with project defining drill campaigns completed on the 100% owned Walford Creek Cu-Co-Zn Project ("Walford Creek" or the "Project") - one of Australia's biggest undeveloped base metals projects in North-West Queensland.

On 29 July, the first-round of 2017 drilling at the Walford Creek Project was completed with a total of 39 holes drilled for 2,349 metres. Importantly, the Company announced a revised Walford Creek geological model, which exhibited strong characteristics of Zambian Copperbelt style sediment hosted copper-cobalt mineralisation. This enabled better definition of the high-grade copper-cobalt zones along the Fish River Fault ("FRF") and hence improved drill targeting.

This refined targeting was subsequently implemented in the second-round of 2017 drilling, which commenced on 22 September 2017 and was completed on 29 October 2017. The total drilling for this second-round program was 9 holes for 2,347 metres.

The second-round drill program conclusively confirmed this sediment hosted Copper-Cobalt model with outstanding results achieved in all the holes drilled.

As a result of the successful 2017 drill campaigns, on 24 January 2018, the Company announced the results of an updated independent Resource estimation (reported in accordance with the 2012 JORC Code and Guideline - see 24 January 2018 announcement). The updated Resource estimates have two components, namely a Copper Lode Resource and a Cobalt Peripheral Resource. The Copper Lode Resource is over double the size of the previous Vardy Resource (6.6mt @ 1.25% Cu and 0.16% Co) announced in December 2016. This combined with the additional Cobalt Peripheral Resource shows Walford Creek to be the highest-grade cobalt project in Australia.

Aeon also holds an extensive (~2,184km<sup>2</sup>) exploration tenement portfolio, linked by significant fault architecture, in the world-class Mt Isa mineral province in Northwest Queensland.

The Company also has a tenement package in Southeast Queensland with a focus on copper. Although limited work was carried out within this tenement package during the year, this tenement package, consisting of the Ben Hur, 7B, and Greater Whitewash Projects, is considered to have potential for large porphyry style deposits. The locations of the projects are all close to major infrastructure (power, sealed highway, water) and only 215km by highway to Gladstone port.

## Aeon Metals Limited

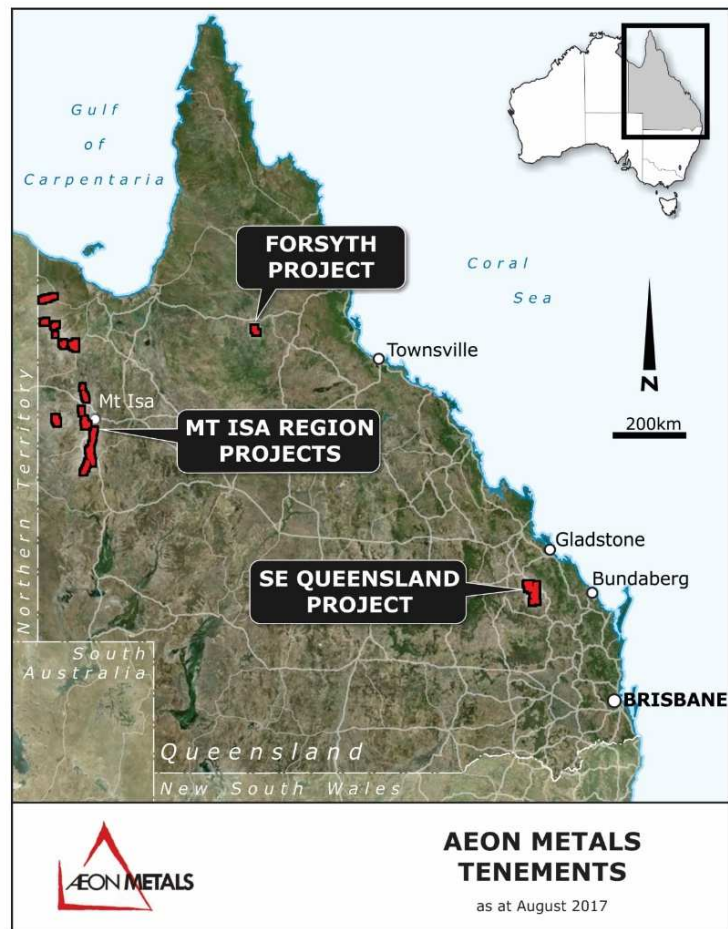
31 December 2017 Interim Financial Report

Directors' Report (continued)

Review of operations (continued)

The location of Aeon's tenement holdings in Northwest and Southeast Queensland is shown in Figure 1 below.

**Figure 1: Aeon's Tenement Holdings**



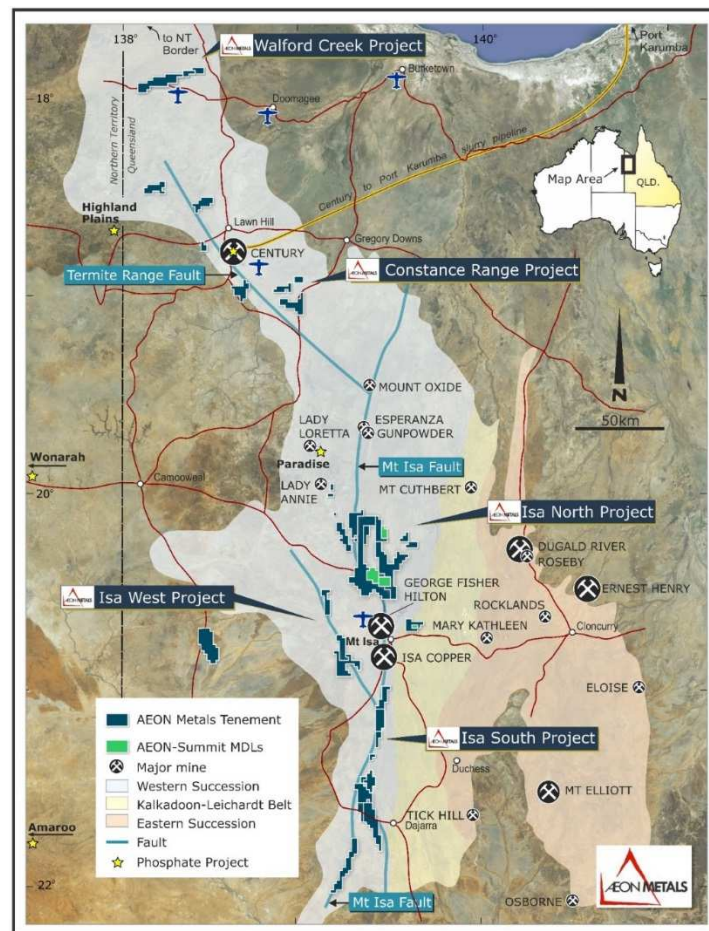
Aeon Metals Limited

31 December 2017 Interim Financial Report

Directors' Report (continued)

Review of operations (continued)

**Figure 2: Aeon's Northwest Tenement Holdings and Walford Creek Project Location**



## Aeon Metals Limited

### 31 December 2017 Interim Financial Report

#### Directors' Report (continued)

#### Review of operations (continued)

#### **The Walford Creek Project**

The flagship asset and highest priority tenement holding of Aeon is the 100% owned Walford Creek Project.

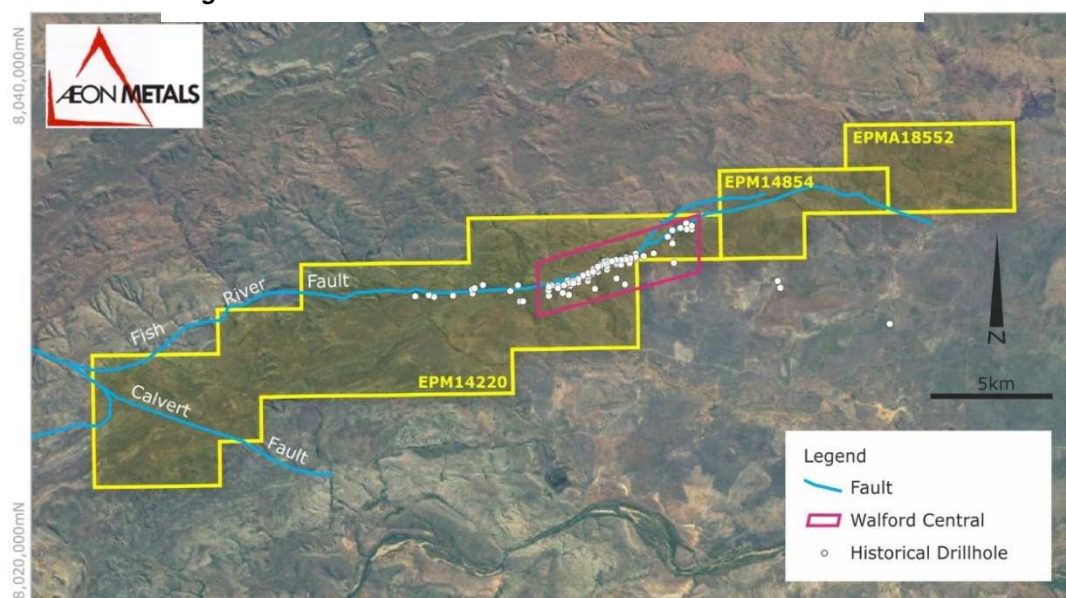
The Walford Creek Project is located approximately 350km north west of Mount Isa in Northwest Queensland, close to the Northern Territory border. The closest town is Doomadgee, approximately 70km to the east, which is accessed by a sealed road from Cloncurry. Doomadgee has a commercial airstrip connecting to other major centres within Queensland.

At Walford Creek, Aeon holds (through its subsidiary Aeon Walford Creek Limited) the right to explore for minerals on 3 granted exploration permits covering a total area of 173km<sup>2</sup> as summarised below:

**Table 1: Aeon's Tenement Holdings - Walford Creek (WC) Project**

Tenement Summary							
EPM	Tenement Name	Project	Status	Sub Blocks	Kms <sup>2</sup>	Grant Date	Expiry Date
EPM 14220	Walford Creek	WC	Granted	41	131.282	08-Mar-04	07-Mar-22
EPM 14854	Walford East	WC	Granted	6	19.212	22-Nov-05	21-Nov-20
EPM 18552	Walford Far East	WC	Granted	7	22.414	30-Nov-12	29-Nov-22

**Figure 3: Walford Creek Tenements and Historical Drill Holes**



## Aeon Metals Limited

### 31 December 2017 Interim Financial Report

#### Directors' Report (continued)

#### Review of operations (continued)

The first-round of 2017 drilling at Walford Creek commenced on 4 May 2017 and was completed on 29 July. A total of 39 holes were drilled for 2,349 metres with the focus on mostly shallow extension drilling to east/northeast to identify additional Resources to supplement the already announced Vardy Resource.

Examples of significant intercepts announced for the first-round drilling include:

- WFDD234: 6m @ 2.76% Cu, 0.32% Co and 24gt Ag from 91m
- WFDD236: 16m @ 2.10% Cu, 0.11% Co, 1.31% Pb, 0.86% Zn and 47gt Ag from 120m
  - Incl: 5m @ 5.12% Cu, 0.14% Co, 3.63% Pb, 0.86% Zn and 87gt Ag from 121m
- WFDD238: 27m @ 3.13% Cu, 0.25% Co, 1.34% Pb and 38gt Ag from 126m
  - Incl: 9m @ 6.85% Cu, 0.18% Co, 2.79% Pb and 50gt Ag from 135m
- WFDD240: 20m @ 4.5% Cu, 0.2% Co, and 36gt Ag from 35m
- WFRC250: 5m @ 3.52% Cu, 0.12% Co, and 23gt Ag from 102
- WFRC259: 26m @ 2.43% Cu, 0.07% Co, and 28gt Ag from 22m
  - Incl: 12m @ 5.07% Cu, 0.10% Co, and 37gt Ag from 34m
  - And: 7m @ 7.66% Cu, 0.09% Co, and 49gt Ag from 34m

Importantly, during the first-round drilling program the geological team developed a revised Walford Creek geological model (announced 28 July 2017), which is closely associated with the Zambian Copperbelt sediment hosted copper-cobalt style mineralisation. Consistent with this, the lower pyrite unit 3 ("Py3") at Walford Creek contains the best copper grades. The Py3 is the first favourable site for mineral bearing hydrothermal fluids, driven from deep within the sedimentary basin to drop their metals (see Figure 4). This has enabled better definition of the high-grade copper-cobalt zones along the FRF and hence improved drill targeting.



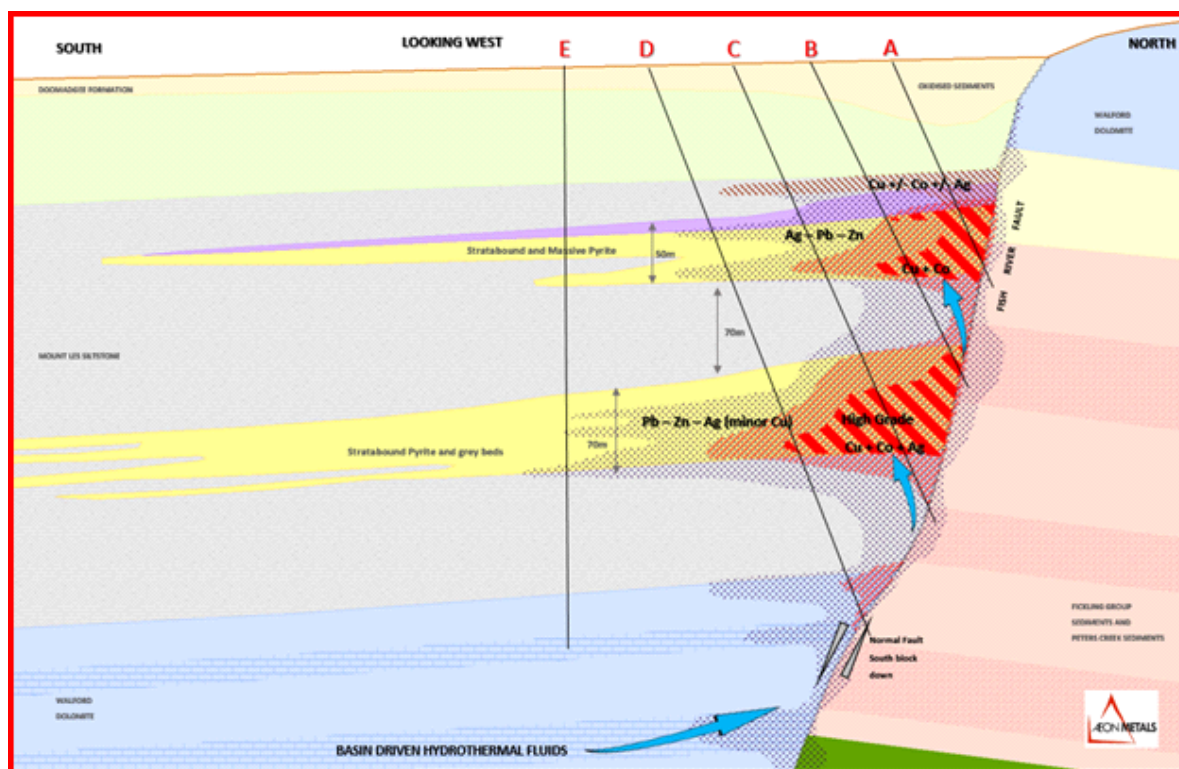
Aeon Metals Limited

31 December 2017 Interim Financial Report

Review of operations (continued)

Directors' Report (continued)

**Figure 4: Schematic cross section of Walford Creek showing zonation of metals and drill effectiveness**



The targeting of the high-grade mineralisation schematically represented in Figure 4 shows four possible hole positions on the schematic geological model section (see Appendix 2 for A-E description). They demonstrate the relative effectiveness of each hole to test the high-grade zones associated with the Py1 and Py3.

This refined targeting was subsequently implemented in the second-round of 2017 drilling which commenced on 22 September 2017 and completed on 29 October 2017. The second-round drill program conclusively confirmed the sediment hosted Copper-Cobalt model with outstanding results achieved in all 9 holes drilled.



## Aeon Metals Limited

### 31 December 2017 Interim Financial Report

#### Directors' Report (continued)

#### Review of operations (continued)

Examples of significant intersections (see Appendix 1 for full list) for the second-round of 2017 drilling included:

- WFDD263: 25m @ 2.20% Cu, 0.16% Co and 18gt Ag from 169m, including;
  - 10m @ 4.63% Cu, 0.14% Co and 22gt Ag from 184m
- WFDD264: 31m @ 1.10% Cu, 0.21% Co and 33gt Ag from 186m; and
  - 22m @ 1.26% Cu, 0.25% Co and 36gt Ag from 189m
- WFDD265: 38m @ 1.07% Cu, 0.15% Co and 26gt Ag from 226m, including;
  - 20m @ 1.41% Cu, 0.16% Co and 25gpt Ag from 244m
- WFDD266: 36m @ 1.26% Cu, 0.20% Co and 43gt Ag from 275m, including;
  - 20m @ 1.86% Cu, 0.30% Co and 64gpt Ag from 288m
- WFDD267: 10m @ 1.45% Cu, 0.13% Co, 1.43% Zn and 28g/t Ag from 196m
- WFDD268: 22m @ 2.00% Cu, 0.31% Co and 37g/t Ag from 201m
- WFDD269: 13m @ 1.56% Cu, 0.30% Co and 28g/t Ag from 98m
- WFDD270: 45m @ 2.21% Cu, 0.32% Co and 43g/t Ag from 185m, including;
  - 30m @ 2.99% Cu, 0.44% Co and 50g/t Ag from 188m

As a result of the successful 2017 drill campaigns, on 24 January 2018 the Company announced the results of an updated independent Resource estimation. The updated Resource estimates have two components, namely a Copper Lode Resource and a Cobalt Peripheral Resource. The Copper Lode Resource is over double the size of the previous Vardy Resource (6.6mt @ 1.25% Cu and 0.16% Co) announced in December 2016. This combined with the additional Cobalt Peripheral Resource shows Walford Creek to have one of the highest grade and largest tonnages of cobalt metal content among the cobalt sulphide deposits in Australia.

# Aeon Metals Limited

## 31 December 2017 Interim Financial Report

### Directors' Report (continued)

### Review of operations (continued)

The Copper Lode and Cobalt Peripheral Resources are as follows:

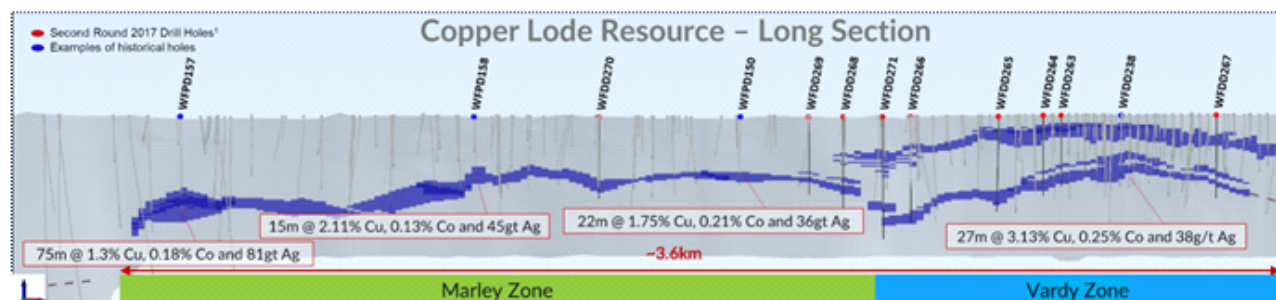
**Table 2: Copper Lode Resource**

Category	Mt	Copper %	Lead %	Zinc %	Silver g/t	Cobalt %	Pyrite %
Measured	1.2	1.25	0.89	0.81	26.3	0.16	44.4
Indicated	3.8	1.19	0.69	0.88	23.6	0.14	41.4
Inferred	10.7	1.25	1.09	0.81	37.8	0.16	40.9
<b>Total</b>	<b>15.7</b>	<b>1.24</b>	<b>0.98</b>	<b>0.82</b>	<b>33.5</b>	<b>0.15</b>	<b>41.3</b>

Category	Copper Kt	Lead Kt	Zinc Kt	Silver Mozs	Cobalt Kt	Pyrite Kt
Measured	14	10	9	1	2	509
Indicated	45	26	34	3	5	1,575
Inferred	134	118	86	13	17	4,396
<b>Total</b>	<b>194</b>	<b>154</b>	<b>129</b>	<b>17</b>	<b>24</b>	<b>6,480</b>

(minor rounding errors)

**Figure 5: Copper Lode Resource Long Section**



1. See Appendix 1 for assay results

Aeon Metals Limited

31 December 2017 Interim Financial Report

Directors' Report (continued)

Review of operations (continued)

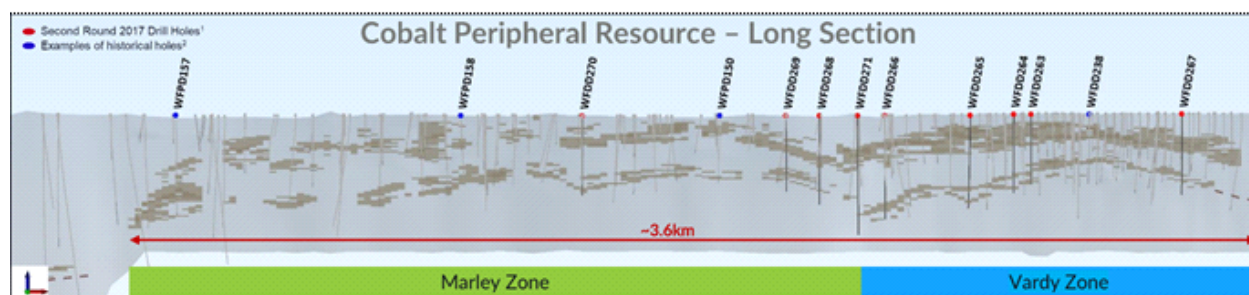
**Table 3: Cobalt Peripheral Resource**

Category	Mt	Copper %	Lead %	Zinc %	Silver g/t	Cobalt %	Pyrite %
Measured	1.8	0.13	0.54	1.16	17.4	0.12	47.4
Indicated	6.5	0.17	0.66	1.13	17.8	0.1	39.5
Inferred	9.7	0.16	1.03	0.95	25.2	0.12	37.6
<b>Total</b>	<b>18</b>	<b>0.16</b>	<b>0.85</b>	<b>1.03</b>	<b>21.8</b>	<b>0.11</b>	<b>39.2</b>

Category	Copper Kt	Lead Kt	Zinc Kt	Silver Mozs	Cobalt Kt	Pyrite Kt
Measured	2	10	21	1	2	853
Indicated	11	43	73	4	6	2,548
Inferred	16	100	92	8	11	3,645
<b>Total</b>	<b>30</b>	<b>152</b>	<b>186</b>	<b>13</b>	<b>20</b>	<b>7,046</b>

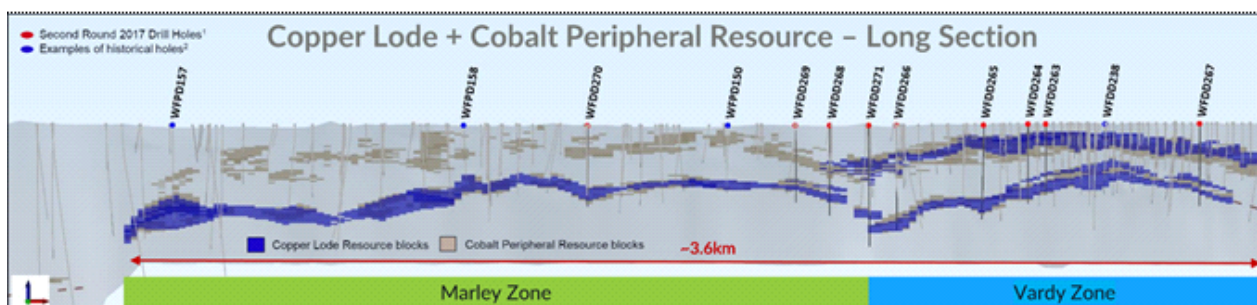
(minor rounding errors)

**Figure 6: Cobalt Peripheral Resource Long Section**



1. See Appendix 1 for assay results
2. See Figure 5 for assay results

**Figure 7: Copper Lode & Cobalt Peripheral Resources Long Section**



## Aeon Metals Limited

### 31 December 2017 Interim Financial Report

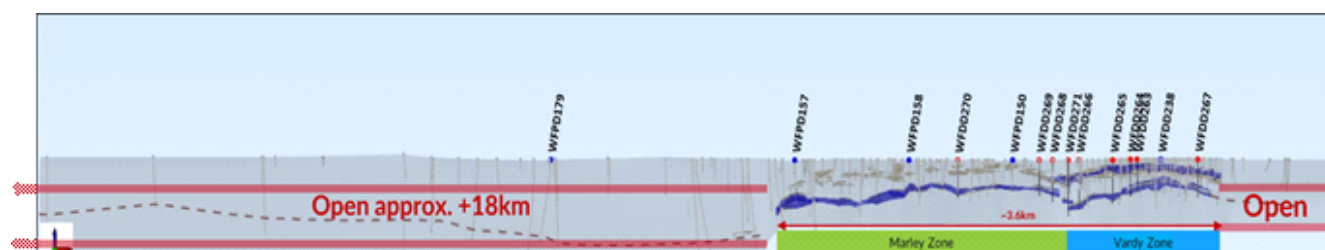
#### Directors' Report (continued)

#### Review of operations (continued)

The significant increase in Resources at Walford Creek and the confirmation of the geological model now enables optimisation of the previous preliminary economic assessments. Additionally, the second-round 2017 drill program collected a total of 1.6 tonnes of core sample to be utilised for metallurgical test work in 2018. The metallurgical test work and associated process flowsheets emphasis is on the production of copper and zinc concentrates as well as a cobalt product.

Additionally, a 2018 drill campaign is forecast to commence in April utilising 3 drill rigs to drill at least 30,000m to advance the known mineralisation to development status as well as to test the 22kms of potential extension of the current Resources on the Company's 100% owned tenements.

**Figure 8: Fish River Fault Long Section**



During the period, environmental baseline work, by environmental consultant Animal Plant Mineral, continued with an early wet season program undertaken in November/December. The environmental baseline studies are well advanced with no major deficiencies encountered.

#### **“Other” Northwest Queensland Tenements**

A map showing Aeon's interest (through subsidiary Aeon Walford Creek Limited) in various exploration permits in Northwest Queensland is shown in Figure 2. This tenement package is extensive, covering some 2,184km<sup>2</sup>, and located in the world-class Mt. Isa minerals province in North West Queensland.

These permits extend over a distance of approximately 500km from north to south and are subdivided into 4 main project areas, namely Constance Range, Isa North, Isa West and Isa South. It includes contiguous land holding (~170km) along the Mt. Isa Fault, bordering north and south of Glencore Xstrata's Mount Isa Mines.

Northwest Queensland is host to a number of significant base metal mines such as Mount Isa, George Fisher Hilton, Mount Gordon, Ernest Henry, Osborne, Lady Loretta and the Century zinc mine. This area is accessible by road and the city of Mount Isa is the largest population centre in the region. It has its own airport connecting the region to major centres in Australia.

Discussions have been ongoing with third parties in regard to the involvement on these tenements in order to unlock the potential of the combined tenement package.

## Aeon Metals Limited

### 31 December 2017 Interim Financial Report

#### Directors' Report (continued)

#### Review of operations (continued)

##### Southeast Queensland Tenements

The Southeast Queensland tenement package lies approximately 30kms west of the town of Monto, Queensland. Monto is a town of 1,300 people and located approximately 115kms south west of Gladstone, a deep-water port. The region hosts exceptionally good infrastructure including a mining-oriented town with a willing workforce, bitumen highways that pass through the permit areas, a viable rail system, extensive power grid and large-scale water resources.

The Group controls 5 EPMs: EPMs 14628, 15921, 17001, 17002, 17060 all of which are held 100% by the Company.

The Group also controls MDL 462 which has been impaired during the period ended 31 December 2017 as management do not intend to meet the minimum expenditure on this licence nor carry out any exploration activities in the near future in this area of interest (refer note 10).

Many individual prospects have emerged during the several years' exploration on the Company's Southeast tenements. All data has been collated and reviewed on these prospects which has aided in ongoing exploration as well as strategic management decisions.

##### **TENEMENT HOLDINGS AS AT 31/12/17**

TENEMENT HOLDER	TENEMENT I.D.	LOCATION	INTEREST HELD
Aeon Metals Limited	EPM 14628	Northwest of Monto, Qld	100%
Aeon Metals Limited	EPM 15921	Northwest of Monto, Qld	100%
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 19029	West of Monto, Qld	60%
Aeon Walford Creek Limited	EPM 11897	Mount Isa West	80%
Aeon Walford Creek Limited	EPM 11898	Mount Isa West	80%
Aeon Walford Creek Limited	EPM 13412	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 13413	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 13682	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 14040	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 14220	Walford Creek	100%
Aeon Walford Creek Limited	EPM 14233	Mount Isa South	72%
Aeon Walford Creek Limited	EPM 14694	Mount Isa North	80%
Aeon Walford Creek Limited	EPM 14712	Constance Range	80%
Aeon Walford Creek Limited	EPM 14713	Constance Range	80%
Aeon Walford Creek Limited	EPM 14821	Mount Isa South	80%
Aeon Walford Creek Limited	EPM 14854	Walford Creek	100%
Aeon Walford Creek Limited	EPM 14935	Constance Range	80%
Aeon Walford Creek Limited	EPM 15156	Mount Isa South	80%

## Aeon Metals Limited

### 31 December 2017 Interim Financial Report

#### Directors' Report (continued)

#### Review of operations (continued)

Aeon Walford Creek Limited	EPM 15186	Constance Range	80%
Aeon Walford Creek Limited	EPM 15911	Mount Isa South	100%
Aeon Walford Creek Limited	EPM 16921	Mount Isa North	100%
Aeon Walford Creek Limited	EPM 17297	Mount Isa South	100%
Aeon Walford Creek Limited	EPM 17300	Mount Isa North	100%
Summit Resources (Aust) Pty Ltd	EPM 17511	Mount Isa North	20%
Summit Resources (Aust) Pty Ltd	EPM 17513	Mount Isa North	20%
Summit Resources (Aust) Pty Ltd	EPM 17514	Mount Isa North	20%
Summit Resources (Aust) Pty Ltd	EPM 17519	Mount Isa North	20%
Aeon Walford Creek Limited	EPM 18395	Mount Isa West	100%
Aeon Walford Creek Limited	EPM 18552	Walford Creek	100%
Aeon Walford Creek Limited	EPM 18769	Mount Isa West	100%

#### Financial Position

The net assets of the Group at 31 December 2017 were \$63 million including cash of \$16.8 million.

The Group significantly strengthened its financial position during the period as a result of capital raising efforts and debt refinancing including significant repayment of existing debt.

On 11 August 2017, the Company announced a placement of \$5.5 million by an issue of 39,285,727 new fully paid shares at an issue price of A\$0.14. The issue was completed on 17 August 2017.

On 17 August 2017, the Company announced the issue of 85 million warrants to OL Master and OL Master (Singapore) Pty Limited as part of consideration for the repayment extension provided on a debt incurred in 2014 for the acquisition of Aston Metals Limited now called Aeon Walford Creek Limited. Each warrant is exercisable at 16 cents and expires on 17 December 2019.

On 5 December 2017, the Company announced that the OCP Asia Group had exercised an aggregate of 73,000,000 warrants (ASX Code - AQRAO) each exercisable at 9.35 cents and expiring on 17 December 2017. The warrant holders elected not to pay the exercise moneys (\$6.82 million) in cash but by reduction in the limited recourse debt owned by the Company to the OCP Asia Group.

On 21 December 2017, the Company announced an institutional placement of \$30 million by an issue of 107,200,000 new fully paid ordinary shares at an issue price of A\$0.28 (representing only a 6.7% discount to Aeon's last closing price of A\$0.30 on 12 December 2017). The issue was completed on 21 December 2017.

#### Significant Changes in State of Affairs

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



## Aeon Metals Limited

### 31 December 2017 Interim Financial Report

#### Directors' Report (continued)

##### After Balance Date Events

On 24 January 2018 the Company announced the results of an updated independent Resource estimation (reported in accordance with the 2012 JORC Code and Guideline - see 24 January announcement). The updated Resource estimates have two components, namely a Copper Lode Resource and a Cobalt Peripheral Resource. These Resources now enable optimisation of the previous preliminary economic assessments with the focus on advancing Walford Creek to development level.

On 5 January 2018 the Company launched a Share Purchase Plan ("SPP") to enable shareholders with registered addresses in Australia or New Zealand the opportunity to subscribe for up to \$5,000 of shares in the Company at 28 cents per share. 243 shareholders lodged subscriptions for an aggregate of \$1,078,335 and 3,851,372 shares were allotted on 8 February 2018. All proceeds were used to further pay down debt owed to the OCP Asia Group.

##### Future Developments, Prospects and Business Strategies

The Company's priority is to advance the Walford Creek Project towards the development of a world class base metals mine as well as continue to explore on priority exploration tenements.

Aeon's near-term strategy at Walford Creek includes advancing the Project towards a BFS, an extensive seismic study over 20km of the FRF, as well as extension drilling along strike to the west of the current Resources to materially increase the Resources size. The Feasibility items, excluding the 30,000m 2018 drill program, include planned extensive metallurgical test work, mining optimisation studies, environmental studies, infrastructure/logistics studies, and product offtake assessment.

The Board continues to review the exploration strategy for all the Company's prospects

##### Environmental Issues

The Group's operations are subject to significant environmental regulation under the law of the Commonwealth and State.

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 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.

##### Auditor's independence declaration

The auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 17 of the financial report and forms part of this directors' report.

##### 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 condensed consolidated interim financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Aeon Metals Limited  
31 December 2017 Interim Financial Report  
Directors' Report (continued)

Signed in accordance with a resolution of the directors:



Hamish Collins  
**Managing Director**

Dated at Sydney this 14 day of March 2018.

#### **COMPETENT PERSON 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 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 report of the Exploration Targets and Exploration Results in the form and context in which they appear.*

## DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF AEON METALS LIMITED

As lead auditor for the review of Aeon Metals Limited for the half-year ended 31 December 2017, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

1.  
This declaration is in respect of Aeon Metals Limited and the entities it controlled during the period.



Gareth Few  
Partner

**BDO East Coast Partnership**

Sydney, 14 March 2018

# Aeon Metals Limited

## 31 December 2017 Interim Financial Report

### Consolidated Statement of Financial Position

As at 31 December 2017

	Note	31 Dec 2017 \$'000	30 Jun 2017 \$'000
<b>Assets</b>			
Cash and cash equivalents		16,767	1,868
Trade and other receivables		199	121
Other investments		51	51
Prepayments		4	50
<b>Total current assets</b>		<b>17,021</b>	<b>2,090</b>
Property, plant and equipment		168	126
Other assets		46	46
Exploration and evaluation assets	10	61,059	54,814
<b>Total non-current assets</b>		<b>61,273</b>	<b>54,986</b>
<b>Total assets</b>		<b>78,294</b>	<b>57,076</b>
<b>Liabilities</b>			
Trade and other payables		203	778
Employee benefits		190	115
Provisions		50	50
Loans and borrowings	6	-	31,814
<b>Total current liabilities</b>		<b>443</b>	<b>32,757</b>
Loans and borrowings	6	14,826	-
<b>Total non-current liabilities</b>		<b>14,826</b>	<b>-</b>
<b>Total liabilities</b>		<b>15,269</b>	<b>32,757</b>
<b>Net assets</b>		<b>63,025</b>	<b>24,319</b>
<b>Equity</b>			
Share capital	7	88,889	48,379
Reserves		8,199	4,096
Accumulated losses		(34,069)	(28,163)
<b>Total equity attributable to owners of the Company</b>		<b>63,019</b>	<b>24,312</b>
<b>Non-controlling interests</b>		<b>6</b>	<b>7</b>
<b>Total equity</b>		<b>63,025</b>	<b>24,319</b>

The notes on pages 22 to 28 are an integral part of these consolidated financial statements.

## Aeon Metals Limited

### 31 December 2017 Interim Financial Report

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

For the six months ended 31 December 2017

	Note	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Administrative expenses		(637)	(462)
Impairment loss	10	(7,000)	-
Other expenses		(1,819)	(401)
<b>Results from operating activities</b>		<b>(9,456)</b>	<b>(863)</b>
Finance income		44	62
Finance costs		-	-
<b>Net finance income</b>		<b>44</b>	<b>62</b>
<b>Loss before income tax</b>		<b>(9,412)</b>	<b>(801)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(9,412)</b>	<b>(801)</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>(9,412)</b>	<b>(801)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(9,411)	(800)
Non-controlling interests		(1)	(1)
<b>Loss for the period</b>		<b>(9,412)</b>	<b>(801)</b>
<b>Total comprehensive Loss attributable to:</b>			
Owners of the Company		(9,411)	(800)
Non-controlling interests		(1)	(1)
<b>Total comprehensive Loss for the period</b>		<b>(9,412)</b>	<b>(801)</b>
<b>Loss per share</b>			
Basic loss per share (cents per share)		(2.44) cents	(0.24) cents
Diluted loss per share (cents per share)		(2.44) cents	(0.24) cents

The notes on pages 22 to 28 are an integral part of these consolidated financial statements.

## Aeon Metals Limited

## Consolidated Statement of Changes in Equity

For the six months ended 31 December 2017

Note	Attributable to owners of the Company				Non-Controlling interests	Total equity
	Share capital	Equity Compensation reserve	Retained earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016, as previously reported	48,379	8,830	(24,682)	32,527	8	32,535
<b>Total comprehensive loss for the period</b>						
Loss for the period	-	-	(800)	(800)	(1)	(801)
<b>Total comprehensive loss for the period</b>	-	-	(800)	(800)	(1)	(801)
<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 options	-	26	-	26	-	26
Total contributions by and distributions to owners of the company	-	26	-	26	-	26
<b>Balance at 31 December 2016</b>	48,379	8,856	(25,482)	31,753	7	31,760
Balance at 1 July 2017, as previously reported	48,379	4,096	(28,163)	24,312	7	24,319
<b>Total comprehensive loss for the period</b>						
Loss for the period	-	-	(9,411)	(9,411)	(1)	(9,412)
<b>Total comprehensive loss for the period</b>	-	-	(9,411)	(9,411)	(1)	(9,412)
<b>Transactions with owners of the Company, recognised directly in equity</b>						
<i>Contributions by and distributions to owners of the company</i>						
Expiration of options & warrants	7	(3,505)	3,505	-	-	-
Issue of options	7	1,165	-	1,165	-	1,165
Issue of ordinary shares	7	-	-	42,341	-	42,341
Capital raising costs		-	-	(1,831)	-	(1,831)
Issue of warrants		6,443	-	6,443	-	6,443
Total contributions by and distributions to owners of the company		4,103	3,505	48,118	-	48,118
<b>Balance at 31 December 2017</b>	88,889	8,199	(34,069)	63,019	6	63,025

The notes on pages 22 to 28 are an integral part of these consolidated financial statements.



## Aeon Metals Limited

### Consolidated Statement of Cash Flows

For the six months ended 31 December 2017

<i>Note</i>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Cash paid to suppliers and employees	(1,807)	(739)
Cash used in operations	(1,807)	(739)
Interest received	44	62
<b>Net cash used in operating activities</b>	<b>(1,763)</b>	<b>(677)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(60)	(2)
Payments for exploration activities	(1,463)	(2,008)
<b>Net cash used in from investing activities</b>	<b>(1,523)</b>	<b>(2,010)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	35,516	-
Payment of capital raising costs	(1,831)	-
Repayment of Borrowings	(15,500)	-
<b>Net cash from financing activities</b>	<b>18,185</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>14,899</b>	<b>(2,687)</b>
Cash and cash equivalents at 1 July	1,868	6,629
<b>Cash and cash equivalents at 31 December</b>	<b>16,767</b>	<b>3,942</b>

The notes on pages 22 to 28 are an integral part of these consolidated financial statements.

# Aeon Metals Limited

## 31 December 2017 Interim Financial Report

### Notes to the consolidated interim financial statements

#### 1. Corporate Information

The financial statements of Aeon Metals Limited ('Company' or 'Aeon') and its controlled entities ('the Group') for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 14 March 2018.

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 half-year was exploration and evaluation of mineral licences in Australia.

The Registered Office of the Company is a Level 7, 88 Pitt Street, Sydney NSW 2000.

#### 2. Summary of Significant Accounting Policies

##### *Statement of compliance*

The half-year financial report is prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual report of the Company as at 30 June 2017 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

##### *Basis of Preparation*

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

The interim 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.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in Financial/Directors' Reports) 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.

##### *New standards and interpretations*

The Group has adopted all of 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 half-year.

During the period a number of Standards and Interpretations were issued but not yet effective. Management have not yet assessed the potential aspects however do not expect them to have a significant impact.

##### *Going concern*

The interim 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 interim period ended 31 December 2017, the Group incurred a net loss before tax of \$9.4 million (2016: \$0.8 million) and net cash outflow from operating and investing activities of \$3.3 million (2016: \$2.7 million). As at 31 December 2017, the Group had net assets of \$63 million (June 2017: \$24 million) including cash of \$16.8 million (June 2017: \$1.8 million).

# Aeon Metals Limited

## 31 December 2017 Interim Financial Report

### Notes to the consolidated interim financial statements

#### 2. Summary of Significant Accounting Policies (continued)

The borrowings of the Group from the OCP Asia Group (which is also the Company's largest shareholder) are due to mature on 17 December 2019 and have been classified as a non-current liability resulting in a non-current liability position at 31 December 2017 of \$14.8 million. The borrowings are secured by a charge over the Group's subsidiary, Aeon Walford Creek Limited. The assets of the subsidiary at 31 December 2017 total \$21.4 million and relate solely to capitalised exploration and evaluation expenditure assets. The lender does not have any recourse to the Company. The Directors are in negotiations with the financier regarding the repayment/refinancing of the facility and do not consider the repayment/refinancing of the facility will have an adverse impact on the Group's ability to continue as a going concern.

The Directors have prepared cash flow projections for the coming 12 months that support the ability of the Group to continue as a going concern. These cashflow projections include ongoing exploration and evaluation expenditure and assume the Group maintains expenditure in line with the level of funding available.

#### *Judgements and estimates*

In preparing these interim financial statements, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2017.

#### 3. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2017.

#### 4. Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2017.

#### 5. Operating segments

The Group's only operation is exploration of minerals in Queensland, Australia.

The Group's operations form a single business segment, performing exploration activities in one geographical area, being Queensland, Australia.

#### 6. Loans and Borrowings

	Dec-17 \$ '000	Jun-17 \$ '000
<b>Current liabilities</b>		
Limited recourse notes	-	31,814
	-	31,814
<b>Non-current liabilities</b>		
Limited recourse notes	14,826	-
	14,826	-

# Aeon Metals Limited

## 31 December 2017 Interim Financial Report

### Notes to the consolidated interim financial statements

#### 6. Loans and Borrowings (Continued)

##### December 2017

During the period, an agreement was reached between the Company and OL Master Limited to extend the repayment date of the debt facility as described below to 17 December 2019. In consideration for this extension and subject to shareholder approval, the Company issued to OL Master Limited 85 million warrants each expiring on 17 December 2019 and exercisable at 16 cents. The issue of the warrants was approved at a General Meeting of the Company's shareholder on 11 August 2017.

On 5 December 2017, the company received notices from OL Master and OL Master (Singapore Fund 1) Pty Ltd (formerly named OL Master (Singapore) Limited) exercising an aggregate of 73 million warrants each exercisable at 9.35 cents. No cash was received as the warrant holders elected to repay the principal and accrued interest owing under the existing limited recourse notes. As a result, the value of the debt facility was reduced by \$6.82 million.

On 28 December 2017, the Company issued \$107.2 million new ordinary share at a price of \$0.28 per share. \$15.5 million of the proceeds were used to further repay the principal and accrued interest owing under the existing limited recourse notes.

##### June 2017

There was no change to any agreements relating to loans and borrowings during the period.

#### (a) Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	31 December 2017		30 June 2017	
				Face value	Carrying amount	Face value	Carrying amount
				\$ '000	\$ '000	\$ '000	\$ '000
Limited recourse notes	AUD	12.00%	Dec 2019	14,826	14,826	34,487	31,814
<b>Total interest-bearing liabilities</b>				<b>14,826</b>	<b>14,826</b>	<b>34,487</b>	<b>31,814</b>

The amortised cost of the notes was calculated using a discounted cashflow based on an effective interest rate of 13%

#### 7. Capital and reserves

##### Share capital

	No. of Ordinary shares	
	Dec-17 '000	Jun-17 '000
In issue at 1 July	347,832	347,832
Issued for cash	219,486	-
Issued for services	13,300	-
In issue at 31 December	<b>580,618</b>	<b>347,832</b>

#### 7. Capital and reserves (continued)

# Aeon Metals Limited

## 31 December 2017 Interim Financial Report

### Notes to the consolidated interim financial statements

#### *Ordinary shares*

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares are fully paid except for 21.1 million shares (June 2017:7.8 million) which have been funded by limited recourse loans.

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*

##### **December 2017**

Date	no. of shares issued	price per share \$	Total Consideration \$	Purpose
17/08/2017	39,285,727	0.14	5,500,002	Placement
18/08/2017	13,300,000	0.15	-	Share Based Payment
06/12/2017	73,000,000	0.09	6,825,500	Exercise of Warrants
21/12/2017	107,200,000	0.28	30,016,000	Institutional Placement
	<b>232,785,727</b>		<b>42,341,502</b>	

##### **June 2017**

200 thousand shares were granted to an employee as remuneration for services performed. These shares were issued in the prior year through a limited recourse loan arrangement which expired during the period. The shares were then transferred to a current employee and as the transfer was also funded by a limited recourse loan they have been accounted for as an option and the fair value of these shares was \$26 thousand. The share transfer had no effect on the number of shares for the period.

#### *Reserves*

#### *Equity compensation reserve*

The equity compensation reserve records the fair value of options, warrants and performance rights issued.

#### *Issue of warrants*

##### **December 2017**

The company issued 85 million warrants on 17 August 2017 to OL Master Limited exercisable at 16 cents. These warrants expire on 17 December 2019 and represented consideration for extension of expiry date of the Limited Recourse Loan from 17 December 2017 to 17 December 2019. The warrants were valued at \$6.4 million, refer Note 6.

##### **June 2017**

No new warrants were issued during the period.

#### *Exercise and expiration of warrants*

# Aeon Metals Limited

## 31 December 2017 Interim Financial Report

### Notes to the consolidated interim financial statements

#### December 2017

On 5 December 2017, 73 million warrants (share options) were exercised by OL Master and OL Master (Singapore Fund 1) Pty Ltd. This parcel of warrants had an exercise price of 9.35 cents. This resulted in a \$3.3 million reduction in the value of issued warrants.

#### June 2017

No warrants were exercised during the period.

On 17 June 2017, 63.3 million warrants expired. This parcel of warrants had an exercise price of \$0.158.

#### Total on issue

The total number of warrants on issue at 31 December 2017 was 85 million (June 2017:73 million).

### Share based payments

#### Description of the share-based payment arrangements

##### December 2017

13.3 million ordinary shares were purchased by directors and employees through the share incentives provided by the company. The loan is limited to shares issued, is interest free and repayable within 3 years. The fair value of these shares options of \$1.17 million was calculated using the Black Scholes Model as at 31 December 2017, which was funded by limited recourse loans from the Company. The loans to directors are subject to minimum share sale price restrictions but no service conditions. The loans to employees are subject to ongoing service requirements.

##### June 2017

200 thousand ordinary shares were granted as an incentive payment to a current employee of the Company. The shares were already on issue, having been subject to an existing limited recourse loan which had expired during the 2015 year. The fair value of these shares was \$26 thousand as at 6 December 2016 being the date of purchase, which was funded by a limited recourse loan from the Company. The loan is limited to shares issued, is interest free and repayable within 3 years. In accordance with AASB 2 the loan has been valued as an option and the fair value was calculated using the Black Scholes Model. There are no performance or service conditions attached to the loan. At balance date the loan was not repaid.

From time to time the Company will issue share to employees and the acquisition of the ordinary shares is funded by a loan from the Company, with recourse of these loans being limited to the shares issued. The loans are interest free. In accordance with AASB 2 the loans provided to the employees and shares issued are required to be valued as an option.

#### Disclosure of share option programme

The number and weighted average exercise prices of share options are as follows:

in AUD	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	Dec-17	Dec-17	Jun-17	Jun-17
Outstanding at 1 July	7,850,000	0.14	7,850,000	0.14
Expired during the year	-	-	(200,000)	(0.18)
Exercised during the year	-	-	-	-
Granted during the year	13,300,000	0.15	200,000	0.18
Outstanding at 31 December	21,150,000	0.15	7,850,000	0.14
Exercisable at 30 June	21,150,000	0.15	7,850,000	0.14



# Aeon Metals Limited

## 31 December 2017 Interim Financial Report

### Notes to the consolidated interim financial statements

#### Share based payments (continued)

During the period ended 31 December 2017 all options constituted by share based payments that were on issue expire on 18 August 2020. Shares issued under non-recourse loan agreements are excluded from the number of options on issue outlined above.

#### 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 Options Dec-17	Employee Options Dec-17	Employee Options Jun-17
Number of options	10,000,000	3,300,000	200,000
Grant date	18 August 2017	18 August 2017	6 December 2016
Fair value at grant date	\$0.088	\$0.086	\$0.129
Share price at grant date	14 cents	14 cents	18 cents
Exercise price	14.5 cents	15 cents	18 cents
Expected volatility (weighted average)	100%	100%	101%
Expected life (weighted average)	3 years	3 years	3 years
Risk-free interest rate (based on government bonds)	1.93%	1.93%	1.98%
Dividend yield	0%	0%	0%

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

#### 8. Earnings/(loss) per share

Basic earnings/(loss) per share has been calculated using:

	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Net loss for the period attributable to owners of the Company	(9,411)	(800)
Weighted average number of ordinary shares	385,161	340,833

Diluted earnings/(loss) per share has been calculated using:

	31 Dec 2017 '000	31 Dec 2016 '000
Net loss for the period attributable to owners of the Company	(9,411)	(800)
Weighted average number of ordinary shares – basic	385,161	340,833
Effect of share options on issue	-	-
Weighted average number of ordinary shares - diluted	385,161	340,833

At 31 December 2017, 85 million warrants and options (31 December 2016: 137.3 million) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

#### 9. Related parties

Arrangements with related parties, involving only key management personnel compensation, continued to be in place. For details on these arrangements, refer to Note 27 of the 30 June 2017 Annual Financial Report.

# Aeon Metals Limited

## 31 December 2017 Interim Financial Report

### Notes to the consolidated interim financial statements

#### 10. Exploration and evaluation of assets

Additions to exploration and evaluation assets during the period relate to expenditures incurred on exploration and evaluation and includes capitalised interest and borrowing costs in relation to the loans and borrowings totalling \$11.8m.

	Capitalised Exploration Expenditure \$'000
Balance at 1 July 2017	54,814
Additions, including capitalised interest	13,245
Impairment losses	(7,000)
Balance at 31 December 2017	61,059

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

#### Impairment on Exploration Expenditure

During the period, the Company reviewed all its tenement licences and the minimum expenditure requirements of each licence. The Company tested the exploration and evaluation assets for impairment and recognised an impairment loss of \$7 million with respect to MDL 462. The Company does not intend to meet the minimum requirements or carry out any exploration activities in the near future in this area of interest.

The impairment is included in 'impairment loss' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (refer page 19).

#### 11. Subsequent events

On 24 January 2018 the Company announced the results of an updated independent Resource estimation (reported in accordance with the 2012 JORC Code and Guideline. The Updated Resources now enable optimisation of the previous preliminary economic assessments with the focus on advancing Walford Creek to development level.

On 5 January 2018 the Company launched a Share Purchase Plan ("SPP") to enable shareholders with registered addresses in Australia or New Zealand the opportunity to subscribe for up to \$5,000 of shares in the Company at 28 cents per share. 243 shareholders lodged subscriptions for an aggregate of \$1,078,335 and 3,851,372 shares were allotted on 8 February 2018. All Proceeds were used to further pay down debt owed to the OCP Asia Group.

## Aeon Metals Limited

### Directors' declaration

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

1. the consolidated interim financial statements and notes set out on pages 22 to 28, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the six month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Hamish Collins  
**Managing Director**

Dated at Sydney this 14 day of March 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Aeon Metals Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Aeon Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards



and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### **BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'Gareth Few', is written over a faint, stylized 'BDO' logo.

**Gareth Few**  
**Partner**

Sydney, 14 March 2018

## APPENDIX 1: 2017 Drill Programs Significant Intercepts

### First-Round 2017 Drill Program:

Hole No.	Easting	Northing	AZI	Dips	Intersect		From	To	Cu	Co	Pb	Zn	Ag
			degrees	degrees	m		m	m	%	%	%	%	g/t
WFDD224	213680	8032006	355.00	-65.00	45.00		31.00	76.00	0.40	0.06	0.74	0.95	28.74
					Incl	11.00	62.00	73.00	0.42	0.14	0.79	3.08	35.00
WFDD225	213730	8032013	355.00	-72.50	67.00		40.00	107.00	0.40	0.20	0.32	1.92	20.30
					Incl	16.00	58.00	74.00	0.86	0.50	0.53	0.56	40.60
					Incl	36.00	71.00	107.00	0.36	0.14	0.30	3.50	14.82
WFDD226	213805	8032018	355.00	-69.00	12.00		54.00	66.00	0.01	0.06	1.19	2.21	25.80
					26.00		71.00	97.00	1.02	0.26	0.15	0.93	37.54
					incl	14.00	71.00	85.00	1.42	0.31	0.25	0.88	37.00
WFDD227	213855	8032023	355.00	-62.00	5.00		73.00	78.00	0.50	0.15	0.15	0.97	22.74
					NB		78.00	84.00	Cross fault and no core return				
					and	4.00	84.00	88.00	0.30	0.11	0.41	3.77	14.80
WFDD228	213727	8032044	355.00	-60.00	3.00		44.00	47.00	0.43	0.06	0.15	0.05	23.77
					and	5.00	63.00	68.00	0.12	0.02	0.12	2.29	28.85
WFDD229	213806	8032048	355.00	-70.00	26.00		36.00	62.00	0.44	0.13	0.22	1.46	30.24
					Incl	5.00	52.00	57.00	1.12	0.24	0.34	5.27	47.81
					and	2.00	66.00	68.00	1.73				
WFDD230	213903	8032025	355.00	-70.00	10.00		58.00	68.00	0.08	0.03	0.22	2.48	17.70
					and	2.00	73.00	75.00	0.01	0.07	0.27	2.70	15.00
					and	16.00	77.00	93.00	1.37	0.30	0.53	1.99	20.53
					incl	7.00	81.00	88.00	2.72	0.37	0.80	1.72	21.70
WFDD231	213949	8032026	355.00	-70.00	28.00		62.00	90.00	0.35	0.12	0.79	0.92	21.52
					incl	14.00	67.00	81.00	0.54	0.10	1.34	0.92	20.75
					and	9.00	90.00	99.00	0.05	0.13	0.50	1.50	9.45
WFDD232	214000	8032033	355.00	-70.00	12.00		85.00	97.00	0.40	0.05	0.14	0.34	19.89
					and	7.00	100.00	107.00	0.16	0.04	0.04	1.00	4.58
WFDD233	213753	8031957	355.00	-60.00	10.00		83.00	93.00	0.03	0.07	1.30	0.94	37.24
					NB		void of 5m from 93m with no sample return						
					and	8.00	98.00	106.00	0.39	0.09	0.04	0.39	5.10



WFRC243	214190	8032053	355.00	-60.00	No significant mineralisation in pre-collar
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WFRC244	214400	8032525	299.00	-60.00	6.00	66.00	72.00	0.17	0.00	0.00	0.00	1.36
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WFRC245	214499	8031951	350.00	-75.00	No significant mineralisation							
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WFPD246	214119	8031987	2.00	-72.00	No significant mineralisation in pre-collar							
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WFPD247	213830	8031936	355.00	-60.00	No significant mineralisation in pre-collar. Hole deviated.							
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WFRC248	211615	8031250	5.00	-66.00	No significant mineralisation in pre-collar							
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WFRC249	211718	8031281	357.00	-60.00	16.00		12.00	28.00	0.06	0.03	0.01	1.32	7.33
					and	15.00	52.00	67.00	0.27	0.04	0.47	0.18	8.64

WFRC250	211370	8031075	355.00	-63.00	34.00		82.00	116.00	0.69	0.06	0.10	1.14	10.26
					Incl	16.00	100.00	116.00	1.30	0.06	0.06	1.50	12.96
					Incl	5.00	102.00	107.00	3.52	0.12	0.07	3.79	22.70

WFRC251	211881	8031311	355.00	-73.00	4.00	62.00	66.00	0.03	0.24	1.14	8.95	16.47
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WFRC252	211483	8031124	355.00	-62.00	16.00		12.00	28.00	0.06	0.03	0.01	1.32	7.33
					and	15.00	52.00	67.00	0.27	0.04	0.47	0.18	8.64

WFRC253	211492	8031172	358.00	-65.00	14.00		31.00	45.00	0.23	0.04	0.04	0.10	5.80
					Incl	5.00	38.00	43.00	0.37	0.06	0.03	0.16	8.68

WFRC254	211279	8031027	355.00	-72.00	5.00		60.00	65.00	0.31	0.08	0.06	0.14	26.93
					and	8.00	85.00	93.00	0.09	0.13	6.90	0.27	24.63
					Incl	5.00	87.00	92.00	0.10	0.15	10.00	0.38	31.92

WFRC255	211436	8031113	355.00	-61.00	13.00		44.00	57.00	0.48	0.07	0.48	1.08	10.54
					Incl	6.00	49.00	55.00	0.60	0.11	0.49	1.13	14.37

WFRC256	212228	8031606	355.00	-60.00	12.00	21.00	33.00	0.39	0.07	0.13	0.05	10.36
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WFRC257	212330	8031649	357.00	-60.00	22.00	26.00	48.00	0.57	0.12	0.74	0.36	17.27
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WFPD258	213806.2	8031990.2	4.00	-78.00	40.00		64.00	104.00	0.09	0.08	0.35	0.47	10.00
					Incl	15.00	88.00	103.00	0.20	0.10	0.35	0.47	10.00
					And	19.00	147.00	166.00	0.53	0.14	5.44	1.67	54.68
					Incl	10.00	147.00	157.00	0.30	0.14	10.00	1.63	69.15
					This Includes	5.00	152.00	157.00	0.20	0.18	18.39	2.28	92.00

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					And	6.00	157.00	163.00	1.04	0.11	0.34	1.78	30.00
NB 5m @ 0.29% Mo from 161m													

WFRC259	213453	8031945	355.00	-60.00		26.00	22.00	48.00	2.43	0.07	0.40	0.14	28.24
						Incl	12.00	34.00	46.00	5.07	0.10	0.50	37.25
						And	7.00	34.00	41.00	7.66	0.09	0.08	49.06

WFRC260	213904	8031992	0.00	-87.00	No significant results. Hole lifted and swung								
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WFPD261	212347	8031585	355.00	-66.00		6.00	70.00	76.00	0.02	0.14	3.40	3.53	23.34
						And	14.00	159.00	173.00	0.00	0.03	0.38	27.21
						Then	13.00	173.00	EOH	0.64	0.12	0.08	13.37
						Incl	5.00	176.00	181	0.95	0.26	0.06	18.85

WFPD262	213804	8031972	7.00	-78.00		26.00	163.00	189.00	0.39	0.13	5.24	2.90	61.97
						Incl	15.00	163.00	178.00	0.12	0.11	9.00	80.43
						And	6.00	178.00	184.00	1.15	0.16	0.11	36.28

### Second-Round 2017 Drill Program:

Hole No.	Easting	Northing	AZI	Dips	Intersect	From	To	Cu	Co	Pb	Zn	Ag
			degrees	degrees	m	m	m	%	%	%	%	g/t

WFDD263	213804	8031972	0.00	-78.00		9.00	143.00	152.00	2.00	0.24	0.18	0.20	24.90
						And	9.00	152.00	161.00	0.00	0.03	0.64	36.28
						And	25.00	169.00	194.00	2.20	0.16	0.14	17.62
						Incl	10.00	184.00	194.00	4.63	0.14	0.17	21.70

WFDD264	213357	8031856	0.00	-81.00		13.00	168.00	181.00	0.02	0.02	0.90	1.47	17.45
						And	31.00	186.00	217.00	1.10	0.21	0.76	32.70
						Incl	22.00	189.00	211.00	1.26	0.25	0.88	35.89
						Incl	5.00	202.00	207.00	2.18	0.49	0.45	41.65
						Incl	8.00	209.00	217.00	0.90	0.12	0.31	28.97

WFDD265	213224	8031780	0.00	-71.00		10.00	64.00	74.00	0.00	0.05	0.09	1.15	15.00
						And	38.00	226.00	264.00	1.07	0.15	0.55	25.50
						Incl	20.00	244.00	264.00	1.41	0.16	0.19	24.60
						And	2.00	277.00	279.00	0.04	0.01	0.10	10.50

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WFDD266	212975	8031745	5.00	-75.00	5.00		100.00	105.00	0.02	0.05	0.52	7.12	22.00
					And	35.00	109.00	144.00	0.05	0.08	0.57	5.03	19.10
					And	4.00	144.00	148.00	2.27	0.39	0.11	0.32	28.80
					And	2.00	160.00	162.00	0.08	0.08	0.13	4.50	41.00
					And	2.00	236.00	238.00	2.00	0.04	0.00	0.00	5.00
					And	7.00	268.00	275.00	0.06	0.12	2.08	2.84	22.30
					And	36.00	275.00	311.00	1.24	0.20	0.39	0.25	43.00
					Incl	20.00	288.00	308.00	1.86	0.30	0.53	0.28	63.90

WFDD267	213854	8031963	0.00	-78.00	3.00		61.00	64.00	0.00	0.04	0.03	1.33	9.00
					And	7.00	108.00	115.00	0.02	0.06	0.03	1.06	12.00
					And	8.00	181.00	189.00	0.01	0.02	0.93	1.31	31.50
					And	10.00	196.00	206.00	1.45	0.13	0.24	1.42	28.00
					And	13.00	206.00	219.00	0.10	0.02	0.02	1.26	6.00

WFDD268	212779	8031795	0.00	-78.00	22.00	201.00	223.00	2.00	0.31	0.11	0.16	36.70

WFDD269	212682	8031779	0.00	-78.00	13.00	98.00	111.00	1.56	0.30	0.26	0.43	28.00	
					And	15.00	174.00	191.00	0.20	0.34	0.19	0.14	0.09

WFDD270	212077	8031478	0.00	-76.00	22.00		66.00	88.00	0.61	0.14	0.15	2.52	12.80
					And	45.00	185.00	230.00	2.21	0.32	1.50	0.16	43.20
					Incl	3.00	185.00	188.00	0.16	0.10	20.80	0.26	90.00
					Incl	30.00	188.00	218.00	2.99	0.44	0.19	0.20	49.80
					Incl	2.00	225.00	227.00	4.06	0.19	0.13	0.07	34.60

WFDD271	212890	8031762	0.00	-76.00	5.00		120.00	125.00	0.00	0.02	0.07	1.21	12.00
					And	4.00	160.00	164.00	0.00	0.08	0.20	0.20	14.00
					And	6.00	171.00	177.00	1.26	0.02	0.04	0.29	5.00
					And	12.00	262.00	274.00	0.51	0.07	0.50	0.01	30.00
					And	18.00	297.00	315.00	0.56	0.07	0.05	0.01	14.50

**APPENDIX 2: Geological Model Description as shown in Figure 4**

- A. Shallow holes from 50m to 80m intercept both possible supergene mineralisation together with strong copper and cobalt mineralisation associated with the PY1 in close proximity to the FRF.
- B. Drilled behind the shallow holes. These holes from 70m to 110m can still hit some good grade of both copper, cobalt and flanking lead and zinc in PY1 but can intercept the FRF above the high grade in PY3 (in the green siltstone) thus missing the best copper and cobalt zone.
- C. These holes which can range from around 90m to 160m depth depending on the depth to the PY1 and PY3 have been the holes which have recently targeted for potential bonanza style copper grades in the PY3 close to the FRF. Holes WFDD236 and WFDD238 are recent examples of the success of this deposit model targeting.
- D. These holes have been typically from 150m to greater than 300m and can end up having no mineralisation associated with the PY1 and can still be too far from the FRF to successfully intercept the 'sweet spot' in the PY3.
- E. Holes drilled too far from the FRF such as many of the WMC vertical holes. These were drilled in part to test the SEDEX Ag-Pb-Zn model. Some angled holes were simply drilled too far south of the fault.