1. Company details

Name of entity:	Aeris Resources Limited
ABN:	30 147 131 977
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

	2023 $'000	2022 $'000	Change $'000	Change %
Revenues from ordinary activities	612,490	386,587	225,903	58%
Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA)*	32,014	93,652	(61,638)	(66%)
Profit/(loss) from ordinary activities after tax attributable to the owners of Aeris Resources Limited	(139,754)	6,010	(145,764)	(2425%)
Profit/(loss) for the year attributable to the owners of Aeris Resources Limited	(139,754)	6,010	(145,764)	(2425%)

* Refer to the Directors' Report for a reconciliation of Adjusted EBITDA

Earnings per share

	2023 Cents	2022 Cents
Basic earnings/(loss) per share	(20.2)	1.8
Diluted earnings/(loss) per share	(20.2)	1.7

On 8 July 2022, the Company completed a share consolidation. Aeris shares were consolidated at the ratio of 7 fully paid ordinary shares into 1 fully paid ordinary share. Earnings per share calculations for both the current year and prior year are reflective of the share consolidation.

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $139,754,000 (30 June 2022: profit of $6,010,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	38.6	62.8

The net tangible assets per ordinary security at 30 June 2022 has been restated for the share consolidation that was completed on 8 July 2022.

4. Control gained over entities

On 1 July 2022, Aeris Resources Limited acquired 100% of the issued shares in Round Oak Minerals Pty Limited. Please refer to note 30 of the 30 June 2023 Annual Financial Report for additional information regarding this acquisition.

---

5. Loss of control over entities

Not applicable.

---

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

---

7. Dividend reinvestment plans

Not applicable.

---

8. Details of associates and joint venture entities

Not applicable.

---

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

---

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited by PricewaterhouseCoopers and an unmodified opinion has been issued.

---

11. Attachments

Details of attachments (if any):

The Annual Financial Report of Aeris Resources Limited for the year ended 30 June 2023 is attached.

Aeris Resources Limited

ABN 30 147 131 977

Annual Financial Report - 30 June 2023

Directors	Andre Labuschagne - Executive Chairman Michele Muscillo - Non-executive Director Colin Moorhead - Non-executive Director Sylvia Wiggins - Non-executive Director Robert Millner - Non-executive Director
Company secretaries	Robert Brainsbury Dane van Heerden
Registered office and principal place of business	Level 6 120 Edward Street Brisbane QLD 4000 Phone: (07) 3034 6200
Share register	Automic Level 5 126 Phillip Street Sydney NSW 2000 Phone: 1300 288 664 (within Australia) +61 2 9698 5414 (outside Australia)
Auditor	PricewaterhouseCoopers Level 23 480 Queen Street Brisbane QLD 4000
Solicitors	HopgoodGanim Lawyers Level 8 1 Waterfront Place Brisbane QLD 4000
Stock exchange listing	Aeris Resources Limited shares are listed on the Australian Securities Exchange (ASX code: AIS)
Website	www.aerisresources.com.au
Corporate Governance Statement	www.aerisresources.com.au/about/corporate-governance/

The Directors present their report, together with the consolidated financial report of the Aeris Resources Limited Group ('consolidated entity'), consisting of Aeris Resources Limited ('Aeris' or 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

DIRECTORS

The Directors of the Company in office during the financial year and up to the date of this report were:

Name, experience and other directorships	Special Responsibilities	Appointed / Resigned
Andre Labuschagne – Executive Chairman		
Mr Labuschagne is an experienced mining executive with a career spanning over 30 years across operations in Australia, Indonesia, South Africa, PNG and Fiji. Mr Labuschagne has held various corporate and operational roles in companies including Norton Gold Fields, Emperor Gold Mines, DRD Gold and AngloGold Ashanti. Mr Labuschagne holds a Bachelor of Commerce from Potchefstroom University in South Africa. Other current directorships (ASX listed entities): Magontec Limited (ASX:MGL) Former directorships in the past 3 years (ASX listed entities): None	Executive Chairman	*Appointed* 20-Dec-2012
Michele Muscillo – Independent Non-Executive Director		
Mr Muscillo is a Partner specialising in corporate law with HopgoodGanim Lawyers. Mr Muscillo is an admitted Solicitor and has a practice focussed almost exclusively on mergers & acquisitions and capital raising. Mr Muscillo has acted on a variety of corporate transactions including initial public offerings, takeovers and acquisitions. Mr Muscillo has a Bachelor of Laws from Queensland University of Technology and was a recipient of the QUT University Medal. Other current directorships (ASX listed entities): Xanadu Mines Limited (ASX:XAM) and Mako Gold Limited (ASX:MKG). Former directorships in the past 3 years (ASX listed entities): Cardinal Resources Limited (ASX:CDV).	Chairman of the Audit and Risk Committee and member of the Remuneration and Nomination committee and the Sustainability Committee	*Appointed* 2-May-2013
Colin Moorhead – Independent Non-Executive Director		
Mr Moorhead is an experienced industry executive with a demonstrated track record over three decades of building value in mining companies through innovation, discovery, project development and safe, efficient operations. A geologist by training, Mr Moorhead is also known for strong leadership, strategy and execution. Mr Moorhead's career has involved both operational and corporate executive responsibilities including global responsibility for exploration and resource development at Newcrest Mining and CEO of PT Merdeka Copper Gold (IDX:MDKA), where he built and led the team that constructed and commissioned the highly successful Tujuh Bukit Gold Mine. Colin is also currently Non-Executive Chairman of Xanadu Mines (ASX:XAM), Non-Executive Chairman of Sihayo Gold Limited (ASX: SIH), Non-Executive Director of Coda Minerals (ASX: COD) and Non-Executive Director of Ramelius Resources Limited (ASX:RMS). Former directorships in the past 3 years (ASX listed entities): Finders Resources Limited.	Chairman of the Remuneration and Nomination Committee and Member of the Audit and Risk Committee and the Sustainability Committee	*Appointed* 27-July-2020

Name, experience and other directorships	Special Responsibilities	Appointed / Resigned
Sylvia Wiggins – Non-Executive Director		
Ms Wiggins is a globally experienced senior executive and investment banker with a demonstrated track record over 25 years in public markets, with a focus on finance, strategy and risk. Ms Wiggins has been the CEO and CFO of public listed entities, with her most recent role as Executive Director – Finance & Commercial at ASX listed renewable energy company Infigen Energy, prior to its takeover. As an executive, Ms Wiggins has been a part of the leadership teams transforming businesses from the strategic, operating and capital structure perspectives to both preserve and create shareholder value. Ms Wiggins is a member of the Independent Assurance Review Board for the Department of Defence and is also currently Non-Executive Director of Service Stream, Non-Executive Director of Collgar Renewables, Non-Executive Director of Scheme Financial Vehicle (NSW Energy Roadmap) and Non-Executive Director of Epic Energy. Former directorships in the past 3 years (ASX listed entities): None	Chairman of the Sustainability Committee and Member of Audit and Risk Committee	*Appointed* 18-October-2021
Robert Millner – Non-Executive Director		
Mr Millner is the Chairman of Australian investment house Washington H Soul Pattinson (ASX:SOL). Mr Millner has extensive experience in the investment industry, and the Chairman of Brickworks Limited (ASX: BKW), BKI Investment Co Ltd and New Hope Corporation Limited (ASX:NHC) and a Non-Executive Director of Tuas Limited (ASX:TUA), Apex Healthcare Berhad and TPG Telecom Ltd (ASX:TPG). Former directorships in the past 3 years (ASX listed entities): Milton Corporation Limited (delisted from ASX on 5 October 2021)		*Appointed* 1-July 2022

COMPANY SECRETARIES

Robert Brainsbury
Mr Brainsbury is an experienced financial executive and has held senior operational and finance roles with several blue-chip industrial and resources companies including Norton Gold Fields, MIM Holdings Limited, Xstrata, Rio Tinto and BIS Industrial Logistics. Mr Brainsbury is a qualified accountant and holds a Bachelor of Business degree with majors in Accounting and Marketing.

Dane van Heerden CA
Ms van Heerden is a qualified chartered accountant, with over 20 years' experience in both Australia and abroad.

MEETINGS OF DIRECTORS

The attendance of Directors at Board and Committee meetings during the financial year were as follows:

Directors	Board		ARC		Sustainability		Remuneration	
	A	B	A	B	A	B	A	B
Andre Labuschagne	12	12	-	-	-	-	-	-
Michele Muscillo	12	12	3	3	2	2	1	1
Colin Moorhead	12	12	3	3	2	2	1	1
Sylvia Wiggins	12	12	3	3	2	2	-	-
Robert Millner	12	12	-	-	-	-	-	-

A = Number of meetings held during the time the Director was a member of the Board and/or Committee
B = Number of meetings attended during the time the Director was a member of the Board and/or Committee

The Board established a Risk and Sustainability Committee on 28 June 2022. During the reporting period, the Board restructured its committees and transferred risk responsibilities from the Risk and Sustainability Committee to the Audit Committee and in line with the change of responsibilities, changed the Committees names to Sustainability Committee and Audit and Risk Committee. On 23 May 2023, the Board reconstituted the Remuneration Committee and the Nomination Committee into a single committee and named the committee 'Remuneration and Nomination Committee'. The members of the Remuneration and Nomination Committee are the previous members of the Remuneration Committee - Mr Colin Moorhead (Chair) and Mr Michele Muscillo. There were no meetings of the Nomination Committee during the financial year.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement for the year ended 30 June 2023 may be accessed from the Company's website at https://www.aerisresources.com.au/about/corporate-governance.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity for the year ended 30 June 2023 were the production, sale and exploration of copper, zinc, gold and silver. Other than as referred to on pages 4 to 7, there were no significant changes in those activities during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

ACQUISITION OF ROUND OAK MINERALS PTY LTD

Aeris acquired the Round Oak Group (Round Oak Minerals Pty Ltd and wholly owned subsidiaries) from Washington H. Soul Pattinson Limited (WHSP).

Round Oak Minerals is an Australian focused resources company with its primary assets being:

- Jaguar Zn/Cu mine in Western Australia;
- Mt Colin Cu/Au mine in North-West Queensland; and
- Stockman Cu/Zn development project in Victoria

The purchase consideration for the acquisition included the following components:

- cash payment on settlement of $80 million. This was funded through a fully underwritten $117 million equity raise; and
- the issue and allotment of fully paid ordinary shares in Aeris at a deemed issue price of $0.105 per share to a total value of $154 million, being 1,466,666,667 shares valued at $0.067 per share on 1 July 2022 totalling $98.27 million.

The transaction completed on 1 July 2022. Transaction costs relating to the acquisition of $11.580 million were incurred and recognised in the profit and loss for the year ending 30 June 2023.

Aeris also received working capital adjustments of $29.20 million and was adjusted against the purchase consideration allocated on 1 July 2022.

COMPLETION OF EQUITY PLACEMENT

On 1 July 2022, $17.1 million, representing the balance of the $117 million equity raise (placement and entitlement offer) was received. The other $100 million of the equity raise was received by 30 June 2022.

SHARE CONSOLIDATION

At an Extraordinary General Meeting of shareholders held on 24 June 2022, shareholders approved to consolidate every 7 ordinary shares into 1 ordinary share, post completion of the $117.1 million equity raise. The share consolidation took effect in early July 2022.

OPERATING REVIEW

TRITTON COPPER OPERATIONS (TRITTON)

Operations

The Tritton Copper Operations produced 17,206 tonnes of copper during the financial year ending 30 June 2023. A total of 1.37 million tonnes of ore were mined, predominantly from the Tritton and Murrawombie underground mines, at an average grade of 1.36% Cu. The high-grade Avoca Tank mine was brought into production in Q4. Production from the Budgerygar deposit, part of the Tritton mine complex, was delayed by approximately 9 months due to geotechnical issues installing the ventilation shaft. The delay accessing ore from Budgerygar significantly impacted copper production for the year. The ventilation shaft was subsequently completed in July 2023 enabling production to ramp up in FY2024.

	Units	30 June 2023	30 June 2022	30 June 2021
Ore mined	tonnes	1,369,364	1,488,120	1,573,679
Grade mined	% Cu	1.36	1.30	1.56
Ore milled	tonnes	1,352,424	1,500,463	1,557,803
Grade milled	% Cu	1.34	1.30	1.56
Recovery	%	94.6	94.6	93.7
Total copper produced	tonnes	17,205	18,581	22,987
Gold produced	Oz	4,582	4,312	7,228

Approximately $39.1 million was invested in growth capital at Tritton over the financial year ending 30 June 2023. This was mostly associated with the development of the new Avoca Tank and Budgerygar underground mines. A further $5.6 million was invested in exploration.

Exploration

Exploration activities at Tritton during the financial year ended 30 June 2023 focused on extending known deposits and identifying greenfield targets for new resources.

At the Constellation deposit, located 45km north of the Tritton mill, an updated Mineral Resource was released. The Mineral Resource now totals 6.7Mt at 1.85% Cu and 0.58g/t Au, an uplift from the previous resource by 102% in tonnage and 162% in contained copper metal. The Constellation deposit remains open down plunge with several downhole electromagnetic (EM) modelled plates yet to be adequately tested. Constellation remains a key development project to extend the life of the Tritton Operation. Environmental impact studies and preliminary studies on open pit and underground mining options progressed during the year, with further resource definition drilling planned in FY2024.

The northern portion of the Tritton tenement package, on which the Constellation deposit was discovered in late 2020, is considered highly prospective for further discoveries. During the financial year ended 30 June 2023, the airborne electromagnetic (AEM) survey was completed over these tenements and 14 high-priority anomalies were identified. Work commenced on ground-based EM surveys to further define targets for a subsequent drilling program.

Drilling was also undertaken on the Kurrajong deposit, located approximately 25km east of the Tritton processing plant. A maiden Mineral Resource was released totalling 2.2Mt at 1.7% Cu, 0.2g/t Au and 5g/t Ag for 37kt contained Cu metal, 13koz contained Au metal and 347koz contained Ag metal. High-grade copper is associated with massive sulphide lenses, of which three have been modelled and incorporated into the Mineral Resource estimate. The Kurrajong mineralised system remains open down-plunge and drilling has intersected mineralisation 300m down plunge below the current Mineral Resource including:

- TKJD024W1: 17m @ 1.3% Cu, 0.2g/t Au and 4g/t Ag (17m true width)

At the Murrawombie deposit, an exploration hole (MWNM001) was drilled targeting down-plunge extensions below the current Mineral Resource footprint. Several high-grade copper lenses were intersected approximately 250m down-plunge of the known mineralisation. A downhole EM survey also defined multiple EM conductors positioned directly along strike from the drill hole. A follow up drill program is planned, targeting the modelled EM plates at Murrawombie.

At the Avoca Tank deposit, underground drilling intersected massive sulphide mineralisation 180m below the current Mineral Resource. Further drilling is planned in FY2024, targeting increases to the Mineral Resource at the Avoca Tank deposit.

CRACOW GOLD OPERATIONS (CRACOW)

Cracow produced 48,221oz of gold during the financial year ended 30 June 2023. Mined ore tonnes of 575,382 was supplemented with stockpiles, for total ore tonnes milled of 666,978. Mined grades steadily improved over the year (FY23 average 2.75g/t Au) and reconciled well to the rebuilt geological model.

	Units	30 June 2023	30 June 2022	30 June 2021
Ore mined	Tonnes	575,382	505,260	541,910
Grade mined	g/t Au	2.75	3.26	4.49
Ore milled	Tonnes	666,978	663,912	602,789
Grade milled	g/t Au	2.50	2.80	4.12
Recovery	%	90.0	90.2	92.3
Gold produced	Oz	48,221	53,920	73,685
Gold sold	Oz	47,839	55,358	73,692

Exploration

Exploration activities during the year focused on drilling at the Golden Plateau deposit and drill testing of targets within the current mining area, the Western Vein Field. A total of $4.5 million was invested in exploration at Cracow during the financial year ended 30 June 2023.

A drill campaign was completed at the Golden Plateau deposit during the first half of the financial year ended 30 June 2023, targeting interpreted high-grade north-south structures surrounding the historical workings. A maiden Mineral Resource estimate of 620kt at 3.1g/t Au containing 62koz Au metal was reported during the year. The reported Mineral Resource includes potential open pit and underground mineralisation.

In addition, an Exploration Target of 430kt – 1,000kt at 3g/t – 4g/t Au for 60koz – 130koz of contained gold has been defined for the Golden Plateau deposit, peripheral to the Mineral Resource. Golden Plateau is considered to be a potential near-term source of additional ore for the Cracow mill and is a priority for exploration in FY2024.

The potential quantity and grade of the Exploration Target is conceptual in nature and is therefore an approximation. There has been insufficient exploration drilling to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code.

Exploration was also conducted in the Southern Vein Field, a highly prospective 5km x 4km corridor located immediately south of the current underground mine infrastructure. The prospective structures which host gold mineralisation in the Western Vein Field are interpreted to continue under several hundred metres of cover in the Southern Vein Field. To gain an understanding of the geology beneath the cover sequences, magneto-telluric (MT) and ambient noise tomography (ANT) geophysical surveys were undertaken. A series of structural lineaments were interpreted from the dataset, which is highly encouraging. Target areas defined from the geophysical surveys will form the basis for a first-pass drill program at the Southern Vein Field.

NORTH QUEENSLAND OPERATIONS

Mining operations at the Mt Colin mine produced 426.1kt of copper/gold ore during the financial year ended 30 June 2023. Mined ore was trucked to Glencore's Mt Isa Operations and Evolution Mining's Ernest Henry Operations for processing. A total of 362,876 tonnes of ore was processed during the financial year, producing 7,110 tonnes of copper and 3,852 ounces of gold. At the end of the year, stockpiles of over 100kt of mined ore remained at Ernest Henry for processing in FY2024, approximately 86kt of stockpiled ore was pre-sold (provisional payment received) at the end of the financial year. As the mine is in its final years of production, minimal capital development was undertaken. The Mt Colin mine was affected by a severe weather event in north Queensland during the first half of the financial year ended 30 June 2023, impacting mining activities and toll processing at Ernest Henry.

	Units	30 June 2023
Ore mined	Tonnes	426,135
Grade mined	% Cu	2.39
Ore milled	Tonnes	362,876
Grade milled	% Cu	2.18
Recovery	%	89.8
Copper produced	Tonnes	7,110
Gold produced	Oz	3,852

Exploration

Exploration activities during the financial year ended 30 June 2023 focused on the Barbara deposit, located approximately 70km northeast of Mt Isa. The Barbara open pit copper mine commenced production in March 2019 with sulphide ore crushed and trucked to Mt Isa for processing, and ceased operations in December 2020.

During the year a 15 hole drill program was undertaken to better define the mineralisation remaining below the old pits. An updated Mineral Resource of 2.2Mt at 2.0% Cu and 0.2g/t Au containing 45kt contained Cu metal and 12koz contained Au metal was estimated based on the new drilling.

Mineralisation at Barbara has been traced approximately 700m along-strike with 400m vertical extent in the deepest southern portion of the deposit and remains open down-plunge. There is significant potential to increase the Mineral Resource with further drilling. In FY2024 Aeris will undertake feasibility studies and permitting activities for a potential underground mining operation at Barbara.

JAGUAR OPERATIONS (JAGUAR)

During the financial year ended 30 June 2023 operations at the Bentley mine (Bentley) produced 402,574 tonnes of ore, resulting in metal production of 22,479 tonnes of zinc, 3,057 tonnes of copper, 718,147 ounces of silver and 2,958 ounces of gold. Over the last two quarters of the financial year the mine experienced three separate mining induced seismic events, which delayed production and required a cessation of operations in the high-grade Bentayga mining area. Production was also impacted by low development rates caused by congestion in the lower levels of the mine and limited ventilation.

In August 2023 an announcement was made to suspend production and place Jaguar Operations on care and maintenance due to forecast operating losses in FY2024. The decision preserves the in-ground value of the significant resources identified across the Jaguar tenements. In FY2024 Aeris will undertake a feasibility study on options to restart Jaguar at higher throughput rates by incorporating other known resources on the tenements.

	Units	30 June 2023
Ore mined	Tonnes	402,574
Grade mined	% Zn	5.95
Ore milled	Tonnes	432,631
Grade milled	% Zn	5.97
Zinc recovery	%	87.1
Zinc produced	Tonnes	22,479
Copper produced	Tonnes	3,057
Gold produced	Oz	2,958
Silver produced	Oz	718,147

<u>Exploration</u>

During the financial year ended 30 June 2023, exploration activities were focused on the high-grade Turbo lens at Bentley and a review of greenfield targets along strike from known deposits.

Resource definition drilling extended the footprint of the Turbo mineralisation a further 200m along strike. An updated Mineral Resource estimate was completed resulting in 1.26Mt at 1.82% Cu, 8.5% Zn, 0.72g/t Au and 47g/t Ag. This Mineral Resource was a 23% increase in tonnage, 17% increase in contained copper metal and 39% increase in contained zinc metal compared to the previous estimate. The Turbo lens is now the second largest massive sulphide lens ever discovered at the Bentley mine.

Grade control drilling at Bentley extended the high-grade Java Deeps lens and also intersected a new massive sulphide lens, named Bacalar. High grade drill intersections through the Bacalar lens include:

- 23BUDD009 15.8m @ 3.70% Cu, 6.06% Zn, 101g/t Ag, 1.61g/t Au (14.4m true width)
- 23BUDD005 11.3m @ 1.95% Cu, 12.1% Zn, 63g/t Ag, 0.85g/t Au (10.6m true width)
- 23BUDD013 18.6m @ 1.80% Cu, 6.85% Zn, 75g/t Ag, 1.49g/t Au (15.6m true width).

Bacalar has now been defined 70m along strike and 120m down plunge, while Java Deeps has been defined 100m along strike and 140m down plunge.

During the year, a re-estimation of the remaining Mineral Resource at the previously operating Jaguar mine was completed. A Mineral Resource of 0.8Mt grading 2.28% Cu, 4.66% Zn and 61g/t Ag was defined, comprising high-grade remnant sills and pillars within the old mine workings as well as additional mineralisation outside the mining footprint. Dewatering of the Jaguar mine commenced to enable a review of ground conditions for potential restart studies.

The broader Jaguar tenements are considered highly prospective for both base metals and gold mineralisation. During the year a regional gravity survey was completed to assist with identifying prospective targets along with regional mapping, surface geochemistry and electromagnetic geophysics datasets. Approximately 2,500 historical bottom-of-hole air-core (BOH AC) drill holes were also re-assayed to improve the understanding of geochemical vectors associated with volcanic hosted massive sulphide (VHMS) deposits.

The initial focus has been an 8km strike corridor between the Jaguar and Triumph deposits. Within this area, 21 gravity anomalies have been identified within prospective rock sequences, including two coincident gravity/BOH AC geochemistry anomalies. The geochemistry dataset has defined 19 anomalies (some new and others previously identified) with strike extents exceeding 100m.

FINANCIAL REVIEW

Financial Results

Primarily due to operational issues at the Tritton Copper Operation and Jaguar Zinc/Copper Operation resulting in lower production than planned, the consolidated entity recorded a loss after tax for the financial reporting year to 30 June 2023 of A$139.754 million, compared with a profit after tax for the year ended 30 June 2022 of A$6.010 million. The results for year were influenced by a number of key factors, which included:

- Revenue from contracts with customers was A$612.490 million, compared to A$386.587 million for the previous corresponding period. This reflects the following factors:
  - Contributions from the Mt Colin operation ($107.698 million) and Jaguar operation ($166.007 million);
  - Tritton revenue of $208.659 million was lower than the prior corresponding period ($246.104 million) due to lower copper production (17,205 tonnes vs 19,032 tonnes in 2022) and lower copper price received (A$11,045/t vs $12,931/t);
  - Cracow revenue of $130.120 million compared to $140.480 million in FY2022, due to lower gold produced (48,221oz vs 53,920oz) and partially offset by higher gold prices (A$2,698/oz vs A$2,539/oz).
- Cost of goods sold increased to $705.464 million from $353.435 million in the prior corresponding period due largely to the inclusion of the Mt Colin and Jaguar assets for the first time, which contributed $303.5 million.
- Transaction costs of A$11.580 million were recognised for the year ended 30 June 2023 in relation to the acquisition of the Round Oak Minerals Group;
- An impairment of A$1.700 million was recognised in relation to the Torrens Exploration Project; and
- A foreign exchange gain of A$1.969 million was recognised for the year ended 30 June 2023 (30 June 2020: A$0.4 million).

The following table contains a reconciliation of profit before income tax to EBITDA (earnings before income tax and depreciation and amortisation) and Adjusted EBITDA.

Reconciliation of profit before income tax to EBITDA and Adjusted EBITDA:

	2023 $'000	2022 $'000
Profit/(loss) before income tax expense	(139,754)	6,010
Depreciation and amortisation	150,571	74,334
Finance costs	8,511	5,987
EBITDA	19,328	86,331
Impairment of assets	1,700	4,349
Transaction expense	11,580	1,951
Net foreign exchange gain	(1,969)	(418)
Movement in financial assets at fair value through profit or loss	1,375	1,439
Adjusted EBITDA	32,014	93,652

EBITDA and adjusted EBITDA are non-IFRS earnings measures that do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. These measures, which are unaudited, are important to management as an additional way to evaluate the consolidated entity's performance.

Financial Position

At 30 June 2023, the consolidated entity had a positive net asset position of A$266.369 million (30 June 2022: A$293.497 million). The June 2023 net asset position for the consolidated entity was impacted by a number of key factors, including:

- On 1 July 2022, Round Oak Minerals Pty Ltd was acquired for a net purchase consideration of $149.06 million.
- Investments of $59.784 million into new mining projects, including exploration for the financial year ended 30 June 2023.
- Working capital deficit of $55.706 million, compared to a working capital surplus in the prior year of $92.647 million, due to operational issues resulting in lower than planned production during the year at the Tritton Copper Operation and Jaguar Zinc/Copper Operation.

The consolidated entity's net cash inflow from operating activities during the financial year was A$59.299 million, with net cash outflows from investing activities of A$184.129 million and net cash inflows from financing activities of A$6.529 million.

On 30 June 2023, the Company had 2.973 million undrawn on its Contingent Instrument Facility and $20 million undrawn on its Working Capital Facility with Australia and New Zealand Banking Group Limited (ANZ). The consolidated entity is subject to certain financing arrangements covenants. During the fourth quarter of the year, the Group breached its Debt to EBITDA Ratio covenant in relation to its lending facilities with ANZ, however this breach has been waived by ANZ subsequent to year end.

The Company has entered into a $50 million debt facility with WHSP (WHSP Facility) subsequent to year end (please refer to note 34), and also executed an amendment to the existing Loan Facilities with ANZ, which extends the renewal period of the ANZ Facilities under the agreement to 30 August 2024 (with a review date of 30 June 2024) and retires the $20 million ANZ Working Capital Facility upon drawdown of the WHSP Facility. On 7 August 2023, the Group executed a drawdown of $40 million on the WHSP Facility.

The WHSP and ANZ facilities are subject to financial covenants that include net tangible assets balance; a ratio of Debt to EBITDA and an interest cover ratio which is measured at the end of each quarter. A breach of a financial covenant will result in an event of default.

There are significant judgments and assumptions used in developing the cash flow and debt covenant compliance forecasts. The Company's calculations are based on forecasts for a period of 12 months from the date of signing of the financial statements, and access to current funding. These assumptions included expected revenue based on consensus AUD commodity prices, forecast production and operating and capital expenditures based on the Board approved budgets and supply chain creditors continuing to provide critical supplies on payment terms consistent with their current course of conduct.

The Directors have reviewed the ability of the consolidated entity to continue as a going concern and, based on its cash flow and covenant compliance forecasts for a period of 12 months from the signing of the financial statements and current access to funding, concluded there are reasonable grounds to believe the consolidated entity will continue as a going concern.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Jaguar Operations

On 2 August 2023, Aeris announced that it would be placing the Jaguar Zinc/Copper Operations (Jaguar) on care and maintenance in September 2023, due to forecast operating losses in FY2024. The Company will immediately commence feasibility work on restart options for the operation, incorporating other known resources on the tenements.

New debt funding

The Company also announced on 2 August 2023 that it had entered into a new $50 million, 2 year debt facility with its major shareholder, Washington H. Soul Pattinson (WHSP). The facility will assist in providing working capital liquidity for Company's FY2024 plans, including an orderly suspension of activities at Jaguar. The Facility will replace the ANZ $20 million Working Capital Facility and have second ranking security to the remaining ANZ facilities. The ANZ Contingent Instrument Facility has been increased to $50m and extended to 30 August 2024. On 7 August 2023, the Group completed a drawdown of $40 million on the WHSP facility.

The WHSP and ANZ facilities are subject to financial covenants that include net tangible assets balance, a ratio of Debt to EBITDA and an interest cover ratio. A breach of a financial covenant will result in an event of default.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Other events

No other matter or circumstance has arisen in the interval between the end of the financial year and the dates of this report that has significantly affected or may significantly affect the operations of the consolidated entity; the results of those operations; or the state of affairs of the consolidated entity in subsequent financial years.

MATERIAL BUSINESS RISKS

Aeris prepares its business plan using estimates of production and financial performance based on a range of assumptions and forecasts. There is uncertainty in these assumptions and forecasts, and risk that variation from them could result in actual performance being different to expected outcomes. Aeris acknowledges that business risks have the potential to change over time and continually reviews key risks and uncertainties that have the potential to impact the business.

The uncertainties arise from a range of factors, including the nature of the mining industry, and general economic factors. The material business risks faced by the Group that may have an impact on the operating and financial prospects of the Group at period end are outlined below.

Product sales and commodity price risk

Aeris derives its revenues mainly from the sale of copper, zinc and gold and/or associated minerals. Consequently, Aeris' potential future earnings, profitability and growth are influenced by the demand for and price of copper, zinc, gold and associated minerals.

Copper, zinc and gold are globally traded commodities and their prices over time may rise or fall. Commodity prices fluctuate and are affected by factors including supply and demand for mineral products, hedge activities associated with commodity markets, the costs of production and general global economic and financial market conditions.
These factors may cause volatility which in turn, may affect the Aeris' ability to finance its operations and/or bring Aeris' products to market. Aeris may enter into hedging arrangements from time to time to partially protect against changes in commodity prices. When these arrangements expire, there is no guarantee that the Company will be able to secure replacement hedging arrangements on terms satisfactory to the Company.

Aeris' prospects and market value will be influenced from time to time by the actual and prevailing views on the short-term and long-term prices of these commodities.

Exchange rate risk

A number of the Company's commercial arrangements, including copper and zinc sale and finance arrangements, are based on US dollars. The Company also acquires equipment from overseas using foreign currency. Accordingly, the revenues, earnings, costs, expenses, assets and liabilities of the Company may be exposed adversely to exchange rate fluctuation. Further, the future market value of the Company's Shares may fluctuate in accordance with movements in the exchange rates and interest rates.

Mineral Resources and Ore Reserves

In order to calculate Mineral Resources and Ore Reserves, estimates and assumptions are required about a range of geological, technical and economic factors. Estimating the quality and/or grade of the Mineral Resources and Ore Reserves requires the size, shape and depth of mineral and ore bodies to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

As the economic assumptions used to estimate Mineral Resources and Ore Reserves change from year to year, and as additional geological data is generated during the course of operations, estimates of Mineral Resources and Ore Reserves may change from year to year. Changes in reported Mineral Resources and Ore Reserves may have either a positive or negative impact on the consolidated entity's financial results.

Tenements

A failure to adhere to the obligations under which tenements have been granted to Aeris (or its subsidiaries) in various jurisdictions may make certain tenements subject to possible forfeiture.

Native title and heritage risk

The Native Title Act 1993 (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration and in future, mining activities, or obtain exploration or mining licences in Australia. In applying for licences over crown land, the Company must observe the provisions of Native Title legislation.

There are also laws of the States and Territories which impose duties of care which require persons, including the Company, to take all reasonable and practical measures to avoid damaging or destroying Aboriginal cultural heritage.

Granting of approvals with respect to Native Title legislation (where applicable), Aboriginal heritage legislation and heritage legislation may delay or impact adversely on the Company's operations in Australia.

Replacement of depleted resources and exploration risk

Replacement of depleted resources is crucial to maintaining production. Exploration and acquisition are the key platforms that drive resource replacement.

Mineral exploration and development are generally considered higher risk undertakings. Aeris' performance depends on the successful exploration and/or acquisition of resources or reserves and commercial production therefrom. There can be no assurances that the Company's exploration programs or those relating to any projects or tenements that the Company may acquire in the future, will result in the discovery of a significant base metal and/or precious metal deposit, and even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Aeris' potential future earnings, profitability and commercialisation of base metal and/or precious metal reserves and resources will be dependent on the successful discovery and subsequent extraction of those resources to the extent that may be required to fulfil commercial obligations.

Successful commodity development and production is dependent on obtaining all necessary consent and approvals and the successful design, construction and operation of efficient gathering, processing and transportation facilities. No assurance can be given that Aeris will be able to obtain all necessary consents and approvals in a timely manner, or at all. Delays or difficulties in obtaining relevant approvals, or obtaining conditional or limited approvals, may interfere with mining operations of Aeris, which could materially impact the business, financial position and performance of Aeris.

Operational risk

The Company is a producer of copper, zinc and gold which is sold under commercial contracts. The Company's immediate plans and objectives are dependent upon a continuation of such production generating operating surpluses to assist the Company in funding its planned expenditure programs. Whether it can do so will depend largely upon an efficient and successful, operation and exploitation of the resources and associated business activities and management of commercial factors.

Operation and exploitation may from time to time be hampered by unforeseen operating risks, as would any other industry. For example, force majeure events, power outages, critical equipment or pipe failures, and environmental hazards such as noise, odours, hazardous substances spills, other weather events, industrial accidents and other accidents, unforeseen cost changes and other incidents beyond the control of Aeris can negatively impact on its activities, thereby affecting its financial position and performance and ultimately, the value of its securities.

Continuity of operations also depends on the discovery and delineation of economically recoverable mineral resources, establishment of efficient exploration operations, obtaining necessary titles and access to projects, as well as government and other regulatory approvals.

The exploration and mining activities of Aeris may be affected by a number of factors, including but not limited to geological conditions; seasonal weather patterns; equipment difficulties and failures, technical difficulties and failures; continued availability of the necessary technical equipment, plant and appropriately skilled and experienced technicians; improper, defective and negligent use of technical plant and equipment; improper, defective and negligent conduct by employees, consultants and contractors; adverse changes in government policy or legislation; and access to the required level of funding.

Health and safety risk

As with all mining projects, there are health and safety risks associated with the Aeris' operations in Australia. While Aeris regularly and actively reviews its workplace health and safety systems and monitors its compliance with workplace health and safety regulations, no assurance can be made that Aeris has been or will be at all times in full compliance with all applicable laws and regulations, or that workplace accidents will not occur in the future. As the operator of plant and equipment, the Company has specific legislative obligations to ensure that its personnel and contractors operate in a safe working environment a failure to comply with such obligations or workplace health and safety laws and regulations generally could result in civil claims, criminal prosecutions, or statutory penalties against Aeris which may adversely affect Aeris' business, financial position and performance.

Availability of suitably qualified personnel

The Company's ability to deliver on its operating, development and exploration are premised on the availability, recruitment and retention of suitably qualified and skilled personnel. The ability to attract and retain the personnel necessary to deliver on the Company's plan is influenced by many factors, which can vary from time to time.

Whilst the Company enters into employment agreements with its employees, the retention of their services cannot be guaranteed. The loss of suitably qualified personnel could significantly affect the performance of Aeris' operations and materially impact its business, financial position and performance.

Insurance risk

Aeris maintains insurance within ranges of coverage it believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to continue to obtain such insurance coverage, or that such coverage will be at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims. Further, Aeris may elect to not purchase insurance for certain risks due to various factors (such as cost, likelihood of risks eventuating and industry practice). The lack of, or insufficiency of, insurance coverage could adversely affect Aeris' business financial position and performance.

Production and cost estimates

Aeris prepares estimates of future production, cash costs and capital costs of production for its operations. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on the Group's future cash flows, profitability, results of operations and financial condition, including solvency.

The consolidated actual production and costs may vary from estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the Ore Reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; revisions to mine plans; risks and hazards associated with mining; natural phenomena such as inclement weather conditions, water availability and floods; and unexpected labour shortages or strikes. Costs of production may also be affected by a variety of factors including: changing waste-to-ore ratios, ore grade metallurgy, labour costs, cost of commodities, general inflationary pressures and currency exchange rates.

Financial solvency risk

Aeris seeks to maintain an adequate cash balance ($19.533 million 30 June 2023) to provide sufficient liquidity to operate, given the business has a substantial working capital requirement owing to the pattern of commodity sales and variability of commodity prices. Maintaining sufficient liquidity to operate the business is impacted by the operational and financial risk factors identified in this section under "Material Business Risks. The production of multiple commodities (copper, zinc, gold, and silver) and asset diversification provides Aeris with reduced risk exposure given the spread and separation of risks, however these cannot guarantee events or circumstances won't arise that may cause financial solvency risk to increase. Liquidity and solvency will also be dependent on the business operations performing as forecast in FY24 and beyond.

Subsequent to year end the Company entered into a $50 million, 2 year debt facility (WHSP Facility) with its major shareholder, Washington H. Soul Pattinson (WHSP), to assist in providing working capital liquidity for its FY2024 plans. $40 million of the available facility has been drawn.

The Board and management monitors solvency at all times and aims to manage the business with an acceptable level of working capital to mitigate solvency risk. Failure to maintain liquidity could lead to a material adverse effect in the ability to continue to operate. There is a risk that there will be insufficient liquidity for the business given that only $10 million of the WHSP Facility remains undrawn and assuming other sources of capital may not be available at a particular time.

International conflicts risk

Aeris is exposed to the impact of international conflicts. The outbreak of military conflict between Russia and Ukraine had a material effect and continues to impact on the global economy. These hostilities created uncertainty for capital markets around the world, and this uncertainty may lead to adverse consequences for the Company's business operations. Measures taken by governments around the world to end the Ukrainian conflict (such as imposing tariffs on Russian exports and other economic sanctions) may cause disruptions to the Company's supply chains and adversely impact commodity prices. Such events may affect the financial performance of Aeris. Further, there is no certainty that similar conflicts which impact global markets will not arise in the future.

Environmental risks

The Company's projects are subject to laws and regulations in relation to environmental matters. As a result, there is the risk that the Company may incur liability under these laws and regulations.

Aeris could be subject to claims due to environmental damage arising out of current or former activities at sites that Aeris owns or operates, including new projects. This could subject Aeris to potential liability and have a material adverse effect on Aeris' financial and operational performance.

The Company seeks to comply with applicable laws and regulations and conduct its activities in a responsible manner with regard to the environment.

Climate change

Aeris acknowledges the potential for climate change to impact its business and is committed to understanding and proactively managing the impact of climate related risks to our business and our environment. The risks considered most likely to impact the business and our environment include the following: reduced water availability, increased extreme weather events, changes to legislation and regulation, reputation risk, as well as market changes and shareholder activism.

Risk Management

Aeris manages the risks listed above, and other day-to-day risks through an established management framework which conforms to Australian and international standards and guidance. The Group's risk reporting and control mechanisms are designed to ensure strategic, operational, legal, financial, reputational and other risks are identified, assessed and appropriately managed. These are reviewed by the Audit and Risk Committee, supported by Management review.

The financial reporting and control mechanisms are reviewed by management, the Audit and Risk Committee and the external auditors. Aeris have policies and supporting standards to manage operational and enterprise risks including Health, Safety, Environment, Cultural Heritage, Human Rights, Social Responsibility, Strategic Planning, Communication, and Equal Employment Opportunity.

The Board, the Audit and Risk Committee, the Executive Leadership Team, and Site Leadership Teams, regularly review the risk portfolio of the business and the effectiveness of the Company's management of those risks.

LIKELY DEVELOPMENTS

The Operating and Financial Review sets out information on the Group's business strategies and likely developments. Other than the information set out in the Operating and Financial Review, further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

DIVIDEND

The Directors have not recommended payment of a dividend for the year to 30 June 2023. No dividend was paid during the current year.

ENVIRONMENTAL REGULATIONS

The Group's operations are subject to various Commonwealth and State environmental regulations governing the protection of the environment in areas ranging from air and water quality, waste emissions and disposal, environmental impact assessments, mine rehabilitation and access to, and use of ground water and/or surface water. In particular, some operations are required to conduct certain activities under the environmental protection legislation with development consents of the jurisdiction in which they operate. The Directors are not aware of any material breaches of the Company's licences and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

PERFORMANCE RIGHTS

A revised LTI plan was approved by shareholders at the AGM held on 23 November 2022 and is substantially the same as that approved by Shareholders and adopted on 26 November 2020. 16,510,228 performance rights remain on issue relating to that issued to employees of the Aeris Group under this plan and issued during the financial years ending 30 June 2023, 30 June 2022 and 30 June 2021.

SHARES UNDER OPTION

There were no shares issued under option nor any shares under option cancelled during the period ending 30 June 2023.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No shares were issued on the exercise of options.

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNITY

The Constitution of the Company provides that the Company may indemnify each Officer (including Secretaries) and Director against any liability, loss, damage, cost or expense incurred by the Officer or Director in or arising out of the conduct of any activity of the Company.

In accordance with the Company's Constitution, the Company has entered into Deeds of Indemnity, Access and Insurance with each of the Directors and Officers of the Company.

The Company has paid a premium and other charges for a Directors and Officers Liability insurance policy for the benefit of the Directors and Officers of the consolidated entity and its subsidiaries. The policy prohibits the disclosure of the nature of the liabilities insured and the amount of premium paid.

LOANS TO DIRECTORS

No loans have been provided by the Company to Directors.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001 during the year ended 30 June 2023 or at the date of this report.

INDEMNITY OF AUDITORS

Aeris Resources Limited has agreed to indemnify their auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from Aeris' breach of their agreement. The indemnity stipulates that Aeris Resources Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's experience and expertise with the Company and/or consolidated entity are important.

Details of the amounts paid or payable to the external auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the financial year are set out in Note 25 to the accounts.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The Directors are satisfied the provision of non-audit services by the auditor, as set out in Note 26 to the accounts, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 28.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The Company is of a kind referred to in Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the rounding off amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with the Legislative Instrument.

Letter from the Remuneration Committee Chairman

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the financial year ended 30 June 2023. The financial year commenced with the completion of Round Oak Minerals (ROM) acquisition, increasing the Company's portfolio to 4 operating assets and one development project as well as increasing our overall workforce numbers. Integration of the new team members coming into Aeris was successfully executed as well as technology systems and policies and processes.

A strong labour market combined with inflationary pressures continued to provide challenges across the Group and it was pleasing to see how hard our teams worked to stay ahead of the curve. We have also worked hard with our attraction and retention strategies and saw the benefits as the financial year progressed with a material reduction in our annual employee voluntary turnover rates.

We continue to value creating and providing an inclusive workplace where diversity is embraced and celebrated. Female representation increased to 16.7% and 9.7% of our workforce identify as Aboriginal or Torres Strait Islander. We understand the importance of having policies in place to support our employees that also promote diversity and inclusion. This saw Aeris introducing paid primary parental leave of 12 weeks, irrespective of gender, as well as a leave policy that provides access to career breaks, purchase leave, recognition of cultural days and gender affirmation leave.

Engagement with our workforce remains an important element to attract and retain the right people in our organisation and even more so in FY23, with so many new team members joining us from the Round Oak acquisition. One of the key tools in engaging with the whole workforce is conducting our annual People Survey. Pleasingly, with our expanded workforce, we had a 77% participation rate, up from 63% in the prior year. Feedback was both constructive and honest and helps our leaders understand what we are doing well, and where we can improve.

The second half of the year was a challenging period for the Company, driven by operational challenges, particularly at the Tritton and Jaguar operations. Subsequent to the year end, the Company announced that it was placing the Jaguar operation into care and maintenance due to forecast operating losses for FY2024. This has been executed in a planned and considered manner, taking into account not only the operational requirements, but also ensuring the Jaguar workforce were treated with respect and supported through the transition.

Our Remuneration Framework is designed to attract and retain quality people, set them targets and goals and then incentivise them through the remuneration package to align their performance with Company's goals over timeframes relevant to each individual's role in the organisation. We have a high-quality Executive Team who have been responsible for driving positive performance and growth in the business over an extended period of time. Whilst much was achieved last financial year by this team, overall the organisation underperformed against expectations. As a result, following discussions between the Board and the Executive Team, it was agreed that the Executive Team will not receive any short-term incentive payments relating to FY2023 and they will not be eligible for consideration in the salary review process for the coming year. The performance objectives relating to the FY2021 Long Term Incentives plan were largely achieved at the end of performance period at 30 June 2023. The Board has approved the rights to be partially awarded as per the rules of the plan and issuance of the vesting notices.

A key driver to the future success of Aeris is the quality of our team. We will continue to ensure that we are well placed to meet the challenges of the labour market and attract the best quality people to our team and create an environment where they can perform and achieve the Company goals and objectives.

In line with continuing to improve our processes across the Company we have made the decision that from FY2024, the "Remuneration" and "Nomination" Committees of the Aeris Board, will be combined into a single "Remuneration and Nomination" Committee. I am honoured to continue in the role of Chairman and will be joined in the Committee by my fellow Non-executive Director, Michele Muscillo.

Mr Colin Moorhead
Independent Non-executive Director
Chair of Remuneration Committee

The Directors are pleased to present your Company's 2023 Remuneration Report which sets out remuneration information for Aeris Resources Limited's Non-executive Directors, Executive Directors and other Key Management Personnel ("KMP").

Persons addressed and scope of the remuneration report

KMP are the Non-executive Directors, Executive Directors and senior executive employees who have authority and responsibility for planning, directing and controlling the activities of the Company. KMP of the Company during the year ended 30 June 2023 and any changes that occurred during the year are set out below:

Name	Position
Non-executive Directors	
Mr Michele Muscillo	Non-executive Director Chair of Audit and Risk Committee
Mr Colin Moorhead	Non-executive Director Chair of Remuneration and Nomination Committee
Ms Sylvia Wiggins	Non-executive Director Chair of Sustainability Committee
Mr Robert Millner	Non-executive Director (appointed 1 July 2022)
Executive Director	
Mr Andre Labuschagne	Executive Chairman
Other KMP	
Mr Robert Brainsbury	Chief Financial Officer and Joint Company Secretary
Mr Ian Sheppard	Chief Operating Officer
Ms Kim Franks	Chief People Officer

Remuneration governance

The following outlines the aspects of remuneration governance relevant to KMP Remuneration.

Remuneration principles

In establishing a reward framework that ensures executive rewards reflect achievement, with the aim of delivering long-term shareholder value, the Board ensures that the Company's remuneration policy:

- Recognises the calibre and skills of executives and ensures they are rewarded for superior performance;
- Creates a strong link between performance and reward over the short and long term;
- Maintains fair, consistent and equitable remuneration practices in alignment with the Company's values and vision, whilst remaining competitive with the market to attract the best potential candidates;
- Retains executives through the cyclical nature of commodity prices and different development stages of assets; and
- Allows flexibility in remuneration structure to adjust to changing economic conditions to ensure that executive remuneration is linked to the creation of shareholder value.

Transparency and Engagement

To remain transparent and consistent with industry standards whilst maintaining fair and equitable remuneration practices, the Company seeks guidance in the governance of remuneration strategy from a variety of sources, including:

- Shareholders;
- External remuneration consultants; and
- Internal management.

Remuneration Committee

A formal Remuneration Committee was established by the Board in June 2022. The key responsibilities of the committee are to ensure the structures set up for the remuneration of Executive KMPs is aligned with the long-term interests of the Company and Shareholders. Whilst the Board maintains the overall responsibility and approval for the Executive KMP remuneration, it delegates the oversight to the Remuneration Committee to regularly review, report and recommend any amendments to remuneration policy to the Board.

KMP remuneration at a glance

Executive remuneration framework overview

Total Fixed Remuneration (TFR)

- A regular base reward to attract and retain talented executive KMP
- Includes (where applicable) base salary, superannuation, and other benefits such as coverage for death and total & permanent incapacity and salary continuance insurance.

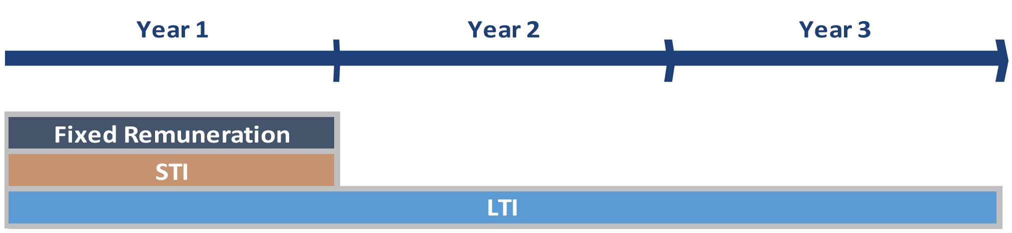
Short Term Incentives (STI)

- At-risk component of Total Remuneration Package that incentivises superior executive performance in areas of specific challenge to drive successful execution of business plans and achievement of strategic aims directly aligned with enhanced shareholder value.
- Annual cash reward paid after the end of the financial year dependent on the extent that key performance measures are achieved, which are set by the Board each year.

Long Term Incentives (LTI)

- At-risk component of Total Remuneration Package that aims to align the remuneration of employees with drivers of sustainable, long-term Company growth and shareholder value creation. It also promotes the retention of key talent.
- The annual grant of Performance Rights vest after 3 years, dependent on the extent that key performance measures are achieved, and the executive remaining employed by the Company. Key performance measures include share price growth, copper and gold reserves and total shareholder return.

Executive KMP remuneration is earned over multiple periods, as illustrated below:



For FY2023 the proportions of remuneration for Executive KMP that are fixed and those that are linked to performance are as follows:

KMP	TFR	STI*	LTI	Total
Executive Chairman	64%	0%	36%	100%
Chief Financial Officer	64%	0%	36%	100%
Chief Operating Officer	64%	0%	36%	100%
Chief People Officer	68%	0%	32%	100%

* STI were not awarded for FY2023 by the Board

Remuneration Framework

Executive remuneration

Total Fixed Remuneration

Fixed remuneration provides a regular base reward to attract and retain talented executive KMP and reflects the job size, role, responsibilities and professional competence of each executive according to their knowledge, experience and accountabilities. An Executive KMP's fixed remuneration could include any or all of the following:

- Base salary;
- Superannuation;
- Coverage for death and total & permanent (TPD) incapacity; and
- Salary continuance insurance.

Fixed remuneration is reviewed annually, and any adjustments are approved by the Board after recommendation by the Remuneration Committee. External remuneration data is obtained prior to recommendations being made to ensure that fixed remuneration is in line with general industry and community standards.

Variable Remuneration

The Company's remuneration philosophy recognises the importance of 'at-risk' or variable pay as an integral component of total potential reward, so the Remuneration Committee has established distinct STI and LTI Plans to strongly link executive remuneration to individual and Company performance and to the creation of value for shareholders.

Short Term Incentives (STI)

The remuneration report includes comparative disclosures for FY2022. The Board reviews and assesses the achievement of applicable performance targets, business performance and individual performance to determine the award of a STI payment at the end of the financial year.

Current STI plan

Purpose	To incentivise eligible employee performance in areas of specific challenge by ensuring targets are competitive to drive successful execution of business plans and achievement of strategic aims directly aligned with enhanced shareholder value.
Performance measures	The Remuneration Committee oversees the identification of appropriate performance measures, setting of goals and endorsement of specific targets for each executive KMP and ensures that these elements clearly reflect the factors deemed critical to the Company's strategic and business plans for the relevant year.
Opportunity	The maximum STI opportunity for executive KMP is equivalent to 50% of their base (excluding superannuation) remuneration. The maximum STI opportunity for other eligible employees is between 10% and 40%.
Delivery	Awards for performance under the STI Plan are determined and paid only after the end of the financial year (generally in the first quarter after the end of the reporting period), once the relevant actual performance results are finalised. The Remuneration Committee retains the discretion to adjust STI awards in exceptional circumstances, including determining that no award will be paid.
Gateway	The Company will determine a 'gateway' that must be achieved for an STI payment to be awarded in the relevant period and will consider the overall Company and site profit position, capacity to pay and other relevant factors.
Configuration for FY2023	For FY2023 the following list outlines examples of what were used to determine STI outcomes: • Stakeholder Management • Life of Mine extensions • Innovation • Growth • Balance sheet optimisation • Individual performance

Long Term Incentives (LTI)

Current LTI Plan – Performance Rights

The Company's LTI Plan (Plan) was introduced in FY2021 for issuance of performance rights and the same plan was used for issuance of performance rights in FY2022. A revised LTI plan was proposed for issuance of performance rights in FY2023 with changes to Tranches 3 and 4, both non-market performance measures, with no change in vesting scales. The plan was approved by shareholders at the AGM held on 23 November 2022.

The performance measures for the performance rights issued relating to FY2021 and FY2022, had an equal distribution between the four tranches i.e Relative Total Shareholder Return, Share price, Copper reserves estimate and Gold reserves estimate.

Purpose

To align the remuneration of eligible employees with the drivers of sustainable, long-term Company growth and shareholder value creation. The incentive plan is designed to attract, motivate and retain high performing employees.

Opportunity

The maximum LTI opportunity for executive KMP is equivalent to 75% of their Base Salary. The maximum LTI for other eligible employees is between 30% and 50%.

Timing and Delivery

Grants are made annually following the end of the financial year and are delivered in the form of Performance Rights.

Allocation

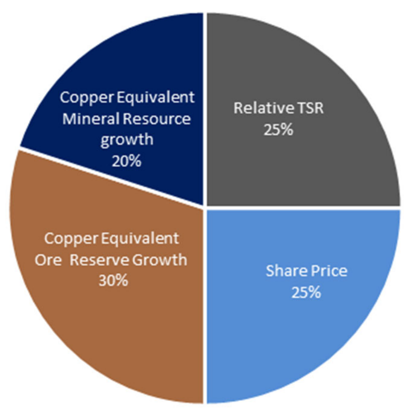
The grant is determined using a Volume Weighted Average Price (VWAP) calculated over 5 business days ending on the date prior to the commencement of the financial year.

Measurement period

The performance measures are tested on a cumulative basis over a period of 3 years.

Performance measures

The performance measures are illustrated below for FY2023 plan:



Vesting Scales

Tranche 1 (25%) - Relative Total Shareholder Return (TSR):

The type of relative TSR used is ranked TSR, which is a method of calculating the return shareholders would earn if they held a notional number of shares over a period of time, measured against a relevant peer group based on an agreed VWAP at the relative measure points. This aligns eligible employee's rewards to superior returns on shareholder value. The number of Performance Rights allocated to TSR that will vest is determined in accordance with the below vesting scale:

TSR ranking against comparator group	Level of vesting
Equal to or above 75th percentile	100%
Above the 50th percentile and below the 75th percentile	Pro-rata vesting on a straight line basis between 50% and 100%
At the 50th percentile	50%
Less than the 50th percentile	Nil

The relevant peer group for FY2023 includes Aurelia Metals Limited, Red River Resources Limited, 29 Metals Limited, AIC Mines and New Century Resources. The Board reviews the relevant peer group annually and makes amendments as it deems appropriate.

Tranche 2 (25%) - Share price:

The number of Performance Rights allocated to Share Price Increase that will vest is determined in accordance with the below vesting scale:

Share price increase	Level of vesting
Greater than 50%	100%
Between 30% and 50%	Pro-rata vesting between 75% and 100%
Between 10% and 30%	Pro-rata vesting between 50% and 75%
Less than 10%	Nil

The share price is a key market indicator of the success of Aeris and hence linked to performance rights.

Tranche 3 (30%) - Increase in Ore Reserve Estimate:

The number of Performance Rights allocated to Copper Equivalent Ore Reserve Growth that will vest is determined in accordance with the below vesting scale:

Copper Equivalent ore reserve growth	Level of vesting
Depletion replacement plus greater than 10% increase or greater	100%
Between depletion replaced & up to and including 10% increase	Pro-rata vesting on a straight-line basis between 50% and 100%
Depletion replaced	50%
Negative growth	Nil

Replenishment and growing copper equivalent ore reserves are critical to business strategy and managing ore reserve levels are part of the Company's risk management and shareholder value creation strategies. Copper equivalent ore reserve growth is therefore aligned to the long term performance incentive plan.

Tranche 4 (20%) - Growth of Mineral Resource Estimate:

The number of Performance Rights allocated to Copper Equivalent Mineral Resources Growth that will vest is determined in accordance with the below vesting scale:

Copper Equivalent Mineral Resource growth	Level of vesting
Depletion replacement plus greater than 10% increase or greater	100%
Between depletion replaced & up to and including 10% increase	Pro-rata vesting on a straight-line basis between 50% and 100%
Depletion replaced	50%
Negative growth	Nil

Replenishment and growing copper equivalent mineral resources are critical to business strategy and managing mineral resource levels are part of the Company's risk management and shareholder value creation strategies. Copper equivalent mineral resource growth is therefore aligned to the long term performance incentive plan.

Vesting

If at the completion of the 3-year performance period the required vesting conditions are met, the Performance Rights will usually vest in the quarter following the end of the financial year. Once Performance Rights have vested, they will automatically be exercised and 'convert' to shares at which time they will have no restrictions and will not expire. Shares will be delivered at no cost to participants.

Treatment on termination

Leaving the Company before the completion of the performance period will result in the participant forfeiting the Performance Rights, subject to the Plan rules.

Dividends

The Award carries no voting or dividend entitlements prior to vesting.

No Hedging on LTI Grants

The Company does not permit employees to enter into contracts to hedge their exposure to Performance Rights granted as part of their remuneration package.

Non-executive Director remuneration

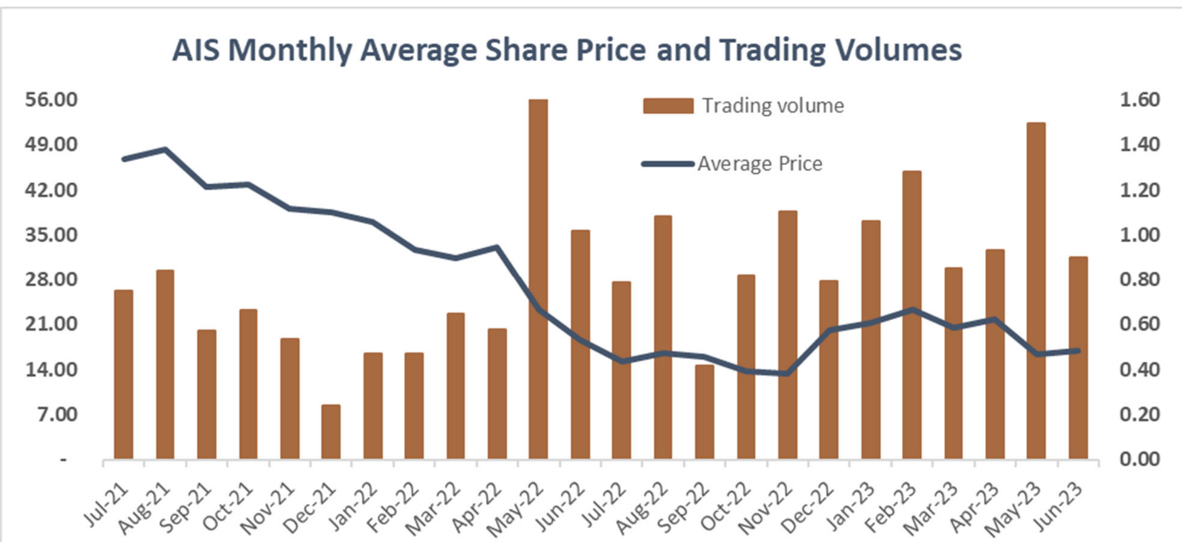
Fees and payments to Directors and Non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Board reviews Non-executive Directors' fees and payments annually. The Executive Chairman is not present at any discussions relating to determination of his own remuneration.

Non-executive Directors are not eligible to participate in the Company's incentive plans. For the financial year 2023, the Non-executive Director fee was $100,000, inclusive of statutory superannuation. The Non-executive Directors' fee has been benchmarked against its peers and considered in line with its peer group, however, from 1 July 2022 an additional fee of $20,000 was paid to the Chairs of any of the Board Committees. Non-executive Directors' fees are determined within an aggregate Non-executive Directors' fee pool limit, which is currently $700,000 per annum.

Company's performance and remuneration outcomes

Aeris Resources' remuneration framework aims to create a strong link between Company performance and executive reward in the short, medium and long term. The following table and graph present a summary of Aeris Resources' business performance as measure by a range of financial indicators:

Year ended 30 June	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
Sales revenue	612,490	386,587	431,290	227,313	232,228
EBITDA	32,014	86,331	159,071	5,891	31,573
Profit/(loss) after income tax	(139,754)	6,010	61,240	(38,351)	(12,673)
Cash from operating activities	59,731	93,000	169,650	30,238	35,626
Closing Share Price (cents)	48.0	95.7	47.1	94.3	201.4



(Average price and trading volumes are presented post share consolidation (7:1), processed in July 2022. Data prior to July 2022 has been adjusted for share consolidation.)

Employment agreements

The major provisions of the contracts of the Directors and KMP are set out below.

Non-executive Directors

Non-executive Directors are retained by way of a Letter of Appointment. The Letter of Appointment does not contemplate a fixed term for directors' appointments. Non-executive Directors are not eligible for termination payments.

Executive Directors

Remuneration and other terms of employment of the Executive Director and other KMP are formalised in common law employment contracts in the form of a letter of appointment.

In determining remuneration for KMP, the Company takes into account the responsibilities of the role and relevant industry data for attracting persons of the calibre and experience of the person in question. Fixed pay is reviewed annually, with such review taking into account a range of factors including performance and experience of the individual and Company performance. The Executive Director is eligible to participate in the Company STI and LTI plans.

Incumbent & Position	TFR*	Contract Duration	Notice Period	Termination Provisions
Andre Labuschagne, Executive Chairman	Fixed[1] $816,595 Other[2] $13,932	No fixed term	3 months	Additional 9 months payment of annual base salary
Robert Brainsbury, Chief Financial Officer and Co-Company Secretary	Fixed[1] $525,980 Other[2] $15,044	No fixed term	3 months	Additional 6 months payment of annual base salary
Ian Sheppard, Chief Operating Officer	Fixed[1] $585,650 Other[2] $22,421	No fixed term	3 months	Additional 6 months payment of annual base salary
Kim Franks, Chief People Officer	Fixed[1] $442,000 Other[2] $2,835	No fixed term	3 months	Additional 6 months payment of annual base salary

*TFR as set for the financial year 30 June 2023
1. Fixed includes the base salary and superannuation at 10.5% up to the concessional cap of $27,500.
2. Other relates to death, TPD and salary continuance insurance paid by the Company on behalf of the KMP. At the option of the employee this benefit is able to be reimbursed via an insurance allowance.

Details of remuneration

Details of the remuneration of the KMP of the Group are set out in the following tables.

KMP Remuneration for the year ended 30 June 2023

	Short-term benefits			Post-employment benefits		Long-term benefits	Share based payments[2]	
	Salary & fees	Short-term incentive	Other	Superannuation	Sub-total	Long service leave	Equity settled	TOTAL
	(A)	(B)	(C)	(D)		(E)	(F)	
DIRECTORS	$	$	$	$	$	$	$	$
Non-executive								
Michele Muscillo	120,000	-	-	-	120,000	-	-	**120,000**
Colin Moorhead	120,000	-	-	-	120,000	-	-	**120,000**
Sylvia Wiggins	120,000	-	-	-	120,000	-	-	**120,000**
Robert Millner[1]	100,000	-	-	-	100,000	-	-	**100,000**
	460,000	**-**	**-**	**-**	**460,000**	**-**	**-**	**460,000**
Executive								
Andre Labuschagne	739,000	-	98,607	27,500	865,108	21,437	501,862	**1,388,406**
OTHER KMP								
Robert Brainsbury	476,000	-	47,470	27,500	550,971	13,992	322,827	887,789
Ian Sheppard	530,000	-	70,516	27,500	628,017	15,647	358,937	1,002,601
Kim Franks	400,000	-	57,220	27,500	484,721	8,936	230,588	724,245
	1,406,000	**-**	**175,207**	**82,500**	**1,663,708**	**38,574**	**912,353**	**2,614,635**
	2,605,000	**-**	**273,813**	**110,000**	**2,988,817**	**60,012**	**1,414,214**	**4,463,041**

Notes to table:
1. Appointed 1st July 2022, Mr Robert Millner is nominated by a shareholder and he has elected to have his Director's fees paid to the nominating shareholder.
2. Share based payment expense for the year includes expense recognised for performance plans issued in FY2021, FY2022 and FY2023.

A. Includes cash salary and Directors' fees.
B. Short-term incentives reflect incentives accrued in relation to the 30 June 2023 financial year.
C. Other includes death, TPD and salary continuance insurance, superannuation cash allowance not able to be paid into superannuation due to exceeding superannuation cap and movement in

annual leave provision. At the option of the employee, the insurance benefit is able to be reimbursed via an insurance allowance.
D. Superannuation paid to meet the superannuation guarantee contribution.
E. Movement in long service entitlement provision for the financial year.
F. Share based payments comprise the grant date fair value of options and performance rights expensed during the year.

No short-term incentive cash bonuses were awarded by the Board to KMP for FY2023 as the Board did not consider the gateway was achieved for the short-term incentives as a result of the Company's performance in FY2023.

KMP Remuneration for the year ended 30 June 2022

	Short-term benefits			Post-employment benefits		Long-term benefits	Share based payments	
	Salary & fees	Short-term incentive	Other	Superannuation	Sub-total	Long service leave	Equity settled	TOTAL
	(A)	(B)	(C)	(D)		(E)	(F)	
DIRECTORS	$	$	$	$	$	$	$	$
Non-executive								
Michele Muscillo	100,000	-	-	-	100,000	-	-	**100,000**
Colin Moorhead	100,000	-	-	-	100,000	-	-	**100,000**
Sylvia Wiggins[1]	70,430	-	-	-	70,430	-	-	**70,430**
Alastair Morrison[2]	40,182	-	-	-	40,182	-	-	**40,182**
	310,612	**-**	**-**	**-**	**310,612**	**-**	**-**	**310,612**
Executive								
Andre Labuschagne	714,000	236,480	61,523	27,500	1,063,152	8,702	195,075	**1,266,929**
OTHER KMP								
Robert Brainsbury	459,000	152,320	61,309	27,500	700,129	7,258	125,406	**832,793**
Ian Sheppard	510,000	169,600	79,204	27,500	786,304	7,634	139,340	**933,278**
Kim Franks	385,000	128,000	62,529	27,500	603,030	7,532	69,211	**679,773**
	1,354,000	**449,920**	**203,042**	**82,501**	**2,089,463**	**22,424**	**333,956**	**2,445,843**
	2,378,612	**686,400**	**288,213**	**110,002**	**3,463,227**	**31,126**	**529,032**	**4,023,385**

Notes to table:
1. Appointed 18 October 2021.
2. Resigned 25 November 2021.

(A) Includes cash salary and Directors' fees.
(B) Short-term incentives reflect incentives accrued in relation to the 30 June 2022 financial year.
(C) Other includes death, TPD and salary continuance insurance, superannuation cash allowance not able to be paid into superannuation due to exceeding superannuation cap and movement in annual leave provision. At the option of the employee, the insurance benefit is able to be reimbursed via an insurance allowance.
(D) Superannuation paid to meet the superannuation guarantee contribution.
(E) Movement in long service entitlement provision for the financial year.
(F) Share based payments comprise the grant date fair value of options and performance rights expensed during the year.

Share-based compensation

Details of Rights over ordinary shares in the Company as at 30 June 2023, provided as remuneration to each executive KMP of Aeris Resources Limited are set out below. Upon satisfaction of relevant conditions each Right will automatically vest and convert into one ordinary share.

Rights

See Variable Remuneration – Current LTI Plan for the terms governing the grants of Rights outlined below for each year. The minimum value of the Rights yet to vest is nil, as the Rights will lapse if the vesting conditions are not met. The maximum value in future periods has been determined as the amount of the grant date fair value of the Right listed in the table below which are all yet to vest.

Rights	Granted			Number of rights issued to*			
Long Term Incentives	Grant Date	Fair Value at Grant Date	Test Date	Andre Labuschagne	Robert Brainsbury	Ian Sheppard	Kim Franks
TSR ranking against comparator group (25%)	2 Dec 2022	$ 0.54	30 Jun 2025	288,236	185,657	206,719	156,015
Share price increase (25%)	2 Dec 2022	$ 0.49	30 Jun 2025	288,236	185,657	206,719	156,015
Copper Equivalent Ore Reserve Growth (30%)	2 Dec 2022	$ 0.63	30 Jun 2025	345,884	222,786	248,063	187,216
Copper Equivalent Mineral Resources Growth (20%)	2 Dec 2022	$ 0.63	30 Jun 2025	230,590	148,527	165,376	124,811
TSR ranking against comparator group (25%)	25 Nov 2021	$ 0.83	30 Jun 2024	99,609	64,035	71,149	53,711
Share price increase (25%)	25 Nov 2021	$ 0.81	30 Jun 2024	99,609	64,035	71,149	53,711
Gold ore reserve growth (25%)	25 Nov 2021	$1.14	30 Jun 2024	99,609	64,035	71,149	53,711
Copper ore reserve growth (25%)	25 Nov 2021	$ 1.14	30 Jun 2024	99,609	64,035	71,149	53,711
TSR ranking against comparator group[1] (25%)	26 Nov 2020	$ 0.45[2]	30 Jun 2023	255,101	163,993	182,215	62,558
Share price increase[1] (25%)	26 Nov 2020	$0.36[2]	30 Jun 2023	255,101	163,993	182,215	62,558
Gold ore reserve growth[1] (25%)	26 Nov 2020	$0.49	30 Jun 2023	255,101	163,993	182,215	62,558
Copper ore reserve growth[1] (25%)	26 Nov 2020	$ 0.49	30 Jun 2023	255,101	163,993	182,215	62,558
				2,571,786	**1,654,739**	**1,840,333**	**1,089,133**
Value of the rights granted during FY 2023				**$381,338**	**$245,359**	**$272,875,**	**$172,321**

* Number of rights issued on 26 Nov 2020 and 25 Nov 2021 are updated for share consolidation completed to the ratio of seven fully paid ordinary shares to one fully paid ordinary shares on 8th July 2022.

Note 1: Performance period for rights issued in FY2021 ended on 30 June 2023. The performance of TSR component 1 and 2 of these rights was tested at the end of the performance period by an independent expert. The independent expert's assessment indicates the condition for tranche 1 was met with over 75% of the set targets achieved and the condition for tranche 2 was not met. Management has tested conditions for tranches 3 and 4 and concluded the conditions are met with over 75% of the set targets achieved. The vesting of performance rights is subject to the Board's issuance of vesting notices to each recipient.

Note 2: Management engaged an independent expert to value the FY23 LTI Plan and review the valuation performed in relation to the FY21 LTI Plan. The results of the expert's valuations resulted in identifying a prior year adjustment in the valuation of tranches 1 and 2 of the FY21 plan, therefore the fair value of the rights at grant date has been adjusted to reflect the updated valuation. There is no material impact of this change on KMP remuneration or the financial statements for the year ended 30 June 2023 or 30 June 2022.

The table below shows the performance outcome of each tranche and its vesting level as per the performance rights conditions:

		Performance outcome for rights issued in FY2021				
Tranche as per the performance rights plan	**Weighting**	**Less than 50%**	**At 50%**	**Between 50% and 75%**	**75% or above**	**Vesting at Approval***
TSR ranking against comparator group	25%				●	**100%**
Share price increase	25%	●				**0%**
Gold ore reserve growth	25%				●	**100%**
Copper ore reserve growth	25%				●	**100%**

* The vesting of performance rights is subject to the Board's approval and issuance of vesting notices to the recipients.

Shares held by KMP

The tables below show the equity instruments, post share consolidation on 8th July 2022, in Aeris Resources Limited that were held during the financial year by KMP of the Group, including their close family members and entities related to them:

Executive KMP

Name	Opening balance 1 July 2022	Issued and Acquired	Vested and Exercised	Disposed/ Forfeited/ Other	Balance 30 June 2023
Andre Labuschagne	5,357,749	-	-	-	5,357,749
Robert Brainsbury	3,264,792	-	-	-	3,264,792
Ian Sheppard	1,731,162	-	-	(230,000)	1,501,162
Kim Franks	12,286	-	-	-	12,286

Non-executive Directors

Name	Opening balance 1 July 2022	Issued and Acquired	Vested and Exercised	Disposed/ Forfeited/ Other	Balance 30 June 2023
Michele Muscillo	3,106	-	-	-	3,106
Colin Moorhead	71,429	-	-	-	71,429
Sylvia Wiggins	-	-	-	-	-
Robert Millner[1]	714,286				714,286

1. Appointed 1st July 2022

Other matters

Board's Discretion

- A Vesting Condition for an Award may, subject to any applicable laws and regulations and the Listing Rules, be waived by the Board by written notice to the relevant Participant and on such terms and conditions as determined by the Board and set out in that notice.

- Where an Award may be Cash Settled or Equity Settled (rather than just Equity Settled), the Board may determine the preferred settlement mechanic in its absolute discretion.

Loans given to Key Management Personnel

No loans have been provided by the Company to KMP.

Other transactions between the Company and Key Management Personnel or their related parties

Except for those transactions disclosed in note 28 to the financial statements, no other transactions have been entered into between the Company and KMP.

Aggregate amounts of each of the above types of other transactions between KMP and the Company are as below:

Description	30 June 2023 $	30 June 2022 $
Short-term employee benefits	2,878,817	3,353,225
Long-term employee benefits	60,012	31,126
Post-employment benefits	110,000	110,002
Share-based payments	1,414,214	529,032
	4,463,043	**4,023,385**

Mr Michele Muscillo, an independent Non-executive Director is a partner of HopgoodGanim. Annual billings for the year ended 30 June 2023 totalled $1,171,187 (2022: $1,532,185). The annual billings to the Company do not represent more than 1% of the Company's annual revenue or more than 5% of HG's total annual billings. The Board determined that the business relationship between the Company and HG does not interfere with Mr Muscillo's capacity to bring an independent judgment to bear on issues before the Board.

The following balances are amounts outstanding at the reporting date in relation to transactions with related parties:

Current payables:	30 June 2023 $	30 June 2022 $
Trade payables - HopgoodGanim Lawyers	36,065	155,101
Other payables - Key management personnel	100,000	-

Voting and comments made at the Company's 23 November 2022 Annual General Meeting ('AGM')

At the 23 November 2022 AGM, 98.97% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Use of remuneration consultants

During the year ended 30 June 2023 no consultants were engagement in the structure or management of employee remuneration.

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.

Andre Labuschagne
Executive Chairman
Brisbane
30 August 2023

Auditor's Independence Declaration

As lead auditor for the audit of Aeris Resources Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aeris Resources Limited and the entities it controlled during the period.

Marcus Goddard
Partner
PricewaterhouseCoopers

Brisbane
30 August 2023

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

General information

The consolidated financial statements cover Aeris Resources Limited as a consolidated entity, consisting of Aeris Resources Limited ('Aeris', 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year. Aeris Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'. The financial statements are presented in Australian dollars, which is Aeris Resources Limited's functional and presentation currency.

Aeris Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 6
120 Edward Street
Brisbane
QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2023. The directors have the power to amend and reissue the financial statements.

	Note	2023 $'000	2022 $'000
Revenue	2	612,490	386,587
Cost of goods sold	3	(705,464)	(353,435)
Gross profit		(92,974)	33,152
Administration	3	(25,639)	(13,834)
Net foreign exchange gains		1,969	418
Transaction expense	3	(11,580)	(1,951)
Other expenses	3	(1,319)	(1,439)
Impairment loss	3	(1,700)	(4,349)
Profit/(loss) before net finance costs		(131,243)	11,997
Net finance costs	3	(8,511)	(5,987)
Profit/(loss) before income tax expense		(139,754)	6,010
Income tax expense	4	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Aeris Resources Limited		(139,754)	6,010
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss, net of tax	20	417	2,132
Other comprehensive income for the year, net of tax		417	2,132
Total comprehensive income for the year attributable to the owners of Aeris Resources Limited		(139,337)	8,142
		Cents	**Cents**
Basic earnings/(loss) per share	36	(20.2)	1.8
Diluted earnings/(loss) per share	36	(20.2)	1.7

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Aeris Resources Limited
Consolidated statement of financial position
As at 30 June 2023

	Note	2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	5	19,533	138,050
Trade and other receivables	6	18,129	7,388
Inventories	7	63,458	29,248
Financial assets at fair value through profit or loss	8	729	2,104
Other current assets	9	3,828	1,989
Total current assets		105,677	178,779
Non-current assets			
Trade and other receivables	6	45	-
Property, plant and equipment	10	124,767	88,061
Mine properties	11	227,661	119,592
Exploration and evaluation	12	112,354	51,546
Deferred tax	4	-	179
Total non-current assets		464,827	259,378
Total assets		570,504	438,157
Liabilities			
Current liabilities			
Trade and other payables	13	120,807	56,709
Borrowings	14	39	41
Lease liabilities	15	10,253	6,173
Derivative financial instruments	16	-	596
Provisions	17	24,884	17,638
Other liabilities	18	5,400	4,975
Total current liabilities		161,383	86,132
Non-current liabilities			
Borrowings	14	281	317
Lease liabilities	15	14,238	9,301
Provisions	17	111,387	37,428
Other liabilities	18	16,846	17,041
Total non-current liabilities		142,752	64,087
Total liabilities		304,135	150,219
Net assets		266,369	287,938
Equity			
Issued capital	19	719,474	604,910
Reserves	20	(818)	(4,439)
Accumulated losses		(452,287)	(312,533)
Total equity		266,369	287,938

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2021	509,888	(7,481)	(318,543)	183,864
Profit after income tax expense for the year	-	-	6,010	6,010
Other comprehensive income for the year, net of tax	-	2,132	-	2,132
Total comprehensive income for the year	-	2,132	6,010	8,142
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 19)	95,022	-	-	95,022
Share-based payments (note 37)	-	910	-	910
Balance at 30 June 2022	604,910	(4,439)	(312,533)	287,938

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2022	604,910	(4,439)	(312,533)	287,938
Loss after income tax expense for the year	-	-	(139,754)	(139,754)
Other comprehensive income for the year, net of tax	-	417	-	417
Total comprehensive income for the year	-	417	(139,754)	(139,337)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 19)	114,564	-	-	114,564
Share-based payments (note 37)	-	3,204	-	3,204
Balance at 30 June 2023	719,474	(818)	(452,287)	266,369

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		590,245	393,184
Payments to suppliers and employees		(527,002)	(297,313)
Interest and other finance costs paid		(3,944)	(2,871)
Net cash from operating activities	35	59,299	93,000
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	30	(33,385)	-
Deferred consideration and stamp duty paid on Lion Mining Pty Ltd acquisition		-	(18,813)
Payments for investments		-	(433)
Payments for Net Value Royalty		(923)	-
Payments for property, plant and equipment and mine properties		(125,269)	(95,056)
Payments for exploration expenditure		(24,552)	(22,377)
Proceeds from disposal of investments		-	2,977
Proceeds from release of security deposits		-	20,776
Net cash used in investing activities		(184,129)	(112,926)
Cash flows from financing activities			
Proceeds from issue of shares - net of transaction costs	19	16,298	95,022
Repayment of borrowings	35	(38)	(27,611)
Repayment of lease liabilities	35	(9,731)	(6,510)
Net cash from financing activities		6,529	60,901
Net increase/(decrease) in cash and cash equivalents		(118,301)	40,975
Cash and cash equivalents at the beginning of the financial year		138,050	97,396
Effects of exchange rate changes on cash and cash equivalents		(216)	(321)
Cash and cash equivalents at the end of the financial year	5	19,533	138,050

1. Operating segments

Identification of reportable operating segments

The Company's Strategic Steering Committee, consisting of the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Chief People Officer has identified six reportable segments:

- Tritton Copper Operations (Tritton) in New South Wales;
- Cracow Gold Operations (Cracow) in Queensland;
- North West Copper Operations (North West) in Queensland;
- Jaguar Zinc and Copper Operations (Jaguar) in Western Australia;
- Stockman Copper and Zinc Project (Stockman) in Victoria; and
- Other, representing corporate activities, investments in listed entities and non-core exploration assets.

There is no aggregation of operating segments.

The consolidated entity operated only in Australia during the financial years ended 30 June 2023 and 30 June 2022.

The Strategic Steering Committee (Chief Operating Decision Makers) of Aeris Resources Limited assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA). This measurement basis excludes the effects of non-cash and/or non-recurring expenditure from operating segment EBITDA, such as impairment loss, transaction expense, movement in assets at fair value through profit or loss, and the effects of foreign exchange which primarily reflects gains or losses on the translation of US dollar denominated receivables and borrowings.

The information reported to the Strategic Steering Committee is on a monthly basis.

1. Operating segments (continued)

Operating segment information

2023	Tritton $'000	Cracow $'000	North West $'000	Jaguar $'000	Stockman $'000	Other $'000	Total $'000
Revenue							
Sales to external customers	208,659	130,076	107,648	166,007	-	-	612,390
Other revenues	-	44	50	-	-	6	100
Total sales revenue	208,659	130,120	107,698	166,007	-	6	612,490
	-	-	-	-	-	-	-
Total revenue	208,659	130,120	107,698	166,007	-	6	612,490
Adjusted EBITDA	16,403	28,898	14,003	(8,726)	-	(18,564)	32,014
Depreciation and amortisation							(150,571)
Finance costs							(8,511)
Transaction expense							(11,580)
Net foreign exchange gains							1,969
Movement in financial assets at fair value through profit or loss							(1,375)
Impairment loss							(1,700)
Loss before income tax expense							(139,754)
Income tax expense							-
Loss after income tax expense							(139,754)
Assets							
Segment assets	238,880	78,959	72,567	129,466	42,782	7,850	570,504
Total assets							570,504
Total assets includes:							
Acquisition of non-current assets	-	-	55,840	85,612	38,020	70	179,542
Liabilities							
Segment liabilities	104,327	81,748	19,872	83,520	1,400	13,268	304,135
Total liabilities							304,135

1. Operating segments (continued)

2022	Tritton $'000	Cracow $'000	Other $'000	Total $'000
Revenue				
Sales to external customers	246,104	140,454	-	386,558
Other revenue	3	26	-	29
Total revenue	246,107	140,480	-	386,587
Adjusted EBITDA	50,629	50,612	(7,589)	93,652
Depreciation and amortisation				(74,334)
Finance costs				(5,987)
Transaction expense				(1,951)
Net foreign exchange gains				418
Movement in financial assets at fair value through profit or loss				(1,439)
Impairment loss				(4,349)
Profit before income tax expense				6,010
Income tax expense				-
Profit after income tax expense				6,010
Assets				
Segment assets	183,455	134,784	119,918	438,157
Total assets				438,157
Total assets includes:				
Acquisition of non-current assets	90,327	44,676	(6,935)	128,068
Liabilities				
Segment liabilities	73,681	71,220	5,318	150,219
Total liabilities				150,219

Intersegment transactions
Intersegment transactions were made at market rates and are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
During the year ended 30 June 2023, approximately 52% (2022: 64%) of the consolidated entity's external revenue was derived from sales to one customer who has the offtake agreement for 100% of the Tritton Copper Operation's and North West Copper Operation’s copper concentrate; and 21% (2022: 36%) was derived from sales to one customer with whom the Company has a refining agreement for the Cracow Gold Operations gold-silver doré. Jaguar operations has two major customers, contributing 15% and 12% respectively, for zinc and copper concentrate sales.

Accounting policy for operating segments
Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

2. Revenue

	2023 $'000	2022 $'000
Sales revenue	621,398	384,475
Provisional pricing adjustments	(9,008)	2,083
Other revenue from ordinary activities	100	29
	612,490	386,587

Accounting policy for revenue recognition

Revenue from contracts with customers
The consolidated entity generates sales revenue primarily from the performance obligation to deliver goods such as copper concentrate, zinc concentrate and gold doré to the customer. Sales revenue represents the gross proceeds receivable from the customer.

Copper and zinc concentrate sales
For copper and zinc concentrate sales, the recognition of concentrate sales occurs when the performance obligation, being the transfer of the title of copper or zinc concentrate, is met and control of the goods transfers to the customer.

Concentrate sales are initially recognised at an estimated sales value when the control of the product transfers to the customer, which in most cases is when the Holding and Title certificate is issued at the port handling and ship loading facility (or in the case of North West, control of the product transfers to the customer when the Holding and Title certificate is issued at the Mt Isa Mines warehouse).

The terms of the concentrate sales contracts with our offtake agreement partners contains provisional pricing arrangements whereby the final selling price for the concentrate is based on prevailing average monthly prices on a specified future period after shipment to the customer (quotation period). Adjustments to the sales price occur based on movements in quoted marked prices up to the final settlement price specified in the sales contracts. The period between provisional invoicing and the final settlement pricing is typically one to three months. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable.

The change in the value of the provisionally priced receivable is based on relevant forward market prices and is included in sales revenue. Adjustments are made for variations in the metal provisional prices between the time control passed to the customer and the time of the final invoice being issued. Any variations to the weights or arrays are not taken into consideration for any provisional price adjustment.

The contract with customers has no significant financing component and has no variable consideration under AASB 15 *Revenue from Contracts with Customers*. A trade receivable is recognised (refer note 6 and note 22) when the Holding and Title Certificate is issued as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For Tritton and North West, shipping is generally arranged by the customer and occurs after the control of goods transfers to the customer.

Gold doré sales
For gold doré sales, revenue is recognised at the point when the doré is collected by the buyer at the mine site.

The contract with customers has no significant financing component and has no variable consideration under AASB 15 *Revenue from Contracts with Customers*. A trade receivable is recognised (refer note 6 and note 22) when the buyer takes possession of the gold doré as this is the point in time that the consideration is unconditional.

Gains and losses on hedge instruments related to sales contracts are recorded in revenue when the associated instrument matures.

2. Revenue (continued)

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

3. Expenses

Profit before income tax includes the following specific expenses:

	2023 $'000	2022 $'000
Cost of goods sold		
Cost of production:		
Mining activities	555,466	279,542
Depreciation:		
Plant and equipment	28,725	21,702
Depreciation on right to use assets	10,544	5,024
Total depreciation	39,269	26,726
Amortisation:		
Mine properties	110,729	47,167
Total cost of goods sold	705,464	353,435
Administration		
Corporate depreciation	252	225
Corporate lease depreciation	321	216
Other corporate expenses	25,066	13,393
Total administration expense	25,639	13,834
Transaction expense		
Legal expenses	625	860
Consulting expense	1,101	1,090
Stamp duty	7,293	-
Other expenses	2,561	1
Total transaction expense	11,580	1,951

3. Expenses (continued)

	2023 $'000	2022 $'000
Other expenses		
Movement in financial assets at fair value through profit or loss	1,375	1,439
Gain on disposal and write-off of fixed assets	(56)	-
Total other expenses	1,319	1,439
Impairment loss		
Impairment of exploration assets	1,700	4,349
Net finance costs		
Interest expense for borrowings at amortised cost	23	324
Interest expense for leasing arrangements	1,143	554
Other net interest and finance charges	2,782	2,432
Unwinding of discounts on provisions	4,563	2,677
Total net finance costs	8,511	5,987

Included within the above functional classifications are the following:

	2023 $'000	2022 $'000
Employee benefit expenses	158,169	93,865
Superannuation expense	11,086	8,190
	169,255	102,055

4. Income tax

	2023 $'000	2022 $'000
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	(139,754)	6,010
Tax at the statutory tax rate of 30%	(41,926)	1,803
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	961	273
Equity raising and transaction costs	924	(291)
Other	689	911
	(39,352)	2,696
Current year tax losses not recognised	44,942	(2,696)
Current year temporary differences not recognised	(5,590)	-
Income tax expense	-	-

4. Income tax (continued)

Amounts recognised directly in equity

Deferred tax arising in the reporting year and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:

	2023 $'000	2022 $'000
Cash flow hedges	-	(913)

Tax losses

	2023 $'000	2022 $'000
Tax losses not recognised:		
Unused tax losses for which no deferred tax asset has been recognised	377,427	227,619
Potential tax benefit @ 30%	113,228	68,286

The above potential tax benefit for tax losses has not been recognised in the consolidated statement of financial position.

Deferred tax balances

30 June 2023	Opening balance $'000	Net charged to comprehen-sive income $'000	Net credited to equity $'000	Closing balance $'000
Deferred tax asset				
Property, plant and equipment, exploration and mine properties	1,510	(6,624)	-	(5,114)
Transaction issuance costs	2,461	1,364	(824)	3,001
Provisions and accruals	16,292	3,248	-	19,540
Losses available for offsetting against future taxable income	2,005	4,693	-	6,698
Other	181	(3)	(178)	-
	22,449	2,678	(1,002)	24,125
Deferred tax liability				
Inventories	(4,942)	(287)	-	(5,229)
Exploration	(13,727)	(6,054)	-	(19,781)
Rehabilitation assets	(3,601)	4,486	-	885
	(22,270)	(1,855)	-	(24,125)
Net deferred tax asset recognised	179	823	(1,002)	-

4. Income tax (continued)

30 June 2022	Opening balance $'000	Net charged to comprehensive income $'000	Net charged to equity $'000	Closing balance $'000
Deferred tax asset				
Property, plant and equipment, exploration and mine properties	4,917	(3,407)	-	1,510
Transaction issuance costs	2,064	397	-	2,461
Provisions and accruals	13,037	3,255	-	16,292
Losses available for offsetting against future taxable income	-	2,005	-	2,005
Other	1,369	(275)	(913)	181
	21,387	1,975	(913)	22,449
Deferred tax liability				
Inventories	(4,589)	(353)	-	(4,942)
Exploration	(12,660)	(1,067)	-	(13,727)
Rehabilitation assets	(3,046)	(555)	-	(3,601)
	(20,295)	(1,975)	-	(22,270)
Net deferred tax asset recognised	1,092	-	(913)	179

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

4. Income tax (continued)

Aeris Resources Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

5. Cash and cash equivalents

	2023 $'000	2022 $'000
Current assets		
Cash at bank	19,533	138,050

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6. Trade and other receivables

	2023 $'000	2022 $'000
Current assets		
Trade receivables	12,663	3,984
Other receivables	5,466	3,404
	18,129	7,388
Non-current assets		
Restricted cash	45	-
	18,174	7,388

Other receivables are primarily composed of receivables in relation to Australian GST refund claims and security deposits held.

Refer to note 22 for information about the impairment of trade receivables and the consolidated entity's exposure to credit risk, foreign currency risk and interest rate risk.

6. Trade and other receivables (continued)

Accounting policy for trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 120 days and therefore are all classified as current. Trade receivables are recognised initially at fair value based on estimated amounts due and subsequently at amortised cost, less any provision for impairment. The consolidated entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. For the commodity sales where pricing remains outstanding at the period end, the final consideration will be estimated in terms of AASB 9 *Financial Instruments* at the period end based on forward market prices for the relevant quotational period as there is a developed forward market. Details about the consolidated entity's impairment policies and the calculation of any loss allowance are provided in note 22.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

7. Inventories

	2023 $'000	2022 $'000
Current assets		
Finished concentrate	8,022	8,936
Metal in circuit	9,718	2,465
Ore stockpiles	17,156	1,377
Production supplies	28,562	16,470
	63,458	29,248

Accounting policy for inventories

Mining inventories of raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory charged to the consolidated statement of comprehensive income has been included in note 3 as part of mining activities.

8. Financial assets at fair value through profit or loss

	2023 $'000	2022 $'000
Current assets		
Australian listed equity - designated at fair value through profit or loss	729	2,104

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2023 $'000	2022 $'000
Opening fair value	2,104	6,087
Additions	-	433
Disposals	-	(2,977)
Fair value losses recognised in profit or loss	(1,375)	(1,439)
Closing fair value	729	2,104

Refer to note 22 for further information about the consolidated entity's exposure to price risk.

Refer to note 23 for further information on fair value measurement.

9. Other current assets

	2023 $'000	2022 $'000
Current assets		
Prepayments	3,828	1,989

10. Property, plant and equipment

	2023 $'000	2022 $'000
Non-current assets		
Freehold land - at cost	4,203	3,689
Buildings - at cost	11,795	8,115
Less: Accumulated depreciation	(8,539)	(6,250)
	3,256	1,865
Plant and equipment - at cost	191,806	138,201
Less: Accumulated depreciation	(97,625)	(70,938)
	94,181	67,263
Property, plant and equipment - right of use	43,479	24,731
Less: Accumulated depreciation	(20,352)	(9,487)
	23,127	15,244
	124,767	88,061

10. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Property, plant and equipment - right of use $'000	Total $'000
Balance at 1 July 2021	4,015	2,552	72,649	6,080	85,296
Additions	-	46	17,500	14,404	31,950
Transfers to mine properties (note 11)	-	-	(2,018)	-	(2,018)
Transfers in/(out)	(326)	326	-	-	-
Depreciation expense	-	(1,059)	(20,868)	(5,240)	(27,167)
Balance at 30 June 2022	3,689	1,865	67,263	15,244	88,061
Additions	-	407	21,443	18,748	40,598
Additions through business combinations (note 30)	514	3,273	32,172	-	35,959
Net disposals/write-offs	-	-	(9)	-	(9)
Depreciation expense	-	(2,289)	(26,688)	(10,865)	(39,842)
Balance at 30 June 2023	4,203	3,256	94,181	23,127	124,767

Assets in the course of construction
The carrying amounts of the assets disclosed above include assets that were in the course of construction as at the end of the reporting period. The relevant amounts are as follows:

	2023 $'000	**2022 $'000**
Plant and equipment	28,477	11,183

Refer to note 14 for information on non-current assets pledged as security by the consolidated entity.

Accounting policy for property, plant and equipment
Property, plant and equipment is carried at cost less accumulated depreciation and impairment. Cost equals the fair value of the item at acquisition date, and includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant and equipment also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using either the straight line or units-of-production method to allocate their cost, net of residual values, over their estimated useful lives. Estimated useful lives are between 2 and 5 years. Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

10. Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income.

11. Mine properties

	2023 $'000	2022 $'000
Non-current assets		
Mine properties - at cost	569,621	350,823
Less: Accumulated amortisation	(341,960)	(231,231)
	227,661	119,592

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Mine properties $'000
Balance at 1 July 2021	65,095
Expenditure during the year	73,911
Increase to rehabilitation asset	7,605
Transfer from exploration and evaluation (note 12)	18,130
Transfer from property, plant and equipment (note 10)	2,018
Amortisation expense	(47,167)
Balance at 30 June 2022	119,592
Expenditure during the year	100,398
Additions through business combinations (note 30)	105,646
Increase to rehabilitation asset	12,754
Amortisation expense	(110,729)
Balance at 30 June 2023	227,661

Impairment of non-financial assets
At each reporting date the Company considers whether there have been any indicators that would indicate that an asset may be impaired.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets. This grouping of assets is referred to as a Cash Generating Unit (CGU). The consolidated entity currently assesses the Tritton Copper Operations, Cracow Gold Operations, North Queensland Operations, and the Jaguar Zinc/Copper Operations as separate CGUs. The recoverable amount of each CGU is determined based, where required, on fair value less costs of disposal (FVLCD). The FVLCD is calculated based on a Board approved life of mine plan (LOM).

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount and an impairment loss recognised in the statement of comprehensive income. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value in use.

11. Mine properties (continued)

This requires the use of estimates and judgements in relation to a range of inputs including:
- Commodity prices;
- Exchange prices;
- Mineral Resources and Ore Reserves, and mining planning scheduling;
- Production costs; and
- Discount rates.

Jaguar Operations

During the financial year ended 30 June 2023, Jaguar was impacted by multiple factors. Operationally, production was constrained by availability of stoping fronts and low development rates in the Bentley mine. Lower production results have been compounded by cost inflation along with a 20% decline in zinc price over in the second half of the financial year.

The mine also experienced three mining induced seismic events in the last quarter of the financial year, which further disrupted production and prevented access to high-grade stopes. To ensure safe operations can be maintained, Aeris has halted all operations in the Bentayga mining area until further geotechnical assessments could be made.

The low development rates, due largely to equipment congestion and ventilation constraints, mean that decline access to the Turbo deposit has also been delayed. Without access to Turbo, ore production was forecast to significantly decrease at the end of Q1 FY2024.

Under these operational and financial parameters, Jaguar was forecast to make a significant operating loss in FY24. The decision to pause production at Jaguar and place it on care and maintenance from September 2023 has been made to limit cash outflows and preserve the considerable in-ground resource value.

Jaguar Operations will cease mining operations in August 2023 and complete processing of ore stockpiles soon thereafter, at which point the operation will transition to care and maintenance. The operation will remain on care and maintenance, at least through FY2024, until a restart can be justified at improved economics.

As a result management has calculated the recoverable amount for the Jaguar Zinc/Copper operations CGU using fair value less costs of disposal method. Aeris has commissioned an independent valuation of the Jaguar CGU on a care and maintenance basis. The independent valuation has used a number of techniques including actual and comparable transaction analysis. The preferred valuation is in excess of the carrying amount and therefore no impairment has been recognised. Aeris has taken into account the valuation and also considered cash flows required to put Jaguar into care and maintenance.

Other than matters referred above, there were no indicators of impairment identified and no impairment recognised during the financial years ended 30 June 2023 and 30 June 2022 for any of the other CGUs.

Accounting policy for mining assets

Mine properties represent the acquisition costs and/or accumulation of exploration, evaluation and development expenditure in respect of areas of interest in which mining development has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production. Mine development costs are deferred until commercial production has been achieved, at which point the development cost of the asset will commence amortisation.

Amortisation of mine properties is calculated using the units-of-production method which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable Mineral Resources and Ore Reserves of the mine property at which it is located. The annual change in Mineral Resources and Ore Reserves driving the remaining life of mine production are accounted for prospectively when amortising existing mine development assets.

12. Exploration and evaluation

	2023 $'000	2022 $'000
Non-current assets		
Exploration and evaluation - at cost	112,354	51,546

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Exploration and evaluation $'000
Balance at 1 July 2021	51,818
Expenditure during the year	22,207
Impairment of assets	(4,349)
Transfers to mine properties (note 11)	(18,130)
Balance at 30 June 2022	51,546
Additions through business combinations (note 30)	37,937
Expenditure during the year	24,571
Impairment of assets (note 32)	(1,700)
Balance at 30 June 2023	112,354

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditure is carried forward in the financial statements, in respect of areas of interest for which the rights of tenure are current and where:

(i) Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
(ii) Exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable ore reserves and mineral resources and while active and significant operations in, or in relation to, the area are continuing.

Exploration expenditure incurred that does not satisfy the policy stated above is expensed in the year in which it is incurred. Exploration expenditure that has been capitalised which no longer satisfies the policy stated above is written off in the year in which that decision is made.

Upon commencement of mining development activities, deferred exploration and development expenditure is reclassified to mine properties and then amortised in accordance with the accounting policy for mine properties.

The net carrying value of each area of interest is reviewed regularly and, to the extent to which this value exceeds its recoverable value, that excess is provided for or written off in the year in which this is determined.

During the 2023 financial year, the Company entered into an agreement to divest its 70% joint venture interest in the Torrens exploration project (EL6407) in South Australia in return for a 2.5% net smelter royalty. The carrying value of the Torrens project of $1.700 million was fully written-off at 30 June 2023. During the 30 June 2022 financial year, an impairment expense of $4.349 million was recognised against the Torrens Project.

13. Trade and other payables

	2023 $'000	2022 $'000
Current liabilities		
Trade payables	72,339	30,975
Other payables and accrued expenses	48,468	25,734
	120,807	56,709

Refer to note 22 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid between 30 and 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

14. Borrowings

	2023 $'000	2022 $'000
Current liabilities		
Secured: Loans	39	41
Non-current liabilities		
Secured: Loans	281	317
	320	358

Refer to note 22 for further information on financial instruments.

The consolidated entity has entered into a facility agreement with Australia and New Zealand Banking Group Limited (ANZ) that comprises of:
- a $45 million Contingent Instrument Facility;
- a $20 million Working Capital Facility; and
- unsecured hedging lines for gold (refer to note 16 for information regarding utilisation of this facility as at 30 June 2023).

Total secured liabilities
The total secured liabilities are as follows:

	2023 $'000	2022 $'000
Loans	320	358

Assets pledged as security
The carrying amount of non-current assets as at 30 June 2023 pledged as security for current and non-current borrowings and lease liabilities was $464.781 million (2022: $255.052 million).

14. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	2023 $'000	2022 $'000
Total facilities		
Loans	320	358
Contingent Instrument Facility	45,000	45,000
Working Capital Facility	20,000	20,000
	65,320	65,358
Used at the reporting date		
Loans	320	358
Contingent Instrument Facility	42,027	31,029
Working Capital Facility	-	-
	42,347	31,387
Unused at the reporting date		
Loans	-	-
Contingent Instrument Facility	2,973	13,971
Working Capital Facility	20,000	20,000
	22,973	33,971

Accounting policy for borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

15. Lease liabilities

	2023 $'000	2022 $'000
Current liabilities		
Lease liability	10,253	6,173
Non-current liabilities		
Lease liability	14,238	9,301
	24,491	15,474

15. Lease liabilities (continued)

The consolidated entity leases office premises and mobile equipment. Lease contracts are typically made for a fixed period of 2 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The total cash outflow for leases, including interest, during the year ended 30 June 2023 was $10.876 million (2022: $7.064 million).

Refer to note 22 for further information on financial instruments.

Right-of-use assets

	Property, plant and equipment $'000
Balance at 1 July 2021	6,080
Additions	14,404
Depreciation expense	(5,240)
Balance at 30 June 2022	15,244
Additions	18,748
Depreciation expense	(10,865)
Balance at 30 June 2023	23,127

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option; and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

15. Lease liabilities (continued)

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

16. Derivative financial instruments

	2023 $'000	2022 $'000
Current liabilities		
Commodity contracts - cash flow hedges	-	596

17. Provisions

	2023 $'000	2022 $'000
Current liabilities		
Employee benefits	24,884	17,638
Non-current liabilities		
Employee benefits	1,553	692
Provision for rehabilitation and dismantling	109,834	36,736
	111,387	37,428
	136,271	55,066

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

2023	Provision for rehabilitation and dismantling $'000
Carrying amount at the start of the year	36,736
Additional provisions recognised	12,754
Additions through business combinations (note 30)	56,958
Unwinding of discount	3,386
Carrying amount at the end of the year	109,834

Accounting policy for provisions

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

17. Provisions (continued)

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Accounting policy for rehabilitation and dismantling
The consolidated entity has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment. Under AASB 116 *Property, Plant and Equipment*, the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period.

AASB 137 *Provisions, Contingent Liabilities, and Contingent Assets* requires a provision to be raised for the present value of the estimated cost of settling the rehabilitation and restoration obligations existing at balance date. The estimated costs are discounted using a risk free discount rate that reflects the time value of money. The discount rate does not reflect risks for which future cash flow estimates have been adjusted. The increase in the provision due to the passage of time is recognised as interest expense.

18. Other liabilities

	2023 $'000	2022 $'000
Current liabilities		
Contingent consideration	5,400	4,975
Non-current liabilities		
Contingent consideration	16,846	17,041
	22,246	22,016

	Contingent consideration $'000
Balance at 1 July 2022	22,016
Movement during the year (due to change in estimate and unwinding of interest)	1,153
Payment of deferred consideration	(923)
Balance at 30 June 2023	22,246

Refer to note 23 for further information on fair value measurement.

18. Other liabilities (continued)

Contingent consideration
Contingent consideration arrangement for Cracow operations requires the consolidated entity to pay the former owners of Lion Mining Pty Ltd a mining royalty equivalent to 10% of the net value generated (revenue less C1 Direct Cash Cost, multiplied by 10%) from any gold produced by the Cracow operations for the period 1 July 2022 to 30 June 2027, up to a maximum undiscounted amount of $50 million (Net Value Royalty). The fair value of the Net Value Royalty recognised as at 30 June 2023 was estimated by calculating the present value of future probability-weighted cash flows using a real discount rate of 7.4%.

19. Issued capital

	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares - fully paid	690,945,595	3,207,168,420	719,474	604,910

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2021	2,207,352,758		509,888
Management options exercised (a)	1 July 2021	22,511,959	$0.000	-
Management options exercised (a)	9 November 2021	13,507,175	$0.000	-
Management options exercised (a)	2 December 2021	11,209,273	$0.000	-
Placement (b)	9 May 2022	418,326,315	$0.105	43,924
Entitlement offer - Institutional (b)	9 May 2022	286,844,010	$0.105	30,119
Entitlement offer - Retail (b)	24 May 2022	247,416,930	$0.105	25,979
Less: Transaction costs arising on share issues				(5,000)
Balance	30 June 2022	3,207,168,420		604,910
Placement (b)	1 July 2022	162,781,913	$0.105	17,092
Shares issued as part consideration for the acquisition of Round Oak Minerals Pty Limited (note 30)	1 July 2022	1,466,666,667	$0.067	98,266
Share consolidation (7 to 1) (c)	8 July 2022	(4,145,671,405)		
Less: Transaction costs arising on share issues				(794)
Balance	30 June 2023	690,945,595		719,474

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Movements in share capital
(a) Management options
During the year ended 30 June 2022, 47,228,407 management options were exercised at $nil each. As at 30 June 2023, there were no management options remaining outstanding.

19. Issued capital (continued)

(b) Placement, Institutional Entitlement Offer, and Retail Entitlement Offer

30 June 2022

The $100 million Placement, Institutional Entitlement Offer and Retail Entitlement Offer, at a price of $0.105 per share, consisted of:

- A Placement and Institutional Entitlement Offer which was completed on 2 May 2022 and raised $74.0 million and resulted in the issue of 418,326,315 new shares under the Placement and 286,844,010 new shares under the Institutional Entitlement Offer; and
- A Retail Entitlement Offer which closed on 17 May 2022 and raised $26.0 million with 247,416,930 new shares being issued.

30 June 2023

On 1 July 2022, the Company issued 162,781,913 fully paid ordinary shares in Aeris to an existing Institutional shareholder, Paradice Investment Management Pty Ltd (Paradice), at $0.105 per share to raise $17.1 million.

(c) Consolidation of share capital

On 8 July 2022, the Company completed a share consolidation. Aeris shares were consolidated at the ratio of 7 fully paid ordinary shares into 1 fully paid ordinary share. Performance rights were also consolidated at the same ratio as the ordinary shares.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The consolidated entity would look to raise capital for expansion opportunities (particularly when an opportunity to invest in a business or company was seen as value accretive relative to the Company's prevailing share price at the time of the investment), to maintain financial and operational stability of the company, or for capital restructure purposes.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in capital risk management decisions. During the fourth quarter of the year, the Company breached its Debt to EBITDA Ratio covenant in relation to its lending facilities with ANZ, however this breach has been waived by ANZ subsequent to year end.

Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt in the table below is calculated as total borrowings (including "borrowings" and "lease liabilities" as shown in the consolidated statement of financial position) less "cash and cash equivalents" as shown in the consolidated statement of financial position. Total capital is calculated as "total equity" as shown in the consolidated statement of financial position (including non-controlling interest) plus net debt.

19. Issued capital (continued)

The gearing ratio at the reporting date was as follows:

	2023 $'000	2022 $'000
Current liabilities - borrowings (note 14)	39	41
Current liabilities - lease liabilities (note 15)	10,253	6,173
Non-current liabilities - borrowings (note 14)	281	317
Non-current liabilities - lease liabilities (note 15)	14,238	9,301
Total borrowings	24,811	15,832
Current assets - cash and cash equivalents (note 5)	(19,533)	(138,050)
Net debt/(Cash and cash equivalents, net of debt)	5,278	(122,218)
Total equity	266,369	287,938
Total capital	271,647	165,720
Gearing ratio	1.9%	(73.7%)

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

20. Reserves

	2023 $'000	2022 $'000
Hedging reserve - cash flow hedges	-	(417)
Share-based payments reserve	8,463	5,259
Acquisition revaluation reserve	(9,281)	(9,281)
	(818)	(4,439)

Hedging reserve – cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Acquisition revaluation reserve
This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received are recognised in the acquisition revaluation reserve.

20. Reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Cash flow hedges $'000	Share-based payments reserve $'000	Acquisition revaluation reserve $'000	Total $'000
Balance at 1 July 2021	(2,549)	4,349	(9,281)	(7,481)
Employee share based payments	-	910	-	910
Revaluation - gross	3,045	-	-	3,045
Deferred tax	(913)	-	-	(913)
Balance at 30 June 2022	(417)	5,259	(9,281)	(4,439)
Employee share based payments	-	3,204	-	3,204
Revaluation - gross	595	-	-	595
Deferred tax	(178)	-	-	(178)
Balance at 30 June 2023	-	8,463	(9,281)	(818)

21. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

The Company does not have any franking credits.

22. Financial instruments

Financial risk management objectives
The consolidated entity’s activities expose it to foreign currency risk, interest rate risk, price risk and credit risk. In order to minimise any adverse effects on the financial performance of the consolidated entity, derivative financial instruments, such as forward commodity contracts are used to hedge certain foreign currency and commodity price risk exposures. The consolidated entity also uses different methods to measure different types of risk to which it is exposed. The methods include sensitivity analysis in the case of interest rate, foreign exchange and ageing analysis for credit risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Risk management is carried out by senior finance executives (Finance) under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

(i) Foreign currency risk
Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity’s functional currency. The majority of these exposures are generated by interest-bearing liabilities denominated in US dollars, commodity sales contracts which are typically denominated in US dollars, as well as associated receivables.

Generally, natural hedges, forward contracts and options are used to manage certain foreign exchange risk. In the 30 June 2023 and 30 June 2022 financial years, a portion of the consolidated entity's US dollar-denominated revenue from mining activities was cash flow hedged through unsecured copper, gold and zinc hedges (refer to note 22(ii) for additional detail).

22. Financial instruments (continued)

Sensitivity
Based on the financial instruments held at 30 June 2023, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the consolidated entity's loss for the year would have been $1.388 million lower (2022 profit: $0.329 million higher) or $1.136 million higher (2022 profit: $0.269 million lower), mainly as a result of foreign exchange gains/losses on translation of cash and cash equivalents, interest-bearing loans, receivables and payables denominated in foreign currencies. There would have been no impact on equity.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
US dollars	14,082	3,372	31	50

(ii) Commodity price risk
Commodity price risk is the risk of financial loss resulting from movements in the price of the consolidated entity's commodity outputs.

During the financial years ended 30 June 2023 and 30 June 2022, a portion of the consolidated entity's revenue from mining activities was cash flow hedged through unsecured gold, zinc and copper hedges.

Gold hedging
In December 2021, Aeris undertook gold hedging for 3,500 oz per month, from July 2022 to October 2022, at A$2,538.54/oz. This agreement was extended for November and December 2022 and 1,500oz from January to June 2023 at an average price of A$2,642.44/oz. The total net gold hedging position resulted in a loss of A$2.3 million during the year.

Copper hedging
In March 2023, Aeris undertook Copper hedging for 3,000 tonnes for the period April to June 2023 at A$13,254/t. The net copper hedging position resulted in a gain of A$1.7 million in the last quarter of FY2023.

Zinc hedging
Zinc hedges were inherited (novated from WHSP) from the acquisition of ROM. Total hedges of 4,000 tonnes, spread over the first three quarters of FY2023. The net zinc hedging position resulted in a loss of A$12k during the year.

(iii) Interest rate risk
Interest rate risk arises as a result of the re-pricing of investments, interest bearing receivables and borrowings and is affected by the length of the re-pricing period.

The significance and management of the risks to the consolidated entity are dependent on a number of factors including:
- Interest rates (current and forward) and the currencies that the investments and borrowings are denominated in;
- Level of cash, liquid investments and borrowings;
- Maturity dates of investments and borrowings; and
- Proportion of investments and borrowings that are fixed rate or floating rate.

The risk is measured using market and cash flow forecasting.

Sensitivity
At 30 June 2023, if interest rates had changed by -/+ 50 basis points from the weighted average year end rates with all other variables held constant, the consolidated entity's loss for the year would have been $0.098 million higher/lower (2022: profit would have been $0.428 million higher/lower), mainly as a result of higher/lower interest from loans, and cash and cash equivalents.

22. Financial instruments (continued)

The exposure of the consolidated entity's interest bearing liabilities at balance sheet date to interest rate changes at the contractual re-pricing dates are as follows:

	2023 $'000	2022 $'000
0 - 12 months	10,292	6,214
1 - 5 years	14,519	9,618
	24,811	15,832

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the consolidated entity. Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to trade customers, including outstanding receivables and committed transactions.

(i) Risk management

Credit risk is managed on a consolidated basis. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity has policies in place to ensure that sales of products are made to customers with an appropriate credit history and where necessary is effectively eliminated or substantially reduced by using bank and insurance instruments to secure payment for materials supplied and sold. The consolidated entity has policies that limit the amount of credit exposure to any one financial institution.

(ii) Trade receivables

The consolidated entity applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Payments from the consolidated entity’s two major customers are historically received within the contractual payment terms.

The consolidated entity has trade receivables with embedded derivatives for provisional pricing. These receivables are generally held to collect but do not meet the 'solely payments of principal and interest' (SPPI) criteria and as a result must be held at fair value through profit or loss (FVTPL). Subsequent fair value gains or losses are taken to the consolidated statement of comprehensive income. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and sensitivity applied to the exposure on commodity price risk. The impact was considered very minimal and as a result there was no loss rate accounted for at 30 June 2023. Management will continue to monitor this position at each period end. There were also no credit losses provided for at 30 June 2023 .

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, liquid investments and committed credit facilities to meet the consolidated entity's commitments as they arise.

Liquidity risk management covers daily, short-term and long-term needs. The appropriate levels of liquidity are determined by both the nature of the consolidated entity’s business and its risk profile.

22. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

2023	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives				
Non-interest bearing				
Trade and other payables	120,807	-	-	120,807
Contingent consideration	5,400	18,773	-	24,173
Interest-bearing - variable				
Loans	62	335	-	397
Interest-bearing - fixed rate				
Lease liability	12,454	13,658	-	26,112
Total non-derivatives	138,723	32,766	-	171,489

2022	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives				
Non-interest bearing				
Trade and other payables	56,709	-	-	56,709
Contingent consideration	4,975	17,041	-	22,016
Interest-bearing - variable				
Loans	56	222	146	424
Interest-bearing - fixed rate				
Lease liability	6,728	9,173	-	15,901
Total non-derivatives	68,468	26,436	146	95,050
Derivatives				
Commodity contracts - cash flow hedges	595	-	-	595
Total derivatives	595	-	-	595

Please refer to note 34 for additional information regarding events after the reporting period that impact the timing of cash flows disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

23. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Australian listed equity securities	729	-	-	729
Total assets	729	-	-	729
Liabilities				
Contingent consideration payable	-	-	22,246	22,246
Total liabilities	-	-	22,246	22,246

2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Australian listed equity securities	2,104	-	-	2,104
Total assets	2,104	-	-	2,104
Liabilities				
Hedging derivatives	-	596	-	596
Contingent consideration payable	-	-	22,016	22,016
Total liabilities	-	596	22,016	22,612

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The fair value of forward commodity contracts – cashflow hedges is determined using market rates and inputs at the reporting date and are considered a level 2 valuation.

The fair value of the contingent consideration (Net Value Royalty) payable in relation to the Cracow acquisition was estimated by calculating the present value of future probability-weighted cash flows using a Weighted Average Cost of Capital and is considered a level 3 valuation.

23. Fair value measurement (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Contingent consideration $'000
Balance at 1 July 2021	(20,418)
Unwinding of discount recognised through net finance costs	(1,598)
Balance at 30 June 2022	(22,016)
Payments	923
Movement during the year (due to change in estimate and unwinding of interest)	(1,153)
Balance at 30 June 2023	(22,246)

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	**Unobservable inputs**	**Range (weighted average)**	**Sensitivity**
Contingent consideration payable	Weighted average cost of capital	7.4%	A change in the discount rate by 100 bps would increase/decrease the fair value by $0.874 million.
	Expected revenues	$250 - $300 million	If expected revenues were 10% higher or lower, the fair value would increase/decrease by $2.000 million.

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

24. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2023 $	2022 $
Short-term employee benefits	2,878,817	3,353,225
Post-employment benefits	110,000	110,002
Long-term benefits	60,012	31,126
Share-based payments	1,414,214	529,032
	4,463,043	4,023,385

25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company, and its network firms:

	2023 $	2022 $
Audit services – PricewaterhouseCoopers		
Audit or review of the financial statements	635,000	394,740
Other services – PricewaterhouseCoopers		
Tax advisory	289,637	327,909
Tax compliance	81,804	90,066
	371,441	417,975
Total remuneration of PricewaterhouseCoopers Australia	1,006,441	812,715

It is the consolidated entity's policy to employ the auditors on assignments additional to their statutory audit duties where their expertise and experience with the consolidated entity are important. These assignments are principally for taxation advice.

26. Contingent liabilities

Aeris provides environmental bonding in relation to its operations in Queensland, New South Wales, Victoria and Western Australia. As at 30 June 2023, Aeris has $42.027 million (2022: $31.029 million) in bank guarantees.

27. Commitments

	2023 $'000	2022 $'000
Exploration and mining leases		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	6,391	5,662
One to five years	9,765	18,762
	16,156	24,424

The items disclosed in the table above represent the minimum lease expenditure requirements of the consolidated entity.

28. Related party transactions

Parent entity
Aeris Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Joint operations
Interests in joint operations are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties
HopgoodGanim Lawyers (HG)
Mr Michele Muscillo, an independent Non-executive Director is a partner of HG. Invoices totalling $1,171,187 (2022: $1,532,185) were received from HG on normal commercial terms during the year.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023 $	2022 $
Current payables:		
Trade payables - HopgoodGanim Lawyers	36,065	155,101
Other payables - Key management personnel	100,000	-

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent 2023 $'000	Parent 2022 $'000
Loss after income tax	(85,310)	(45,100)
Other comprehensive income for the year, net of tax	417	2,132
Total comprehensive income	(84,893)	(42,968)

Statement of financial position

	Parent 2023 $'000	Parent 2022 $'000
Total current assets	4,621	114,260
Total non-current assets	276,290	126,571
Total assets	280,911	240,831
Total current liabilities	11,143	4,734
Total non-current liabilities	1,381	583
Total liabilities	12,524	5,317
Net assets	268,387	235,514
Equity		
Issued capital	719,472	604,910
Hedging reserve - cash flow hedges	-	(417)
Share-based payments reserve	8,463	5,259
Accumulated losses	(459,548)	(374,238)
Total equity	268,387	235,514

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent has provided guarantees under the facility agreement with Australia and New Zealand Banking Group Limited (ANZ) that comprises of:

- a $45 million Contingent Instrument Facility;
- a $20 million Working Capital Facility; and
- unsecured hedging lines for gold (refer to note 16 for information regarding utilisation of this facility as at 30 June 2023).

The parent entity and all its wholly-owned subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

29. Parent entity information (continued)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 38, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity; and
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

30. Business combinations

Acquisition of Round Oak Minerals Pty Limited
On 1 July 2022, Aeris Resources Limited acquired 100% of the issued shares in Round Oak Minerals Pty Limited (Round Oak) from Washington H. Soul Pattinson Limited for a total consideration of $149.063 million. Round Oak is the owner of a diverse portfolio of high-quality Australian copper and zinc assets. The addition of these assets to the existing Aeris portfolio has transformed the Company into a diversified, mid-tier producer with significant, high-grade ore reserves and further organic growth opportunities. The transaction was approved by Aeris shareholders at an Extraordinary General Meeting held on 24 June 2022.

The purchase consideration for the acquisition included a cash payment of $80 million and the issue and allotment of fully paid ordinary shares in Aeris at a deemed issue price of $0.105 per share, being 1,466,666,667 shares (number of shares before the share consolidation on 8 July 2022) valued on 1 July 2022 at $98.266 million. The purchase consideration was adjusted by a working capital adjustment of $29.203 million post-acquisition.

30. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	17,412
Other receivables	38
Inventories	56,402
Exploration and evaluation assets	37,937
Mine properties	105,646
Property, plant and equipment	35,959
Trade and other payables	(36,825)
Employee benefits	(8,034)
Provision for rehabilitation and dismantling	(56,958)
Derivative financial instruments	(2,514)
Acquisition-date fair value of the total consideration transferred	149,063
Representing:	
Cash paid to vendor	80,000
Aeris Resources Limited shares issued to vendor	98,266
Working capital adjustment	(29,203)
	149,063
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	149,063
Less: cash and cash equivalents acquired	(17,412)
Less: shares issued by Company as part of consideration	(98,266)
Net cash used	33,385

Acquisition-related costs

Transaction expenses of $11.580 million related to the acquisition of Round Oak have been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2023. At 31 December 2022, the acquisition accounting was completed on a provisional basis pending finalisation of the valuation report and the allocation of the purchase price between Property Plant & Equipment, Mine Properties and Exploration and Evaluation Assets.

Revenue and profit contribution

The acquired business contributed revenues of $273.706 million and a net loss before tax of $35.154 million to the Aeris Group for the period from 1 July 2022 to 30 June 2023.

Accounting policy for business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

30. Business combinations (continued)

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 38:

		Ownership interest	
	Principal place of business /	2023	2022
Name	**Country of incorporation**	**%**	**%**
Straits Mining Pty Ltd	Australia	100%	100%
Tritton Resources Pty Ltd(1)	Australia	100%	100%
Straits Exploration (Australia) Pty Ltd	Australia	100%	100%
Straits Mine Management Pty Ltd	Australia	100%	100%
Straits Mineral Investments Pty Ltd	Australia	100%	100%
Aeris Regional Holdings Pty Ltd	Australia	100%	100%
Lion Mining Pty Ltd	Australia	100%	100%
Aeris HoldCo Pty Ltd(2)	Australia	100%	100%
Round Oak Minerals Pty Ltd(2)	Australia	100%	-
Exco Resources Pty Ltd(2)	Australia	100%	-
Exco Resources (QLD) Pty Ltd(4)	Australia	100%	-
Blackrock Minerals Pty Ltd(4)	Australia	34%	-
Mitchell River Exploration Pty Ltd(4)	Australia	100%	-
Round Oak Stockman Pty Ltd(2)	Australia	100%	-
Round Oak Jaguar Pty Ltd(2)	Australia	100%	-
Round Oak Jaguar Project Parent Pty Ltd(3)	Australia	100%	-
Round Oak Jaguar Project Pty Ltd(3)	Australia	100%	-
Copper Investments Pty Ltd(2)	Australia	100%	-

31. Interests in subsidiaries (continued)

(1) Straits Mining Pty Ltd and Aeris Resources Limited hold 25.68% and 74.32% respectively, of the ordinary share capital of Tritton Resources Pty Ltd.
(2) Aeris HoldCo Pty was established on 14 April 2022 and holds 100% of the ordinary share capital in Round Oak Minerals Pty Ltd. Round Oak Minerals Pty Ltd holds 100% of the share capital of Exco Resources Pty Ltd, Round Oak Stockman Pty Ltd, Copper Investments Pty Ltd and Round Oak Jaguar Pty Ltd.
(3) Round Oak Jaguar Pty Ltd holds 100% of share capital of Round Oak Jaguar Project Parent Pty Ltd and Round Oak Jaguar Project Pty Ltd.
(4) Exco Resources Pty Ltd holds 100% share capital in Exco Resources (QLD) Pty Ltd and Mitchell River Exploration Pty Ltd and holds 34% share capital in Blackrock Minerals Pty Ltd.

All wholly-owned subsidiaries have entered into a deed of cross guarantee with Aeris Resources Limited (refer note 33).

32. Interests in joint operations

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. The consolidated entity has interests in the following joint operations:

		Ownership interest	
	Principal place of business /	**2023**	**2022**
Name	**Country of incorporation**	**%**	**%**
Torrens joint venture located in South Australia*	Australia	70%	70%
Canbelago joint venture located in NSW	Australia	30%	30%

* During the 2023 financial year, the Company entered into an agreement to divest its 70% joint venture interest in the Torrens exploration project (EL6407) in South Australia in return for a 2.5% net smelter royalty. The carrying value of the Torrens project of $1.700 million was fully written-off (note 12).

33. Deed of cross guarantee

Aeris Resources Limited has entered into a Deed of Cross Guarantee (the Deed) with its wholly-owned subsidiaries as listed in note 31. The effect of the Deed is that the members of the Closed Group guarantee to each creditor, payment in full of any debt, in the event of winding up of any of the members under certain provisions of the Corporations Act 2001.

ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 provides relief to parties to the Deed from the Corporations Act 2001 requirements for preparation, audit and lodgement of Financial Reports and Directors' reports, subject to certain conditions as set out therein.

The consolidated statement of comprehensive income and consolidated statement of financial position are substantially the same as the consolidated entity and therefore have not been separately disclosed.

34. Events after the reporting period

Jaguar Operations
On 2 August 2023, Aeris announced that it would be placing the Jaguar Zinc/Copper Operations (Jaguar) on care and maintenance in September 2023, due to forecast operating losses in FY2024. The Company will immediately commence feasibility work on restart options for the operation, incorporating other known resources on the tenements.

34. Events after the reporting period (continued)

New debt funding

The Company also announced on 2 August 2023 that it had entered into a new $50 million, 2 year debt facility (WHSP Facility) with its major shareholder, Washington H. Soul Pattinson (WHSP). The Facility will provide working capital liquidity to enable the Company to deliver on its FY2024 plans, whilst also facilitating an orderly suspension of activities at Jaguar. The Facility will replace the ANZ $20 million Working Capital Facility and have second ranking security to the remaining ANZ facilities. The ANZ Contingent Instrument Facility has been increased to $50m and extended to 30 August 2024. On 7 August 2023, the Group completed a drawdown of $40 million from the WHSP Facility.

The WHSP and ANZ facilities are subject to financial covenants that include net tangible assets balance; a ratio of Debt to EBITDA and an interest cover ratio. A breach of a financial covenant will result in an event of default.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

35. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash from operating activities

	2023 $'000	2022 $'000
Profit/(loss) after income tax expense for the year	(139,754)	6,010
Adjustments for:		
Depreciation and amortisation	150,571	74,334
Impairment of exploration assets	1,700	4,349
Share-based payments	3,204	910
Fair value losses on financial assets at fair value through profit or loss	1,375	1,439
Unrealised foreign exchange losses	(107)	898
Finance costs - non-cash	4,563	3,116
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(15,909)	4,953
Decrease in inventories	22,193	3,166
Increase in deferred tax assets	(179)	-
Increase in prepayments	(1,839)	(54)
Increase/(decrease) in trade and other payables	32,332	(5,786)
Increase/((decrease) in provisions	1,149	(335)
Net cash from operating activities	59,299	93,000

35. Cash flow information (continued)

Changes in liabilities arising from financing activities

	Borrowings $'000	Leases $'000	Total $'000
Balance at 1 July 2021	27,392	8,269	35,661
Net cash used in financing activities	(27,611)	(6,510)	(34,121)
Acquisition of plant and equipment by means of leases	-	13,715	13,715
Exchange differences	577	-	577
Balance at 30 June 2022	358	15,474	15,832
Net cash used in financing activities	(38)	(9,731)	(9,769)
Acquisition of plant and equipment by means of leases	-	18,748	18,748
Exchange differences	-	-	-
Balance at 30 June 2023	320	24,491	24,811

36. Earnings per share

	2023 $'000	2022 $'000
Profit/(loss) after income tax attributable to the owners of Aeris Resources Limited	(139,754)	6,010

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	690,945,595	338,631,120
Adjustments for calculation of diluted earnings per share:		
Rights over ordinary shares	-	7,780,845
Weighted average number of ordinary shares used in calculating diluted earnings per share	690,945,595	346,411,965

	Cents	Cents
Basic earnings/(loss) per share	(20.2)	1.8
Diluted earnings/(loss) per share	(20.2)	1.7

Share consolidation and impact on weighted average number of shares

On 8 July 2022, the Company completed a share consolidation at the ratio of 7 fully paid ordinary shares into 1 fully paid ordinary share (refer note 19). The weighted average number of ordinary shares for 30 June 2022 has been adjusted for the effect of the share consolidation, in accordance with AASB 133 *Earnings per share.*

Performance rights

The outstanding performance rights at 30 June 2023 (exercisable at $nil each) have not been included in the diluted earnings per share calculation for the year ended 30 June 2023 as the rights would be anti-dilutive.

Management options

There were no outstanding unlisted management options at 30 June 2023 and 30 June 2022.

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Aeris Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

37. Share-based payments

Aeris Equity Incentive Plan

The Equity Incentive Plan is designed to provide an incentive to the Company's employees and executive Directors to achieve the long term objectives of the Company and to attract employees of experience and ability. The Equity Incentive Plan provides the Company with the ability to grant options or performance rights (each an Award). An Award is an entitlement to receive a share upon satisfaction of the applicable vesting or exercise conditions, the exercise (or deemed exercise) of the Award and the payment of an exercise price (if applicable).

37. Share-based payments (continued)

At the Company's Annual General Meeting held on 26 November 2020, the shareholders approved the Company's Equity Incentive Plan.

The following performance rights have been granted to eligible employees under this plan:
(a) 35,777,281 performance rights on 26 November 2020
(b) 17,462,443 performance rights on 25 November 2021
(c) 9,552,451 performance rights 0n 2 December 2022

The performance rights are split into 4 equal tranches and vest over a three-year term in accordance with the following performance criteria:

Tranche	Percentage of rights	Grant date	Performance criteria
1	25%	26/11/2020	Total shareholder return performance relative to a group of peer companies for the period 1 July 2020 to 30 June 2023.
		25/11/2021	Total shareholder return performance relative to a group of peer companies for the period 1 July 2021 to 30 June 2024.
		02/12/2022	Total shareholder return performance relative to a group of peer companies for the period 1 July 2022 to 30 June 2025.
2	25%	26/11/2020	Total share price increase for the period 1 July 2020 to 30 June 2023.
		25/11/2021	Total share price increase for the period 1 July 2021 to 30 June 2024.
		02/12/2022	Total share price increase for the period 1 July 2022 to 30 June 2025.
3	25%	26/11/2020	Gold Ounces Reserve increase for the period 1 July 2020 to 30 June 2023.
		25/11/2021	Gold Ounces Reserve increase for the period 1 July 2021 to 30 June 2024.
	30%	02/12/2022	Copper Equivalent Ore Reserve Growth for the period 1 July 2022 to 30 June 2025.
4	25%	26/11/2020	Copper Ounces Reserve increase for the period 1 July 2020 to 30 June 2023.
		25/11/2021	Copper Ounces Reserve increase for the period 1 July 2021 to 30 June 2024.
	20%	02/12/2022	Copper Equivalent Mineral Resources Growth for the period 1 July 2022 to 30 June 2025

Set out below are summaries of performance rights granted under the Aeris Equity Incentive Plan:

2023

Grant date	End of performance period	Exercise price	Balance at the start of the year	Share consolidation*	Granted	Expired/ forfeited/ other	Balance at the end of the year
26/11/2020	30/06/2023	$0.000	33,157,392	(28,420,622)	-	-	4,736,770
25/11/2021	30/06/2024	$0.000	15,625,101	(13,392,944)	-	-	2,232,157
02/12/2022	30/06/2025	$0.000	-	-	9,552,451	(131,052)	9,421,399
			48,782,493	(41,813,566)	9,552,451	(131,052)	16,390,326

* On 8 July 2022, the performance rights were consolidated at the ratio of 7 performance rights into 1 performance right (refer note 19).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.29 (2022: 1.30) years.

37. Share-based payments (continued)

2022

Grant date	End of performance period	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
26/11/2020	30/06/2023	$0.000	35,777,281	-	-	(2,619,889)	33,157,392
25/11/2021	30/06/2024	$0.000	-	17,462,443	-	(1,837,342)	15,625,101
			35,777,281	17,462,443	-	(4,457,231)	48,782,493

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	End of performance period	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
02/12/2022	30/06/2025	$0.0000	$0.48	93.870%	-	3.040%	$0.5744

Each Right consists of 4 Tranches (Tranche 1: TSR, 2: Share price, 3: Copper Equivalent Ore Reserve and 4: Copper Equivalent Mineral Resources). Tranche 1 and Tranche 2 were valued at $0.5449 and $0.4926 per share respectively, and Tranche 3 and 4 at $0.63 per share.

Set out below are summaries of options granted:

2022

Grant date	End of performance period	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
15/12/2015	31/12/2021	$0.000	47,228,407	-	(47,228,407)	-	-
			47,228,407	-	(47,228,407)	-	-

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2022 was $0.178.

Employee Share Acquisition Plan (ESAP)
A scheme under which shares may be issued by the Company to employees for no cash consideration was approved by the Board on 23 May 2011 and the ASIC exemption relief was published in the ASIC Gazette A045/11 on 7 June 2011.

The ESAP operates by allowing participants to obtain shares in the Company at market price, which are funded by a limited recourse interest free loan provided by the Company. The shares are held in trust with vesting of the shares subject to service conditions. If vesting conditions are satisfied, the shares continue to be held in trust subject to a holding lock until the underlying loan is repaid in full. The trust is currently dormant and there are no shares issued or allocated under the ESAP Plan.

Expenses arising from share-based payment transactions
Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2023 $'000	2022 $'000
Employee performance rights issued under the Aeris Equity Incentive Plan	3,204	910

37. Share-based payments (continued)

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they had vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

38. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

38. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these new or amended Accounting Standards and Interpretations did not have a material effect on the consolidated financial statements for the year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The Company has reviewed the ability of the consolidated entity to continue as a going concern and, based on its cash flow and the covenant compliance forecasts for a period of 12 months from the date of signing of the financial statements and current access to funding, concluded there are reasonable grounds to believe the consolidated entity will continue as a going concern.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business, consistent with that prepared in prior year.

During the year ended 30 June 2023, the Company recognised a consolidated loss after tax of $139.754 million (2022: profit of $6.010 million) and had net cash inflows from operating activities of $59.300 million and total net cash outflows of $118.301 million. At 30 June 2023, the Company held cash and cash equivalents of $19.533 million, a positive net asset position of $266.369 million and a net current liability position of $55.706 million. As noted in note 34, the Company entered into a new $50 million, 2 year debt facility with WHSP (WHSP Facility). The Facility will assist working capital liquidity for the Company's FY2024 plans, whilst also facilitating an orderly suspension of activities at Jaguar. The Facility will replace the ANZ $20 million Working Capital Facility and have second-ranking security to the remaining ANZ facilities. The ANZ Contingent Instrument Facility was increased to $50m and extended to 30 August 2024. On 7 August 2023, the Group executed a drawdown of $40 million on the WHSP Facility.

Historical cost convention
The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit and loss.

Comparative figures have been adjusted to conform to the presentation of the financial statements and notes for the current financial year, where required, to enhance comparability.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 39.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Aeris Resources Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Aeris Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

38. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Current and non-current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The consolidated entity designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

38. Significant accounting policies (continued)

At inception of the hedge relationship, the consolidated entity documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The consolidated entity documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 16. Movements in the hedging reserve in shareholders' equity are shown in note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges that qualify for hedge accounting
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity are immediately reclassified to profit or loss.

Joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

38. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax (GST) and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

39. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Liquidity and access to Credit Facility and Term Loan

At 30 June 2023, the Company held cash and cash equivalents of $19.533 million, a positive net asset position of $266.369 million and a net current liability position of $55.706 million. The Company had $7.973 million undrawn on its Contingent Instrument Facility and $20 million undrawn on its Working Capital Facility with Australia and New Zealand Banking Group Limited (ANZ). During the fourth quarter of the year, the Group breached its Debt to EBITDA Ratio covenant in relation to its lending facilities with ANZ, however this breach has been waived by ANZ subsequent to year end.

The Company entered into a $50 million debt facility with WHSP (WHSP Facility) subsequent to year end (please refer to note 34), and also executed an amendment to the existing Loan Facility with ANZ which extends the renewal period of the ANZ Facilities under the agreement to 30 August 2024 (with a review date of 30 June 2024) and retires the $20 million ANZ Working Capital Facility upon drawdown of the WHSP Facility. On 7 August 2023, the Group executed a drawdown of $40 million on the WHSP Facility.

The WHSP and ANZ facilities are subject to financial covenants that include net tangible assets balance; a ratio of Debt to EBITDA and an interest cover ratio which is measured at the end of each quarter. A breach of a financial covenant will result in an event of default.

The Company has used significant judgments and assumptions in developing the cash flow and debt covenant compliance forecasts. The Company's calculations are based on forecasts for a period of 12 months from the date of signing of the financial statements, and access to current funding. These assumptions included expected revenue based on consensus AUD commodity prices, forecast production and operating and capital expenditures based on the Board approved budgets and supply chain creditors continuing to provide critical supplies on payment terms consistent with their current course of conduct.

Business combination estimates

In applying business combination accounting to its acquisitions, the Group makes estimations of future cash flows and applies an appropriate discount rate to measure identified assets, including Mine properties. Contingent consideration included in Other Liabilities (note 18), is measured at fair value and has been estimated using present value techniques by discounting the probability-weighted estimated cash flows. The future cash flows involve the estimation of future earnings to be generated by the acquired business for a defined period. At each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the fair value of the liability results in a corresponding gain or loss to profit or loss. The increase in the deferred consideration liability resulting from the passage of time is recognised as a finance cost.

Mineral Resources and Ore Reserve estimates

In order to calculate Mineral Resources and Ore Reserves, estimates and assumptions are required about a range of geological, technical and economic factors. Estimating the quality and/or grade of the Mineral Resources and Ore Reserves requires the size, shape and depth of mineral and ore bodies to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data. The consolidated entity is required to determine and report Mineral Resources and Ore Reserves in Australia under the principles incorporated in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate Mineral Resources and Ore Reserves.

39. Critical accounting judgements, estimates and assumptions (continued)

As the economic assumptions used to estimate Mineral Resources and Ore Reserves change from year to year, and as additional geological data is generated during the course of operations, estimates of Mineral Resources and Ore Reserves may change from year to year. Changes in reported Mineral Resources and Ore Reserves may affect the consolidated entity's financial results and financial position in a number of ways, including the following:
- Recognition of deferred tax on mineral rights and exploration recognised on acquisitions;
- Recoverable amount of deferred mining expenditure and capitalisation of development costs; and
- Units of production method of depreciation and amortisation.

Units of production method of amortisation
The Company uses the units of production basis when amortising mine development assets which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions. The changes in ore reserves and mineral resources driving the remaining life of mine production are accounted for prospectively when amortising existing mine development assets.

Estimation for the provision for rehabilitation and dismantling
Provision for rehabilitation and dismantling of property, plant and equipment is estimated taking into consideration facts and circumstances available at the balance sheet date. This estimate is based on the expenditure required to undertake the rehabilitation and dismantling, taking into consideration time value. This requires the use of estimates and judgements in relation to a range of inputs including:
- Mineral Resources and Ore Reserves, and mine planning scheduling;
- Production costs; and
- Discount rates.

Impairment of non-financial assets
The consolidated entity considers annually whether there have been any indicators of impairment and then tests whether or not non-current assets have suffered an impairment, in accordance with the accounting policy stated in note 38.

This requires the use of estimates and judgements in relation to a range of inputs including:
- Commodity prices;
- Exchange rates;
- Mineral Resources and Ore Reserves, and mine planning scheduling;
- Production costs; and
- Discount rates.

Refer to note 11 for additional detail regarding the estimates and judgements applied to impairment testing carried out during the year ended 30 June 2023.

Recoverability of deferred tax assets
In determining the recoverability of deferred tax assets, management prepare and review an analysis of estimated future results which support the future realisation of the deferred tax assets. The estimated future results are derived from estimates also used for impairment assessments referred to in the notes to the consolidated financial statements. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the consolidated entity to realise recognised deferred tax assets would be impacted.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 38 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 33 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

____
Andre Labuschagne
Executive Chairman

30 August 2023
Brisbane

Independent auditor's report

To the members of Aeris Resources Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Aeris Resources Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

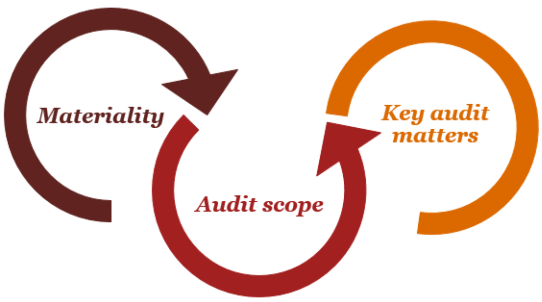
We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	*Audit scope*
• For the purpose of our audit we used overall Group materiality of $6.3m, which represents approximately 5% of the Group's loss before tax adjusted for impairment charge and transaction costs. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group loss before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We also adjusted for impairment charge and transaction costs as they are unusual or infrequently occurring items impacting profit and loss. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group has exploration and production assets at the Tritton mine in New South Wales, the Cracow and Mt Colin mines in Queensland and at the Jaguar Mine in Western Australia. The Group also has the Stockman exploration project in Victoria. • The accounting processes are structured around the head office finance function at the Group's corporate office in Brisbane.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
Basis of preparation of Financial Report *(Refer to note 38 and 39)* As described in Note 38 to the financial report, the financial statements have been prepared by the Group on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business. At 30 June 2023, the Group had a net current liability position of $55.7 million, and for the year then ended a consolidated loss after tax of $139.8 million, and total net cash outflows of $118.3 million. During the fourth quarter of the year, the Group breached its Debt to EBITDA ratio covenant in relation to its lending facilities with ANZ, however this breach has been waived by ANZ subsequent to year end. As described in note 39, Management used significant judgments and assumptions in developing the cash flow forecasts and debt covenant compliance calculations in considering its ability to continue as a going concern. These assumptions included expected revenue based on consensus AUD commodity prices, together with forecast operating and capital expenditures based on the Board approved budgets and supply chain creditors continuing to provide critical supplies on payment terms consistent with their current course of conduct. Assessing the appropriateness of the Group's basis of preparation for the financial report was a key audit matter due to its importance to the financial report and the significant level of judgement involved in forecasting future cash flows and debt covenant compliance calculations for a period of 12 months from the audit report date.	In assessing the appropriateness of the Group's going concern basis of preparation for the financial report, we performed the following procedures, amongst others: ● enquired of management and the board of directors as to their knowledge of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. ● evaluated the appropriateness of the Group's assessment of their ability to continue as a going concern, including whether the level of analysis is appropriate given the nature of the Group. The period covered is at least 12 months from the date of our auditor's report and relevant information of which we are aware as a result of the audit has been included. ● compared key underlying data and assumptions used in the Group's cash flow and debt covenant compliance forecasts to approved budgets, historical performance or market forecasts as relevant. This included but was not limited to forecasted AUD commodity prices, production and operating costs. ● developed an understanding of expenditure in the cash flow forecast that is committed and what could be considered discretionary. ● read the terms associated with debt and facility agreements and: ○ agreed debt covenants to management's calculations; and ○ assessed the amount of the facility available for drawdown over the forecast period. ● assessed debt waiver confirmation from ANZ. ● evaluated whether, in view of the requirements of Australian Accounting Standards, the financial report provides adequate disclosures about these events or conditions.

Key audit matter	How our audit addressed the key audit matter
Assessing the carrying value of Jaguar Cash Generating Unit *(Refer to note 10 and 11)* As at 30 June 2023, the Group recognised Property, Plant and Equipment, Mine Properties and Exploration and Evaluation Assets related to the Jaguar Cash Generating Unit (CGU) on the consolidated statement of financial position. During the year, the Group identified an indicator of impairment for the Jaguar Cash Generating Unit (CGU) and therefore undertook an impairment assessment of this CGU. The recoverable amount of the CGU was assessed using the fair value less cost of disposal methodology. The Group has commissioned an independent valuation of the Jaguar CGU on a care and maintenance basis. The independent valuation has used a number of techniques including actual and comparable transaction analysis. The recoverable amount is in excess of the carrying amount and therefore no impairment has been recognised. In calculating the recoverable amount, consideration has been given to the cash flows required to place Jaguar into care and maintenance. The impairment assessment required the Group to make significant judgements in relation to assumptions, including : ● Fair value assigned to resources on a care and maintenance basis; ● Comparable transactions; ● Timing and length of the period of care and maintenance; and ● Commodity prices, exchange rates, production activity and costs relating to cash flows required to put Jaguar on care and maintenance. The assessment of impairment was a key audit matter due to the level of judgements and assumptions involved in determining the recoverable value of the Jaguar CGU Assets.	We performed the following procedures, amongst others: ● assessed whether the Jaguar CGU appropriately included all directly attributable assets and liabilities. ● together with our valuation experts, assessed whether the valuation methodology, utilising a combination of resource multiples and cash flows to estimate the recoverable amount of the Jaguar CGU, was consistent with the basis required by Australian Accounting Standards. ● obtained Joint Ore Reserve Committee (JORC) report used by management's valuation expert and agreed the JORC statement to the input data used in the independent valuers expert report. ● considered the competency, qualifications, experience and objectivity of the Group's independent valuers who assisted them in the determination of the recoverable amount. ● considered the competency, qualifications, experience and objectivity of the Group's JORC competent person for Jaguar CGU. ● assessed whether the forecast cash flows to put Jaguar CGU on care and maintenance where appropriate by comparing: ○ Zinc and copper pricing data and currency exchange rate assumptions to current independent industry forecasts. ○ The Group's forecasts of production and costs to the most recent internal budgets. ● evaluated the reasonableness of the disclosures made in note 11, in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter

Business Combinations
(Refer to note 30)
 	
The Group acquired 100% of the issued shares in Round Oak Minerals Pty Limited for total consideration of $149.1 million, as described in note 30 of the financial report.
 	
The accounting for the acquisition was a key audit matter because it was a significant transaction for the year given the financial and operational impacts on the Group. In addition, the Group made complex judgements when accounting for the acquisition, including:
 	
● identifying all assets and liabilities of the newly acquired business and estimating the fair value of each asset and liability for initial recognition by the Group, particularly the mine properties and exploration and evaluation assets.
● allocating the purchase price between the various Round Oak mining and exploration operations.
	Assisted by PwC valuation experts in aspects of our work, our procedures included the following, amongst others:
	
	● evaluating the Group's accounting against the requirements of Australian Accounting Standards; key transaction agreements; our understanding of the business acquired and its industry and selected minutes of board meetings.
	● assessed the fair values of the acquired assets and liabilities recognised, including:
	    ● the scope, competence and objectivity of the Group's external experts involved in estimating the fair value of the acquired assets and liabilities.
	    ● reading the independent valuers reports and working with our valuation experts to assess the significant assumptions used in valuing the acquired assets and liabilities.
	    ● together with our valuation experts, evaluated the methodology used by the Group's independent valuers in preparing the purchase price allocation against the requirements of the Australian Accounting Standards.
	
	● agreed the amount of the purchase consideration paid and the working capital adjustment received to the transaction agreement, bank statements and ASX securities lodgements.
	● considered the adequacy of the business combination disclosures in Note 30 in light of the requirements of Australian Accounting Standards

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Corporate Directory and the Director's report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 15 to 27 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Aeris Resources Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Marcus Goddard
Partner

Brisbane
30 August 2023