ANNUAL REPORT 2016

Aeris RESOURCES

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About Us

Aeris Resources Limited (ASX: AIS) is an established copper producer and developer with multiple mines and a 1.8 Mtpa processing plant at its Tritton Operations in New South Wales, Australia.

In FY16 Aeris' Tritton Operations achieved record production of 30,425 tonnes of copper metal, exceeding the previously upgraded guidance for FY16 of 29,500 tonnes. Forecast copper metal production in FY17 is 28,000 tonnes.

The Company also has an exciting portfolio of highly prospective exploration projects creating a pipeline for future growth, including advanced projects at its Tritton Operations. A new $7.5 million greenfields exploration program at its Tritton Operations will provide an opportunity for Aeris to realise the potential of its substantial landholding in a region recognised for its mineral endowment.

Aeris' Board and Management team is experienced in all aspects of mining and corporate development. Aeris has a clear vision to become a mid-tier, multi-operation company – delivering shareholder value through an unwavering focus on operational excellence.

Aeris' safety behaviour culture is the Company's highest operational priority

FY16 Highlights

3 year restructure complete

Conclusion of a successful three-year corporate restructuring process including rebranding to reflect substantially strengthened financial position, operational excellence and strong growth outlook.

Record production

Third consecutive year of record production from Tritton Operations, producing 30,425 tonnes of copper and exceeding previously upgraded guidance of 29,500 tonnes.

Tritton extended

Proved and Probable Ore Reserve Estimates for the Tritton underground copper mine updated (as at 30 June 2016) to 6.4 million tonnes at 1.6% copper for 100,000 tonnes of contained copper metal, representing a 32% increase in contained metal on the previous reported Ore Reserve Estimate. Resource drilling at the Tritton underground mine also confirmed the continuity of mineralisation down to 3860mRL, approximately 365 metres below the current workings.

New ventilation shaft

Construction of a new $11 million ventilation shaft and exhaust fans at the Tritton mine commenced to support current production volumes and planned deeper mining operations.

Improved financial stability

Improved financial stability of the Company, reduction of debt with Standard Chartered Bank by 55% to US$50.0 million with a new seven year term; redemption at face value of US$1.0 million in Convertible Notes (Notes) issued to Credit Suisse International with the remainder (US$6.0 million) of the Notes converted to ordinary shares in Aeris; and introduction of new strategic partner Special Portfolio Opportunity V Limited (PAG SPV) – to provide 3 year US$25.0 million Revolving Priority Debt Facility.

New mining fleet

Investment in new mining fleet at Tritton underpins solid operational performance.

Murrawombie approved

Murrawombie underground copper mine development approved and commenced, with first ore delivered to the processing plant in June quarter and full production by second half of FY17.

Project consolidation

Ongoing monetisation of non-core assets with sale of the Temora and Currumburrama exploration projects to Sandfire Resources NL (Sandfire) for $2.5 million (paid in Sandfire shares).

Strategic Focus

Having established a sound production and financial footing, the next step for Aeris is to seek opportunities to grow.

The growth will be through development of our advanced near mine projects surrounding the Tritton Operations, to leverage Tritton's established infrastructure; greenfields exploration on the Tritton tenement package and other regional exploration projects, including the highly prospective Torrens Project in South Australia; and through the evaluation and execution of merger and acquisition opportunities at both project and company level.

Aeris continues to evaluate both organic and merger and acquisition opportunities to realise its growth strategy.

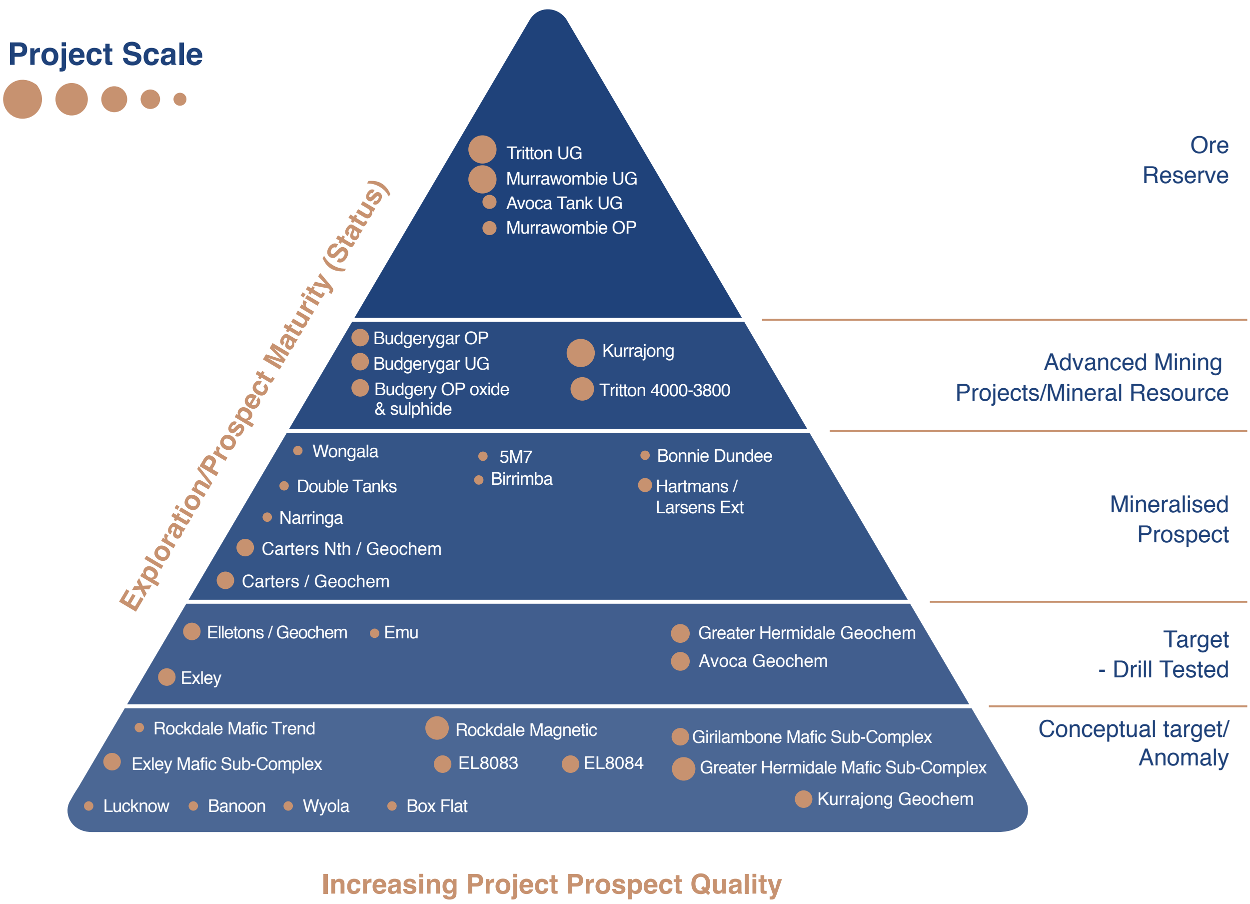
The Tritton Operations in New South Wales set a new record for annual copper production, for the third consecutive year, producing 30,425 tonnes of copper in FY16 and exceeding the previously upgraded production guidance of 29,500 tonnes announced in the March quarter. This outstanding performance from the Tritton Operations is testament to the technical ability of the team and the strong spirit of teamwork and innovation that exists throughout the operations.

Aeris has been focused on delivering excellence around planning, people and maintenance at the Tritton Operations, with the Company replacing its ageing truck fleet at Tritton and continuing work to debottleneck the processing plant to achieve the target throughput rate of 1.8 million tonnes per annum.

While significant funds will be invested in FY17 to extend Tritton Operations' life through the development of the new Murrawombie underground mine and the completion of the ventilation shaft to support deeper mining at the Tritton underground mine, Aeris is also committed to realising the exploration potential of its landholding.

The Company has an extensive 1,800km^2 tenement package in the Tritton VMS (volcanic massive sulphide) district, which hosts Besshi style VMS systems typically characterised by repeat mineral deposits along strike, multiple horizons and lenses and significant potential for mineralisation to continue at depth.

Exploration Projects Pipeline on the Tritton Tenement Package



Tritton is a world class Besshi (siliciclastic-mafic) volcanic massive sulphide deposit, ranking in the 85th percentile by size and metal endowment when compared to similar deposits. The Company's earlier exploration techniques have proven extremely effective in identifying these deposits, demonstrated by its extensions at Tritton and significant discoveries at Avoca Tank, Kurrajong and Budgery.

Aeris' exploration strategy on its tenement package surrounding the Tritton Operations is two-pronged, it combines a tactical focus on a pipeline of near-mine brownfields developments and a strategic greenfields exploration plan targeting Tritton-sized (plus 10 million tonne) deposits, with $7.5 million to be invested over the next two years to reinvigorate this greenfields exploration strategy.

The focus of exploration in FY17 will be on the Tritton and Kurrajong corridors, where the Company will use new higher power electromagnetic technology to "look" deeper than the current survey data, validate and update identified geochemical anomalies and drill test coincident electromagnetic and geochemical anomalies.

Executive Chairman's Statement

The 2016 financial year was a transformative and landmark year for Aeris Resources, with the successful conclusion of a three-year restructuring process placing the Company in an outstanding position to pursue an aggressive growth strategy.

The Company started FY16 as Straits Resources Limited, carrying a sizeable burden of debt on our balance sheet and armed with a plan for a major corporate restructure.

I am pleased to confirm that we successfully concluded the restructuring process, approved by our Shareholders at an Extraordinary General Meeting in December 2015, which included relaunching the Company as Aeris Resources Limited (Aeris). The re-branding to Aeris was to demonstrate that the Company had turned the corner after a challenging few years and that we are now focused on growing the Company, a strategy which is supported by our Board, major shareholders and financiers.

Post restructure, we are in a considerably stronger financial position, with a 55 per cent reduction (to US$50 million) in our senior debt with Standard Chartered Bank and a US$25 million Revolving Priority Debt Facility from our strategic partner, Special Portfolio Opportunity V Limited.

Our plan is to maintain the Company's lean corporate structure, whilst using our improved financial strength as a platform to grow, by investing in our operational and exploration assets and at the same time seeking appropriate opportunities for acquisitions and corporate activity. This two pronged strategy of organic and externally generated growth will underpin our aim to become a mid-size, multi-mine company.

We have already seen the results of the increased investment at the Tritton Operations. The replacement of the ageing truck fleet with larger, more efficient machines during the second half of FY16 helped deliver record production from the Tritton Operations through increased productivity whilst also having a positive impact on our operating costs.

The Tritton Operations mined and milled approximately 1.7 million tonnes of ore in the period to deliver record copper metal production of 30,425 tonnes for FY16. We also updated the Proved and Probable Ore Reserve estimate for the Tritton deposit as at 30 June 2016 to 6.4 million tonnes at 1.6 per cent copper for 100,000 tonnes of contained copper metal, representing a 32% increase (after depletion) in contained metal year on year.

At a financial level I am pleased to advise that the Company posted a net profit for the year of $22.26 million, compared to a loss in FY15 of $31.46 million. The improved financial performance was driven by a gain of $45 million, resulting from the debt restructure.

Looking to the year ahead, significant funds will be invested in FY17 to extend the life of the Tritton Operations through the development of the Murrawombie underground mine and the completion of the ventilation shaft to support current production volumes and planned deeper mining at the Tritton mine.

We are also committed to realising the exploration potential of our highly prospective tenement package surrounding the Tritton Operations and to this end, subsequent to the end of the financial year, we were pleased to announce a $7.5 million investment over the next two years on greenfields exploration. In FY17 we will resume greenfields exploration, targeting the discovery of new, plus 10 million tonne (Tritton sized) deposits – not an unrealistic ambition in a copper system characterised not by single ore bodies, but by multiple repeats of mineralisation.

Whilst there have been multiple discoveries of copper deposits (eg. Tritton, Murrawombie, Avoca Tank) in the prolific Tritton VMS region, our 1,800km^2 tenement package is largely underexplored, particularly at depth. With recent developments in electromagnetic technology it is now possible to "see" much deeper, potentially up to 500m, than was possible previously. We believe the Company is in its strongest position in years to begin to realise the exploration upside potential of its landholding to unlock value for shareholders.

After the end of the financial year we announced that the Federal Court had dismissed certain Native Title applications over Lake Torrens. Lake Torrens is included within an exploration tenement (Torrens Project) of which Aeris is a 70% Joint Venture partner. The Torrens anomaly, which is included in the Torrens Project is confirmed to be the geophysical response to a very large iron-oxide copper-gold (IOCG) system in the area of the Olympic Dam and Carrapateena mineral deposits in South Australia. This is a very exciting development and in the coming year it is proposed that an application will be made for authorisation to drill the Torrens anomaly.

We ended FY16 in a strong operational and financial position and with clear organic growth plans set out for FY17. This said, the Board is also actively seeking potential merger and acquisition opportunities which have the potential to add significant value for shareholders.

As part of the ongoing restructure of the Company we have continued to seek opportunities to dispose of non-core assets, where appropriate values could be achieved. During the year we completed the sale of Aeris' non-core Temora and Currumburrama exploration projects in New South Wales to Sandfire Resources NL (Sandfire) for $2.5 million, paid in Sandfire shares, which we subsequently sold on-market prior to the end of the year.

We continue to prioritise the safety of our people, with a focus on behavioural safety, which was reflected in the total recordable injury frequency rate falling by more than 20 per cent during FY16 despite staff being actively encouraged to be more rigorous in their reporting of incidents and safety hazards.

We have also maintained our investment in the communities within which we operate, financially supporting initiatives most likely to contribute to long term outcomes in the nearby Nyngan, Hermidale and Girilambone communities in regional New South Wales.

I would like to thank our entire team for supporting Aeris on this transformational journey and continuing their tireless work in supporting our operational and corporate activities.

Thank you also to our shareholders and strategic partners for supporting the Company over the last few years as we have undertaken this turnaround and for also backing our ambitious growth plans for FY17, as we seek to leverage our success in FY16.

André Labuschagne
Executive Chairman

Review of Operations and Activities

Financial Results

Aeris Resources recorded a profit after tax for the financial year to 30 June 2016 of $22.26 million, which represents a turnaround of $53.72 million when compared with a loss after tax for the prior corresponding period of $31.46 million.

The FY16 financial result for the Company was impacted by a number of key factors, including:

- Gain on debt restructure of $45.438 million;
- Foreign exchange losses of $8.164 million; and
- Deferred tax expense of $5.655 million.

Financial Position

The net profit for the year of $22.26 million has contributed to the Company's positive net asset position of $28.142 million as at 30 June 2016. At the record date, Aeris was holding cash of $11.300 million, investments of $5.657 million and $4.991 million of restricted cash.

The Company's net cash inflows from operating activities during FY16 was $9.057 million, with net cash outflows from investing activities of $21.270 million and net cash outflows from financing activities of $0.40 million. Foreign exchange revaluations amounted to $0.10 million on cash and cash equivalents.

Profit/(loss)	30 June 2016 ($M)	30 June 2015 ($M)
Revenue from continuing operations	192.5	217.3
Gross Profit	(2.4)	24.4
Profit/(Loss) from continuing operations	27.9	(31.5)
Profit/(loss) for the year	22.3	(33.0)

Non-Core Investments

The Company completed the sale of its non-core Temora and Currumburrama exploration projects in New South Wales to Sandfire Resources NL (Sandfire) in the March quarter of FY16.

The Temora project was 100 per cent owned by Aeris and comprised the tenements EL6845 and EL5864.

The Currumburrama project (tenement EL5792) was also 100 per cent owned by Aeris, with Sandfire previously earning into the tenement through a joint venture.

Consideration for the sale was $2.5 million, paid in Sandfire shares, with the shares subsequently sold on-market during the period under review.

Debt Restructure

On 3 August 2015 the Company announced that it had signed debt restructuring deals with Standard Chartered Bank (SCB) and Special Portfolio Opportunity V Limited (PAG SPV). The key components of the debt restructuring were:

- A reduction in the Company's Senior Debt with Standard Chartered Bank (SCB) to US$50.000 million (a reduction of 55%);
- In exchange for the debt reduction, SCB would be issued with Redeemable Convertible Preference Shares equivalent to a 60% equity stake in the Company, on a post-restructuring fully diluted basis;
- A Price Participation Structure was agreed with SCB whereby it will receive a small percentage of incremental revenue above a copper price of A$8,000 per tonne;
- PAG SPV to provide the Company with a 3 year US$25.000 million Revolving Priority Debt Facility to underpin growth projects and exploration at the Tritton Operations; and
- PAG SPV to be issued with Non-Redeemable Convertible Preference Shares equivalent to a 15% equity stake in the Company, on a post-restructuring fully diluted basis.

The debt restructuring, as outlined above was approved by shareholders at an Extraordinary General Meeting on 15 December 2015, with the restructure completed on 31 December 2015.

At the Extraordinary General Meeting on 15 December 2015, shareholders also approved the change in the Company's name to Aeris Resources Limited and a 1:10 consolidation of its Ordinary Shares.

One of the Conditions Precedent to completing the debt restructure was a restructure of the US$7.000 million Credit Suisse Convertible Notes (Notes). On 4 January 2016 US$1.047 million of the Notes were redeemed at face value with the remainder being converted to 24,500,000 (post consolidation) Ordinary shares in Aeris, which were issued on 8 January 2016.

The restructuring deed with SCB and PAG SPV provided an entitlement for both parties to each appoint one Non-Executive Director to Aeris' Board. During FY16, SCB elected to take up this right and nominated Mr Marcus Derwin, who joined the Aeris Board on 18 April 2016.

Achieving operational efficiencies at Tritton was central to Aeris' record production.

Tritton Operations

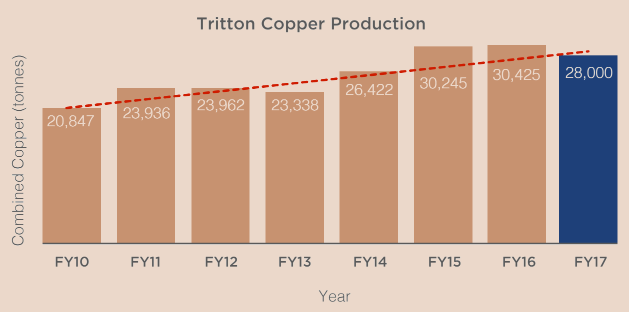
Aeris Resources' Tritton Operations in New South Wales set a new record for annual copper production, for the third consecutive year, producing 30,425 tonnes in FY16 and exceeding the previously upgraded production guidance of 29,500 tonnes, announced in the March quarter.

This result follows 30,245 tonnes of copper produced in FY15 and 26,422 tonnes produced in FY14.

This consistent year on year performance from the Tritton Operations is testament to the commitment and expertise of the Tritton team, as the Company pursues a continuous optimisation program to improve productivity and reduce costs.

This productivity drive included a significant investment in replacing the underground mine haulage truck fleet at Tritton with new, higher capacity, more fuel efficient models resulting in significant productivity improvements and a reduction in operating costs.

Aeris continued its investment in debottlenecking the Tritton Operations' processing plant during FY16, successfully increasing throughput capacity to 1.8 million tonnes per annum. The operations continued to source ore predominantly from the Tritton mine and began transitioning production from the North East/Larsens mine, due to cease production early in FY17, to ore sourced from the new Murrawombie underground mine, development of which was approved in the March quarter.



	Units	FY16	FY15	FY14
Mined	Tonnes	1,693,951	1,622,829	1,572,728
Grade	Cu (%)	1.86	1.94	1.77
Ore milled	Tonnes	1,700,860	1,641,483	1,568,755
Grade milled	Cu (%)	1.88	1.93	1.77
Recovery	Cu (%)	94.31	94.65	94.29
Copper concentrate produced	Tonnes	125,469	123,367	109,232
Copper concentrate grade	Cu (%)	24.01	24.37	24.00
Contained copper in concentrate	Tonnes	30,122	30,059	26,185
Copper cement produced	Tonnes	303	186	237
Total copper produced	Tonnes	30,425	30,245	26,422

Aeris has commenced a new $11 million ventilation shaft at Tritton.

Mining

The Board approved development of the Murrawombie underground mine in the March quarter of FY16, with full production expected to be reached in the second half of FY17. The Murrawombie deposit is the largest concentration of copper metal identified to date on the Tritton tenement package, outside the Tritton deposit, and has a current Ore Reserve of 3.3 million tonnes at 1.3 per cent copper (as at 30 June 2016).

Murrawombie was the logical option to supplement the Tritton mine and has a plus five-year life at production rates up to 650,000 tonnes per annum. First ore from Murrawombie was delivered to the processing plant in the June quarter.

Murrawombie was originally mined in the 1990s as an open pit to access the oxide portion of the deposit for heap leach processing. The sulphide portion of the deposit was however not mined at that time due to its unsuitability for heap leaching.

Development of the Murrawombie underground mine originally commenced in 2007, including a portal and 600 metres of decline, before being put into care and maintenance in 2008 as a result of the Global Financial Crisis. The deposit remains open at depth, with historical drilling intersecting copper mineralisation 600m below surface (4,600mRL).

Capital expenditure to develop the initial Stage 1 lens over a period of 18 months is projected to be $6.4 million for infrastructure and equipment and $8.5 million for capital development.

Aeris continued its mine extension program for the Tritton underground operations in FY16 resulting in the Company approving the development of Tritton Deeps in July, post the conclusion of the reporting period, including updated Mineral Resource and Ore Reserve estimates (as at 30 June 2016) for the Tritton deposit.

The development of Tritton Deeps will assist in extending the mine life at the Tritton Operations out to 2023 and extend mining activity at the Tritton mine 175 metres below the current workings. Below this, the Tritton deposit remains open with two drill holes intersecting copper mineralisation 365 metres below the current workings.

In support of the current production volumes at the Tritton mine and the planned deeper mining operations, Aeris commenced the development of a new $11 million ventilation shaft in FY16. The shaft is expected to be operational by the end of the March quarter of FY17.

Drilling of the 880 metre deep, five metre diameter ventilation shaft will extend from surface down to the RL4385m exploration drive. The ventilation system supporting it will include twin centrifugal exhaust fans, each powered by a 1.3 megawatt motor, which together are capable of displacing 400m^3 per second.

The approval of Tritton Deeps also triggered Tranche 2 (US$10 million) of Aeris' Revolving Priority Debt Facility with its strategic partner, Special Portfolio Opportunity V Limited (PAG SPV).

Processing

The processing plant achieved record throughput in FY16, with ore milled totalling 1.70 million tonnes, up from 1.64 million tonnes in FY15.

Continued debottlenecking improvements during the year have achieved the targeted processing plant throughput rate of 1.8 million tonnes per annum to ensure it stays ahead of expanding mine production from the Tritton Operations.

Recovery was negatively impacted in the June quarter by the unexpected loss of one verti-mill for a period of six weeks.

Other significant work during FY16 included crusher repairs and SAG mill maintenance brought forward to the September quarter, which resulted in fewer days downtime required for planned maintenance in the December quarter.

Capital equipment

Improving reliability of the mine equipment fleet through strategic equipment replacement and improved maintenance practices has continued to be an operational priority at Tritton mine.

Seven of the new 63 tonne underground trucks were added to the fleet during the financial year along with a new underground loader and drill rig. One more 63 tonne truck is on order and scheduled for delivery in early FY17.

Seven new 63 tonne underground trucks were added to the fleet in FY16

Costs

C1 unit cash costs for FY16 averaged $2.26/lb, down from $2.44/lb in FY15.

The reduction, compared to the previous year, was realised through continued optimisation of both mining and processing operations and the replacement of ageing mining fleet, with an associated reduction in maintenance costs.

Exploration

In FY16 the Company continued to drill out the Tritton Deeps extension project, including an initial program of 17 holes for 6,641 metres of drilling designed primarily to confirm mineralisation between the 4,200mRL to 4,000mRL levels, the window approximately 200m below the existing workings. A follow-up phase two program was designed to drill out the Tritton orebody to 40 metre by 40 metre spacing in the target zone ahead of the positive development decision.

Two deeper holes were also drilled and intersected copper mineralisation down to the 3,830mRL level, 1,460 metres below surface. This initial drilling indicated copper mineralisation remains open at depth.

Outlook

Aeris is targeting production of 28,000 tonnes of copper from the Tritton Operations in FY17.

Team members at the Tritton Operations evaluate exploration data.

Exploration

Tritton Regional Exploration Overview

Aeris has a number of prospective regional exploration tenements in New South Wales, Queensland and South Australia. The exploration strategy is to remain focused on the Tritton Operations, where the Company has an exploration tenement package covering in excess of 1,800km^2 over the prospective Tritton VMS (volcanic massive sulphides) field, made up of six exploration leases and three mining leases – collectively referred to as the "Tritton tenement package".

Within the Tritton tenement package copper mineralisation is interpreted to occur in close association with volcanic complexes. Six major complexes have been identified to date – Tritton, Girilambone, Budgery, Kurrajong, Miandetta and Exley. These complexes are found within a sequence of sedimentary and volcanogenic rocks extending over a combined strike length of more than 100 kilometres.

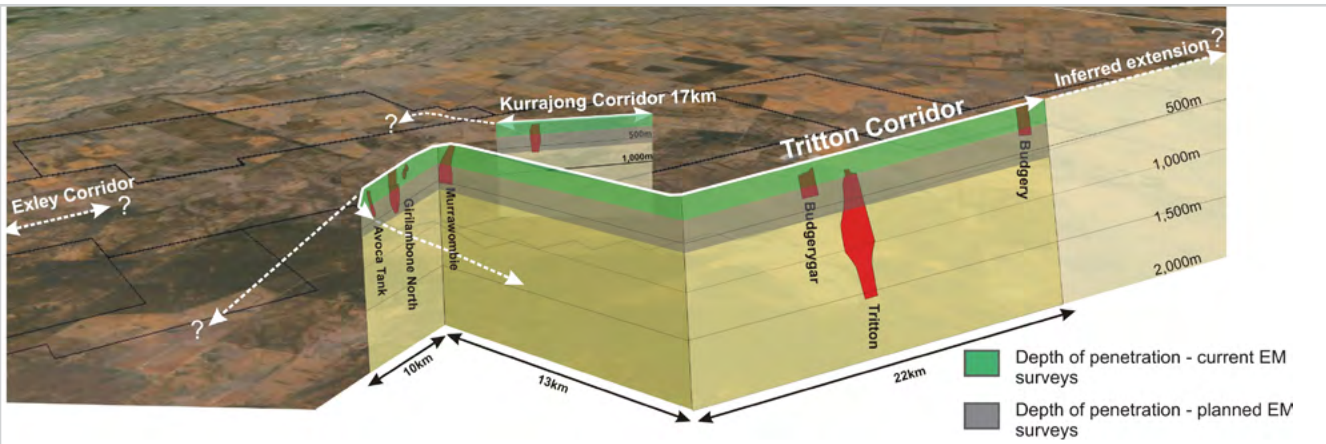
Within a single volcanic complex it is common to find one or two large deposits and more numerous smaller deposits. A large deposit maybe 20 million tonne such as the Tritton deposit, while the smaller deposits are sub 1 million tonne to 2 million tonne in size. The exploration plan is to test each of the volcanic complexes, looking deeper than previously, with a focus on the large deposits.

The exploration techniques and technology utilised to date have been very effective in identifying and defining copper deposits within the tenement package focusing on exploring within 250 metres from surface. This strategy has yielded more than 375,000 tonnes of copper. A majority of the deposits are detectable from electromagnetic geophysical methods which were instrumental in the discovery of the Tritton deposit.

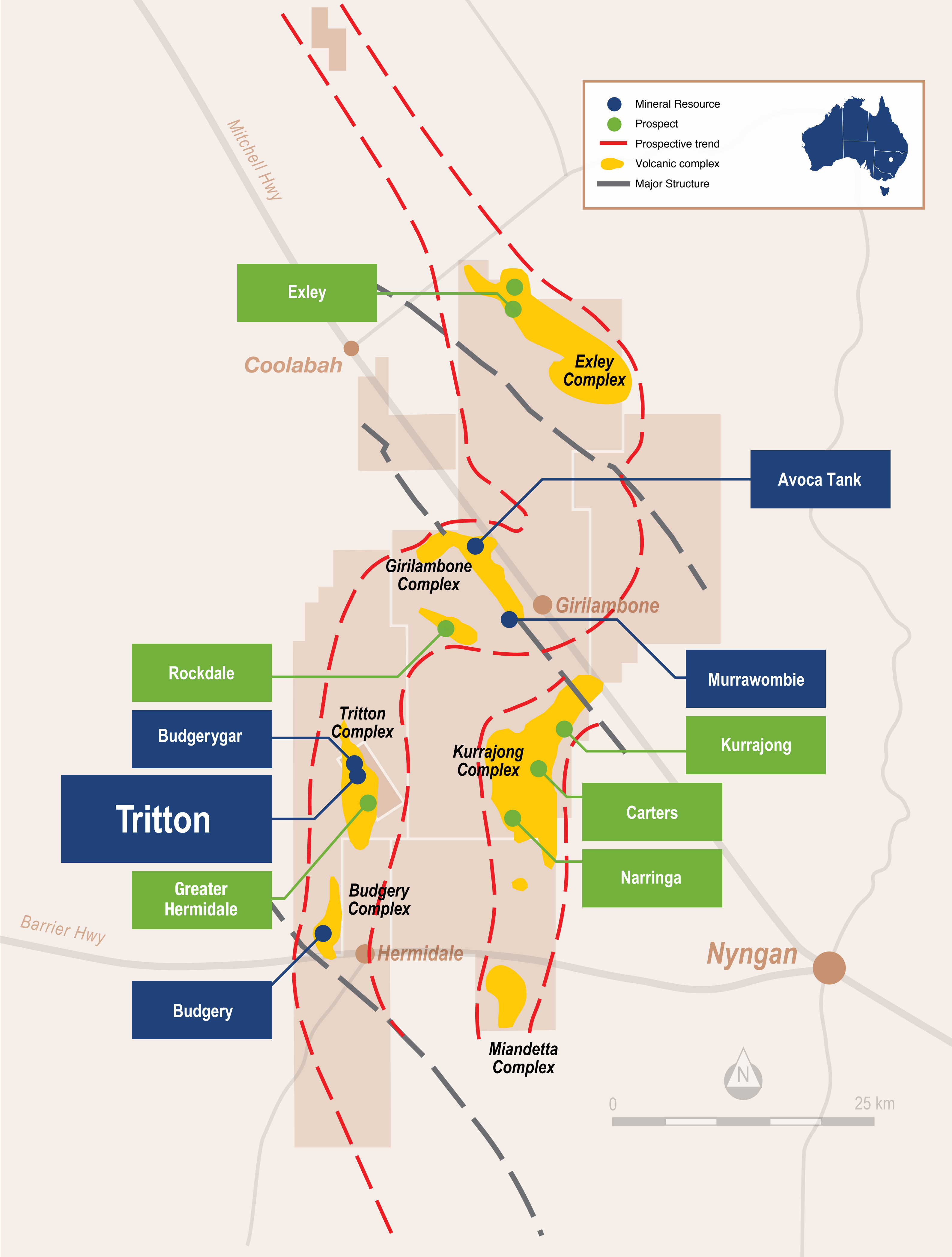
After the end of the financial year the Company announced that it was ramping-up greenfields exploration activities on its Tritton tenement package, with $7.5 million targeted to be spent over the next two years. The proposed greenfields exploration program will focus on identifying large deposits of plus 10 million tonnes – of which two have been discovered to date, Tritton and Murrawombie.

Electromagnetic geophysical methods will form a key component of this exploration strategy with planned coverage to extend across all volcanic complexes during the two-year period. In conjunction, geochemical sampling will continue over the stratigraphic corridors known to host mineralisation. It is expected this will extend the prospective corridors, possibly identifying new volcanic complexes.

Extensive electromagnetic surveys completed within the tenement package during the mid-1990s to 2000s penetrated to approximately 250m below surface. Advances in technology since this period enables such surveys to penetrate deeper and application of this new technology is expected to be instrumental in the exploration campaign over the next two years. We aim to improve penetration to depths in excess of 500m below surface. Trials completed over the Kurrajong prospect successfully detected the known mineralised system down to 400 metres below surface.



Aeris will use more powerful electromagnetic survey technology to further test its highly prospective 1,800km^2 tenement package


Mineral Resource
Prospect
Prospective trend
Volcanic complex
Major Structure
Mitchell Hwy
Exley
Coolabah
Exley Complex
Avoca Tank
Girilambone Complex
Girilambone
Murrawombie
Rockdale
Budgerygar
Tritton Complex
Tritton
Kurrajong Complex
Kurrajong
Carters
Narringa
Greater Hermidale
Budgery Complex
Barrier Hwy
Hermidale
Nyngan
Budgery
Miandetta Complex
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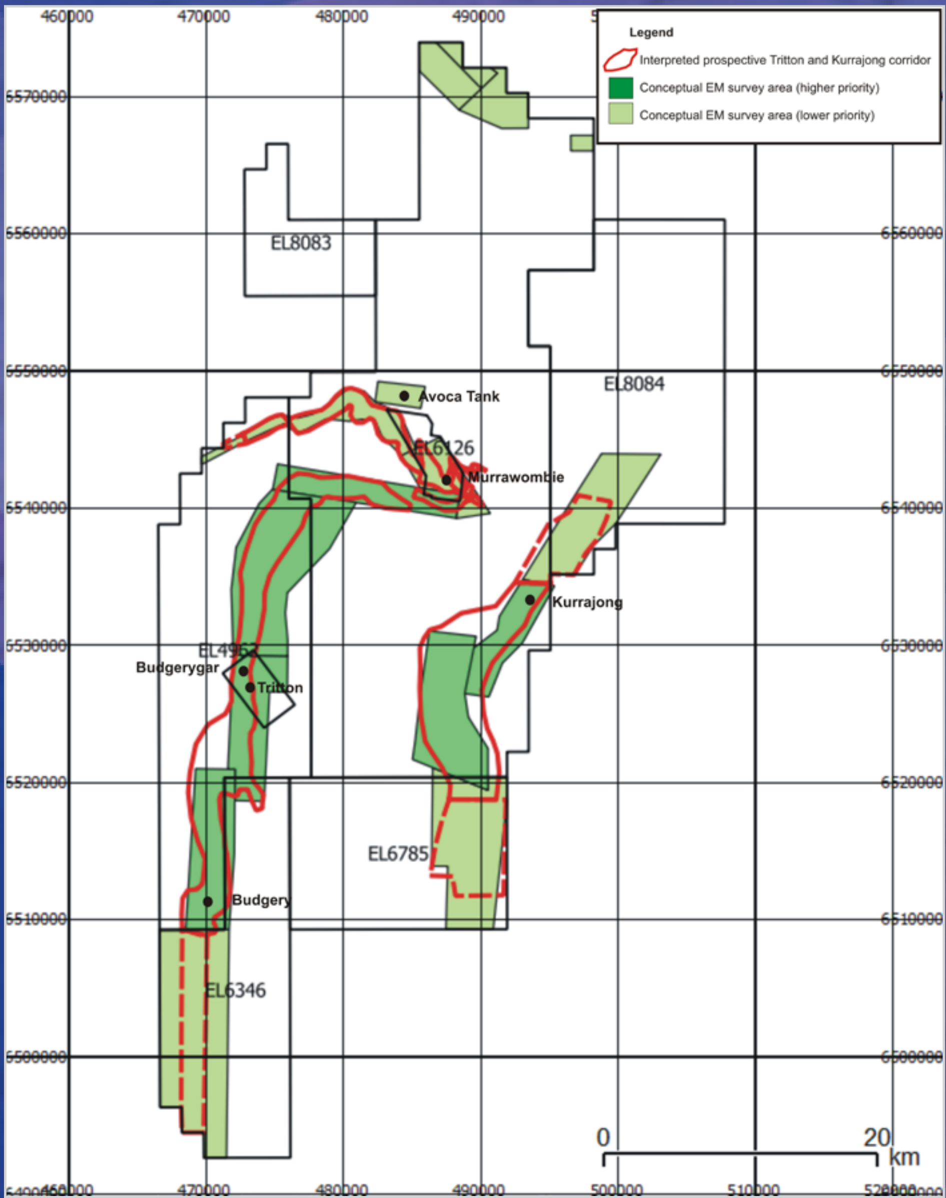
25 km



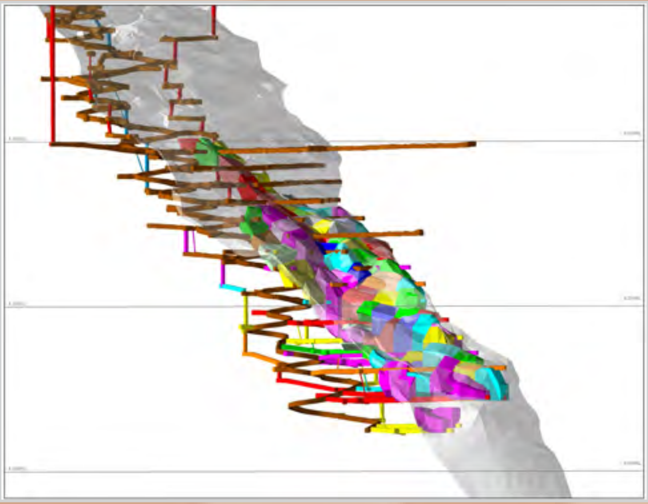
Map of Tritton tenement package showing planned electromagnetic survey coverage in relation to current operation and advanced projects.

Near Mine Exploration

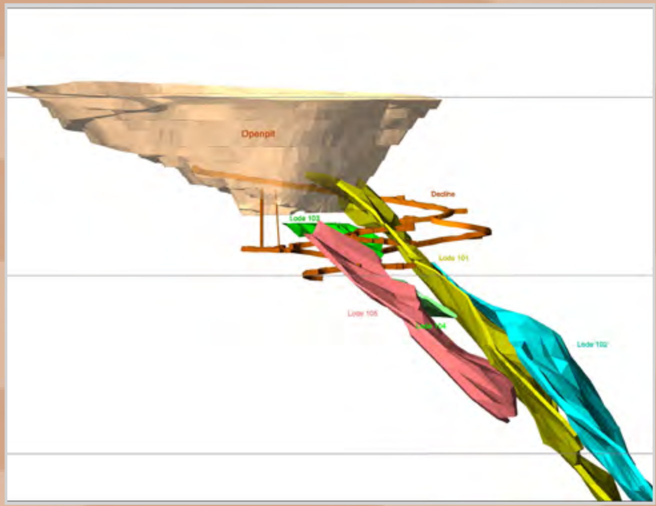
Aeris has a number of advanced projects which represent the Company's best near-term development opportunities to sustain and potentially increase production rates from the Tritton Operations.

TRITTON MINE

The Tritton mine is located approximately 45 kilometres north-west of Nyngan in central New South Wales and is one of the largest known deposits in the region.



A long section of the Tritton deposit showing existing and planned development.



A long section of the Murrawombie deposit showing current underground development.

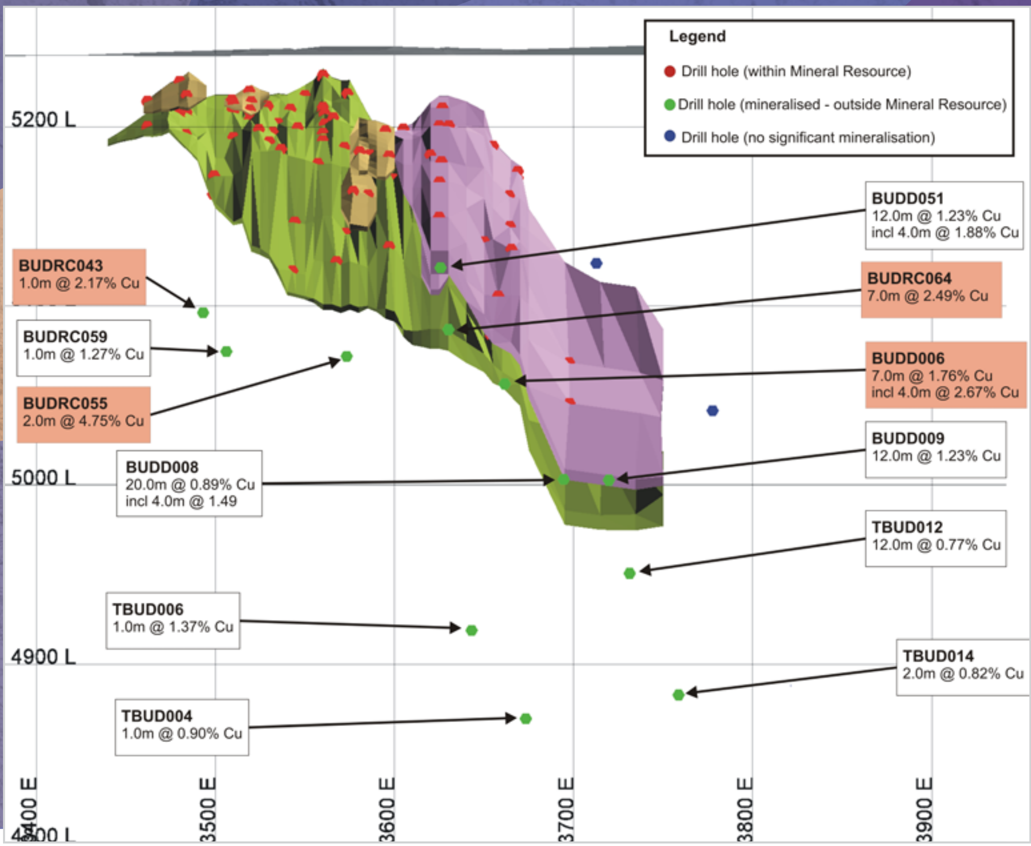
A multi-phase drill program was completed during the year to better define the deposit below 4,200mRL, known as "Tritton Deeps". The initial Phase 1 drill program was designed to confirm continuity of copper mineralisation between the 4,200mRL to 4,000mRL levels. The second phase of drilling was designed to drill out the Tritton deposit to 40 metre by 40 metre drill spacing between the 4,200mRL and 4,000mRL to increase the level of geological knowledge. Following completion of the second phase of drilling an updated resource model was completed. The Indicated Mineral Resource now extends to the 4,000mRL.

Two drill holes were extended deeper and intersected copper mineralisation down to the 3,830mRL level (1,460m below surface) indicating copper mineralisation is not closed off at depth. Drilling below the 4,000mRL level to test the continuity of mineralisation will continue once underground drill platforms are available.

MURRAWOMBIE DEPOSIT

The Murrawombie deposit is located in the southern area of the Girilambone Complex. The deposit is the largest concentration of copper metal on Aeris' tenements outside the Tritton deposit and was previously mined in the 1990s as an open pit to access the oxide portion of the orebody for heap leach processing. The sulphide portion of the deposit was not mined at the time due to its unsuitability for heap leaching.

Mineralisation below the open pit is defined by multiple sulphide lodes that dip at 50 degrees to the east. The dominant copper mineral, chalcopyrite, is typically associated with massive pyrite, with lesser disseminated pyrite. The larger sulphide lodes are continuous over 200m in length and extend at least 400m down dip. The dominant mineralised lodes remain open at depth below the 4,700mRL level (500 metres below surface) and represents an opportunity to further grow the Mineral Resource inventory. Mining commenced in late FY16.



A long section of the Budgery deposit showing intersections within (red) and outside (green and blue) of the current Mineral Resource

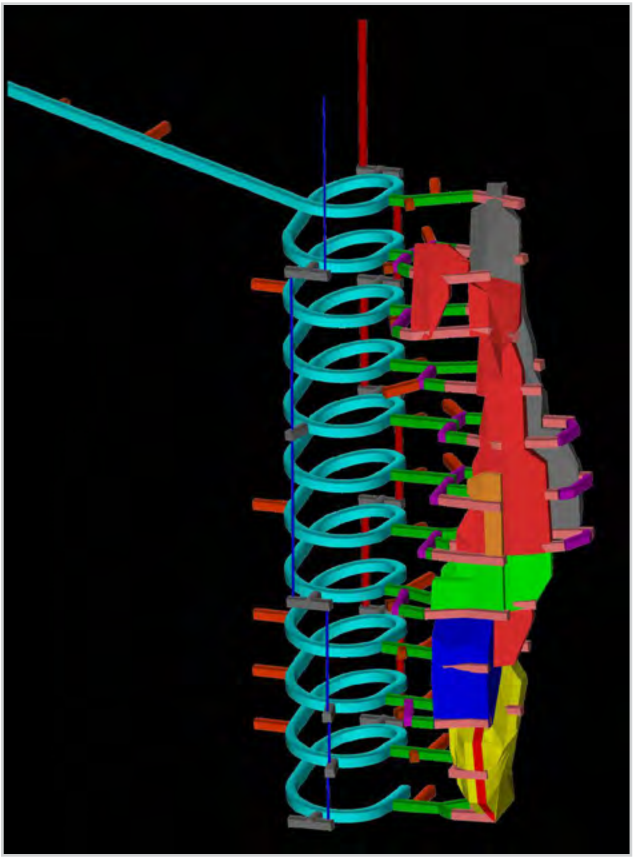
BUDGERY DEPOSIT

The Budgery deposit is located approximately 20 kilometres south of the Tritton processing plant by a sealed road. Significant drilling has already been conducted, sufficient to support a concept mining study for an open pit. Work is planned to quantify what oxide material is capable of being treated through heap leaching to improve on the already positive economics. Further geology, metallurgy and environmental work is required to progress the project towards production.

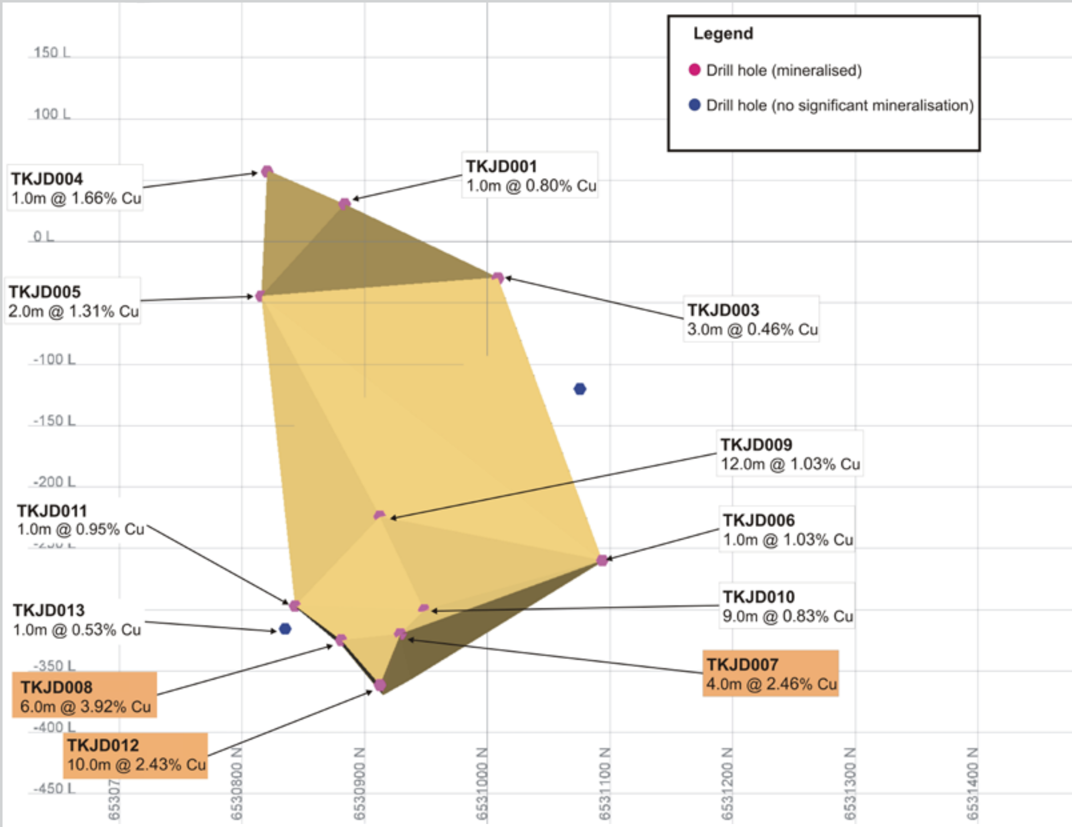
The current mineralised system is large and known to continue at depth. Downhole electromagnetic targets defined from earlier resource definition drill programs have not been adequately tested and present an opportunity to increase the Mineral Resource down dip from the current reported Mineral Resource, which extends 250 metres vertical.

AVOCA MAFIC COMPLEX

The Avoca Complex, a subset of the larger Girilambone Complex, spans a 3 kilometre by 1.5 kilometre area containing multiple magnetic high responses located 2.5 kilometres north-west of the North East and Larsens deposits.



An isometric representation of the Avoca Tank deposit stope and development plan



A long section of the Kurrajong prospect showing the interpreted mineralised outline and drill hole intersections

Previous exploration within the Avoca Complex discovered the Avoca Tank deposit in 2011, which is now a mining project awaiting development, with a defined Ore Reserve estimate and completed prefeasibility study in place.

The Avoca Tank deposit remains open at depth with current downhole electromagnetic targets indicating mineralisation has not been closed off down dip.

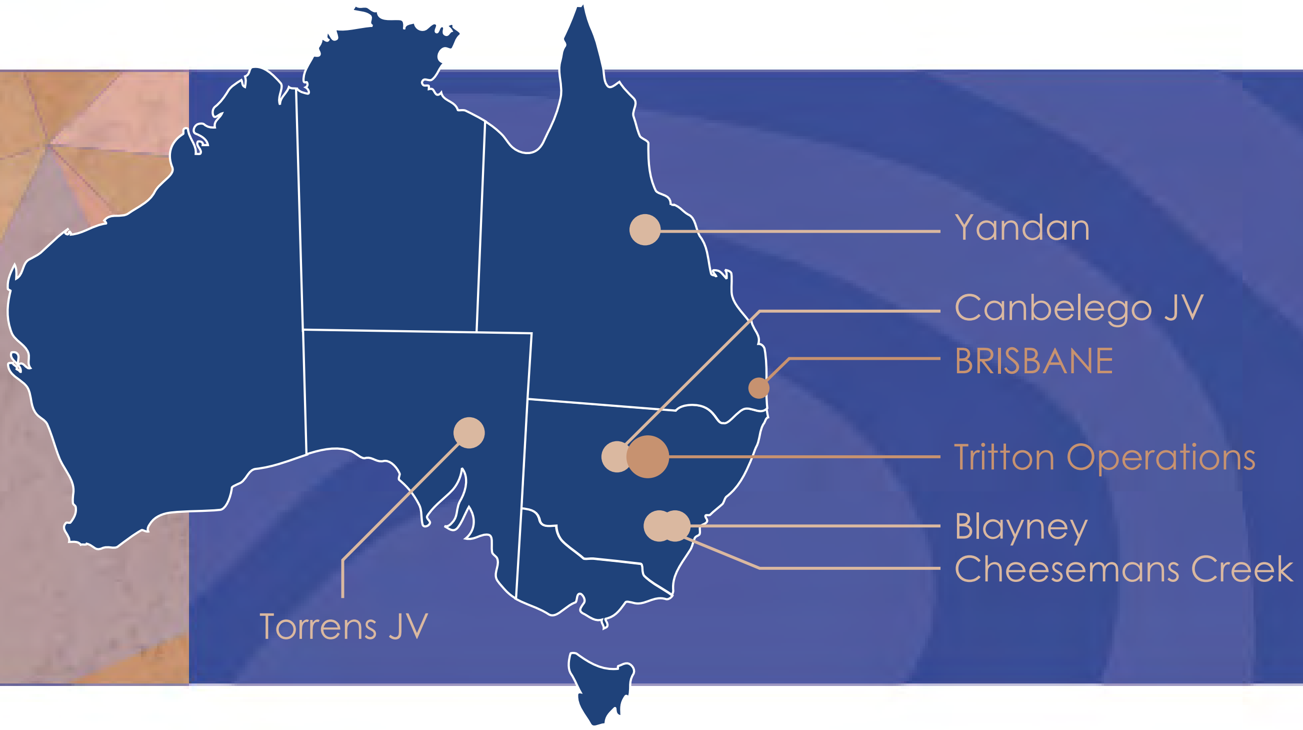
Aeris remains confident in the likelihood of further Avoca Tank type (approximate one million tonne) repeat discoveries within the volcanic complex. The steeply dipping nature of the deposit coupled with the limited strike extent make it difficult to explore for analogous repeats via surface electromagnetic methods. Trials of new high powered electromagnetic systems completed in April 2016 detected the Avoca Tank deposit, however given the limited strike length and steeply dipping orientation, surface surveying is not an efficient or cost effective method of exploration for these deposit styles. Continued geochemical sampling is likely a more cost effective exploration method over the area to define drill targets.

KURRAJONG COMPLEX

The Kurrajong Complex is located to the east of the Tritton processing plant, and represents an extensive volcanic complex with over 15 kilometres of strike length. Previous geochemical sampling over the complex defined many copper anomalies, some of which have been drill tested. The most advanced project is the Kurrajong prospect, with drilling confirming the presence of a large mineralised system, characterised by massive to semi-massive sulphides.

Drill intersections returning significant results in the Kurrajong prospect to date include 6m @ 3.9% Cu in drill hole TKJD008 and 10m at 2.4% Cu from drill hole TKJD012.

There is a strong probability for the identification of other volcanic complexes containing VMS mineralisation along a significant strike length of prospective stratigraphy.



Other Exploration Projects

TORRENS, SOUTH AUSTRALIA (AIS 70%)

The Torrens Project, a joint venture between Kelaray Pty Ltd (a wholly owned subsidiary of Argonaut Resources NL) and Aeris (70 per cent interest), is exploring for iron-oxide copper-gold (IOCG) systems in the highly prospective Stuart Shelf region of South Australia. The Torrens project is located on Lake Torrens near the eastern margin of South Australia's Gawler Craton region (Stuart Shelf) and lies within 50 kilometres of Oz Minerals' Carrapateena deposit and 75 kilometres from BHP Billiton's Olympic Dam mine.

The Torrens project is defined by strong magnetic and gravity anomalies with previous drilling intersecting low grade copper mineralisation associated with intense magnetite and haematite alteration. The mineralisation style has many similarities to Olympic Dam and Carrapateena.

After the end of the financial year the Company announced that the Federal Court had dismissed certain Native Title applications over Lake Torrens. This is a very exciting development and in the coming year it is proposed that an application will be made for authorisation to drill the Torrens anomaly.

BLAYNEY, NEW SOUTH WALES (AIS 100%)

The Blayney project (EL5922) is located 35 kilometres south of Orange and covers the eastern margin of the Forest Reef Volcanics, which hosts the world class Cadia East and Ridgeway copper-gold porphyry deposits. The area is considered one of the most prospective geological environments for porphyry related copper-gold mineralisation in New South Wales. The project surrounds the decommissioned Browns Creek Mine which produced 516,000 ounces of gold with substantial silver and copper credits.

A number of porphyry/skarn copper-gold and structurally controlled gold prospects are recognised in the project area. The most advanced prospects are the Discovery Ridge, Bald Hill and Ferndale prospects.

The Indicated and Inferred Mineral Resource inventory at Discovery Ridge was reported at 14Mt @ 1.1 g/t Au for 501,000 ounces contained gold (0.5 g/t cut-off), while Bald Hill contains an Inferred Mineral Resource of 37Mt @ 0.5 g/t Au for 595,000 ounces contained gold (0.3 g/t cut-off).

Aeris owns the Blayney project through its wholly owned subsidiary, Templar Resources Pty Ltd.

CHEESEMANS CREEK, NEW SOUTH WALES (AIS 100%)

The Cheesemans Creek project (EL 5979 and EL7321) is located approximately 22 kilometres to the north-west of Orange. Exploration activities have been focused on defining porphyry, skarn and epithermal related copper-gold mineralisation within a tenement package of 30km^2. Prospective copper-gold mineralisation within the tenement package includes the Printhie and Rowena prospects.

The Printhie prospect is the most advanced target, defined by low level soil geochemical anomalies over a large 800 metre diameter induced polarisation chargeability anomaly. Host rocks and alteration assemblages are consistent with porphyry and skarn mineralised systems and include feldspar porphyries and epidote/siderite skarns with primary sulphides and secondary copper mineralisation.

Aeris owns the Cheesemans Creek project through its wholly owned subsidiary, Templar Resources Pty Ltd.

CANBELEGO, NEW SOUTH WALES (AIS 30%)

The Canbelego project (EL6105) covers approximately 40km^2 and is located 45 kilometres south-west of the Tritton Operations. The tenement covers a 10 kilometre long, north-west trending magnetic complex, which is very prospective for base metal VMS deposits. Exploration activities have been focused on targeting mineralisation extensions below the historical Canbelego workings in addition to the regional geophysical and geochemical surveys to define additional mineralised systems within the tenement.

Significant intersections at Canbelego include 9m @ 2.5% Cu from 36 metres in CANRC001, 10m @ 2.0% Cu from 145 metres in CANRC002 and 15m @ 1.1% Cu from 140 metres in CANRC004.

The Canbelego project is in joint venture with Oxley Exploration Pty Ltd (70% interest), a subsidiary of Helix Resources.

YANDAN, QUEENSLAND (AIS 100%)

The Yandan project (EPM8257) is located approximately 50 kilometres west of Mt Coolan and 155 kilometres south-east of Charters Towers in north Queensland. The tenement package includes one exploration permit and two granted mining leases. Exploration within the tenement is focused on discovering epithermal style gold mineralisation.

Historically gold mineralisation was identified and mined at Yandan from 1992 to 1998 by Ross Mining NL. During this period approximately 365,000 ounces of gold was recovered from the operation. Subsequent exploration by Drummond Gold around Yandan defined the East Hill prospect. Regional studies have defined other mineralised centres with significant potential to delineate economic gold systems. Two of these centres are host to the Illamahta deposit and the Northeast prospect. The mining lease has significant water dams and rights to harvest water from the adjacent Sutor River.

Straits Gold Pty Ltd (a wholly owned subsidiary of Aeris Resources Limited) is the 100 per cent holder of the tenements comprising the Yandan project. The Company is considering future options for the asset.

TEMORA AND CURRUMBURRAMA, NSW

The sale of the Temora (including Gidginbung) and Currumburrama exploration projects in New South Wales to Sandfire Resources NL was finalised on 4 January 2016.

2016 Resources and Reserves

Aeris Resources updated its Mineral Resource and Ore Reserves estimates for its Tritton Operations as at 30 June 2016.

The Total reported Measured and Indicated Mineral Resource estimate, after mining depletion, is 18.4 million tonnes at 1.5 per cent copper for 281,000 tonnes of contained copper metal. The Inferred Mineral Resource is 5.5 million tonnes at 1.4 per cent copper for 71,000 tonnes of contained copper. Overall, this represents a 9% net decrease in contained copper compared with the 30 June 2015 estimate.

Actual copper production was 30,122 tonnes in concentrate with processing recoveries of 94.3% for FY16.

Total reported Proved and Probable Ore Reserves, after mining depletion, are estimated at 11.2 million tonnes at 1.5 per cent copper for 172,000 tonnes of contained copper metal. This represents a 15% net increase in contained copper compared with the 30 June 2015 estimate.

The Company's Statement of Mineral Resources and Ore Reserves as at 30 June 2016 for the significant projects at the Tritton Operations have been reported in accordance with the guidelines in the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). Full documentation of the estimates can be found on the Aeris website, www.aerisresources.com.au.

The estimates for the Company's other projects that are not considered to be significant and where there was no change since last reporting period are documented in accordance with the JORC Code 2004. These estimates were prepared and first disclosed under the JORC Code 2004. They have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The following projects continue to be reported in accordance with JORC Code 2004:

- Budgerygar Mineral Resource;
- Budgery Mineral Resource;
- Discovery Ridge Mineral Resource;
- Bald Hill Mineral Resource; and
- Yandan Mineral Resource.

Mineral Resource

Aeris Resources' significant Mineral Resource inventory is focused at the Tritton Operations, located 45 kilometres north-west of Nyngan in central western New South Wales. The other projects, which are not considered significant at this time, are located on exploration tenements at Blayney in New South Wales and the Drummond Basin (Yandan gold project) in Queensland.

The Tritton Operations area is host to a cluster of deposits. Mineralisation across the Tritton Operations' deposits are hosted within Ordovician turbidite sequences within the Lachlan Fold Belt. The deposits are classified as stratiform volcanogenic massive sulphide deposits, referred to as "Besshi style" systems. Deposit geometries are characterised as tabular systems. Dimensions vary depending on the size of the system and range between 15 metres to 250 metres (strike), 90 metres to more than 1,700 metres (down dip) and 2 metres to 30 metres (width). Mineralised assemblages are dominated by pyrite with lesser chalcopyrite, gold and silver concentrations. Primary copper mineralisation occurs as banded and stringer chalcopyrite within pyritic rich units.

The Tritton Operations area deposits' Mineral Resource estimates are defined by diamond drilling and some reverse circulation percussion drilling. Holes are geologically logged and assayed. Mineral Resource volumes are developed from geology interpretation of the drill hole data at nominal copper cut-off grades of 0.3 per cent to 0.8 per cent copper (varies with the deposit). Quality assurance and control procedures are in place for the assay information used in the resource estimation. The deposits are all located within granted Mining Lease or Exploration Lease areas. Resource modelling and grade interpolation within the interpreted mineralised volumes uses Ordinary Kriging with careful domaining control to limit the influence of high grade data. Reconciliation of Mineral Resource estimates against mined and processed ore for the Tritton, Larsens and North East deposits mined during the year shows a similar grade and slight increase in tonnes after allowance for dilution and ore loss. Details of the Mineral Resource estimates can be found in the reports on the Aeris Resources website.

Tritton Deposit Changes

Since June 2015, the Tritton deposit Mineral Resource has been depleted by an estimated 28,000 tonnes of contained copper metal. In addition to this depletion, additions and changes to the Mineral Resource inventory during the period are based on resource definition drilling and subsequent reinterpretation of the geology. Drilling has been carried out over a broad area. Grade control drilling ahead of stope production has been completed in the working levels.

A resource definition drilling program was completed in early 2016 from a hanging wall exploration drive at the 4,385mRL level. This program, known as the Tritton Deeps resource drilling, has allowed extension of the Mineral Resource down to 3,860mRL. The data from this drilling program supported a significant revision of the estimate of Mineral Resource below 4,200mRL, including upgrade of material to Indicated Mineral Resource category.

In past estimates a separate block model has been used for the estimation of Inferred Mineral Resource located outside the main body of the orebody. These resources are generally thin and modest grade extensions of the mineralisation. They have not been included in the mining plan due to a lack of drilling information and moderate prospects of economic mining. For the 2016 estimate these Inferred Mineral Resources are now included within the single block model and identified with a specific domain code.

TRITTON UPPER LEVEL SECONDARY PILLARS

The Tritton upper level secondary pillars are a small portion of the Tritton deposit's Indicated Mineral Resource inventory. They are the remnant blocks of mineralisation left between mined out stopes that have not been filled with stabilised backfill. Due to the higher risk nature of pillar mining these blocks of mineralisation are critically reviewed to ensure they have a reasonable likelihood of successful extraction to qualify for inclusion in the Mineral Resource estimate. The Tritton secondary pillars Indicated Mineral Resource estimate did not change for the June 2016 estimate compared to the prior estimate. Mining of the pillars is planned to commence in FY17 and the resource estimate may change on the basis of mining experience in the next public report.

NORTH EAST DEPOSIT CHANGES

Since 30 June 2015, the North East Mineral Resource has been practically exhausted by mining. No Mineral Resource estimate is reported for the North East deposit. Minor tonnages of ore remained as drilled rings or broken stock in stopes at 30 June 2016. These tonnages are reported as part of stockpiles in the 30 June 2016 estimate. Minor volumes of previously reported Inferred Mineral Resource remaining at that record date have been removed from the estimate as this material is no longer considered likely to be mined following closure of the mine.

The North East deposit remains as a target for exploration and future work may result in the discovery of viable resources at depth below existing workings.

LARSENS DEPOSIT CHANGES

Since 30 June 2015, the Mineral Resource has been practically exhausted by mining. No Mineral Resource estimate is reported for the Larsens deposit. Minor tonnages of ore remained as broken stock in stopes at 30 June 2016. These tonnages are reported as part of stockpiles at 30 June 2016.

The area around the Larsens deposit remains a target for exploration and future work may result in the discovery of adjacent viable resources. If so we would expect them to be renamed to avoid confusion with the Larsens deposit.

2016 Mineral Resource Tritton Tenement Package

	June 2016			June 2015		
	Tonnes (kt)	Cu (%)	Cu (kt)	Tonnes (kt)	Cu (%)	Cu (kt)
Tritton Underground						
Measured	3,850	1.9	73	2,750	2.1	59
Indicated	4,940	1.2	61	4,140	1.6	66
Total M + I	8,790	1.5	133	6,890	1.8	125
Inferred	1,960	1.2	24	3,140	1.4	45
TOTAL	**10,750**	**1.5**	**157**	**10,030**	**1.7**	**170**
Tritton Pillars (Recoverable)						
Measured	-	-	-	-	-	-
Indicated	490	2.6	13	490	2.6	13
Total M + I	490	2.6	13	490	2.6	13
Inferred	-	-	-	-	-	-
TOTAL	**490**	**2.6**	**13**	**490**	**2.6**	**13**
Murrawombie						
Measured	-	-	-	-	-	-
Indicated	6,530	1.4	91	6,530	1.4	91
Total M + I	6,530	1.4	91	6,530	1.4	91
Inferred	1,510	1.2	19	1,510	1.2	19
TOTAL	**8,040**	**1.4**	**110**	**8,040**	**1.4**	**110**
North East						
Measured	-	-	-	340	1.5	5
Indicated	-	-	-	-	-	-
Total M + I	-	-	-	340	1.5	5
Inferred	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**340**	**1.5**	**5**
Larsens						
Measured	-	-	-	-	-	-
Indicated	-	-	-	460	2.6	12
Total M + I	-	-	-	460	2.6	12
Inferred	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**460**	**2.6**	**12**
Avoca Tank						
Measured	-	-	-	-	-	-
Indicated	770	2.9	22	770	2.9	22
Total M + I	770	2.9	22	770	2.9	22
Inferred	130	1.0	1	130	1.0	1
TOTAL	**900**	**2.6**	**24**	**900**	**2.6**	**24**

2016 Mineral Resource Tritton Tenement Package continued

	June 2016			June 2015		
	Tonnes (kt)	Cu (%)	Cu (kt)	Tonnes (kt)	Cu (%)	Cu (kt)
Budgerygar						
Measured	-	-	-	-	-	-
Indicated	-	-	-	-	-	-
Total M + I	-		-	-		-
Inferred	1,610	1.5	24	1,610	1.5	24
TOTAL	**1,610**	**1.5**	**24**	**1,610**	**1.5**	**24**
Budgery						
Measured	-	-	-	-	-	-
Indicated	1,740	1.1	19	1,740	1.1	19
Total M + I	1,740	1.1	19	1,740	1.1	19
Inferred	280	0.9	3	280	0.9	3
TOTAL	**2,020**	**1.1**	**22**	**2,020**	**1.1**	**22**
Stockpiles						
Measured	83	2.0	2	33	2.0	1
Indicated	-	-	-	-	-	-
Total M + I	83	2.0	2	33	2.0	1
Inferred	-	-	-	-	-	-
TOTAL	**83**	**2.0**	**2**	**33**	**2.0**	**1**
Total						
Measured	3,930	2.3	74	3,580	2.3	77
Indicated	14,470	1.6	207	13,670	1.6	212
Total M + I	18,400	1.5	281	17,250	1.7	289
Inferred	5,490	1.4	71	6,930	1.4	97
TOTAL	**23,890**	**1.5**	**351**	**24,180**	**1.6**	**386**

Notes:

1. Mineral Resource cut-off grades: 0.6% Cu Tritton, 0.6% Cu Murrawombie, 0.6% Cu Avoca Tank, 0.6% Cu Budgerygar, 0.5% Cu Budgery
2. Discrepancy in summation may occur due to rounding.

Competent Person's Statement: The Mineral Resource statement has been prepared by Mr Brad Cox.

Mr Cox confirms that he is the Competent Person for all the Mineral Resource estimates summarised in this Report and he has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). Mr Cox is a Competent Person as defined by the JORC Code, 2012 Edition, having relevant experience to the style of mineralisation and type of deposit described in the Report and to the activity for which he is accepting responsibility. Mr Cox is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM No. 220544). Mr Cox has reviewed the Report to which this Consent Statement applies. Mr Cox is a full time employee of Aeris Resources Limited.

With respect to the sections of this report for which Mr Cox is responsible – Mineral Resource estimates – Mr Cox consents to the release of the Mineral Resource Statements as at 30 June 2016 by the Directors of Aeris Resources Limited.

OTHER PROJECTS

There were no changes to the Mineral Resource estimates at projects outside the Tritton Operations area. These other deposits are not considered to be significant. There has been no additional drilling information nor any reinterpretation of these estimates and they are reported under JORC Code 2004.

Mineralisation at the Drummond Basin and Blayney deposits was defined by geologically logged and assayed diamond drill core and rock chips from percussion drilling. Mineral Resource limiting envelopes were developed using either geological interpretation and/or cut-off grades.

The Discovery Ridge (Blayney) Mineral Resource estimates were developed using a nominal 0.3 grams per tonne gold grade envelope. Mineral Resource estimates for Bald Hill (Blayney) were based on geological constraints.

At Yandan (Drummond Basin), Mineral Resource estimates are based on material that only occurs within the geologically interpreted non-refractory vein envelopes.

Mineral Resource estimates for the Blayney deposits were estimated using Ordinary Kriging, a geostatistical block modelling technique applicable for this deposit style.

The Temora and Currumburrama exploration projects were disposed of during the year.

2016 Mineral Resource Other Deposits

	June 2016			June 2015		
	Tonnes (kt)	Au (g/t)	Au (koz)	Tonnes(kt)	Au (g/t)	Au (koz)
Drummond Basin - Yandan						
Measured	-	-	-	-	-	-
Indicated	-	-	-	-	-	-
Total M + I	-	-	-	-	-	-
Inferred	4,100	2.4	316	4,100	2.4	316
TOTAL	**4,100**	**2.4**	**316**	**4,100**	**2.4**	**316**
Blayney - Discovery Ridge						
Measured	-	-	-	-	-	-
Indicated	4,780	1.3	195	4,780	1.3	195
Total M + I	4,780	1.3	195	4,780	1.3	195
Inferred	9,060	1.1	306	9,060	1.1	306
TOTAL	**13,840**	**1.1**	**501**	**13,840**	**1.1**	**501**
Blayney - Bald Hill						
Measured	-	-	-	-	-	-
Indicated	-	-	-	-	-	-
Total M + I	-	-	-	-	-	-
Inferred	37,040	0.5	595	37,040	0.5	595
TOTAL	**37,040**	**0.5**	**595**	**37,040**	**0.5**	**595**

Notes:

1. Mineral Resource cut-off grades: 0.5g/t Au Drummond Basin – Yandan, 0.5g/t Au Blayney – Discovery Ridge, 0.3g/t Au Blayney – Bald Hill.
2. Discrepancy in summation may occur due to rounding.

Ore Reserve

The 30 June 2016 Ore Reserve estimate is a revision of the 30 June 2015 estimate to account for changes in the Mineral Resource and depletion due to mining.

Mining has been completed in the North East and Larsens deposits as planned. There is no Ore Reserve estimate quoted for these deposits. Small quantities of ore remaining as drilled and or broken stock at 30 June 2016 are included as stockpiled ore.

The Tritton deposit Ore Reserve estimate has increased materially. This follows completion of the Tritton Deeps resource drilling and resource estimation program. Extension of the Indicated Mineral Resource to 4,000mRL allowed extension of Ore Reserves down to 4,050mRL. All Mineral Resources available for conversion to Ore Reserve have been considered in generating the latest estimate. The cut-off grade for Ore Reserve has been reduced from 1.2 per cent to 1.1 per cent copper in the 30 June 2016 estimate. This decision was made in response to increasing thickness of the mineralisation allowing for the design of larger and lower cost stopes, and the need to maintain reasonable continuity in mine design despite a decline in Mineral Resource copper grade at depth.

Murrawombie and Avoca Tank Ore Reserve estimates have not changed since the 2015 reporting period. They are subject to on-going mine design and Mineral Resource reviews to improve project economics. No revision of these estimates is available at time of publication.

Details of the Ore Reserve estimates can be found in the Mineral Resource and Ore Reserve reports on the Aeris Resources Limited website. All estimates are reported according to the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Ore Reserve estimates have been developed assuming a range of copper prices that increase over time, consistent with market intelligence. Copper prices assumed are $6,340 per tonne in FY17, rising to $7,300 per tonne in FY18.

The cut-off grade criteria for all deposits is copper grade (Cu%). There are no significant deleterious elements in the ore and the by-product value of gold and silver varies in proportion with the copper grade so inclusion within the cut-off grade criteria is not considered necessary. At the Tritton underground mine the cut-off grade is 1.1 per cent copper applied at a whole of stope average grade. At the Murrawombie underground mine the cut-off grade is 0.8 per cent copper applied as a whole of stope average grade. Differences in mining method, depth of operation and impact of cut-off grade on ore body continuity explain the difference in cut-off grade between mines.

All Ore Reserves are for sulphide ore that will be treated in the Tritton ore processing plant by flotation techniques. An average recovery of copper to concentrate of 93 per cent to 95 per cent is assumed, consistent with historical plant performance.

Resources and Reserves Update

The mining method assumed in the Ore Reserve estimate varies with the deposit. At the Tritton underground mine the method is sublevel open stoping with cemented paste fill. At the Murrawombie underground mine the mining method is a combination of up-hole benching in the upper levels and open stoping and pillar recovery in the lower levels. The yet to be developed Avoca Tank project is planned to use up-hole benching with dry rock fill.

Ore Reserves are estimated following the application of modifying factors that account for dilution and ore loss. The factors applied vary with the deposit, detailed design of the stopes, fill exposures and planned extraction sequence.

Details of the Ore Reserve estimate can be found in reports published on the Aeris Resources Limited website.

2016 Ore Reserves

	June 2016			June 2015		
	Tonnes (kt)	Cu (%)	Cu (kt)	Tonnes (kt)	Cu (%)	Cu (kt)
Tritton Underground						
Proved	3,580	1.7	61	2,359	1.8	42
Probable	2,790	1.4	39	2,040	1.7	34
TOTAL	**6,370**	**1.6**	**100**	**4,399**	**1.7**	**76**
North East						
Proved	-	-	-	65	1.5	1
Probable	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**65**	**1.5**	**1**
Larsens						
Proved	-	-	-	-	-	-
Probable	-	-	-	272	2.5	7
TOTAL	**-**	**-**	**-**	**272**	**2.5**	**7**
Murrawombie Underground						
Proved	-	-	-	-	-	-
Probable	3,350	1.4	46	3,342	1.3	43
TOTAL	**3,350**	**1.4**	**46**	**3,342**	**1.3**	**43**
Murrawombie Open Cut						
Proved	-	-	-	-	-	-
Probable	700	1.2	8	701	1.2	8
TOTAL	**700**	**1.2**	**8**	**701**	**1.2**	**8**
Avoca Tanks						
Proved	-	-	-	-	-	-
Probable	710	2.5	17	681	2.5	17
TOTAL	**710**	**2.5**	**17**	**681**	**2.5**	**17**
Stockpiles						
Proven	83	2.0	1	32	2.0	2
Probable	-	-	-	-	-	-
TOTAL	**83**	**2.0**	**1**	**32**	**2.0**	**2**
Total						
Proven	3,663	1.7	62	2,456	1.8	45
Probable	7,550	1.5	110	7,036	1.5	109
TOTAL	**11,213**	**1.5**	**172**	**9,492**	**1.6**	**154**

Competent Person's Report: Mr Ian Sheppard, confirms that he is the Competent Person for all the Ore Reserve estimates summarised in this Report and Mr Sheppard has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). Mr Sheppard is a Competent Person as defined by the JORC Code, 2012 Edition, having five years' experience that is relevant to the style of mineralisation and type of deposit described in the Report and to the activity for which he is accepting responsibility. Mr Sheppard is a Member of The Australasian Institute of Mining and Metallurgy, No. 105998. Mr Sheppard has reviewed the Report to which this Consent Statement applies. Mr Sheppard is a full time employee of Aeris Resources Limited.

Mr Sheppard has disclosed to the reporting company the full nature of the relationship between myself and the company, including any issue that could be perceived by investors as a conflict of interest. Mr Sheppard has disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. Specifically Mr Sheppard has rights to 22,418,546 share options that will vest over the next five years and may be converted to shares over time when various conditions are met.

With respect to the sections of this report for which Mr Sheppard is responsible – Ore Reserve estimates – Mr Sheppard consents to the release of the Mineral Resources and Ore Reserve Statements as at 30 June 2016 by the Directors of Aeris Resources Limited.

Note: Discrepancy in summation may occur due to rounding.

Health, Safety and Environment

The safety of people remains Aeris' highest priority and during the 2016 financial year the Company continued to focus on improving its safety performance.

There were two lost time injuries in the period under review and the total recordable injury frequency rate fell by more than 20 per cent during FY16.

As a result, Aeris' incident rate at Tritton is the lowest recorded, and the Company will continue its diligence in FY17 by targeting a further 20 per cent year on year reduction in the operation's total recordable injury frequency rate. The FY16 result was particularly significant given the Company encouraged more rigorous reporting from employees during the period.

Aeris believes that continual safety improvement will result from equal emphasis given to the three interrelated aspects of safety management, being symbols, systems and behaviour.

Aeris achieved its lowest total recordable injury frequency rate to date in FY16 at the Tritton Operations.

Symbols

The key outcome of the Company's long term strategic safety plan is to achieve and maintain an interdependent safety behaviour culture, with supervision focussed on coaching and teaching the technical and leadership skills required for effective risk control. Our employees are the agents of change, by improving the safety system, owning the outcomes and setting safety expectations for their colleagues. The Tritton Operation's team has shown the capacity to achieve this behaviour model through demonstrated commitment to key safety initiatives.

Modification of the Tritton Safety Management System to match changes in the New South Wales Government regulations commenced in 2015 and will continue over the coming year. The 17 elements of the Safety Management System are aligned with AS4801:2001 and include changes to and development of hazard control plans.

Systems

Tritton Operations recognises that Risk Management practices within the mining industry are evolving in keeping with the principle of continual improvement. The International Council on Mining and Metals has published and released the Health and Safety Critical Control Management Good Practice Guide, which outlines the concept of critical control management (CCM) for use in the mining and metals industry. Tritton Operations has adopted this concept and commenced development of the system to integrate CCM into the current safety management system framework.

This long term project aims to improve understanding of significant risks arising from the principal mining hazards, identifying the critical controls, assessing their adequacy, assigning accountability and verifying their effectiveness in practice.

Tritton Operations also acknowledges the importance of aligning these advancements and transferring the concepts to our frontline colleagues who are continuously exposed to principal mining hazards. Tritton Operations has conducted a review of the lower level, personal risk assessment tool (JobStart) in consultation with the broader workforce with the aim of improving the awareness and control of principal mining hazards. From this consultation process a new and improved JobStart is being developed.

There have been further developments in modelling the health risk exposures of Tritton Operations' employees. The FY16 Annual Monitoring Plan provided the necessary data to undertake semi-quantitative risk analysis of airborne contaminants and noise exposure which has provided us with clear direction on our health control strategy for the coming year.

The FY17 Annual Monitoring Plan has commenced and the health control strategy updated to reflect the outcomes of the FY16 Health Exposure Risk Assessment.

Supporting Mental Health

During the year in review, Aeris partnered with a specialist provider to Australia's mining and resources sector to develop a psychology service for employees. The free service supports employees who may be experiencing personal problems, with Aeris also providing flexible arrangements for travel to the service.

Environment

There were no significant environmental incidents at any of the Company's sites during the year.

Two Mine Operations Plans, one for the Tritton site and the other for the Murrawombie site, were developed and approved during the year. Mine Operations Plans describe the site closure design and detailed control plans for environmental management during operations.

The Company continues to entrench environmental awareness throughout its operations, creating keen environmental awareness among employees. This is achieved through regular toolbox talks and environmental induction programs, paired with established environmental management systems and processes.

Aeris continues to engage with all relevant environmental authorities in the regions in which it operates.

Aeris continued to entrench environmental awareness throughout its operations in FY16.

Community

Aeris has an active program of community participation which sees the Company contribute to various educational support activities, charities, sporting groups, apprenticeships and community development programs.

The focus of the Company's community involvement is to deliver initiatives which contribute to long term outcomes in the Nyngan, Hermidale and Girilambone communities which surround the Tritton Operations.

Examples of active community initiatives during FY16 included:

- Training local apprentices to give them practical experience in a mining environment;
- Providing funding for local school activities; and
- Supporting local sporting teams through key sponsorship.

Wherever possible Aeris gives preference to employing locally and training people from local communities with the various skills required to join the Company's workforce. As a result, Aeris continues to be a major employer in the region with 70 per cent of its workforce employed locally.

The prioritisation of local employment in turn reinforces the Company's community commitment, with workforce expenditure contributing to the local economy, and resident employees contributing to the fabric of their local communities.

Directors' Report

Directors' Report

The Directors present their report together with the financial statements of Aeris Resources Limited ('Aeris') and its controlled entities ('the consolidated entity') for the 12 months to 30 June 2016.

Directors

Director	Experience	Special Responsibilities	Appointed / Resigned	Classification
Andre Labuschagne	Mr Labuschagne is an experienced mining executive with a career spanning over 25 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 Former directorships in the past 3 years (ASX listed entities): none	Executive Chairman of the Company Member of Nomination Committee	Appointed 20 Dec 2012	Executive
Alastair Morrison	Mr Morrison is a highly experienced international banker. Mr Morrison has worked in private equity for over 30 years in the UK and Asia and has broad experience in growing companies across a range of industrial sectors. He was a founding Managing Director of Standard Chartered Private Equity. He was with Standard Chartered Bank from April 2002 until March 2014. Prior to joining Standard Chartered Bank he spent 20 years at 3i Group, the leading European private equity house, where he was Director for 3i Asia Pacific. He co-founded 3i's Asia Pacific operations in 1997, having previously run an investment team in London focusing on buy-outs and expansion financing. Mr Morrison has investment experience across a wide range of industries in Europe and Asia. He holds an M.A. degree in Politics, Philosophy and Economics and M.Phil degree in Management Studies from Oxford University. Other current directorships (ASX listed entities): none Former directorships in the past 3 years (ASX listed entities): Triangle Energy (Global) Limited	Non-executive Director Member of Audit Committee and Remuneration Committee	Appointed 10 Dec 2010	Not Independent

Director	Experience	Special Responsibilities	Appointed / Resigned	Classification
Michele Muscillo	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): None Former directorships in the past 3 years (ASX listed entities): Orbis Gold Limited	Non-executive Director Chairman of the Audit Committee, Remuneration Committee and Nomination Committee	Appointed 2 May 2013	Independent
Marcus Derwin	Mr Derwin is a highly experienced corporate executive and Board director, with an extensive background in corporate restructuring. He brings international experience, across a diverse range of industry sectors. His professional career has encompassed a combination of advisory and principal executive capacities, including managing a $A2Bn global Alternative Assets portfolio over 5 years and also the formation and management of a $A550m LIC. Additionally, he has advised boards – both public and private and worked within and alongside executive teams on implementation, stakeholder management and recapitalisation strategies. Mr Derwin's professional background includes senior roles at AMP, National Australia Bank, Allco Equity Partners, PwC and KPMG. Other current directorships (ASX listed entities): None Former directorships in the past 3 years (ASX listed entities): None	Non-executive Director	Appointed 18 April 2016	Not Independent

Company Secretary

ROBERT BRAINSBURY - CPA

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, Xstrata, Rio Tinto and BIS Industrial Logistics.

DANE VAN HEERDEN - CA

Ms van Heerden is a qualified chartered accountant, with over 15 years' experience in both Australia and abroad.

Principal Activities

The principal activities of the consolidated entity for the year ended 30 June 2016 were the production and sale of copper and the exploration for copper. Other than as referred to on pages 04 to 33 there were no significant changes in those activities during the financial period.

Operating and Financial Review

Operations

Aeris' Tritton Operations delivered record copper production of 30,425 tonnes of copper for the year ending 30 June 2016 (FY15: 30,245 tonnes), exceeding its upgraded production guidance of 29,500 tonnes.

This achievement marks the operation's third consecutive year of record copper production, and is the result of ongoing efforts to optimise mining and processing activities at the Tritton Operations, with a focus on consistent ore production, diligent cost control, and optimisation of plant availability and throughput.

Improving the reliability of the mining fleet through strategic equipment replacement and improved maintenance practices continued during the period, by the replacement during the year of Tritton's ageing haulage truck fleet with new, higher capacity vehicles delivering improvements in both maintenance costs and haulage productivity.

Mining sequencing at the Tritton underground mine moved into lower grade areas of the Tritton orebody and the Larsens deposit at the North East mine. The North East mine operations is in the process of being phased out, with ore from the planned Murrawombie mine scheduled to replace this production in FY17.

On 21 March 2016 the Company announced that the Aeris Board had approved the development of the Murrawombie underground mine. Murrawombie will replace production from the North East and Larsens mines, which are scheduled to conclude in July 2016, with a higher volume and longer life deposit to sustain and over time, increase supply the of ore to the Tritton processing plant.

The Board of Aeris approved the development of "Tritton Deeps", as announced on 28 July 2016. Tritton Deeps will extend mining operations at the Tritton orebody 175 metres below the current workings. The Tritton orebody is still open at depth and will be defined through future drilling.

The Company has commenced the development of a new $11.250 million ventilation shaft in support of the current production volumes from the Tritton orebody and the planned deeper mining operations (Tritton Deeps). The ventilation shaft is expected to be operational by the end of the March quarter in 2017.

The ventilation shaft will extend from the surface down to the RL4385m exploration drive. The drilling of the 880m deep, 5m diameter shaft will take up to eight months to complete, while the ventilation system supporting it will include twin centrifugal exhaust fans, each powered by a 1.3MW motor, which together are capable of displacing 400m^3 per second.

The Tritton Operations milled 1,700,859 dry metric tonnes through its processing plant in the financial year, with plant optimisation and debottlenecking work completed during the year enabling the plant to increase throughput to 1.8 million tonnes per annum. Ore processing performance remained relatively consistent throughout the year, with recovery negatively impacted in the final quarter by the unexpected loss of one verti-mill for a period of six weeks.

On 3 August 2016, the Company announced updated Mineral Resource and Ore Reserve estimates for the Tritton deposit representing a 32% increase (by contained copper metal) in Ore Reserves, net of mining depletion, compared to 30 June 2015.

The increase results from a resource drilling program completed in early 2016 that extended knowledge of the Tritton deposit to approximately 1,250 metres below surface. An update of the Mineral Resource estimate has also been completed, based on this drilling program. The Tritton deposit remains open at depth and further resource drilling is planned for the future when suitable underground drill locations become available.

The Company holds a number of exploration projects outside of the Tritton region and the strategy is to either divest or joint venture these tenements. On 5 January 2016, Aeris completed the sale of its non-core Temora and Currumburrama exploration projects in New South Wales to Sandfire Resources NL.

Debt

On 31 July 2015, Aeris executed binding agreements (Debt Restructure) with Standard Chartered Bank (SCB) and Special Portfolio Opportunity V Limited (PAG SPV) that, subject to satisfaction of various conditions precedent provided for the following:

- A Restructure of the current debt with SCB as follows:
  - A Senior Debt of US$50.000 million with a 7 year term;
  - Redeemable Convertible Preference Shares with a notional valuation of US$40.000 million being issued to SCB, subject to shareholder approval, equivalent to 60% of Aeris" post-refinancing fully diluted equity; and
  - A price participation structure whereby SCB will receive a small percentage of incremental revenue above a copper price of A$8,000 per tonne.
- PAG SPV to:
  - Provide a three-year US$25,000,000 Revolving Priority Debt Facility for growth projects and capital expenditure at the Tritton Operations; and
  - Be issued with, Non-Redeemable Convertible Preference Shares equivalent to 15% of Aeris' post-refinancing fully diluted equity.

PAG SPV, a subsidiary of a fund managed by PAG (formerly Pacific Alliance Group), a large Asian based investment firm with over US$12,000,000,000 under management, is a new strategic partner for Aeris.

Following shareholder approval at an Extraordinary General Meeting on 15 December 2015, Aeris concluded a successful, three-year restructuring process, substantially strengthening the Company's financial position, its operations and its outlook.

Aeris also gained shareholder approval through the restructure to complete a 1:10 consolidation of Ordinary Shares and to change the Company's name from Straits Resources Limited to Aeris Resources Limited.

In January, US$1.047 million of its Credit Suisse International Convertible Notes (Notes) were redeemed at face value and the remainder of the Notes were converted into 24,500,000 Ordinary Shares in the Company (on a post consolidated basis) on 8 January 2016.

Financial Results

The Group recorded a profit after tax for the financial reporting period to 30 June 2016 of $17.280 million compared with a loss after tax for the year ended 30 June 2015 of $31.466 million.

The June 2016 financial result for the Group was impacted by a number of key factors, including:

- Gain on debt restructure of $45.939 million;
- Foreign exchange losses of $8.164 million; and
- Deferred tax expense $5.655 million.

Financial Position

The net profit attributable to Aeris for the financial year ended 30 June 2016 of $17,280 million resulted in a positive net asset position of $28.142 million.

At 30 June 2016, Aeris' cash and investments included cash of $11.300 million, investments of $5.657 million and $4.991 million of restricted cash. The Company's net cash inflow from operating activities during the financial year was $9.183 million, with net cash outflows from investing activities of $21.396 million and net cash outflows from financing activities of $0.403 million. Foreign exchange revaluations amounted to $0.106 million on cash and cash equivalents.

Events Subsequent to Balance Date

On 28 July 2016 the Company announced that the Aeris Board had approved a ramp-up of greenfields exploration activities on the Company's highly prospective tenement package surrounding it's Tritton Operations in NSW, committing $7.500 million over the next two years.

On 28 July 2016 the Company also announced that the Board of Aeris approved the development of "Tritton Deeps", which will extend mining operations at the Tritton orebody 175 metres below the current workings. The approval triggers Tranche 2 (US$10M) of PAG SPV Revolving Priority Debt Facility and the commencement of a $11.250 million Ventilation Shaft.

On 3 August 2016, the Company announced updated Mineral Resource and Ore Reserve estimates for the Tritton deposit representing a 32% increase (by contained copper metal) in Ore Reserves, net of mining depletion, compared to 30 June 2015.

Apart from the matters disclosed in this report there has not arisen in the interval between the end of the financial year and the date of this report, any matter or circumstance 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.

Outlook

Aeris is targeting production of 28,000 tonnes of copper at its Tritton operations in FY17.

While significant funds will be invested in FY17 to extend the mine life of the Tritton Operations through the development of the Murrawombie underground mine and the completion of the new ventilation shaft at Tritton, Aeris is also committed to realising Tritton's exploration potential.

Over the next two years $7.5 million will be invested to reinvigorate greenfields exploration across the Company's prospective 1,800km^2 tenement holding around the Tritton Operations, with a view to discovering new Tritton-sized, plus 10 million tonne orebodies.

Having established a sound production and financial footing, the next step for Aeris is to seek opportunities to grow, both organically and through the execution of merger and acquisition opportunities at both project and company levels.

Dividend

The Directors do not recommend payment of a dividend for the period to 30 June 2016. No dividend was paid during the current year.

Environmental Regulations

The Company'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.

Shares Under Option

Executive management options issued were approved by shareholders at an Extraordinary General Meeting (EGM) held on 15 December 2015. The number of options granted on 15 December 2015 totalled 93,410,609 at a $nil exercise price and has a remaining contractual life of 4.5 years.

Shares Issued on the Exercise of Options

There were no ordinary shares of the Company issued during the twelve months to 30 June 2016 on the exercise of options.

Meetings of Directors

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

Director	Directors' Meetings		Audit Committee Meetings	
	A	B	A	B
Andre Labuschagne	19	19	2	2
Alastair Morrison	19	17	2	2
Michele Muscillo	19	19	2	2
Marcus Derwin	4	4		

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

There were no meetings of the Remuneration Committee or Nomination Committee during the financial year.

Directors' and Officers' Insurance and Indemnity

The Constitution of the Company provides that the Company may indemnify each Officer, Director and Secretary against any liability, loss, damage, cost or expense incurred by the Officer, Director or Secretary 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, Secretary and Officers of the Group. 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 2016 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 21 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 21 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 54.

Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the rounding off of 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 that Class Order.

Remuneration Report

The Directors are pleased to present your Company's 2016 Remuneration Report which sets out remuneration information for Aeris Resources Limited's Non-executive Directors, Executive Directors and other Key Management Personnel.

REMUNERATION PRINCIPLES AND OVERVIEW

In establishing the executive reward framework the Board has adopted a remuneration strategy intended to support the delivery of long-term shareholder value and to ensure executive rewards reflect achievement.

As a Company developing resource assets in highly cyclical markets, financial results can differ significantly from year to year, dependent on the development stage of assets and on pricing of commodities in international markets. It is important to the Company that its remuneration philosophy enables the Company to retain and motivate its executive team to manage through these cycles.

In terms of developing a remuneration strategy the Board has adopted the following remuneration principles:

- Strong relationship between performance and reward;
- Recognition of calibre and skills of executives;
- Transparency of remuneration philosophy; and
- Policy and practice are consistent with industry and community standards.

To support the remuneration principles our remuneration and benefits strategy aims to:

- Maintain fair, consistent and equitable total remuneration practices in alignment with core values, vision and mission;
- Be competitive with the market;
- Build in individual differentiation based on performance and contribution;
- Reward superior performance;
- Reward by aligning remuneration achievement to the success of the Company and individual achievement;
- Attract the best potential candidate, motivate and retain our highest potential and skilled people;
- Ensure sufficient flexibility in the structure of remuneration to adjust to changing economic conditions; and
- Communicate effectively our remuneration and benefits proposition.

To achieve the strategy, Aeris will reward employees in a way that reflects the dynamics of the market and the context in which the Company operates. Remuneration will at all times be aligned to the strategic direction and business specific value drivers of Aeris.

USE OF REMUNERATION CONSULTANTS

The Remuneration Committee of Aeris Resources Limited did not employ the services of a remuneration consultant during the year ended 30 June 2016, to provide recommendations as defined in section 9B of the Corporations Act 2001.

KEY MANAGEMENT PERSONNEL

Directors of the Company during the financial year, including experience, qualification and special responsibilities are set out on pages 35 to 36.

The Key Management Personnel of the Company during the year ended 30 June 2016 are set out on page 47 and 48.

EXECUTIVE REMUNERATION

Remuneration packages are based around a combination of the following:

- Fixed remuneration;
- Variable remuneration;
    - Short-term incentive; and
    - Long-term incentive.

FIXED REMUNERATION

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

- Base salary;
- Leased motor vehicle;
- Superannuation;
- Coverage for death and total and permanent incapacity; and
- Salary continuance insurance.

The fixed remuneration will be 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.

The Board considers that executive remuneration must be at levels to attract and retain a talented and capable senior executive team.

VARIABLE REMUNERATION - SHORT TERM INCENTIVE (STI) PAYMENTS

The Company's remuneration philosophy recognises the importance of 'at risk' or variable pay as an integral component of total potential reward. The Remuneration Committee has established a Short Term Incentive Plan (Plan) structure and review process to strongly link executive remuneration to performance and to the creation of value for shareholders.

The Company's STI Plan is an "at risk" cash award program administered by the Remuneration Committee. The Plan offers executives an opportunity to earn a lump sum cash payment of up to 30% of their base salary in the case of Executive Directors, and a maximum of 15% to 30% of base salary for other executives - the maximum target varies by particular individual role.

Award outcomes are determined through the Remuneration Committee assessment of an executive's progress against a range of goals and specific, measurable targets established by the Committee at the start of the performance year. Performance requirements will provide for 'stretch' goals in addition to achievement of Board approved budget objectives, works programmes and strategic plans.

AIMS OF STI PLAN

The Remuneration Committee considers that the STI Plan, as established, will facilitate achievement of the following aims:

- Incentivising superior executive performance in areas of specific challenge;
- Ensuring total target rewards for performance are competitive and appropriate for the results delivered;
- Providing balance to total reward packages sufficient to ensure the Company attracts and retains executives of high calibre and who demonstrate the capacity to manage our operations successfully; and
- To drive successful execution of business plans and achievement of strategic aims directly aligned with enhanced shareholder value.

ESTABLISHMENT OF GOALS

For each STI Plan cycle the Remuneration Committee oversees the identification of appropriate performance measures, setting of goals and endorsement of specific targets for each member of the senior executive team. The Remuneration Committee ensures that these elements clearly reflect the factors deemed critical to the Group's strategic and business plans for the relevant year.

DETERMINATION OF STI OUTCOMES

At the end of a performance cycle the Remuneration Committee determines the award of STIs to the senior executive team based on assessed performance relative to the goals established. The Remuneration Committee retains the discretion to adjust STI awards in exceptional circumstances, including determining that no award will be paid.

TIMING

Awards for performance under the STI Plan will be 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 (for example – production, operating costs and safety benchmarks) are finalised and compared to the respective STI targets allocated to each eligible senior executive team member.

VARIABLE REMUNERATION - LONG TERM INCENTIVES (LTI)

EMPLOYEE OPTIONS

Executive management options (Options) were approved by shareholders at an Extraordinary General Meeting (EGM) held on 15 December 2015. The Options were issued to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy. The relevant Key Management Personnel in aggregate can earn, through the exercise of the Options over five years (subject to vesting conditions), a total of up to 10% of the Company's post Restructuring and post Consolidation fully diluted capital.

The Options are granted for no consideration and carry no dividend or voting rights.

When exercisable, each Option is convertible into one ordinary share and will be issued within 10 business days after the Company receives an Exercise Notice. The Options have a nil exercise price.

The Options may only be exercised so as to not result in the respective Key Management Personnel (Holder) having a voting power in the Company in excess of 19.99%. If a Holder is unable to exercise their remaining vested options, due to this requirement, the Company must use its best and all reasonable endeavours to obtain any approval or consent to allow such exercise.

Upon exercise, the shares will be subject to a period of voluntary escrow, with the shares being released from escrow in progressive tranches from the third anniversary of completion date.

The number of Options granted on 15 December 2015 totaled 93,410,609 at a $nil exercise price and has a remaining contractual life of 4.5 years. No Options had vested at 30 June 2016.

Subject to the option holder remaining an employee of the Company Group for at least 12 months from the restructure, the Options will vest in five tranches as follows:

- 30.0% on the first anniversary of the completion date;
- 17.5% on the second anniversary of the completion date;
- 17.5% on the third anniversary of the completion date;
- 17.5% on the fourth anniversary of the completion date; and
- 17.5% on the fifth anniversary of the completion date.

EMPLOYEE SHARE ACQUISITION PLAN (ESAP)

As part of the Extraordinary General Meeting of Shareholders held on 15 December 2015, a resolution was approved for the issue of Options to Mr Andre Labuschagne and other Key Management Personnel (see above). The issue of the Options was conditional on all Employee Share Acquisition Plan (ESAP) shares pursuant to the existing incentive ESAP plan for the senior management of the Company being bought back and cancelled by the Company, in accordance with the Corporations Act.

This Long Term Incentive had been provided to Key Management Personnel through their participation in the Company's Employee Share Acquisition Plan.

Management and senior employees of the Company were previously invited to participate in the ESAP, with the Board exercising its discretion when deciding on the allocation of shares under the Plan.

The ESAP provided for long term incentives aligned with the creation of shareholder value, with rights being vested to shares when service and performance hurdles were met.

Shares totalling 53,580,134 issued to executive management under the ESAP during the year ended 30 June 2014 were bought back upon completion of the restructure.

The shares issued under the ESAP were subject to the following conditions:

- the shares were issued at market price and funded by way of an interest free non-recourse loan;
- the number of the shares issued varies according to the executives' role and responsibilities; and
- other than in limited circumstances (such as a takeover), the executive shares would vest over a three year service condition period, with shares vesting equally on each anniversary.

The allocation of ESAP shares to executives is part of the Company's overall recognition and retention strategy and is intended to reward long-term value creation. There are currently no shares issued or allocated under the ESAP Share Plan

PERFORMANCE RIGHTS PLAN (PRP)

Following a review of its remuneration policy, the Company has amended its long term incentive structure offered to employees by introducing a Performance Rights Plan. The PRP is in line with current market practice. The Performance Rights Plan will allow the Company to grant different types of appropriately structured performance-based awards to eligible employees, depending upon the prevailing circumstances and having regard to market practices generally.

At the date of this report, no performance conditions have been established and as a result no Performance Rights have been issued under the PRP for the financial year ended 30 June 2016.

NO HEDGING ON LTI GRANTS

The Company does not permit executives to enter into contracts to hedge their exposure to performance shares granted as part of their remuneration package.

Directors and Non-executive Directors

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 Chairman is not present at any discussions relating to determination of his own remuneration.

The Board does not pay additional fees to Directors or Non-executive Directors appointed to Committees, nor are fees paid to executives who are appointed to the Board of subsidiary or associated companies.

Non-executive Directors' fees are determined within an aggregate Non-executive Directors' fee pool limit, which is currently $700,000 per annum.

The Board does not reward Non-executive Directors with variable remuneration (short term and long term incentives).

EMPLOYMENT AGREEMENTS

Non-executive Directors are retained by way of letter of appointment.

Remuneration and other terms of employment for Executive Directors and other Key Management Personnel are formalised in common law employment contracts in the form of a letter of appointment.

In determining remuneration for Key Management Personnel, 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. As the Group operates diverse businesses in a number of jurisdictions, the Company looks to acquire and retain the services of experienced senior personnel with relevant international experience.

The Board believes that it has been successful in retaining an experienced and effective executive team and that the executive team has been instrumental in negotiating the Company through a time of vulnerability in precarious financial and commodity markets, and which is currently engaged in re-positioning the Company for future growth.

The major provisions of the contracts of the Directors and Key Management Personnel are set out below.

CURRENT DIRECTORS AND KEY MANAGEMENT PERSONNEL

ANDRE LABUSCHAGNE, EXECUTIVE CHAIRMAN

Andre Labuschagne entered into an employment arrangement with the Company, which commenced on 20 December 2012 and has been amended as a result of the completion of the SCB debt restructure on 31 December 2015, through a deed of variation. Mr Labuschagne's package consists of total fixed remuneration package of $550,000, including superannuation of 10%, participation in a Short Term Incentive Plan, Bonuses as stipulated in the variation deed and Employee Options. Mr Labuschagne is also covered by the Company's Group Life Plan and Salary Continuance Plan.

At the Extraordinary Meeting of Shareholders held on 15 December 2015, a resolution was approved for the issue of options to Mr Andre Labuschagne and other Key Management Personnel as an incentive to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy. No shares/options were issued in FY15.

Summarised below are the details of the options issued to Mr Labuschagne in the current year:

- Number of options issued 37,364,244;
- The options were granted for no consideration and carry no dividend or voting rights;
- Total value of options - $1,264,780;
- Provided Mr Labuschagne remains employed by the Company, the Options will vest and become exercisable, for a $nil exercise price, as follows:
  - 11,209,273 Options on 31 December 2016;
  - 6,538,743 Options on 31 December 2017;
  - 6,538,743 Options 31 December 2018;
  - 6,538,743 Options 31 December 2019;
  - 6,538,743 Options 31 December 2020;
  - to the extent the Options have not previously vested – immediately upon a Change of Control Event.

Mr Labuschagne's base salary is reviewed in October each year with such review taking into account a range of factors including performance of the individual and Company performance.

ALASTAIR MORRISON, NON-EXECUTIVE DIRECTOR

Alastair Morrison was originally appointed to the Board as a nominee of the Company's current largest shareholder, Standard Chartered Private Equity, and as such was not paid a directors fee as he was employed by Standard Chartered Private Equity. Mr Morrison ceased employment with Standard Chartered Private Equity on 31 March 2014 and entered into a service agreement with the Company as a non-executive director, effective 1 April 2014. The service agreement does not contemplate a fixed term for Mr Morrison's appointment as a director.

As Non-executive Director, Mr Morrison is paid a fee of $60,000 per annum. There are no additional fees paid for Committee responsibilities and participation.

MICHELE MUSCILLO, NON-EXECUTIVE DIRECTOR

Michele Muscillo was appointed to the Board effective 1 May 2013. The appointment does not contemplate a fixed term for Mr Muscillo's appointment as a Director.

As Non-executive Director, Mr Muscillo is paid a fee of $60,000 per annum. There are no additional fees paid for Committee responsibilities and participation.

MARCUS DERWIN, NON-EXECUTIVE DIRECTOR

Marcus Derwin was appointed to the Board as a nominee of the Company's current largest shareholder, Standard Chartered Private Equity effective 18 April 2016 The appointment does not contemplate a fixed term for Mr Derwin's appointment as a Director.

As Non-executive Director, Mr Derwin is paid a fee of $60,000 per annum. There are no additional fees paid for Committee responsibilities and participation.

ROBERT BRAINSBURY, CHIEF FINANCIAL OFFICER AND CO-COMPANY SECRETARY

Robert Brainsbury entered into an employment arrangement with the Company which commenced on 20 December 2012 and has been amended as a result of the completion of the SCB debt restructure on 31 December 2015, through a deed of variation. Mr Brainsbury's package consists of total fixed remuneration package of $385,000, including superannuation of 10%, participation in a Short Term Incentive Plan, Bonuses as stipulated in the variation deed and Employee Options.

At the Extraordinary Meeting of Shareholders held on 15 December 2015, a resolution was approved for the issue of options to Mr Brainsbury and other Key Management Personnel as an incentive to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy. No shares/options were issued in FY15.

Summarised below are the details of the options issued to Mr Brainsbury in the current year:

- Number of options issued 22,418,546;
- The management options a granted for no consideration and carry no dividend or voting rights;
- Total value of options - $758,868;
- Provided Mr Brainsbury remains employed by the Company, the options will vest and become exercisable for a $nil exercise price as follows:
  - 3,725,564 Options on 31 December 2016;
  - 3,923,246 Options on 31 December 2017;
  - 3,923,246 Options 31 December 2018;
  - 3,923,246 Options 31 December 2019;
  - 3,923,246 Options 31 December 2020;
  - to the extent the Options have not previously vested – immediately upon a Change of Control Event.

Mr Brainsbury's base salary is reviewed in October each year with such review taking into account a range of factors including performance of the individual and Company performance.

IAN SHEPPARD, CHIEF OPERATING OFFICER

Ian Sheppard entered into an employment arrangement with the Company which commenced on 15 March 2013 and has been amended as a result of the completion of the SCB debt restructure on 31 December 2015, through a deed of variation. Mr Sheppard's package consists of total fixed remuneration package of $385,000, including superannuation of 10%, participation in a Short Term Incentive Plan, Bonuses as stipulated in the variation deed and Employee Options.

At the Extraordinary Meeting of Shareholders held on 15 December 2015, a resolution was approved for the issue of options to Mr Sheppard and other Key Management Personnel as an incentive to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy. No shares/options were issued in FY15.

Summarised below are the details of the options issued to Mr Sheppard in the current year:

- Number of options issued 22,418,546;
- The management options a granted for no consideration and carry no dividend or voting rights;
- Total value of options - $758,868;
- Provided Mr Sheppard remains employed by the Company, the options will vest and become exercisable for a $nil exercise price as follows:
  - 6,725,564 Options on 31 December 2016;
  - 3,923,246 Options on 31 December 2017;
  - 3,923,246 Options 31 December 2018;
  - 3,923,246 Options 31 December 2019;
  - 3,923,246 Options 31 December 2020;
  - to the extent the Options have not previously vested – immediately upon a Change of Control Event.

Mr Sheppard's base salary is reviewed in October each year with such review taking into account a range of factors including performance of the individual and Company performance.

JOHN MILLER, GENERAL MANAGER TRITTON OPERATIONS

John Miller entered into an employment arrangement with the Company which commenced on 10 December 2012 and has been amended as a result of the completion of the SCB debt restructure on 31 December 2015, through a deed of variation. Mr Miller's package consists of total fixed remuneration package of $369,138, including superannuation of 10%, participation in a Short Term Incentive Plan, Bonuses as stipulated in the variation deed and Employee Options.

At the Extraordinary Meeting of Shareholders held on 15 December 2015, a resolution was approved for the issue of options to Mr Miller and other Key Management Personnel as an incentive to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy. No shares/ options were issued in FY15.

Summarised below are the details of the options issued to Mr Miller in the current year:

- Number of options issued 11,209,273;
- The management options a granted for no consideration and carry no dividend or voting rights;
- Total value of options - $379,434;
- Provided Mr Brainsbury remains employed by the Company, the options will vest and become exercisable for a $nil exercise price as follows:
  - 3,362,782 Options on 31 December 2016;
  - 1,961,623 Options on 31 December 2017;
  - 1,961,623 Options 31 December 2018;
  - 1,961,623 Options 31 December 2019;
  - 1,961,623 Options 31 December 2020;
  - to the extent the Options have not previously vested – immediately upon a Change of Control Event.

Mr Miller's base salary is reviewed in October each year with such review taking into account a range of factors including performance of the individual and Company performance.

DETAILS OF REMUNERATION

Details of the remuneration of the Directors and the Key Management Personnel of the Group are set out in the following tables. Elements of remuneration relating to STIs and equity are based on personal and Company performance and determined by the Remuneration Committee.

REMUNERATION OF KEY MANAGEMENT PERSONNEL ('KMP') OF THE GROUP - 30 JUNE 2016

	Short-term benefits	Post-employment Superannuation			Share based payments			
	Cash salary & fees	Short-term incentive	Non-cash benefits		Sub-total	Termination payments		TOTAL
	(A)	(B)	(C)	(D)			(E)	
DIRECTORS	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive								
Michele Muscillo	60,000	-	-	-	60,000	-	-	**60,000**
Alastair Morrison	60,000	-	-	-	60,000	-	-	**60,000**
Marcus Derwin	10,000				10,000			**10,000**
	130,000				130,000			**130,000**
Executive								
Andre Labuschagne^	527,981	264,302	2,896	32,104	827,283	-	182,419	**1,009,702**
	657,981	264,302	2,896	32,104	957,283	-	182,419	**1,139,702**
OTHER KMP								
Robert Brainsbury^	357,351	170,266	-	35,000	562,617	-	109,452	**672,069**
Ian Sheppard^	363,456	169,656	3,472	31,528	568,112	-	138,461	**706,573**
John Miller^	333,935	122,250	4,892	30,608	491,685	-	54,726-	**546,411**
	1,054,742	462,172	8,364	97,136	1,622,414		302,639	**1,925,053**
	1,712,723	726,474	11,260	129,240	2,579,697	-	485,058	**3,064,755**

Notes to tables:

^ Denotes one of the highest paid executives of the Group and the Company during the year ended 30 June 2016.

(A) Includes cash salary and Directors' fees.

(B) Short-term incentives paid during the 2016 financial year related to the 30 June 2015 financial year and restructure bonuses as included in the variation deeds signed upon completion of the debt restructure. They have been reflected on a cash basis.

(C) Includes life insurance premiums paid by the Company on behalf of the key management personnel.

(D) Superannuation contributions are paid to meet the Superannuation Guarantee and vary according to seniority and service.

(E) The implied valuation of the options issued grant date in circumstances where there is a $Nil exercise price, the value per option on a fully marketable basis is equal to the value of the underlying share price less dividend ($0.04). The shares are however subject to various escrow periods and as such a discount for lack of marketability to the Options have been applied to take into consideration the escrow period. A discount for lack of marketability of 25%, 20%, 15% and 10% for Tranche 1($0.03), Tranche 2($0.032), Tranche 3($0.034) and Tranche 4 ($0.036) respectively.

REMUNERATION OF KEY MANAGEMENT PERSONNEL ('KMP') OF THE GROUP - 30 JUNE 2015

	Short-term benefits	Post-employment Superannuation			Share based payments (amortised over 3 years)			
	Cash salary & fees	Short-term incentive	Non-cash benefits		Sub-total	Termination payments		TOTAL
	(A)	(B)	(C)	(D)			(E)	
DIRECTORS	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive								
Michele Muscillo	60,000	-	-	-	60,000	-	-	**60,000**
Alastair Morrison	60,000	-	-	-	60,000	-	-	**60,000**
	120,000	-	-	-	120,000	-	-	**120,000**
EXECUTIVE								
Andre Labuschagne^	526,972	84,316	2,625	23,028	636,941	-	41,702	**676,642**
	646,972	84,316	2,625	23,028	756,941	-	41,702	**798,643**
OTHER KMP								
Robert Brainsbury^	355,500	56,800	-	29,500	441,800	-	25,021	**466,821**
Ian Sheppard^	353,100	56,496	3,037	31,900	444,533	-	30,093	**474,626**
John Miller^	329,000	23,030	3,249	23,000	378,279	-	-	**378,279**
	1,037,600	136,326	6,286	84,400	1,264,612	-	55,114	**1,319,726**
	1,684,572	220,642	8,911	107,428	2,021,553	-	96,816	**2,118,369**

Notes to tables:
^ Denotes one of the highest paid executives of the Group and the Company during the year ended 30 June 2015.

(A) Includes cash salary and Directors' fees.
(B) Short-term incentives paid during the 2015 financial year related to the 30 June 2014 financial year and has been reflected on a cash basis.
(C) Includes life insurance premiums paid by the Company on behalf of the key management personnel.
(D) Superannuation contributions are paid to meet the Superannuation Guarantee and vary according to seniority and service.
(E) The implied valuation of the shares issued under the ESAP Plan has been determined using a binomial option pricing model and Black-Scholes for the option value. ESAP Shares have been bought back and the shares replaced with options issued.

The relative proportions of remuneration received that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration	At Risk - Short Term Incentive	At Risk - Equity			
Name	2016	2015	2016	2015	2016	2015
DIRECTORS						
Michele Muscillo	100%	100%		-		-
Alastair Morrison	100%	100%		-		-
Andre Labuschagne	56%	82%	26%	12%	18%	6%
KEY MANAGEMENT PERSONNEL						
Robert Brainsbury	58%	82%	25%	12%	16%	6%
Ian Sheppard	56%	82%	24%	12%	20%	6%
John Miller	67%	94%	23%	6%	10%	-

SHARE-BASED COMPENSATION

EMPLOYEE OPTIONS

Executive management options (Options) were approved by shareholders at an Extraordinary General Meeting (EGM) held on 15 December 2015. The Options were issued to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy. As part of the Restructuring approved on 15 December 2015 and completion date of 31 December 2015, the relevant managers in aggregate can earn, through the exercise of the Options over five years (subject to vesting conditions), a total of up to 10% of the Company's post Restructuring and post Consolidation fully diluted capital.

The number of Options granted on 15 December 2015 totalled 93,410,609 at a $nil exercise price and has a remaining contractual life of 4.5 years.

Name	Year Granted	Number of shares issued	Value at Grant Date	Number of shares vested	Vested	Cancelled	Maximum total value of grant yet to vest
			$		%	%	$
Andre Labuschagne	2016	37,364,244	1,264,780	-	-	-	1,264,780
Robert Brainsbury	2016	22,418,546	758,868	-	-	-	758,868
Ian Sheppard	2016	22,418,546	758,868	-	-	-	758,868
John Miller	2016	11,209,273	379,434	-	-	-	379,434
		93,410,609	3,161,950	-	-	-	3,161,950

(A) The grant date for each share based payment was 15 December 2015.

(B) The management options are granted for no consideration and carry no dividend or voting rights and has a $nil exercise price

(C) Subject to the option holder remaining an employee of the Company for at least 12 months from the restructure, the Options will vest in five tranches as follows:

- 30% on first anniversary of completion date (31 December 2015)
- 17.5% for each year thereafter until the fifth anniversary (31 December 2020)

(D) The assessed fair value at grant date in circumstances where there is a $Nil exercise price, the value per option on a fully marketable basis is equal to the value of the underlying share price less dividend ($0.04). The shares are however subject to various escrow periods and as such a discount for lack of marketability to the Options have been applied to take into consideration the escrow period. A discount for lack of marketability of 25%, 20%, 15% and 10% for Tranche 1($0.03), Tranche 2($0.032), Tranche 3($0.034) and Tranche 4 ($0.036) respectively.

SHARE-BASED COMPENSATION – EMPLOYEE SHARE ACQUISITION PLAN ("ESAP")

The Aeris Resources Limited Employee Share Acquisition Plan (ESAP) was approved by shareholders at the Demerger Scheme Meeting on 21 January 2011. The purpose of the plan is to attract, retain, motivate and reward key executive employees.

The plan 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 performance hurdles. 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.

As part of the Extraordinary General Meeting of Shareholders held on 15 December 2015, a resolution was approved for the issue of Options to Mr Andre Labuschagne and other Key Management Personnel (see above). The issue of the Options was conditional on all Employee Share Acquisition Plan (ESAP) shares pursuant to the existing incentive ESAP plan for the senior management of the Company being bought back and cancelled by the Company, in accordance with the Corporations Act.

Shares totalling 53,580,134 issued to executive management under the ESAP during the year ended 30 June 2014 were bought back upon completion of the restructure. No shares have been issued under the employee share acquisition plan for the financial year ending 30 June 2016.

Shares issued under the ESAP plan to executives in previous year was detailed as follows:

Name	Year Granted	Number of shares issued	Value at Grant Date	Number of shares vested	Vested	Cancelled	Maximum total value of grant yet to vest
			$		%	%	$
Andre Labuschagne	2016	37,364,244	1,264,780	-	-	-	1,264,780
Robert Brainsbury	2016	22,418,546	758,868	-	-	-	758,868
Ian Sheppard	2016	22,418,546	758,868	-	-	-	758,868
John Miller	2016	11,209,273	379,434	-	-	-	379,434
		93,410,609	3,161,950	-	-	-	3,161,950

(A) Shares issued under equity granted were all restricted shares.

(B) The grant date for each share based payment was 19 December 2013 for Andre Labuschagne and Robert Brainsbury and 15 March 2014 for Ian Sheppard

(C) The value of ESAP shares granted in the previous period reflects the value of a share determined in accordance with AASB 2.

Underlying Security spot price	$0.009
Exercise price	$0.009
Grant date	19 December 2013 -Andre Labuschagne and Robert Brainsbury 15 March 2015 - Ian Sheppard
Total number of options	53,580,134
Expiration date	23 December 2028
Life of options (years)	15.02 years
Volatility	160.564%
Risk free rate	4.27%
Valuation per option	$0.009
Total value of the incentive shares	$481,573

(D) No restricted shares were exercised or lapsed during the period.

SHARE-BASED COMPENSATION - EMPLOYEE EXEMPT PLAN

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. All Australian resident employees are eligible to participate in the scheme.

Under the scheme eligible employees may be offered up to $1,000 worth of fully paid ordinary shares in the Company annually for no cash consideration.

The market value of shares issued under the scheme, measured as the weighted average market price of the previous five trading days, is recognised in the balance sheet as share capital and the income statement as a share based payment. Shares issued under the scheme may not be sold until the earlier of three years after issue or cessation of employment.

No shares have been issued under the scheme for the financial year ending 30 June 2016.

SHARES HELD BY KEY MANAGEMENT PERSONNEL

Name	Opening balance 1 July 2015	Issued and Acquired*	Disposed / Forfeited	Balance 30 June 2016
Directors				
Non-executive				
Michele Muscillo	-	-	-	-
Alastair Morrison	-	-	-	-
Marcus Derwin	-	-	-	-
Executive				
Andre Labuschagne	1,400,000	-	-	1,400,000
Other Key Management Personnel				
Robert Brainsbury	3,166,666	-	-	3,166,666
Ian Sheppard	-	-	-	-
John Miller	332,336	-	-	332,336

* Issued and acquired shares include issues through, ESAP and acquisitions on the open market.

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

29 August 2016

Auditor's Independence Declaration

As lead auditor for the audit of Aeris Resources Limited for the year ended 30 June 2016, 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.

D.G. Smith

Debbie Smith
Partner
PricewaterhouseCoopers

Brisbane
29 August 2016

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Financial Report

Aeris Resources Limited ABN 30 147 131 977
Annual Financial Report - 30 June 2016

Contents

These financial statements cover the consolidated financial statements for the consolidated entity consisting of Aeris Resources Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Aeris Resources Limited is a company limited by shares, incorporated and domiciled in Australia. It's registered office and principal place of business is:

Aeris Resources Limited
HQ South Tower Suite 2.2 Level 2
520-540 Wickham Street
FORTITUDE VALLEY, BRISBANE QLD 4006

The financial statements were authorised for issue by the Directors on 29 August 2016. The Directors have the power to amend and reissue the financial statements in accordance with Australian Accounting Standards.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: www.aerisresources.com.au

Aeris Resources Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2016

	Notes	**2016 $'000**	2015 $'000
Revenue from continuing operations	4	**192,498**	217,284
Cost of goods sold	5	**(194,859)**	(192,923)
Gross (loss)/ profit		**(2,361)**	24,361
Exploration expense	5	**(387)**	(7,225)
Administration and support	5	**(6,638)**	(6,901)
Net foreign exchange losses		**(8,164)**	(27,340)
Other (expenses)/revenue	5	**3,813**	(2,811)
Gain on debt restructure	5	**45,438**	-
Profit/(loss) before net finance costs		**31,701**	(19,916)
Finance income		**-**	5
Finance expenses	5	**(3,789)**	(11,555)
Profit/(loss) before income tax from continuing operations		**27,912**	(31,466)
Income tax expense	6	**(5,655)**	-
Profit/(loss) for the year		**22,257**	(31,466)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Income tax relating to components of other comprehensive income	9(c)	**656**	656
Reclassification to net income of net gains on cash flow hedges	9(c)	**(2,187)**	(2,187)
Other comprehensive loss for the year, net of tax		**(1,531)**	(1,531)
Total comprehensive income/(loss) for the year		**20,726**	(32,997)
Total comprehensive income/(loss) for the year attributable to owners of Aeris Resources Limited arises from:			
Continuing operations		**20,726**	(32,997)
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	21	**17.1**	(2.6)
Diluted earnings per share	21	**2.4**	(2.6)
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**17.1**	(2.6)
Diluted earnings per share		**2.4**	(2.6)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Aeris Resources Limited
Consolidated Balance Sheet
As at 30 June 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	**11,300**	24,022
Trade and other receivables	7(b)	**11,019**	9,475
Inventories	8(a)	**13,958**	13,073
Other financial assets	7(c)	**5,657**	2,126
Total current assets		**41,934**	48,696
Non-current assets			
Receivables	7(b)	**4,991**	3,996
Mine properties in use	8(c)	**39,058**	43,286
Property, plant and equipment	8(b)	**48,465**	41,053
Deferred tax assets	8(d)	**16,522**	21,521
Exploration and evaluation	8(c)	**16,279**	19,521
Total non-current assets		**125,315**	129,377
Total assets		**167,249**	178,073
LIABILITIES			
Current liabilities			
Trade and other payables	7(d)	**20,163**	26,676
Interest bearing liabilities	7(e)	**10,902**	159,340
Provisions	8(e)	**5,739**	4,905
Total current liabilities		**36,804**	190,921
Non-current liabilities			
Interest bearing liabilities	7(e)	**83,828**	2,717
Provisions	8(e)	**13,498**	11,615
Total non-current liabilities		**97,326**	14,332
Total liabilities		**134,130**	205,253
Net assets/(liabilities)		**33,119**	(27,180)
EQUITY			
Contributed equity	9(a)	**360,828**	353,300
Preference equity	9(b)	**31,560**	-
Reserves	9(c)	**(8,505)**	(7,459)
Accumulated losses	9(d)	**(350,764)**	(373,021)
Total equity		**33,119**	(27,180)

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

	Attributable to owners of Aeris Resources Limited				
	Contributed Equity $'000	**Convertible Preference Shares $'000**	**Other Reserves $'000**	**Accumulated Losses $'000**	**Total Equity $'000**
Balance at 1 July 2014	353,300	-	(6,025)	(341,555)	**5,720**
Profit/(Loss) for the period	-	-	-	(31,466)	**(31,466)**
Other comprehensive loss	-	-	(1,531)	-	**(1,531)**
Total comprehensive loss for the year	**-**	**-**	**(1,531)**	**(31,466)**	**(32,997)**
Transactions with owners in their capacity as owners:					
Share based payments	-	-	97	-	**97**
Balance at 30 June 2015	**353,300**	**-**	**(7,459)**	**(373,021)**	**(27,180)**
Balance at 1 July 2015	353,300	-	(7,459)	(373,021)	**(27,180)**
Profit/(Loss) for the period	-	-	-	22,257	**22,257**
Other comprehensive loss	-	-	(1,531)	-	**(1,531)**
Total comprehensive (loss)/income for the year	**-**	**-**	**(1,531)**	**22,257**	**20,726**
Transactions with owners in their capacity as owners:					
Share buy back	(97)	-	-	-	**(97)**
Convertible notes converted	7,625	-	-	-	**7,625**
Issue of preference equity	-	31,560	-	-	**31,560**
Share based payments	-	-	485	-	**485**
	7,528	31,560	485	-	**39,573**
Balance at 30 June 2016	**360,828**	**31,560**	**(8,505)**	**(350,764)**	**33,119**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Aeris Resources Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		**190,123**	216,623
Payments to suppliers and employees		**(178,582)**	(168,896)
Interest paid		**(2,484)**	(1,688)
Net cash inflow from operating activities	10(a)	**9,057**	46,039
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and mine properties		**2,500**	128
Payments for property, plant and equipment and mine properties		**(21,026)**	(30,088)
Payments for exploration expenditure		**(2,001)**	(2,004)
Proceeds from held for trading financial assets		**282**	540
Cash backed security deposits		**(1,025)**	-
Net cash outflow from investing activities		**(21,270)**	(31,424)
Cash flows from financing activities			
Payment for share buy back		**(97)**	-
Proceeds from borrowings		**6,446**	-
Repayment of borrowings		**(1,714)**	-
Finance lease payments		**(5,038)**	(3,920)
Net cash outflow from financing activities		**(403)**	(3,920)
Net (decrease)/increase in cash and cash equivalents		**(12,616)**	10,695
Cash and cash equivalents at the beginning of the financial period		**24,022**	12,679
Effects of exchange rate changes on cash and cash equivalents		**(106)**	648
Cash and cash equivalents at end of year	7(a)	**11,300**	24,022

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

1 About the report

Aeris Resources Limited is a company limited by shares, incorporated and domiciled in Australia and is a for profit entity for the purposes of preparing the financial statements. The financial statements are for the consolidated entity consisting of Aeris Resources Limited (the Company) and its subsidiaries and together are referred to as the Group or Aeris.

The financial statements were approved for issue by the Directors of Aeris Resources Limited (Directors) on 29 August 2016. The Directors have the power to amend and reissue the financial statements.

The financial statements are general purpose financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board;
- Have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value;
- Are presented in Australian dollars, with all amounts in the financial report being rounded off in accordance with Class Order 2016/191 to the nearest thousand dollars, unless otherwise indicated;
- Where necessary, comparative information has been restated to conform with changes in presentation in the current year; and
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2015.

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Directors believe they have reasonable grounds to expect that they will have sufficient funds to settle the Group's liabilities and meet its debts as and when they fall due. In their assessment of going concern the Directors have considered the funding and operational status of the business, including consideration of the following:

- The successful restructure of the Standard Chartered Bank (SCB) debt facility with a reduction of 55% to US$50.000 million, resulting in a net asset position of $33.119 million as at 30 June 2016 (June 2015: net liability of $27.180 million);
- The establishment of a US$25.000 million Revolving Priority Debt facility (Working Capital Facility) with Special Portfolio Opportunity V Limited (PAG SPV) of which only US$4.500 million was drawn as at 30 June 2016. On 28 July 2016 the Company announced that development of the Tritton Deeps project had been approved by the Aeris Board, triggering access to Tranche 2 (US$10 million) of the PAG SPV Working Capital Facility;
- Continuing to achieve operational and cost targets at the Tritton Operations with record annual copper production for the period ended 30 June 2016 of 30,425 copper tonnes, exceeding the updated production guidance of 29,500 tonnes;
- Ability to manage timing of operating cash flows to meet the obligations of the business as and when due.

2 Significant changes in the current reporting period

(a) Restructure of SCB Debt facility

On 3 August 2015 it was announced that the Company, the Existing Lender Group, SCB and PAG SPV, as the New Lender, had entered into binding agreements, which were subject to the satisfaction of a number of conditions precedent, including Shareholder approvals.

At an Extraordinary General Meeting (EGM) held on 15 December 2015, Straits Resources Limited (now Aeris Resources Limited) shareholders approved all resolutions put forward, including:

- Change of name to Aeris Resources Limited;
- Restructure of the debt with SCB;

2 Significant changes in the current reporting period (continued)

(a) Restructure of SCB Debt facility (continued)

- 1 for 10 consolidation of capital (Ordinary shares); and
- Issue of Convertible Redeemable Preference shares to SCB and Convertible Non Redeemable-Preference Shares to PAG SPV.

On 15 December 2015, the Company advised that all relevant conditions precedent to the longer term debt structure had been fulfilled by the shareholder approvals received at the EGM, resulting in the completion of the debt restructure on 31 December 2015. The debt restructure being completed resulted in the Company:

- Reducing its Senior Debt with SCB to US$50.000 million (a 55% reduction);
- Establishing a new 3 year Working Capital Facility for US$25.000 million with PAG SPV;
- Redeeming at face value, US$1.047 million of the US$7.200 million Convertible Notes held by Credit Suisse International, with the remainder being converted to 24,500,000 Ordinary shares in the Company. Redemption occurred on 4 January 2016 and the ordinary shares were issued on 8 January 2016;
- Granting a price participation structure to SCB whereby SCB will receive a percentage of incremental revenue above a copper price of A$8,000 per tonne;
- Issuing Convertible Redeemable Preference Shares to SCB equivalent to 60% of the issued capital of Aeris on a post-refinancing fully diluted basis; and
- Issuing Convertible Non-Redeemable Preference Shares to PAG SPV equivalent to 15% of the issued capital of the Company on a post-refinancing fully diluted basis.

The Debt restructure resulted in a Gain of $45.438 million being included in the Consolidated Statement of Comprehensive Income.

With the Working Capital Facility with PAG SPV, the restructured Senior Debt with SCB and concomitant reduced interest repayments, the Company's business plan indicates that it will be able to generate sufficient cash flow to:

- Service its obligations in relation to it's Funding Commitments;
- Meet its current working capital requirements; and
- Meet its critical capital expenditure requirements, which will help the Company increase its resources/reserves and extend the life of the Tritton Operations.

On 28 July 2016 the Company announced that development of the Tritton Deeps project had been approved by the Aeris Board, triggering access to Tranche 2 (US$10 million) of the PAG SPV Working Capital Facility. In support of the current production volumes at Tritton and the planned deeper mining operations (Tritton Deeps) at the Tritton orebody, the Company has commenced the development of a new $11.250 million ventilation shaft, which is expected to be operational by the end of the March quarter in 2017.

(b) Disposal of non-core assets

The Company announced on 6 October 2015 that it had signed a binding agreement with Sandfire Resources NL (ASX:SFR) (Sandfire) for the sale of it's interest in the Temora and Currumburrama exploration projects in New South Wales for $2.500 million (payable in Sandfire shares). The sale was finalised on 4 January 2016 and subsequently all shares have been disposed of.

How numbers are calculated

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

3 Segment information

(a) Description of segments

Business segments

The Group's Strategic Steering Committee, consisting of the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer examines the Group's performance and determined that there are two reportable segments of its business, Tritton Operations and Other, representing corporate activities and non-core exploration assets.

Geographical segments

The Consolidated Entity only operated in Australia as at 30 June 2016 and 30 June 2015.

Segment results

(b) Segment information provided to the board of directors

2016	Tritton Operations $'000	Other $'000	Total Continuing Operations $'000	Consolidated $'000
Segment Revenue				
Sales to external customers	191,567	-	191,567	191,567
Total sales revenue	191,567	-	191,567	191,567
Other revenue	524	407	931	931
Total segment revenue	192,091	407	192,498	192,498
Adjusted EBITDA	25,094	2,362	27,456	27,456
Segment assets and liabilities				
Segment assets	252,024	108,004	360,028	360,028
Intersegment elimination	(117,067)	(92,234)	(209,301)	(209,301)
Unallocated assets	-	-	16,522	16,522
Total assets	134,957	15,770	167,249	167,249
Segment liabilities	276,059	67,372	343,431	343,431
Intersegment elimination	(143,353)	(65,948)	(209,301)	(209,301)
Unallocated liabilities	-	-	-	-
Total liabilities	132,706	1,424	134,130	134,130
Other segment information				
Depreciation and amortisation	32,979	50	33,029	33,029
Acquisition of property, plant and equipment, intangibles and other segment assets	37,245	38	37,283	37,283

3 Segment information (continued)

(b) Segment information provided to the board of directors (continued)

2015	**Tritton Operations** $'000	**Other** $'000	**Total Continuing Operations** $'000	**Consolidated** $'000
Segment Revenue				
Sales to external customers	216,852	-	216,852	216,852
Total sales revenue	216,852	-	216,852	216,852
Other revenue	253	179	432	432
Total segment revenue	217,105	179	217,284	217,284
Adjusted EBITDA	52,032	(10,822)	41,210	41,210
Segment assets and liabilities				
Segment assets	**202,059**	**155,299**	**357,358**	**357,358**
Intersegment elimination	(58,997)	(141,809)	(200,806)	(200,806)
Unallocated assets	-	-	21,521	21,521
Total assets	143,062	13,490	178,073	178,073
Segment liabilities	**304,984**	**101,075**	**406,059**	**406,059**
Intersegment liabilities	(111,564)	(89,242)	(200,806)	(200,806)
Total liabilities	193,420	11,833	205,253	205,253
Other segment information				
Acquisition of property, plant and equipment, intangibles and other segment assets	35,592	-	35,592	35,592
Depreciation and amortisation	26,804	146	26,950	26,950
Exploration written off	-	6,836	6,836	6,836

(iii) Adjusted EBITDA

The Group's Strategic Steering Committee assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as impairment, gains recognised on refinancing and the effects of foreign exchange which primarily reflects gains/losses on the translation of the USD borrowings.

A reconciliation of adjusted EBITDA to operating loss before income tax from continuing operations is provided as follows:

	2016 **$'000**	2015 $'000
Adjusted EBITDA (continuing operations)	**27,456**	41,210
Finance costs	**(3,789)**	(11,550)
Net foreign exchange losses	**(8,164)**	(27,340)
Impairment and exploration write off	**-**	(6,836)
Gain on restructure of SCB facility	**45,438**	-
Depreciation and amortisation	**(33,029)**	(26,950)
Profit/(loss) before income tax from continuing operations	**27,912**	(31,466)

4 Revenue

	2016 $'000	2015 $'000
From continuing operations		
Sales revenue		
Mining activities	**191,567**	216,852
Other revenue		
Other revenue from ordinary activities	**931**	432
	192,498	217,284

A portion of the Group's revenue from mining activities denominated in foreign currencies was historically cash flow hedged. The amounts disclosed above for revenue from mining activities include the effective amount of the derivatives that were used to hedge foreign currency revenue. The amount included in revenue is:

	2016 $'000	2015 $'000
Forward commodity contracts - cash flow hedged	**2,187**	2,187
	2,187	2,187

(a) Recognition and measurement

Concentrate sales revenue represents gross proceeds receivable from the customer. Concentrate sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in metal price, assay, weight and currency between the time of delivery and the time of final settlement of sales proceeds.

Revenue is measured at the fair value of the consideration received or receivable.

Sales revenue is recognised when the product is suitable for delivery and:

- risk has been passed to the customer;
- the quantity of the product can be determined with reasonable accuracy;
- the product has been dispatched to the customer and is no longer under the physical control of the Company; and
- the selling price can be determined with reasonable accuracy.

5 Expenses

	Notes	2016 $'000	2015 $'000
Profit/(loss) before income tax includes the following specific expenses:			
Cost of goods sold:			
Cost of production			
Mining activities		**161,880**	166,120
		161,880	166,120
Depreciation			
Plant and equipment		**6,678**	6,342
Plant and equipment under finance leases		**4,245**	2,502
		10,923	8,844
Amortisation			
Mine properties		**22,056**	17,959
Total Cost of goods sold		**194,859**	192,923
Exploration expense:			
Exploration expenditure		**387**	389
Exploration written off		**-**	6,836
		387	7,225
Administration and support:			
Corporate		**6,588**	6,755
Corporate depreciation		**50**	146
		6,638	6,901
Gain on restructure			
Gain on debt restructure	2(a)	**(45,438)**	-
		(45,438)	-
Other (expenses)/revenue:			
(Gain)/loss on fair value of listed securities held for trading		**(3,687)**	2,739
Loss on sale of tenement		**-**	72
Realised gain on sale of listed securities held for trading		**(126)**	-
		(3,813)	2,811
Finance costs - net:			
Interest and finance charges paid / payable		**5,613**	11,102
Unwinding of discounts on provisions		**-**	453
Revaluation of price participation provision		**(4,103)**	-
Amortised borrowing costs		**2,279**	-
		3,789	11,555

5 Expenses (continued)

	Notes	2016 $'000	2015 $'000
Included within the above functions are the following:			
Employee benefit expense		**40,861**	39,884
Superannuation expense		**3,548**	3,077
		44,409	42,961

6 Income tax (benefit) / expense

(a) Income tax (benefit) / expense

	2016 $'000	2015 $'000
Deferred tax expense	**5,655**	-
	5,655	-
Deferred income tax expense/(benefit) included in income tax comprises:		
(Increase) / decrease in deferred tax assets (note 8(d)(i))	**3,883**	3,803
Increase / (decrease) in deferred tax liabilities (note 8(d)(ii))	**1,772**	(3,803)
	5,655	-

(b) Income taxes

Judgement is required in determining the provision for income taxes. The Group recognises liabilities of anticipated tax based on estimates of taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets have been recognised based on the Group's probable future taxable income.

(c) Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable/(receivable)

	2016 $'000	2015 $'000
Profit/(loss) from continuing operations before income tax expense	**27,912**	(31,466)
Tax at the Australian tax rate of 30.0%	**8,374**	(9,440)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses - continuing operations	**(11,839)**	(288)
Current tax losses not recognised	**10,909**	7,973
Current temporary differences not recognised - continuing operations	**(1,952)**	(365)
Share-based payments	**146**	29
Losses of foreign operations not recognised	**17**	2,091
Income tax expense	**5,655**	-

6 Income tax (benefit) / expense (continued)

(d) Tax expense / benefit relating to items of other comprehensive income

	2016 $'000	2015 $'000
Cash flow hedges (note 9(b))	**656**	656

(e) Tax losses

	2016 $'000	2015 $'000
Unused tax losses	**258,082**	256,148
Potential tax benefit @ 30.0%	**77,425**	76,844

Prior period unused tax losses of the Australian tax consolidated group for which no deferred tax assets has been recognised have been restated.

(f) Recognition and measurement

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Aeris Resources Limited and its wholly-owned Australian directly controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

6 Income tax (benefit) / expense (continued)

(f) Recognition and measurement (continued)

Current and deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

7 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2016 $'000	2015 $'000
Bank balances	**11,300**	24,022
	11,300	24,022

(i) Cash at bank and on hand

Cash at bank accounts are interest bearing attracting normal market interest rates.

(ii) Fair value

The carrying amount for cash and cash equivalents equals their fair value.

(iii) Recognition and measurement

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(b) Trade and other receivables

	2016			2015		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Trade receivables	**8,005**	**-**	**8,005**	5,852	-	5,852
Other debtors*	**1,463**	**-**	**1,463**	2,119	-	2,119
Restricted cash**	**-**	**4,991**	**4,991**	-	3,996	3,996
Prepayments	**1,551**	**-**	**1,551**	1,504	-	1,504
	11,019	**4,991**	**16,010**	9,475	3,996	13,471

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

** *Restricted cash relates to cash held on deposit for security against bank guarantees.*

(i) Provision for impairment of receivables

The trade receivables and other debtors within receivables do not contain impaired assets and are not past due. Based on the credit history of these other debtors, it is expected that these amounts will be received when due.

The carrying amount of trade and other receivables approximate their fair values.

7 Financial assets and financial liabilities (continued)

(b) Trade and other receivables (continued)

(ii) Fair value risk

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value.

(iii) Fair values

The fair values and carrying values of non-current receivables are as follows:

	2016 Carrying amount $'000	**2016** Fair value $'000	2015 Carrying amount $'000	2015 Fair value $'000
Restricted cash	**4,991**	**4,991**	3,996	3,996

(iv) Foreign currency risk

The carrying amounts of the Group's current and non-current receivables are denominated in the following currencies:

	2016 $'000	2015 $'000
Australian Dollar	**7,248**	8,027
US Dollar	**8,762**	5,444
	16,010	13,471
Current receivables	**11,019**	9,475
Non-current receivables	**4,991**	3,996
	16,010	13,471

For an analysis of the sensitivity of trade and other receivables to foreign exchange risk refer to note 12.

(v) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to note 12 for more information on the risk management policy of the Group.

(vi) Interest rate risk

The Group has various variable interest rate receivables including restricted cash. For an analysis of the sensitivity of trade and other receivables to interest rate risk, refer to note 12.

(vii) Recognition and measurement

Trade receivables are recognised initially at fair value based on estimated amounts due and subsequently at amortised cost less any provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the impairment loss is recognised within other expenses in the profit and loss.

7 Financial assets and financial liabilities (continued)

(b) Trade and other receivables (continued)

(vii) Recognition and measurement (continued)

When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(c) Other financial assets

	2016 $'000	2015 $'000
Current assets		
Australian listed equity held for trading	**5,657**	2,126
	5,657	2,126

Changes in fair values of financial assets through profit or loss are recorded in other income or other expenses in the consolidated statement of comprehensive income.

(i) Risk exposure and fair value measurements

All other financial assets at fair value through the income statement are denominated in the Australian currency. For an analysis of the sensitivity to equity price risk, refer to note 12 and fair value measurements refer to note 9.

(d) Trade and other payables

	2016 $'000	2015 $'000
Current liabilities		
Trade payables	**20,130**	26,601
Other payables	**33**	75
	20,163	26,676

(i) Foreign currency risk

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2016 $'000	2015 $'000
Australian Dollar	**20,094**	26,044
US Dollar	**49**	591
Other currencies	**20**	41
	20,163	26,676

(ii) Risk exposure

Information about the Group exposure to foreign exchange risk is provided in note 12.

Due to the short-term nature of current payables, their carrying value is assumed to approximate their fair value.

7 Financial assets and financial liabilities (continued)

(e) Interest bearing liabilities

	2016			2015		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Secured						
Bank loans	**6,410**	**73,627**	**80,037**	146,320	660	146,980
Lease liabilities	**4,492**	**10,201**	**14,693**	3,553	2,057	5,610
Total secured borrowings	**10,902**	**83,828**	**94,730**	149,873	2,717	152,590
Unsecured						
Convertible notes	**-**	**-**	**-**	9,467	-	9,467
Total unsecured borrowings	**-**	**-**	**-**	9,467	-	9,467
Total borrowings	**10,902**	**83,828**	**94,730**	159,340	2,717	162,057

Interest bearing liabilities in denominated currency

	2016		2015	
	USD $'000	**AUD $'000**	USD $'000	AUD $'000
Secured				
Bank loans	**59,159**	**646**	112,318	695
Lease liabilities	**976**	**13,385**	3,223	1,411
Total secured borrowing	**60,135**	**14,031**	115,541	2,106
Unsecured				
Convertible notes	**-**	**-**	7,269	-
Total unsecured borrowing	**-**	**-**	7,269	-
Total borrowings	**60,135**	**14,031**	122,810	2,106

(i) Secured interest bearing liabilities and assets pledged as security

The total secured interest bearing liabilities (current and non-current) are as follows:

	2016 $'000	2015 $'000
Bank loans	**80,037**	146,980
Lease liabilities	**14,693**	5,610
Total secured liabilities	**94,730**	152,590

7 Financial assets and financial liabilities (continued)

(e) Interest bearing liabilities (continued)

(i) Secured interest bearing liabilities and assets pledged as security (continued)

SCB Bridge Loan and Working Capital Facility

On 3 August 2015 it was announced that, the Company, the Existing Lender Group, SCB and PAG SPV, as the New Lender, had entered into binding agreements, which were subject to the satisfaction of a number of conditions precedent, including the Shareholder approvals. At an EGM held on 15 December 2015, Aeris Resources Limited (formerly Straits Resources Limited) shareholders approved all resolutions put forward resulting in the completion of the debt restructure on 31 December 2015.

The completed debt restructure reduced the Company's Senior Debt to US$50.000 million (55% reduction). SCB were also issued with fully paid Convertible Redeemable Preference Shares (CRPS) and are also, entitled to a Copper Price Participation payment.

The New Senior Debt is subject to a seven year term and the Company is required to make a bullet payment of all outstanding monies occurring at the end of the term. The debt accrues cash interest at a rate of 5% per annum (following a cash interest holiday of two years), which is payable in accordance with the agreed payment structure between the Company, SCB and PAG SPV as set out in the Inter-Creditor Deed. If payment of the cash interest on the Senior Debt cannot be made by the Company the amount owing will be capitalised. PIK (payment in kind) interest accrues at a rate of 10% per annum in the first year, 12.5% in the second year and 7.5% per annum for the remaining five years of the seven year term.

PAG SPV Facility

Under the finalised restructure the shareholders approved the issuance of loan notes (Working Capital Facility US$25.000 million) by the Company to PAG SPV. The loan is intended to fund the company's working capital and growth projects at its Tritton Operations. PAG SPV will also be issued Cumulative Non-Redeemable Preference Shares (CNRPS).

The US$25.000 million is available in two tranches:

- US$15.000 million - available for general working capital purposes and certain approved capital expenditure (Tranche 1); and
- US$10.000 million - available for general working capital purposes (Tranche 2).

Tranche 2 was subject to evidence to the satisfaction of PAG SPV that resource drilling on Tritton Deeps has been successful and both the Company and PAG SPV have approved capital expenditure for the development of Tritton Deeps as announced on 28 July 2016.

The Working Capital Facility has a 3-year term and is secured by the same security and guarantee arrangements as provided for the SCB Senior Debt. Cash interest accrues at 5% per annum and PIK accrues at 6% (compounding every 3 months).

At 30 June 2016, the Company had drawn down US$4.500 million from the Working Capital Facility.

Residential housing loans

Residential housing loans are secured over the residential properties. These loans have no recourse to the Parent entity or other members of the Group.

7 Financial assets and financial liabilities (continued)

(e) Interest bearing liabilities (continued)

(ii) Lease liabilities

Certain vehicles and equipment acquired by the Group are funded by finance leases and hire purchase provided by a number of financial institutions. The leases are secured by the assets being financed.

Lease liabilities are effectively secured as the rights to the leased assets are recognised in the financial statements and revert to the lessor in the event of default.

(iii) Convertible notes

Credit Suisse International Convertible Notes (CSICVN)

The CSICVN, with an aggregate face value of US$7.200 million, was partially redeemed (at face value) for a cash payment of US$1.047 million following the completion of the restructure with the balance of the CSICVN converted into 24,500,000 Shares. US$0.200 million on account of accrued and unpaid interest was cash settled.

Redemption of the US$1.047 million occurred on 4 January 2016 and the conversion of the 24,500,000 shares into ordinary shares occurred on 8 January 2016, as per the agreed terms.

(iv) Financing arrangements

The Group had access to the following borrowing facilities at the reporting date:

	2016 $'000	2015 $'000
Floating rate		
Bank finance loan facilities and residential housing loans	**646**	146,980
Used at balance date		
Bank finance loan facilities and residential housing loans	**73,732**	146,980
Unused at balance date		
Bank finance loan facilities and residential housing loans	**27,491**	-

Credit stand-by arrangements

The Group has a $4,990,741 (2015: $3,995,859) bank guarantee facility primarily in respect of its rehabilitation obligations. These guarantees are secured by $4,990,741 (2015: $3,995,859) in restricted cash.

Bank residential housing loans

The residential housing loans totalling $646,467 (2015: $694,503) (original principal $900,000) are repayable over 25 years at a current interest rate of 4.65 % (2015: 4.58%).

(v) Interest rate risk exposure

The following tables set out the Group's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods. Exposures arise from liabilities bearing variable interest rates.

7 Financial assets and financial liabilities (continued)

(e) Interest bearing liabilities (continued)

(v) Interest rate risk exposure (continued)

2016	**Floating interest rate $'000**	**Fixed interest rate 1 year or less $'000**	**Over 1 to 5 years $'000**	**Over 5 years $'000**	**Non interest bearing $'000**	**Total $'000**
Bank overdrafts and loans	**646**	**6,343**	**3,717**	**69,331**	**-**	**80,037**
Trade and other creditors	**-**	**-**	**-**	**-**	**20,162**	**20,162**
Lease and hire purchase liabilities	**-**	**4,492**	**10,201**	**-**	**-**	**14,693**
	646	**10,835**	**13,918**	**69,331**	**20,162**	**114,892**

2015	Floating interest rate	Fixed interest rate 1 year or less	Over 1 to 5 years	Non interest bearing	Total
Bank overdrafts and loans	146,980	-	-	-	146,980
Trade and other creditors	-	-	-	26,676	26,676
Lease and hire purchase liabilities	-	3,553	2,057	-	5,610
Convertible Notes	-	9,467	-	-	9,467
	146,980	13,020	2,057	26,676	188,733

(vi) Fair value

The carrying amounts and fair values of borrowings at the end of the reporting period are:

	2016 Carrying amount $'000	**Fair value $'000**	2015 Carrying amount $'000	Fair value $'000
On-balance sheet				
Non-traded financial liabilities				
Bank loans	**80,037**	**80,037**	146,980	146,980
Lease and hire purchase liabilities	**14,693**	**14,693**	5,610	5,610
Convertible notes	**-**	**-**	9,467	9,467
	94,730	**94,730**	162,057	162,057

On-balance sheet

The fair value of interest bearing liabilities is determined by discounting the expected future cash flows by the current interest rates or liabilities with similar risk profiles.

(vii) Foreign exchange risk exposures

The carrying amounts of the Group's current and non-current interest bearing liabilities in Australian dollars are denominated in the following currencies:

7 Financial assets and financial liabilities (continued)

(e) Interest bearing liabilities (continued)

(vii) Foreign exchange risk exposures (continued)

	2016			2015		
	US Dollar denominated $'000	**Australian Dollar denominated $'000**	**Total interest bearing liabilities $'000**	US Dollar Denominated $'000	Australian Dollar denominated $'000	Total interest bearing liabilities $'000
Bank overdrafts and loans	**79,391**	**646**	**80,037**	146,285	695	146,980
Lease and hire purchase liabilities	**1,308**	**13,385**	**14,693**	4,199	1,411	5,610
Convertible Notes	**-**	**-**	**-**	9,467	-	9,467
Total	**80,699**	**14,031**	**94,730**	159,951	2,106	162,057

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 12.

(f) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes.

AASB 7 *Financial Instruments:* Disclosures requires fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2016 and 30 June 2015:

30 June 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets at fair value through profit or loss				
Australian listed equity securities	**5,657**	**-**	**-**	**5,657**
Total financial assets	**5,657**	**-**	**-**	**5,657**

7 Financial assets and financial liabilities (continued)

(f) Fair value measurements (continued)

30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets at fair value through profit or loss				
Australian listed equity securities	2,126	-	-	2,126
Total financial assets	2,126	-	-	2,126

Valuation Methodology

Investments classified as held for trading are fair valued by comparing to the published price quotation in an active market and are considered a level 1 valuation.

Refer to note 7(e)(vi) for the carrying amounts and fair values of borrowings at balance date.

8 Non-financial assets and liabilities

(a) Inventories

	2016 $'000	2015 $'000
Current assets		
Mining inventories		
Production supplies - at cost	**6,920**	6,484
Work in progress - at cost	**7,038**	6,589
	13,958	13,073

(i) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs.

(ii) Recognition and measurement

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.

8 Non-financial assets and liabilities (continued)

(b) Property, plant and equipment

	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Leased plant and equipment $'000	Total $'000
At 1 July 2014					
Cost or fair value	1,324	7,077	33,002	15,963	57,366
Accumulated depreciation	-	(816)	(11,887)	(10,940)	(23,643)
Net book amount	1,324	6,261	21,115	5,023	33,723
Year ended 30 June 2015					
Opening net book amount	1,324	6,261	21,115	5,023	33,723
Additions	-	-	14,730	1,711	16,441
Depreciation charge	-	(340)	(6,034)	(2,616)	(8,990)
Net disposals	-	-	(121)	-	(121)
Closing net book amount	1,324	5,921	29,690	4,118	41,053
At 30 June 2015					
Cost or fair value	1,324	7,077	45,690	17,674	71,765
Accumulated depreciation	-	(1,156)	(16,000)	(13,556)	(30,712)
Net book amount	1,324	5,921	29,690	4,118	41,053

	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Leased plant and equipment $'000	Total $'000
Year ended 30 June 2016					
Opening net book amount	1,324	5,921	29,690	4,118	41,053
Additions	-	2	7,278	12,947	20,227
Transfers	-	58	(435)	377	-
Depreciation charge	-	(341)	(6,357)	(4,275)	(10,973)
Transfer to mine properties in use	-	-	(32)	-	(32)
Net disposals	-	-	(1,535)	(275)	(1,810)
Closing net book amount	1,324	5,640	28,609	12,892	48,465
At 30 June 2016					
Cost	1,324	7,137	55,770	16,858	81,089
Accumulated depreciation	-	(1,497)	(27,161)	(3,966)	(32,624)
Net book amount	1,324	5,640	28,609	12,892	48,465

(i) 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:

8 Non-financial assets and liabilities (continued)

(b) Property, plant and equipment (continued)

(i) Assets in the course of construction (continued)

	2016 $'000	2015 $'000
Plant and equipment	**3,540**	4,896

(ii) Non-current assets pledged as security

Refer to note 22 for information on non-current assets pledged as security by the Group.

(iii) Recognition and measurement

All property, plant and equipment is stated at historical cost less depreciation. Historical cost 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 Group 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 income statement during the reporting period in which they are incurred.

Depreciation on mine property, plant and equipment (excluding land) is calculated on a unit-of-production basis so as to write off the cost of each asset in proportion to the depletion of the proved and probable ore reserves, or on a straight line basis over the estimated useful life of the asset if the asset's useful life is less than the life of mine, currently between 2 and 8 years.

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

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

(c) Exploration and evaluation, Mining properties in use

(i) Exploration and evaluation

	30 June 2016 $'000	30 June 2015 $'000
Opening net book amount	**19,521**	24,353
Expenditure incurred during the year	**2,001**	2,004
Transfer to mine properties in use	**(2,743)**	-
Net disposals	**(2,500)**	-
Expenditure written off	**-**	(6,836)
Closing balance	**16,279**	19,521

The Company announced on 6 October 2015 that it has signed a binding agreement with Sandfire Resources NL (ASX:SFR) (Sandfire) for the sale of it's interest in the Temora and Currumburrama exploration projects in New South Wales for A$2.500 million (payable in Sandfire shares). The sale was finalised on 4 January 2016.

8 Non-financial assets and liabilities (continued)

(c) Exploration and evaluation, Mining properties in use (continued)

(i) Exploration and evaluation (continued)

The recoverability of exploration and evaluation assets depends on successful development or sale of tenement areas.

Recognition and measurement

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 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 period in which it is incurred. Exploration expenditure that has been capitalised which no longer satisfies the policy stated above is written off in the period in which that decision is made.

Upon commencement of mining 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.

(ii) Mine properties in use

	30 June 2016 $'000	30 June 2015 $'000
Opening net book amount	**43,286**	42,850
Expenditure incurred during the year	**15,053**	17,147
Transfer from exploration and evaluation	**2,743**	-
Net disposals	**-**	(200)
Amortisation for the year	**(22,056)**	(17,051)
Transfer from property, plant and equipment	**32**	-
Transfer from short term mine development	**-**	540
Closing balance	**39,058**	43,286
Balance at reporting date		
Cost	**111,516**	93,687
Accumulated amortisation	**(72,458)**	(50,401)
Net book value	**39,058**	43,286

Recognition and measurement

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

8 Non-financial assets and liabilities (continued)

(c) Exploration and evaluation, Mining properties in use (continued)

Recognition and measurement (continued)

Amortisation is provided on a unit of production basis so as to write-off the cost in proportion to the depletion of the proved and probable ore reserves.

(d) Deferred tax balances

(i) Deferred tax assets

	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Fixed assets, exploration and mine properties	**17,539**	18,135
Transaction/issuance costs	**1,216**	4,862
Provisions and accruals	**5,499**	5,140
Total deferred tax assets	**24,254**	28,137
Set-off of deferred tax liabilities pursuant to set-off provisions	**(7,732)**	(6,616)
Net deferred tax assets	**16,522**	21,521
Deferred tax assets expected to be recovered within 12 months	**-**	-
Deferred tax assets expected to be recovered after 12 months	**16,522**	21,521
	16,522	21,521

Movements - Consolidated	**Tax losses $'000**	**Fixed assets, exploration and mine properties $'000**	**Transaction/ Issuance Cost $'000**	**Provision and accruals $'000**	**DTA/DTL net off $'000**	**Total $'000**
At 1 July 2014	**-**	**17,368**	**9,368**	**5,204**	**(11,075)**	**20,865**
Debited/(credited) - to the income statement	**-**	**767**	**(4,506)**	**(64)**	**3,803**	**-**
Charged/(credited) - directly to equity	**-**	**-**	**-**	**-**	**656**	**656**
Tax losses current losses	**7,973**	**-**	**-**	**-**	**-**	**7,973**
Tax losses not recognised	**(7,973)**	**-**	**-**	**-**	**-**	**(7,973)**
At 30 June 2015	**-**	**18,135**	**4,862**	**5,140**	**(6,616)**	**21,521**
Debited/(credited) - to the income statement	**-**	**(596)**	**(3,646)**	**359**	**(1,772)**	**(5,655)**
Charged/(credited) - directly to equity	**-**	**-**	**-**	**-**	**656**	**656**
At 30 June 2016	**-**	**17,539**	**1,216**	**5,499**	**(7,732)**	**16,522**

8 Non-financial assets and liabilities (continued)

(d) Deferred tax balances (continued)

(i) Deferred tax assets (continued)

Net deferred tax assets amounting to $16,552,000 (2015: $21,521,000) have been recognised, recovery of this amount is based on the Group's probable future taxable income.

(ii) Deferred tax liabilities

	2016 $'000	2015 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in the profit and loss		
Inventories	**2,076**	1,945
Exploration and evaluation	**5,656**	4,015
	7,732	5,960
Other		
Cash flow hedges	**-**	656
Total deferred tax liabilities	**7,732**	6,616
Set-off of deferred tax liabilities pursuant to set-off provisions	**(7,732)**	(6,616)
Net deferred tax liabilities	**-**	-

Movements - Consolidated	**Inventories $'000**	**Exploration $'000**	**Cash flow hedges $'000**	**Other $'000**	**DTA net off $'000**	**Total $'000**
At 1 July 2014	**1,702**	**4,013**	**918**	**4,442**	**(11,075)**	**-**
Charged/(credited) - to the income statement	**243**	**2**	**394**	**(4,442)**	**3,803**	**-**
Charged/(credited) - directly to equity	**-**	**-**	**(656)**	**-**	**656**	**-**
At 30 June 2015	**1,945**	**4,015**	**656**	**-**	**(6,616)**	**-**
Charged/(credited) - to the income statement	**131**	**1,641**	**-**	**-**	**(1,772)**	**-**
Charged/(credited) - directly to equity	**-**	**-**	**(656)**	**-**	**656**	**-**
At 30 June 2016	**2,076**	**5,656**	**-**	**-**	**(7,732)**	**-**

8 Non-financial assets and liabilities (continued)

(e) Provisions

	2016			2015		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Employee benefits	**5,429**	**961**	**6,390**	4,743	1,001	5,744
Price participation	**-**	**2,002**	**2,002**	-	-	-
Provision for rehabilitation and dismantling	**-**	**10,535**	**10,535**	-	10,614	10,614
Other provisions	**310**	**-**	**310**	162	-	162
	5,739	**13,498**	**19,237**	4,905	11,615	16,520

(i) Information about individual provisions and significant estimates

Price participation

The copper price participation provision is an estimated provision for the Copper Price Participation Payment payable under the new debt restructure agreement with SCB over the life of the mine and based on current market consensus Copper Price and AUD/USD forecasts. The Group is required to pay the Copper Price Participation Payment every 3 months where the volume weighted average copper price in the quarter, expressed in Australian Dollars is above a copper price of A$8,000 per tonne.

This liability is estimated at A$2.002 million using external forecast forward prices for copper as at 30 June 2016 and the AUD:USD forward exchange rates forecast from ANZ, over the current planned Life of Mine and using a discount rate of 12.30%.

Rehabilitation and dismantling

Provision is made for 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 and it does not reflect risks for which future cash flow estimates have been adjusted.

Provision is made for the estimated costs of dismantling and removing the item of plant and equipment and restoring the site on which it is located.

Other

Provision is made for the estimated cost of some obligations where there is a likelihood that an outflow will be required for settlement.

(ii) Movements in provisions

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

8 Non-financial assets and liabilities (continued)

(e) Provisions (continued)

(ii) Movements in provisions (continued)

2016	Provision for rehabilitation and dismantling $'000	Price Participation $'000	Other $'000	Total $'000
Carrying amount at start of year	10,614	-	162	10,776
Additional provisions recognised during the year	455	2,002	437	2,894
Amounts used during the year	-	-	(289)	(289)
Reversal	(534)	-	-	(534)
Carrying amount at end of year	10,535	2,002	310	12,847

(iii) Recognition and measurement

Provisions for legal claims, service warranties and make good obligations are recognised when the Group 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.

The Group 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 must 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.

9 Equity

(a) Contributed equity

(i) Share capital

	2016 Shares	2015 Shares	**2016 $'000**	2015 $'000
Ordinary shares				
Ordinary shares - fully paid	**140,116,703**	1,156,159,133	**360,828**	353,300
ESAP loans - contributed equity	**-**	61,571,160	**-**	-
	140,116,703	1,217,730,293	**360,828**	353,300

(ii) Movements in ordinary share capital

Details	**Notes**	**Number of shares**	**$'000**
Opening balance 1 July 2014		1,217,730,293	353,300
Balance 30 June 2015		1,217,730,293	353,300
Share consolidation	9(a)(iv)	(1,095,956,474)	-
Share buy back	9(a)(v)	(6,157,116)	(97)
Convertible notes converted	9(a)(vi)	24,500,000	7,625
Balance 30 June 2016		140,116,703	360,828

(iii) Ordinary shares

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote. Upon a poll each holder of ordinary shares is entitled to one vote for each fully paid share held (pro-rated in the case of partly paid shares).

(iv) Share consolidation

At the Extraordinary General Meeting (EGM) held on 15 December 2015, Straits Resources Limited (now Aeris Resources Limited) shareholders approved all resolutions put forward, including a 1 for 10 consolidation of capital (ordinary shares) and the restructure of the debt with SCB.

(v) Share buy back

As part of the debt restructure that was approved by shareholders on 15 December 2015, it included a resolution on approval for Issue of options (Management options) to Mr Andre Labuschagne and other key management personnel. The issue of Management options was conditional on all Employee Share Acquisition Plan (ESAP) shares, pursuant to the existing incentive ESAP plan for the senior management of the Company be bought back and cancelled by the Company in accordance with the Corporations Act.

The buy back price per ESAP share is $0.0105, as determined by the Board with reference to an independent valuation. In accordance with the ESAP rules, the sale proceeds of the Buy-Back will be applied first towards the repayment of the non-recourse loans which were made to each participant to fund the acquisition of the ESAP Shares to which the participant was entitled. The total consideration paid after deduction of non-recourse loans was $96,337. There are currently no shares issued under the ESAP to key executive employees.

(vi) Convertible Notes converted

The CSICVN with an aggregate face value of US$7.200 million was partially redeemed (at face value) for a cash payment of US$1.047 million following the completion of the restructure with the balance of the CSICVN converted into 24,500,000 shares.

9 Equity (continued)

(b) Preference equity

(i) Movements Convertible Redeemable Preference shares (Redeemable and Non-Redeemable)

Details	**Number of shares**	**$'000**
Opening balance	-	-
Issue of Convertible Redeemable Preference Shares	560,463,653	25,248
Issue of Convertible Non Redeemable Preference Shares	140,115,913	6,312
Balance 30 June 2016	700,579,566	31,560

Following the approvals obtained at the EGM held on 15 December 2015 Straits Resources Limited (now Aeris Resources Limited (Aeris)) and the completion of the restructure of the debt with SCB, the Company:

- Issued Convertible Redeemable Preference Shares (CRPS) to SCB equivalent to 60% of the issued ordinary capital of Aeris on a post-refinancing fully diluted basis; and
- Issued Convertible Non-Redeemable Preference Shares (CNRPS) to PAG SPV equivalent to 15% of the issued ordinary capital of Aeris on a post-refinancing fully diluted basis.

The CRPS are fully paid convertible Redeemable Preference shares in the ordinary capital of the Company and have been issued with an aggregate face value of US$40.000 million. The CRPS accrue a unfranked dividend at 5% per annum. The deferred amount and interest will cease to accrue and be written off if the CRPS's are converted or will cease to accrue and be paid in cash if the CRPS are redeemed. The CRPS have been independently valued and is accounted for at its fair value of $25.248 million.

The CRPS may be redeemed by the Company during the CRPS redemption period, unless already converted; otherwise all CRPS mandatorily convert into ordinary shares in the Company on the fifth anniversary of their issue.

The CNRPS mirror the CRPS in as far as possible in respect to dividends, voting rights and general rights. The CNRPS have no redemption option by the Company. The CNRPS has been issued with an aggregate face value of US$1 and, notional value of US$10.000 million.The CNRPS have been independently valued and is accounted for at its fair value of $6.312 million.

At 30 June 2016, the above did not have a cash impact and is considered a non cash transaction.

9 Equity (continued)

(c) Reserves

	2016 $'000	2015 $'000
Cash flow hedges	**-**	1,531
Share-based payments	**938**	453
Acquisition revaluation reserve	**(9,443)**	(9,443)
	(8,505)	(7,459)
Movements:		
Cash flow hedges		
Balance 1 July	**1,531**	3,062
Transfer to net profit or loss from continuing operations - gross	**(2,187)**	(2,187)
Deferred tax	**656**	656
Balance 30 June	**-**	1,531
Share-based payments		
Balance 1 July	**453**	356
Employee share based payment expense	**485**	97
Balance 30 June	**938**	453
Acquisition Revaluation Reserve		
Balance 1 July	**(9,443)**	(9,443)
Balance 30 June	**(9,443)**	(9,443)

(i) Nature and purpose of other reserves

Cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in equity, as described in note 24(i). Amounts are recognised in the Consolidated Statement of Comprehensive Income when the associated hedged transaction affects the Consolidated Statement of Comprehensive Income.

Share-based payments

The share-based payments reserve is used to recognise the fair value of equity instruments issued to employees.

Acquisition Revaluation Reserve

This reserve is used to record the differences described in note 24(b)(ii) which may arise as a result of ownership interest changes.

(d) Accumulated losses

Movements in accumulated losses were as follows:

	2016 $'000	2015 $'000
Balance at the beginning of the period	**(373,021)**	(341,555)
Net profit / (loss) for the year	**22,257**	(31,466)
Balance 30 June	**(350,764)**	(373,021)

10 Cash flow information

(a) Reconciliation of loss before income tax to net cash inflow from operating activities

	2016 $'000	2015 $'000
Profit/(loss) for the year from continuing operations	**22,257**	(31,466)
Accrued finance costs	**6,308**	9,586
Loss on held-for-trading financial assets	**(126)**	-
Unrealised exchange and foreign exchange hedging losses	**6,750**	27,043
Depreciation and amortisation	**33,029**	26,950
Employee share based payment expense	**485**	97
Profit on sale of fixed assets	**1,810**	72
Gain on debt restructure	**(45,438)**	-
Restructure costs	**(3,178)**	-
Impairment and exploration written off	**-**	6,836
Movements in commodity hedging	**(1,531)**	(1,531)
(Increase) / decrease in trade and other receivables	**(1,544)**	1,209
(Increase) / decrease in inventories	**(885)**	1,642
Increase / (decrease) in trade and other payables	**(6,960)**	2,220
(Increase) / decrease in other financial assets	**(3,531)**	2,739
Increase / (decrease) in provisions	**(3,388)**	1,298
(Increase) / decrease in deferred tax assets	**4,999**	(656)
Net cash inflow from operating activities	**9,057**	46,039

(b) Non-cash investing and financing activities

	2016 $'000	2015 $'000
Acquisition of plant and equipment by means of finance leases	**13,808**	3,378

Risk

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

11 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on management's historical experience and knowledge of relevant facts and circumstances at that time.

The Aeris Group makes estimates and judgments concerning the future. The resulting accounting estimates and judgments may differ from the related actual results and may have a significant effect on the carrying amounts of assets and liabilities within the next financial period and on the amounts recognised in the financial statements. Information on such estimates and judgments are contained in the accounting policies and/or notes to the financial statements.

(i) Ore Reserve Estimates

Ore Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate Ore Reserves, estimates and assumptions are required about a range of geological, technical and economic factors. Estimating the quality and/or grade of the Ore Reserves requires the size, shape and depth of 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 Group is required to determine and report Ore Reserves in Australia under the principles incorporated in the 2012 Edition of the Australasian Code, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate Ore Reserves.

As the economic assumptions used to estimate Ore Reserves change from period to period, and as additional geological data is generated during the course of operations, estimates of Ore Reserves may change from period to period. Changes in reported Ore Reserves may affect the Group'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.

(ii) Estimation for the provision for rehabilitation and dismantling

Provision for rehabilitation and dismantling 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:

- Ore Reserves and mine planning scheduling;
- production costs; and
- discount rates.

(iii) Impairment of property, plant and equipment, deferred exploration and development expenditure and mine properties

The Group reviews for impairment of property, plant and equipment, deferred exploration and development expenditure and mine properties in accordance with the accounting policy stated in note 24(f). With the exception of deferred exploration, the recoverable amount of these assets has been determined based on the higher of the assets' fair value less costs of disposal and value in use. Recoverable amount assessments are principally based on discounted cashflow analysis. This requires the use of estimates and judgements in relation to a range of inputs including:

- commodity prices;
- exchange rates;
- reserves and mine planning scheduling;
- production costs; and
- discount rates.

11 Critical accounting estimates and judgements (continued)

(iii) Impairment of property, plant and equipment, deferred exploration and development expenditure and mine properties (continued)

The Group has regard to external external forecasts of key assumptions where available (e.g. commodity price and exchange rates).The recoverable amount is particularly sensitive to fluctuations in the AUD commodity price.

No impairment to operating mines occurred during 2016.

(iv) Recoverability of deferred tax assets

In determining the recoverability of the recognised deferred tax assets, management prepared and reviewed an analysis of estimated future results which support the future realisation of the deferred tax assets. The estimated future results have been 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 Group to realise the net deferred tax assets reported at the reporting date could be impacted.

12 Financial risk management

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, commodity price risks and ageing analysis for credit risk.

During financial year ending 30 June 2016, the Group has not undertaken any hedging activities and as such remains exposed to fluctuations in the above mentioned risks.

(a) Market risk

(i) Foreign exchange risk

Generally, natural hedges, forward contracts and options are used to manage certain foreign exchange risk. The Group's currency exposure based on the information provided to key management is mainly in cash and cash equivalents, receivables and loans.

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.

The Group operates internationally and is exposed to foreign exchange arising from various foreign currency exposures, primarily with respect to the US dollar.

For an analysis of the exposure to foreign exchange risk on trade receivables and trade payables refer to note 7.

Group sensitivity

Based on the financial instruments held at 30 June 2016, had the Australian dollar weakened/strengthened by 10% against these foreign currencies with all other variables held constant, the Group's loss from continuing operations for the period would have been $4.835 million lower/higher (2015: loss would have been $10.637 million lower/higher), 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.

12 Financial risk management (continued)

(a) Market risk (continued)

(ii) 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 Group 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.

Group sensitivity

At 30 June 2016, if interest rates had changed by -/+ 50 basis points from the weighted average period end rates with all other variables held constant, loss from continuing operations for the period would have been $0.275 million higher/lower (2015: $0.469 higher/lower), mainly as a result of higher/lower interest from loans, cash and cash equivalents and restricted cash.

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

	June 2016 $'000	June 2015 $'000
0 - 12 months	**10,902**	159,340
1 - 5 years	**83,828**	2,717
	94,730	162,057

(iii) Commodity Price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs.

The Group is exposed to commodity price risk arising from revenue derived from sales of copper concentrate, copper cement and silver and gold contained in Copper Concentrates.

Copper price risk has historically at times been managed by fixing a portion of future forecast sales. There are no commodity price derivatives as at 30 June 2016.

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group’s financial assets and financial liabilities to foreign exchange risk and interest rate risk.

	Foreign exchange risk				**Interest rate risk**			
	-10%		**+10%**		**-50 basis pts**		**+50 basis pts**	
Consolidated	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
2016	**(4,835)**	**-**	**4,835**	**-**	**275**	**-**	**(275)**	**-**
2015	**(10,637)**	**-**	**10,637**	**-**	**469**	**-**	**(469)**	**-**

12 Financial risk management (continued)

(b) Credit risk

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

The Group has policies in place to ensure that sales of products and services 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 Group is exposed to one large customer, Glencore International AG, who has the offtake agreement for 100% of the Tritton copper concentrate. The credit risk is considered low as Glencore International AG is perceived as reliable and currently all payments are received within the contractual payment terms. Derivative counterparties and cash transactions are limited to high credit quality financial institutions with external credit ratings. The Group has policies that limit the amount of credit exposure to any one financial institution.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, liquid investments and committed credit facilities to meet the Group'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 Group’s business and its risk profile.

Maturities of financial liabilities

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The amounts presented represent the future undiscounted principal and interest cash flows.

Group at 30 June 2016	**Less than 1 year $'000**	**Between 1 and 5 years $'000**	**Over 5 years $'000**
Non-derivatives			
Non-interest bearing trade and other payables	**19,715**	**-**	**-**
Variable interest rate instruments	**121**	**318**	**733**
Lease and hire purchase liabilities	**5,240**	**11,011**	**-**
Other fixed interest loans	**6,343**	**20,292**	**132,183**
Total non-derivatives	**31,419**	**31,621**	**132,916**

Group at 30 June 2015			
Non-derivatives			
Non-interest bearing trade and other payables	26,678	-	-
Variable interest rate instruments	148,057	318	870
Lease and hire purchase liabilities	3,786	2,085	-
Convertible Notes	10,406	-	-
Total non-derivatives	188,927	2,403	870

(d) Equity price risk

The Group is exposed to equity price risks arising from equity investments. Equity investments are held both for strategic and trading purposes. Refer to note 24(h)(i).

12 Financial risk management (continued)

(d) Equity price risk (continued)

Equity price sensitivity

The sensitivity analysis below has been determined on the exposure to equity price risks at the reporting date.

At reporting date, if the pricing inputs had been 10% higher/lower while all other variables were held constant the net loss for the Group would decrease/increase by $0.396 million (2015: $0.149 million decrease/increase) as a result of the changes in fair value of other financial assets held for trading.

13 Capital management

(a) Risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its capital structure comprising equity, debt and cash. The capital structure is reviewed on a semi-annual basis, with consideration given to the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues, new debt or the refinancing or repayment of existing debt.

The Group also reviews its gearing level. The Group's gearing ratio is calculated as net debt to net debt plus equity. Net debt is total interest bearing liabilities less cash and cash equivalents (excluding any restricted cash). Equity is shown in the balance sheet (including minority interests). The gearing ratio at reporting date was as follows:

	2016 $'000	2015 $'000
Total interest bearing liabilities	**94,730**	162,057
Less: cash and cash equivalents	**(11,300)**	(24,022)
Net debt	**83,430**	138,035
Total equity	**33,119**	(27,180)
Total capital	**116,549**	110,855
Gearing ratio	**71.6%**	124.5%

(b) Dividends

(i) Dividends not recognised at the end of the reporting period

The Directors did not declare a dividend in either of the periods ending 30 June 2016 and 30 June 2015.

Group structure

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

14 Interest in other entities

(a) Significant investments in subsidiaries

The financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 24(b):

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding ****	
			2016 %	2015 %
Straits Mining Pty Ltd and its subsidiaries	Australia	Ordinary	**100**	100
Girilambone Copper Company Pty Ltd	Australia	Ordinary	**100**	100
Tritton Resources Pty Ltd	Australia	Ordinary	**100**	100
Straits Exploration (Australia) Pty Ltd	Australia	Ordinary	**100**	100
Straits Gold Pty Ltd and its subsidiaries	Australia	Ordinary	**100**	100
Kalteng Emas Pte Ltd*	Singapore	Ordinary	**-**	100
Kalteng Minerals Pte Ltd*	Singapore	Ordinary	**-**	100
Straits Indo Gold Pty Ltd and its subsidiaries	Australia	Ordinary	**100**	100
Straits Mine Management Pty Ltd	Australia	Ordinary	**100**	100
7874987 Canada Inc.	Canada	Ordinary	**100**	100
Goldminco Corporation Limited and its subsidiaries**	Canada	Ordinary	**100**	100
Goldminco Resources Pty Ltd	Australia	Ordinary	**100**	100
Templar Resources Pty Ltd	Australia	Ordinary	**100**	100
Straits Mineral Investments Pty Ltd	Australia	Ordinary	**100**	100

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.

Straits Exploration (Australia) Pty Ltd, 7874987 Canada Inc. and Straits Gold Pty Ltd hold 4.14%, 28.67% and 67.19% respectively (2015: 4.14%, 28.67% and 67.19% respectively) of the ordinary share capital of Goldminco Corporation Limited.

* *These entities were transferred to Straits Gold Pty Ltd from Muro Offshore Pty Ltd during the year ending 30 June 2015, as a result of the sale of PTIMK.*
** *The reporting date of Goldminco Corporation Limited is 31 March.*

(b) Interests in jointly controlled assets

(i) Jointly controlled assets

Name and principal activity	**% interest Held during the year 2016**	% interest Held during the year 2015
Torrens located in South Australia:		
Principal activity copper and gold exploration.	**70**	70
Canbelago located in NSW:		
Principal activity copper and gold exploration	**30**	30

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

15 Contingencies

The Company has a contingent instrument facility with SCB who provides guarantees in the amount of $10.328 million in favour of the NSW government for rehabilitation obligations on the Tritton tenements. The Group has no other contingencies at 30 June 2016.

16 Commitments

(a) Lease commitments

Exploration and mining leases

	2016 $'000	2015 $'000
Within one year	**4,563**	5,118
Later than one year but not later than five years	**11,937**	14,315
Later than five years	**18,869**	17,989
	35,369	37,422

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

Operating leases

	2016 $'000	2015 $'000
Within one year	**161**	116
Later than one year but no later than five years	**589**	60
	750	176

17 Events occurring after the reporting period

On 28 July 2016 the Company announced that the Board has approved a ramp-up of greenfields exploration activities on the Company's highly prospective tenement package surrounding it's Tritton Operations in NSW, committing $7.500 million on greenfields exploration activities targeted over the next two years.

On 28 July 2016 the Company also announced that the Board of Aeris approved the development of Tritton Deeps, which will extend mining operations at the Tritton Orebody 175 metres below the current workings. The approval triggers Tranche 2 (US$10M) of Working Capital Facility and the commencement of a $11.250 million Ventilation Shaft.

On 3 August 2016, the Company announced updated Mineral Resource and Ore Reserve estimates for the Tritton deposit, representing a 32% increase in Ore Reserves, net of mining depletion, compared to 30 June 2015.

Other than that noted above no other matter or circumstance has occurred subsequent to year end that has significantly affect, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

18 Related party transactions

(a) Parent entities

The ultimate controlling entity and Australian Parent entity within the Group is Aeris Resources Limited (formerly Straits Resources Limited).

(b) Subsidiaries

Investments in subsidiaries are set out in note 14.

(c) Standard Chartered Bank

Mr Alastair Morrison is a non-executive director but does not fall within the ASX definition of “independent” as he was previously employed by Standard Chartered Private Equity until March 2014, which holds 15.3% of the issued capital in Aeris.

Mr Marcus Derwin is a non-executive Director but does not fall within the ASX definition of “independent” as he is a nominee Director of Standard Chartered Bank, which has a material business relationship with Aeris. In terms of the restructuring deed Aeris entered into with SCB and PAG SPV, SCB and PAG SPV each have a separate entitlement to appoint one director to the Aeris Board. SCB elected to take up this right and nominated Mr Marcus Derwin who was appointed to the Aeris Board on 18 April 2016.

(d) HopgoodGanim Lawyers (HG)

Mr Michele Muscillo, an independent non-executive director is a partner of HG. Invoices totalling $1,251,734 (2015: $638,255) were received from HG on normal commercial terms during the year.

(e) Loans to key management personnel

No loans were made to key management personnel of the Group during the period.

18 Related party transactions (continued)

(f) Key management personnel compensation

	2016 $'000	2015 $'000
Short-term employee benefits	**2,451**	1,914
Share-based payments	**485**	97
Post-employee benefits	**129**	107
	3,065	2,118

Detailed remuneration disclosures are provided in the remuneration report.

19 Share-based payments

(a) Employee Options

Executive management options issued was approved by shareholders at an EGM held on 15 December 2015 with a Completion Date of 31 December 2015. The options were issued to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy.

As part of the Restructuring approved on 15 December 2015, the relevant managers in aggregate can earn a total of up to 10% of the Company's post Restructuring and post Consolidation fully diluted capital.

The management options are granted for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share and will be issued within 10 business days after the Company receives an exercise notice. The options have a $nil exercise price.

The options may only be exercised so as to not result in that holder having a voting power in the Company in excess of 19.99%. If a holder is unable to exercise their remaining vested options the Company must use its best and all reasonable endeavours to obtain any approval or consent to allow such exercise.

Upon exercise the shares will be subject to a period of voluntary escrow, with the shares being released from escrow in progressive tranches from the third anniversary of Completion Date (31 December 2015).

The number of options granted on 15 December 2015 totalled 93,410,609 at a $nil exercise price and a remaining contractual life of 4.5 years.

Subject to the option holder remaining an employee of the Company group for at least 12 months from the restructure, the Options will vest in five tranches as follows:
• 30.0% on the first anniversary of the Completion Date;
• 17.5% on the second anniversary of the Completion Date;
• 17.5% on the third anniversary of the Completion Date;
• 17.5% on the fourth anniversary of the Completion Date; and
• 17.5% on the fifth anniversary of the Completion Date.

19 Share-based payments (continued)

(a) Employee Options (continued)

Fair value of options granted

The assessed fair value at grant date in circumstances where there is a $nil exercise price, the value per option on a fully marketable basis is equal to the value of the underlying share price less dividend ($0.04).

The shares are however subject to various escrow periods and as such a discount for lack of marketability to the Options have been applied to take into consideration the escrow period. A discount for lack of marketability was applied as below:

- 25 % for Tranche 1 ($0.03)
- 20% for Tranche 2 ($0.032)
- 15% for Tranche 3 ($0.034)
- 10% for Tranche 4 ($0.036)
- 0% for Tranche 5 ($0.04)

(b) Employee Share Acquisition Plan (ESAP)

The ESAP plan was approved by Aeris' shareholders at the Annual General Meeting on 27 November 2013. The purpose of the plan is to attract, retain, motivate and reward key executive employees.

The plan 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 with no shares issued in the current period.

As part of the debt restructure that was approved by shareholders on 15 December 2015, it included a resolution on approval for issue of options to Mr Andre Labuschagne and other key management personnel. The issue of Management options was conditional on all ESAP shares pursuant to the existing incentive ESAP plan for the senior management of the Company be bought back and cancelled by the Company in accordance with the Corporations Act.

There are currently no shares issued or allocated under the ESAP Plan.

(c) Expenses arising from share-based payment transactions

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

	2016 **$**	2015 $
Options issued	**456,057**	-
Employee Share Acquisition Plan	**29,000**	96,816
	485,057	96,816

20 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

(a) PwC Australia

Audit and other assurance services

	2016 $	2015 $
Audit and other assurance services		
Audit and review of financial reports and other audit work	**267,000**	269,500
Total remuneration for audit and other assurance services	**267,000**	269,500
Other services		
Tax compliance and advisory services	**683,238**	156,583
Total remuneration of PwC Australia	**950,238**	426,083

(b) Network firms of PwC Australia

Audit and other assurance services

Audit and other assurance services		
Audit and review of financial reports and other audit work	**33,733**	527
Total remuneration for audit and other assurance services	**33,733**	527
Total remuneration of network firms of PwC Australia	**33,733**	527
Total auditors' remuneration	**983,971**	426,610

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

21 Earnings per share

(a) Basic earnings per share

	2016 Cents	2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**17.1**	(2.6)
Total basic earnings per share attributable to the ordinary equity holders of the Company	**17.1**	(2.6)

21 Earnings per share (continued)

(b) Diluted earnings per share

	2016 Cents	2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**2.4**	(2.6)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**2.4**	(2.6)

(c) Reconciliation of earnings used in calculating earnings per share

	2016 $'000	2015 $'000
Basic earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	**22,257**	(31,466)
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**22,257**	(31,466)

(d) Weighted average number of shares used as denominator

	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**130,090,461**	1,217,730,293
Adjustments for calculation of diluted earnings per share:		
Amounts uncalled on partly paid shares and calls in arrears	**700,579,566**	-
Options	**93,410,609**	-
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**924,080,636**	1,217,730,293

(e) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) 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

21 Earnings per share (continued)

(e) Earnings per share (continued)

(ii) Diluted earnings per share (continued)

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

22 Carrying amounts of assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2016 $'000	2015 $'000
Non-current		
First mortgage		
Freehold land and buildings	**1,324**	1,324
Plant and equipment	**25,039**	24,714
Mine properties	**35,868**	43,286
Exploration and evaluation assets	**15,496**	13,513
	77,727	82,837
Finance lease		
Plant and equipment	**12,892**	4,088
Fixed charge		
	-	-
Total non-current assets pledged as security	**90,619**	86,925
Total assets pledged as security	**90,619**	86,925

23 Parent entity financial information

(a) Summary financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

	2016 $'000	2015 $'000
Balance sheet		
Current assets	**20,832**	27,565
Non-current assets	**104,005**	82,502
Total assets	**124,837**	110,067
Current liabilities	**1,162**	11,580
Total liabilities	**1,162**	11,580

23 Parent entity financial information (continued)

(a) Summary financial information (continued)

Shareholders' equity		
Contributed equity	**360,827**	353,300
Convertible preference shares (Redeemable and Non-Redeemable)	**31,560**	-
Reserves	**938**	453
Accumulated losses	**(269,650)**	(255,266)
	123,675	98,487
Loss for the year	**(14,384)**	(9,077)
Total comprehensive loss	**(14,384)**	(9,077)

(b) Guarantees entered into by the Parent entity

The Parent entity has provided financial guarantees in respect of performance bonds for work commitments on mining and mineral exploration tenements, for the Parent entity and its subsidiaries secured by cash deposits amounting to $3,818,620 with other cash backed financial guarantees of $113,931, which totalled $3,932,551. Total guarantees for the prior period were $3,903,339.

In addition the Parent entity also provided a parent company guarantee in relation to the SCB and PAG SPV debt facilities to Tritton Resouces Pty Ltd.

(c) Contingent liabilities of the Parent entity

The Parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015. For information about guarantees given by the Parent entity, please see above.

(d) Contractual commitments for the acquisition of property, plant or equipment

The Parent entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 30 June 2016 or 30 June 2015.

24 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Aeris Resources Limited and its subsidiaries.

(a) 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, and International Financial Reporting Standards issed by the International Accounting Standards Board and the *Corporations Act 2001*. Aeris Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

The presentation currency used in this financial report is Australian dollars.

(i) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	**Nature of change**	**Impact**	**Mandatory application date/ Date of adoption by group**
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AfS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The group is currently assessing whether it should adopt AASB 9 before its mandatory date.

24 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) New standards and interpretations not yet adopted (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
		The other financial assets in held by the group include: ● equity instruments currently classified as AfS for which a FVOCI election is available ● equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under AASB 9, and ● debt instruments currently classified as held-to-maturity and measured at amortised cost which appear to meet the conditions for classification at amortised cost under AASB 9. Accordingly, the group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.	

24 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) New standards and interpretations not yet adopted (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
		The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the group is yet to undertake a detailed assessment, it would appear that the group's current hedge relationships would qualify as continuing hedges upon the adoption of AASB 9. Accordingly, the group does not expect a significant impact on the accounting for its hedging relationships. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.	

24 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) New standards and interpretations not yet adopted (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	Management is currently assessing the effects of applying the new standard on the group's financial statements. At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will make more detailed assessments of the effect over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption Expected date of adoption by the group: 1 January 2018.
AASB 16 *Leases*	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.	The standard will affect primarily the accounting for the group's operating leases. Information on the undiscounted amount of the group's operating lease commitments at 30 June 2016 under AASB 17, the current leases standard, is disclosed in note 7(e). The group has not yet determined to what extent its operating lease commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitment may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangement that will not qualify as leases under AASB16.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its operative date.

24 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) New standards and interpretations not yet adopted (continued)

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time the financial year beginning 1 July 2015 materially affect the amounts recognised in the current period or any prior period and are not likely to affect future periods. The Group has not early adopted any amendments, standards or interpretations that have been issued but are not yet effective in the current year.

(iii) Compliance with IFRS

The financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(iv) Historical cost convention

These 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 the Consolidated Statement of Comprehensive Income.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 11.

(b) Principles of consolidation

(i) Subsidiaries

Intercompany transactions, balances and unrealised gains on transactions between Group companies 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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Aeris Resources Limited ('Company' or 'Parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Aeris Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

24 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(ii) Changes in ownership interests

The consolidated entity treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the consolidated entity. 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 a separate reserve within equity attributable to owners of Aeris Resources Limited.

When the consolidated entity ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest of an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the consolidated entity had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the income statement where appropriate.

(iii) Joint ventures

Jointly controlled assets
The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Aeris Resources Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Comprehensive Income.

All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through the income statement are recognised in the income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

24 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each Consolidated Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the income statement, as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate for the period.

(d) Revenue recognition

(i) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(ii) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer note 24(h).

(e) Leases

Leases of property, plant and equipment where the controlled entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current or non-current interest bearing liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the consolidated entity as lessee are classified as operating leases. Operating lease payments are charged to the Consolidated Statement of Comprehensive Income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased asset.

24 Summary of significant accounting policies (continued)

(f) Impairment of assets

Mining properties that are subject to amortisation 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. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

(h) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through the income statement, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through the income statement

Financial assets at fair value through the income statement are financial assets held for trading. The equity investments classified as held for trading are managed as part of an investment portfolio in accordance with an investment strategy. The performance of the portfolio is evaluated on a fair value basis and information is provided on that basis for assessment by the directors. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

24 Summary of significant accounting policies (continued)

(h) Investments and other financial assets (continued)

Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the income statement, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the income statement are expensed in the income statement.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through the income statement are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through the Consolidated Statement of Comprehensive Income category are presented in the Consolidated Statement of Comprehensive Income within other income or other expenses in the period in which they arise.

Details on how the fair value of financial instruments is determined are disclosed in note 12.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its costs is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Statement of Comprehensive Income . As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Impairment testing of trade receivables is described in note 7 (b).

24 Summary of significant accounting policies (continued)

(i) Derivatives and hedging activities

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 the end of each reporting period. 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 Group designates certain derivatives as either:

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

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to the profit or loss in the periods when the hedged item affects the profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in the profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

Amounts accumulated in equity are reclassified to the profit or loss in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within 'sales'.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit or loss and are included in other income or other expenses.

(j) Mine properties in use

(i) Underground operations

Certain mining costs, principally those that relate to levels of development which are expected to be used for shorter periods than the mine life have also been capitalised and included in the balance sheet. These costs are deferred on a cost per development metre basis. These costs are then amortised into the profit and loss on a units of production basis over the relevant Ore Reserves.

24 Summary of significant accounting policies (continued)

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 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.

(l) 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 Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

(n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Share-based payments

Share based compensation benefits are provided to employees via the Aeris Resources Limited ESAP.

Share based compensation under the ESAP is measured as the value of the option inherent within shares issued under this plan and is expensed over the vesting period of the shares with a corresponding credit to the share based payments reserve.

(iii) Termination benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as provisions.

24 Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

(iii) Termination benefits (continued)

Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, 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 payments, where the effect of discounting is material.

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(o) Contributed equity

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are expensed.

(p) Preference equity

The classification of preference shares is based on the assessment of the contractual arrangement's substance and the definitions of a financial liability and equity instrument. Non-redeemable shares where dividends are discretionary and Redeemable preference shares, at the issuer's option does not give rise to a contractual obligation to pay cash, they are classified as Equity as it represents equity interest in the Company and any conversion is into a fixed number of ordinary shares in Aeris Resources Limited.

(q) Parent entity financial information

The financial information for the Parent entity, Aeris Resources Limited, disclosed in note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Aeris Resources Limited. Dividends received from associates are recognised in the Parent entity's income statement, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Aeris Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Aeris Resources Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Aeris Resources Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Aeris Resources Limited for any current tax payable assumed and are compensated by Aeris Resources Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Aeris Resources Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

24 Summary of significant accounting policies (continued)

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the consolidated balance sheet.

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 taxation authority, are presented as operating cash flows.

(s) Rounding of amounts

The Company is of a kind referred to in Class Order 2016/91, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 56 to 116 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date.

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 24(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

Andre Labuschagne
Director

Brisbane
29 August 2016

Independent auditor's report to the members of Aeris Resources Limited

Report on the financial report

We have audited the accompanying financial report of Aeris Resources Limited (the company), which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Aeris Resources Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Auditor's opinion

In our opinion:

(a) the financial report of Aeris Resources Limited is in accordance with the *Corporations Act 2001,* including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 18 of the directors' report for the year ended 30 June 2016. 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.

Auditor's opinion

In our opinion, the remuneration report of Aeris Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

D.G. Smith

Debbie Smith
Partner

Brisbane
29 August 2016

Shareholder Information

The shareholder information as set out below was applicable at 5 October 2015.

Issued Capital:	
Fully paid ordinary shares	140,116,703
Redeemable cumulative convertible preference shares	560,463,653
Non-redeemable cumulative convertible preference shares	140,115,913
Employee options	93,410,609

Distribution of holders of fully paid ordinary shares:

Range			Total Holders	Units	%
1	-	1,000	2,210	517,004	0.37
1,001	-	5,000	423	1,071,152	0.76
5,001	-	10,000	160	1,251,478	0.89
10,001	-	50,000	239	5,723,823	4.09
50,001	-	100,000	75	5,670,849	4.05
100,001		and over	128	125,882,397	89.84
			3,235	**140,116,703**	**100.00**

Unmarketable parcels:

	Total Holders
Shareholders holding less than a marketable parcel (Minimum $500 parcel at $0.050 per share)	2,751

Substantial shareholders:

Shareholder	Units	%
STANDARD CHARTERED PRIVATE EQUITY (HONG KONG)	21,466,373	15.32
GLENCORE FINANCE (BERMUDA) LTD	13,151,314	9.39
DGJ KEET INVESTMENTS (SINGAPORE)	13,088,635	9.34

Voting rights:

At a general meeting:

On a show of hands, every member present has one vote; and

On a poll, every member present has one vote for each share held by the member and in respect of which the member is entitled to vote except in respect of partly paid shares, each of which will confer on a poll only a fraction of one vote which the amount paid up on the share bears to the total issue price of the share.

TOP TWENTY SHAREHOLDERS:

	Name	Number	%
1	CITICORP NOMINEES PTY LIMITED	30,410,485	21.70
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,808,997	16.28
3	GLENCORE FINANCE (BERMUDA) LTD	13,151,314	9.39
4	NATIONAL NOMINEES LIMITED	6,571,681	4.69
5	NING LAURENSON HOLDINGS PTY LTD	2,803,580	2.00
6	SAM INVESTORS PTY LTD	2,719,147	1.94
7	MR MARK ANDREW BEHNE	2,400,000	1.71
8	MR MILAN JERKOVIC	1,649,155	1.18
9	M & C COGHLAN PTY LTD	1,340,000	0.96
10	MR PANAYIOTIS PAPACHARALAMBOUS	1,304,432	0.93
11	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,304,221	0.93
12	PERSHING AUSTRALIA NOMINEES PTY LTD	1,280,574	0.91
13	MR GLENN RUSSELL STEDMAN & MRS NUTCHARAT STEDMAN	1,200,000	0.86
14	MR ANTHONY KENNETH CROSS	1,100,000	0.79
15	INNER SOUNDS PTY LIMITED	1,000,000	0.71
15	MR LOUIE BORG	1,000,000	0.71
15	MR LANCE DAVID GRAHAM	1,000,000	0.71
15	FEOH PTY LTD	1,000,000	0.71
16	DR DAVID HSIEN TA YONG	994,780	0.71
17	MR GLENN RUSSELL STEDMAN	800,000	0.57
18	UBS INVESTMENTS PTY LTD	789,892	0.56
19	MERRICKS CAPITAL PTY LTD	776,007	0.55
20	FENTARIAN PTY LTD	751,000	0.54
Top 20 holders of fully paid ordinary shares		98,155,265	70.05
Total Remaining Holders Balance		41,961,438	29.95

Terms of Convertible Preference Shares

Redeemable Cumulative Convertible Preference Shares (CRPS)

As part of the debt restructure approved at the Extraordinary Meeting of Shareholders on 15 December 2015, the Company issued 560,463,653 Convertible Redeemable Preference Shares (CRPS) to Standard Chartered Bank (Existing Lender) on 31 December 2015.

At 30 June 2016, 560,463,653 CRPS remain on issue with no CRPS being converted or redeemed in the period since issue.

The key terms of the CRPS are:

- Fully paid redeemable cumulative convertible preference shares in the Company;
- Redeemable by the Company any time in the first four years after issue. The Company may only redeem the CRPS if all CRPS are redeemed at the same time;
- The holder can convert all or any amount at any time with mandatory conversion on the fifth anniversary after issue;
- The CRPS accrue a cumulative unfranked dividend of 5% per annum and if the dividend is not paid then interest will accrue on the outstanding dividend at a rate of 5% per annum;
- If the CRPS are converted, any unpaid dividends and accrued interest are written off;
- The CRPS may be transferred by a CRPS Holder to a Related Body Corporate and also to external parties (but only where the number of CRPS transferred to that external party, if converted on completion of the transfer, would result in that party holding voting power of less than 20% of the Company);
- CRPS carry voting rights only in the following circumstances:
    - on any resolution to reduce the share capital of the Company;
    - on any resolution that may affect the rights attached to the CRPS;
    - on any resolution to wind up the Company;
    - on any resolution for the disposal of the whole of the property, business and undertaking of the Company; and
    - on any resolution to approve the terms of the buy-back agreement;
    - on any resolution during a period in which a dividend or part of a dividend on the CRPS is in arrears; or
    - on any resolution during the winding up of the Company; and
- Without the prior consent of the CRPS Holders, the Company must not:
    - issue equity (other than Shares), hybrid equity or instruments convertible into equity or hybrid equity (other than as contemplated by the Restructuring Deed);
    - issue Shares at a discount of more than 25% of the volume weighted average sale price on the ASX of Shares during the 10 trading days prior to the relevant offer; or
    - undertake any action which will or may adjust the terms of Shares in the Company or reduce the Company's Share capital.

Non-Redeemable Cumulative Convertible Preference Shares (CNRPS)

As part of the debt restructure approved at the Extraordinary Meeting of Shareholders on 15 December 2015, the Company issued 140,115,913 Convertible Non-Redeemable Preference Shares (CNRPS) to Special Portfolio Opportunity V Limited (New Lender) on 31 December 2015.

At 30 June 2016, 140,115,913 CNRPS remain on issue with no CNRPS being converted or redeemed in the period since issue.

The key terms of the CNPRS are:

- Fully paid non-redeemable cumulative convertible preference shares in the Company;
- The holder can convert all or any amount at any time with mandatory conversion on the fifth anniversary after issue;
- The CNRPS accrue a cumulative unfranked dividend of 5% per annum and if the dividend is not paid then interest will accrue on the outstanding dividend at a rate of 5% per annum;
- If the CRPS are converted, any unpaid dividends and accrued interest are written off;
- CNRPS carry voting rights only in the following circumstances:
  - on any resolution to reduce the share capital of the Company;
  - on any resolution that may affect the rights attached to the CNRPS;
  - on any resolution to wind up the Company;
  - on any resolution for the disposal of the whole of the property, business and undertaking of the Company;
  - on any resolution to approve the terms of the buy-back agreement;
  - on any resolution during a period in which a dividend or part of a dividend on the CNRPS is in arrears; or
  - on any resolution during the winding up of the Company;
- The CNRPS may be transferred by a CNRPS Holder to an Affiliate and also to external parties (but only where the number of CNRPS transferred to that external party, if converted on completion of the transfer, would result in that party holding voting power of less than 20% of the Company); and
- Without the prior consent of the CNRPS Holders, the Company must not:
  - issue equity (other than Shares), hybrid equity or instruments convertible into equity or hybrid equity (other than as contemplated by the Restructuring Deed);
  - issue Shares at a discount of more than 25% of the volume weighted average sale price on the ASX of Shares during the 10 trading days prior to the relevant offer; or
  - undertake any action which will or may adjust the terms of Shares in the Company or reduce the Company's Share capital.

Glossary

$ or A$	Australian dollar
Ag	Silver
Aeris	Aeris Resources Limited
ASX	Australian Securities Exchange
Au	Gold
AuEq	Gold equivalent – gold plus silver expressed in equivalent ounces of gold using a conversion ratio dependent on prevailing gold and silver prices
Bcm	Bank cubic metres
Board	Board of Directors of Aeris Resources Limited
Company or company	Aeris
Cu	Copper
Cu%	Copper percentage
for the year	12 months to 30 June 2016
FY	Financial year
g	Gram
Group	Aeris and its subsidiaries
Injury Statistics	Lost Time Injury (LTI) - An injury (including a fatality or permanent disability) that results in a minimum of one full shift absence from work. Restricted Work Injury (RWI) - An injury resulting in a person not returning to his/her complete range of normal duties. Medical Treatment Injury (MTI) - An injury requiring external/professional medical treatment (not first aid treatment only). Total Recordable Injury (TRI) = LTI + RWI + MTI. Frequency Rate (for LTIFR and TRIFR) - The number of occupational injuries ex¬pressed as a rate per million man hours worked. Usually calculated as a rolling 12 month average. Calculated as: Number of injuries (LTI or TRI) x 1,000,000/number of hours worked
kt	Thousands of metric tonnes
M	Million
Mo	Molybdenum
oz	Troy Ounces
RL	Relative Level (height above mine datun)
Straits or Straits Resources Limited	Aeris Resources Limited, ABN 30 147 131 977
tpa	Tonnes per annum
t	Metric tonne
US$	United States dollar

Corporate Directory

Directors

Andre Labuschagne	Executive Chairman
Alastair Morrison	Non Executive Director
Michele Muscillo	Non Executive Director
Marcus Derwin	Non Executive Director

Joint Company Secretary

Robert Brainsbury

Dané van Heerden

Senior Management - Corporate

Robert Brainsbury	Chief Financial Officer
Ian Sheppard	Chief Operating Officer

Senior Management - Operations

John Miller	General Manager Tritton Mine

REGISTERED AND HEAD OFFICE

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Email: registrars@linkmarketservices.com.au

WEBSITE

www.aerisresources.com.au

STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX: AIS)

Auditors

PricewaterhouseCoopers

LAWYERS

HopgoodGanim Lawyers

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