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**ASX Announcement**
30 October 2020

# QUARTERLY ACTIVITIES REPORT
## FOR THE PERIOD ENDING 30 SEPTEMBER 2020

Aeon Metals Limited (ASX:AML) ("**Aeon**" or "**the Company**") is pleased to present its activities report for the quarter ended 30 September 2020.

### Highlights

- Revised Walford Creek testwork program to consider evolved back-end flowsheet routes.
- Key PFS workstreams continued during the quarter, including amongst others:
  - Mining open pit and underground optimisations.
  - Cobalt concentrate heap leach assessment; and.
  - Cobalt-Nickel precipitation pilot program.
- New high-potential regional drilling program coordinated (now underway); part funded by CEI grant.
- OCP Asia loan facility limit increased to fund further PFS work and drilling activities.

## Walford Creek Project (100% Aeon)

### Pre-Feasibility Study progress

The Pre-Feasibility Study (**PFS**) on the Walford Creek Project continued during the quarter. The PFS is being coordinated by leading consultant engineering firm, Ausenco, with expert consultants utilised for each discipline. It is planned to incorporate the updated Walford Creek Mineral Resource estimates (see Aeon ASX release dated 17 December 2019) and a maiden Ore Reserve estimate in the PFS optimised mine schedule.

The PFS metallurgical and process workstreams are now well advanced. The front-end flowsheet design to produce copper, zinc and lead concentrates has proceeded well and is nearing completion. Detailed evaluation of the proposed back-end flowsheet design (agitated bioleach to produce detailed cobalt and nickel precipitate products) has indicated that this route will require significantly more cooling capacity than envisaged in the Walford Creek Scoping Study – with consequent capital and operating cost impacts.

Aeon is pursuing further study work on alternative back-end flowsheet routes. These include lower capital intensity bioleach options based on either heap leaching or vat leaching of cobalt rich ore and/or a pyrite concentrate. As a result of this additional metallurgical testwork and evaluation, completion of the PFS is now targeted in 1Q 2021. Aeon expects to provide a further update on PFS progress, including the additional metallurgical testwork programs, during 4Q 2020.

To provide the requisite funding for the revised PFS process, and the regional drilling program, Aeon agreed with major shareholder and lender, OCP Asia Limited, to increase the limit on its existing loan facility by A$3 million (to A$22.6 million (includes capitalised interest)).

For further information on the revised Walford Creek PFS program, see Aeon ASX release dated 25 September 2020, *Project and Corporate Update*.

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**Mining**

Work on determining the PFS mine design, mining schedule, waste dump design, and backfilling schedule continued during the quarter. As a result of the revised PFS program, AMDAD has commenced running a series of high-level mining optimisations for alternative back-end processing routes.

**Processing**

The front-end flowsheet design to produce copper, zinc and lead concentrates has proceeded well and is nearing completion.

Recent finalisation of the PFS-level evaluation of the back-end agitated bioleach processing route (outlined in the Walford Creek Scoping Study) indicated that capital and operating cost forecasts are likely to be significantly higher for this part of the circuit than originally anticipated. This dynamic is a function of both:

- The extreme exothermic nature of the leaching reactions on Walford Creek material specifically giving rise to the necessity for a substantial quantity of energy-intensive cooling capacity to sustain a habitable environment for the leach bacteria; and
- The precipitation of zinc from the bioleach pregnant liquor occurring in higher than expected quantities.

In response, Aeon is pursuing alternative back-end bioleach pathways including lower capital intensity heap leaching and vat leaching routes. This evaluation requires additional metallurgical testwork before a new preferred route can be selected. As a result of this additional testwork and evaluation, completion of the Walford Creek PFS is now targeted in 1Q 2021.

**Infrastructure & Logistics**

Aeon has executed a non-binding Letter of Intent (LOI) with Sun Cable to provide a solar energy plus battery storage solution, with full back-up diesel generation capacity, under a BOO arrangement. The key benefits to Aeon of adopting this power solution and delivery mechanism include:

- A substantial reduction in projected carbon emissions associated with the life-of-mine operations, with a forecast renewable energy penetration of over 90%;
- Removal of almost all pre-production capital cost associated with power generation;
- Substantial power operating cost savings across the life-of-mine, even after allowance for capital amortisation and operating margin under the BOO structure; and
- Full back-up diesel generation capacity delivering strong baseload assurance and swing capacity.

**Environmental**

Environmental consultant group, Epic Consulting, has continued to manage the environmental permitting process for the Walford Creek Project with no material issues identified.

Further baseline environmental data evaluation activities were conducted during the quarter.

## New regional drilling program set to commence

Aeon engaged a drilling contractor during the quarter and drilling commenced in October on Phase 1 of a new regional drilling program. This high-potential program focusses on large-scale prospects with Phase 1 targeting the large-scale Beauchamps (IOCG) and Sugerbag (sedimentary) targets.

The Beauchamp target is located approximately 100km to the west of Mt Isa and has clear similarities with the geophysical signatures of a number of world-class Iron-Oxide-Copper-Gold (IOCG) deposits (including Olympic Dan, Ernest Henry and Carapateena). As previously announced, during the quarter Aeon was granted A$200,000 of CEI funding to be applied to the drilling of the Beauchamp Tier 1 target anomaly.

A diamond drill hole (with an RC collar) to test the Beauchamp Tier 1 anomaly commenced on 18 October. The hole is planned to be approximately 800m in length and should take around two weeks to complete.

In addition to the Beauchamp target, the recent reprocessing of an old large-scale airborne electromagnetic survey highlighted several other significant anomalies between Beauchamp and Mt Isa.

Two new tenements have been subsequently applied for over these targets, called Sugarbag North and Sugarbag South.

Aeon plans to initially test the Sugarbag North T1 anomaly, which is a sediment hosted base metals target with a similar setting to the Century and Kupferscheifer deposits.

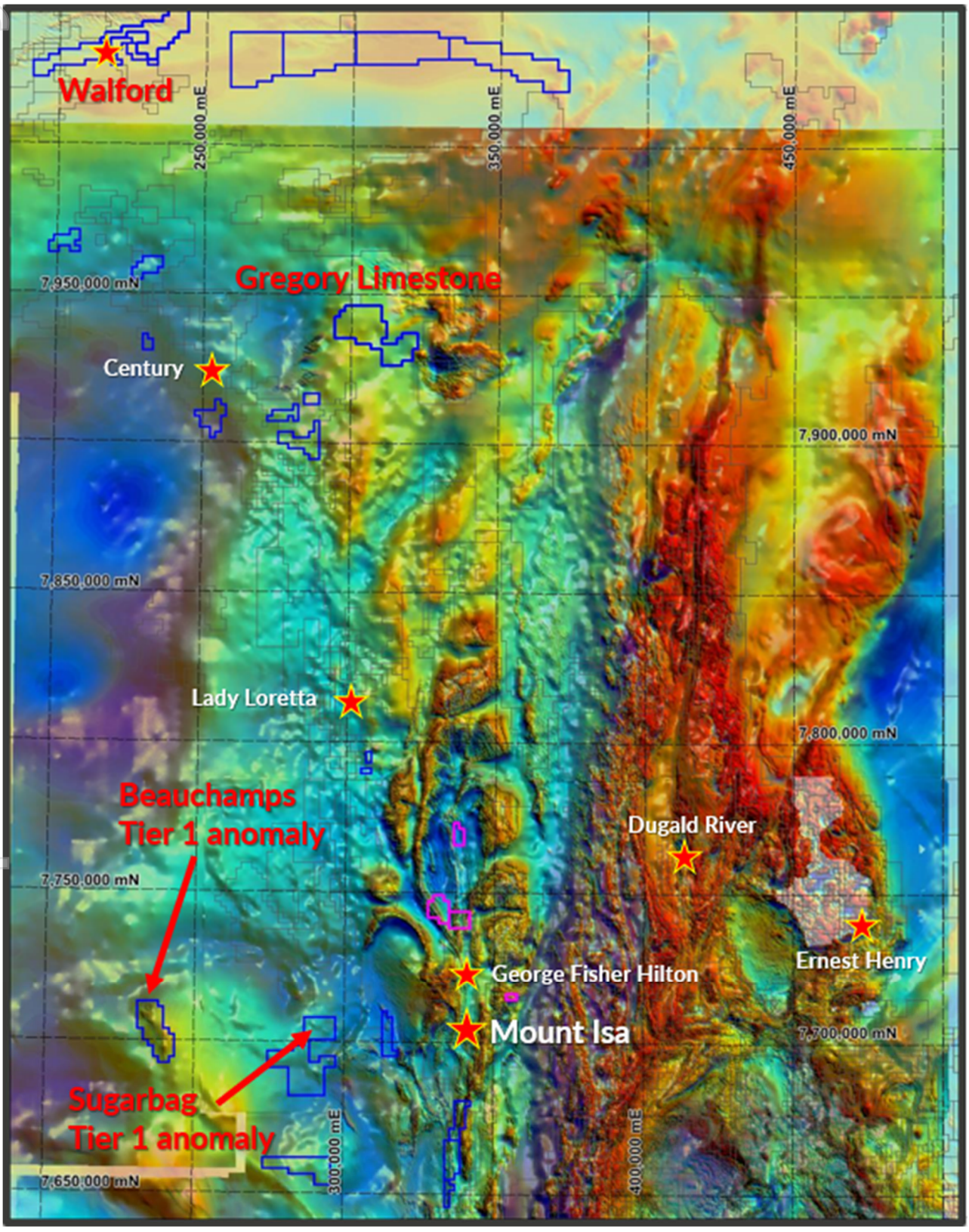



***Figure 1: Location of the Beauchamps tenement and the Sugarbag tenure showing regional magnetics over regional gravity data***

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These regional targets represent a low-cost opportunity for Aeon to leverage its proven exploration discipline and success into potential large-scale regional exploration upside. However, and as previously highlighted, Aeon's core focus remains the rapid advancement of the world-class Walford Creek Project.

For further information on the planned regional drilling activities, see Aeon ASX releases dated 25 September 2020, *Project and Corporate Update*, and 29 July 2020, *CEI Funding Granted for Drilling of Large-Scale IOCG Target*.

## Safety

There were no reported injuries at the Walford Creek Project during the quarter.

## Corporate

Aeon expended approximately A$0.9 million on exploration and evaluation activities for the Walford Creek Project during the quarter.

As at 30 September 2020, the Company had cash of approximately A$1.2 million. As a post quarter event, a further $3m was received in October 2020 as per the increase in the OCP Asia loan facility. The increased OCP facility is expected to provide sufficient funds to take Aeon through to completion of the revised PFS on Walford Creek, which is expected in 1Q 2021, and fund Phase 1 of the new regional drilling program.

For further information on the increased OCP facility, see Aeon ASX release dated 25 September 2020, *Project and Corporate Update*.

During the quarter, payments were made to related parties (as set out in section 6 of the Appendix 5B) as director fees.

## Appendix 5B

The Company's Appendix 5B cash report has also been released today.

**This ASX release has been authorised for and on behalf of the Aeon Board by:**

Hamish Collins, Managing Director and CEO

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## ABOUT AEON METALS

Aeon Metals Limited (**Aeon**) is an Australian based mineral exploration and development company listed on the Australian Securities Exchange (ASX: AML). Aeon holds a 100% ownership interest in the Walford Creek Copper-Cobalt Project (**Walford Creek Project**) located in north-west Queensland, approximately 340km to the north north-west of Mount Isa.

Aeon completed a Scoping Study on the Walford Creek Project in October 2019. A Pre-Feasibility Study is targeted for completion in 1Q 2021.

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## APPENDIX 1 - TENEMENT HOLDINGS AS AT 30 SEPTEMBER 2020

| Tenement | Location | Interest held | Joint Venture Partner | |
|---|---|---|---|---|
| EPM 18359 | South of Georgetown, Qld | 100% | | |
| EPM 19029 | West of Monto, Qld | 100% | | |
| EPM 11898 | Mount Isa West | 80% | Summit Resources (Aust) Pty Ltd | 20% |
| EPM 13412 | Mount Isa South | 80% | Summit Resources (Aust) Pty Ltd | 20% |
| EPM 13413 | Mount Isa South | 80% | Summit Resources (Aust) Pty Ltd | 20% |
| EPM 13682 | Mount Isa South | 80% | Summit Resources (Aust) Pty Ltd | 20% |
| EPM 14040 | Mount Isa South | 80% | Summit Resources (Aust) Pty Ltd | 20% |
| EPM 14220 | Walford Creek | 100% | | |
| EPM 14233 | Mount Isa South | 72% | Summit Resources (Aust) Pty Ltd<br>& Centaurus Metals Ltd | 18%<br>10% |
| EPM 14694 | Mount Isa North | 80% | Summit Resources (Aust) Pty Ltd | 20% |
| EPM 14712 | Constance Range | 80% | Pacific Mines Ltd | 20% |
| EPM 14821 | Mount Isa South | 80% | Summit Resources (Aust) Pty Ltd | 20% |
| EPM 14854 | Walford Creek | 100% | | |
| EPM 14935 | Constance Range | 80% | Pacific Mines Ltd | 20% |
| EPM 15156 | Mount Isa South | 80% | Summit Resources (Aust) Pty Ltd | 20% |
| EPM 15911 | Mount Isa South | 100% | | |
| EPM 18552 | Walford Creek | 100% | | |
| EPM 18769 | Mount Isa West | 100% | | |
| EPM 26906 | Walford Creek | 100% | | |
| EPM 26316 | Walford Creek | Farm In | Footprint Resources Pty Ltd | |
| EPM 27311 | Walford Creek | 100% | | |
| EPM 27312 | Walford Creek | 100% | | |
| EPM 27512 | Walford Creek | 100% | | |
| EPM 14628 | Northwest of Monto, Qld | 100% | | |
| EPM 15921 | Northwest of Monto, Qld | 100% | | |
| EPM 17001 | Northwest of Monto, Qld | 100% | | |
| EPM 17002 | Northwest of Monto, Qld | 100% | | |
| EPM 17060 | West of Monto, Qld | 100% | | |
| EPM 27604 | Northwest of Monto, Qld | 100% | | |
| EPM 27535 | North of Mount Isa | 100% | | |

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## APPENDIX 2 - COMPETENT PERSONS STATEMENT

The information in this report that relates to 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 presentation of the Exploration Results in the form and context in which they appear.

The data in this report that relates to Mineral Resource Estimates 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 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 Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion in the report of Mineral Resource Estimates in the form and context in which they appear.

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