Quarterly Activities Report
For the period ended 31 December 2017

About Aeris Resources

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

In FY2017, Aeris' Tritton Copper Operations produced 23,404 tonnes of copper and in FY2018 is targeting production of 27,000 tonnes of copper.

The Company also has an exciting portfolio of highly prospective exploration projects creating a pipeline for future growth, including advanced projects at its Tritton Copper Operations.

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.

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DECEMBER QUARTER HIGHLIGHTS

OPERATIONS:

- **Improved performance in Dec quarter**
  - **Copper production up, to 6,465 tonnes**
  - **Higher ore tonnes milled**
  - **Copper grade increase**
  - **C1 and All-In Sustaining unit costs continue to come down**

EXPLORATION:

- **Torrens Project moves a step closer to drill-ready with approval of E-PEPR by SA Government**
- **Airborne Gravity survey over Torrens Anomaly to commence in March quarter**
- **EM survey continues over the Tritton and Kurrajong corridors (now 80% completed)**

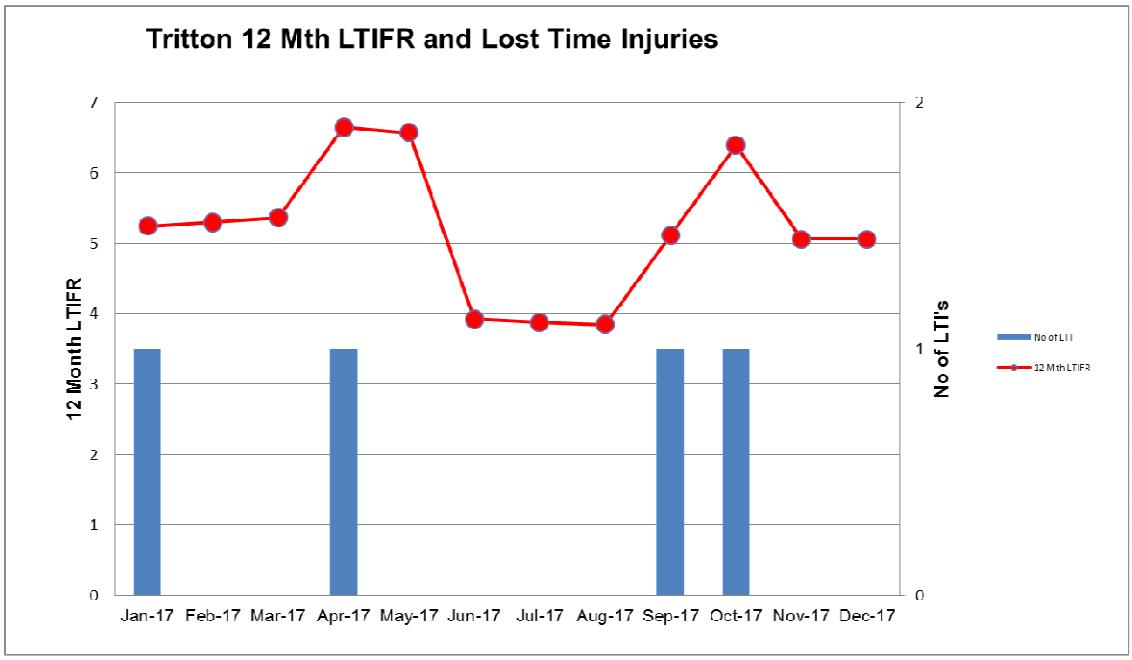
CORPORATE:

- **Cash and receivables of $17.9M at the end of the quarter**
- **Repaid US$2.4M off Working Capital Facility**

Q1 FY2018 Quarterly Activities Report

Safety, Environment and Community

There was one lost time injury during the quarter - an operator strained his back and neck operating a loader at the decline development face.



There was one reportable environmental incident during the quarter. A split in the poly pipe that is used to transfer water from the Murrawombie pit to the Larsen pit resulted in a small spill of mine water. The spill was rapidly identified by monitoring procedures and only a small area adjacent to the pipeline route was impacted. The potentially affected vegetation is being visually monitored for any damage, which is not expected since the spilled water was not acidic, salty or highly contaminated.

Tritton Copper Operations (NSW)

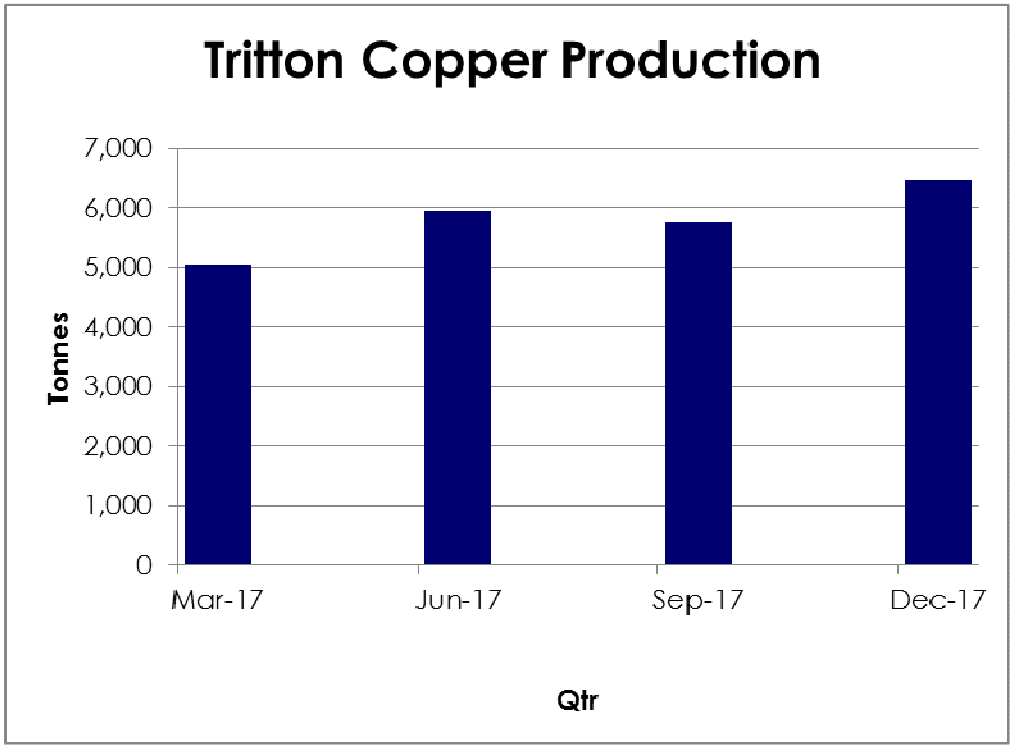
Production and Cost Summary

		MAR 2017 QTR	JUN 2017 QTR	SEP 2017 QTR	DEC 2017 QTR
PRODUCTION					
ORE MINED	TONNES	317,309	350,754	408,785	385,425
GRADE	Cu (%)	1.71%	1.74%	1.55%	1.70%
ORE MILLED	TONNES	307,456	351,312	388,586	403,144
GRADE MILLED	Cu (%)	1.72%	1.77%	1.55%	1.68%
RECOVERY	Cu (%)	94.88%	95.09%	94.88%	94.80%
COPPER CONCENTRATE PRODUCED	TONNES	22,476	24,300	24,537	28,136
COPPER CONCENTRATE GRADE	Cu (%)	22.28%	24.33%	23.36%	22.82%
CONTAINED COPPER IN CONCENTRATE	TONNES	5,008	5,913	5,731	6,421
COPPER CEMENT PRODUCED	TONNES	40	39	31	44
TOTAL COPPER PRODUCED	TONNES	5,048	5,952	5,762	6,465
OPERATING COSTS (A$/lb Copper Produced)					
MINING	A$/lb	1.62	1.65	1.78	1.43
PROCESSING	A$/lb	0.47	0.34	0.55	0.47
SITE G&A	A$/lb	0.37	0.33	0.33	0.31
TC/RC'S & PRODUCT HANDLING	A$/lb	0.57	0.64	0.59	0.55
INVENTORY MOVEMENTS	A$/lb	(0.60)	0.61	0.05	(0.09)
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	A$/lb	(0.07)	(0.28)	(0.24)	(0.17)
C1 CASH COSTS	**A$/lb**	**2.36**	**3.29**	**3.06**	**2.50**
ROYALTIES	A$/lb	0.09	0.08	0.10	0.11
CORPORATE G&A*	A$/lb	0.09	0.09	0.10	0.08
NON-CASH INVENTORY ADJ	A$/lb	0.16	(0.10)	(0.03)	-
CAPITAL DEVELOPMENT	A$/lb	0.35	0.27	0.22	0.28
SUSTAINING CAPITAL**	A$/lb	0.43	0.47	0.29	0.32
SUSTAINING EXPLORATION	A$/lb	-	-	-	-
ALL-IN SUSTAINING COSTS (AISC)	**A$/lb**	**3.48**	**4.10**	**3.74**	**3.29**

*Includes Share Based Payments
**Includes financing payments (Principal and Interest) on Leased assets

PRODUCTION

Copper production for the December quarter was 6,465 tonnes, an increase of 703 tonnes compared to the previous quarter. The increased copper production was due to a combination of higher mill throughput and better copper grades.



Tritton Underground Mine (Tritton)

Tritton mine ore production, at 285kt, was down from the previous quarter (296kt) with multiple interruptions to the operation in December (including power outages, low broken stocks and low equipment availability) being the major contributors to the lower production.

During the quarter, production moved into higher grade stopes achieving improved mine grades of 1.80% compared to 1.67% in the previous quarter.

Development advance was modest as jumbo development resources were shared with the Murrawombie mine, however mine development is sufficiently advanced to sustain planned stope production. Extensions of the primary ventilation circuit were also completed during the quarter.

Tritton has a small resource contained in remnant pillars located in the higher levels of the mine. These pillars of high grade resource (+2.5% Cu) were left between stopes in the period before the mine had a cemented paste backfill system. Mining of the remnant pillars commenced in this quarter, following a

program of placing paste backfill into the old stopes. Pillar recovery mining is slow and technically difficult due to deteriorated ground conditions and poor access. Modest production is planned over the next three years. This is a small ore source, although attractive due to high grades.

Murrawombie Underground Mine (Murrawombie)

Murrawombie ore production of 101kt was in line with plan for the quarter. Copper grades were modest but in line with expectations for the quarter. A revision of the geology model was completed and includes updated grade control drilling information and mapping of development drives inside the orebody.

Flexibility in mine planning has been necessary as detailed stope designs were modified to match the changes in geology models and this has impacted the near term stope extraction rates. Placement of cemented waste rock as a stope backfill commenced late in the quarter. Cemented backfill is part of the new mine design that is targeting more selective mining methods in order to mine higher grades of ore.

Portions of the 105 lode, located in the footwall of the main 102 lode, have been included in new mine designs. These 105 lode stopes will be mined late in the mine life as they intersect with level access development. Most of the 105 lode had previously been excluded from the mining plan due to low grades. Additional grade control information has identified higher grade areas that can be selectively mined.

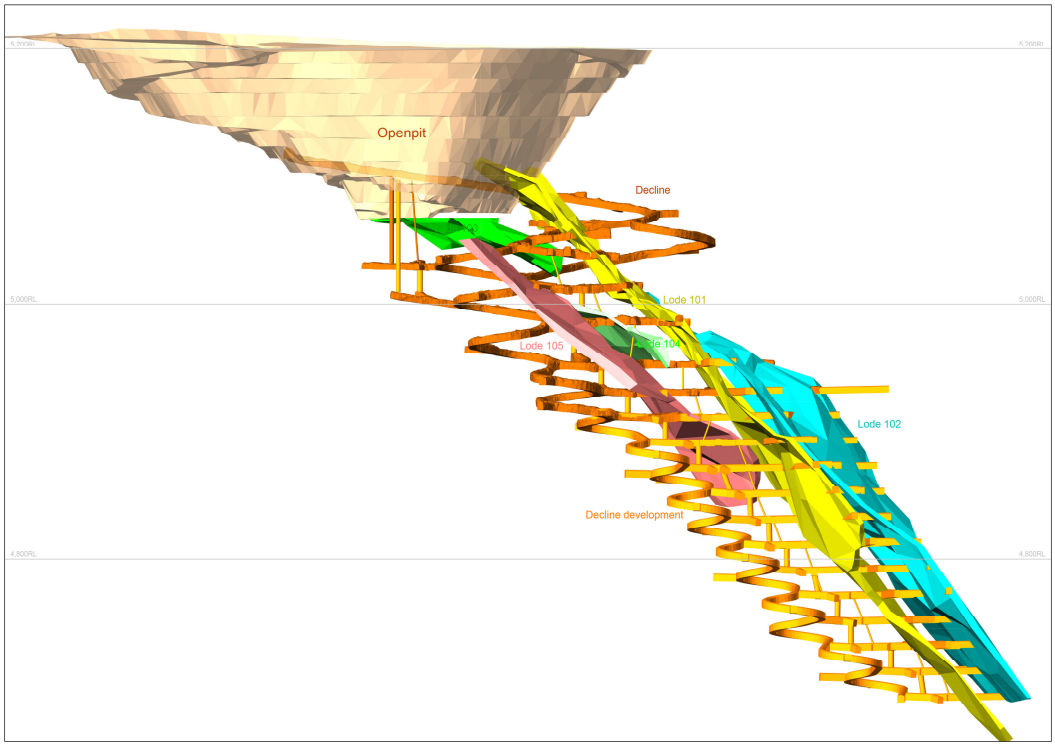


Figure 1: Murrawombie Mine Section View

Ore Processing

Ore processed during the quarter was 403kt, an improvement of 15kt above that processed in the previous quarter. Processing of stockpiled ore allowed the plant to slightly exceed mine production.

In the first half of this financial year, ore from both mines has been harder than historical experience. Processing rates of less than 200 tonnes of ore per operating hour have been experienced, compared to typical historical rates of up to 220 tonnes per operating hour. Investigations have commenced to determine whether the hardness characteristics currently being experienced are likely to continue and whether changes to the grinding circuit will provide an opportunity to increase throughput rates.

Copper recovery, at 94.80%, was above plan.

COSTS

C1 unit cash costs for the quarter, at A$2.50/lb, improved by 18% (orA$0.56/lb) compared to the previous quarter, primarily due to increased copper tonnes produced and lower unit operating costs, partially offset by lower by-product credits. Management continues to have a high focus on cost management.

All-In Sustaining Costs (AISC) at A$3.29/lb was 12% (or A$0.45/lb) lower than the previous quarter.

Capital expenditure for the quarter was $9.1 million, including $0.6 million on exploration.

Tritton Capital Expenditure (A$ Million)

	MAR 2017 QTR	JUN 2017 QTR	SEP 2017 QTR	DEC 2017 QTR
SUSTAINING CAPITAL				
PROPERTY, PLANT AND EQUIPMENT	**3.4**	**4.8**	**2.0**	**2.7**
MINING DEVELOPMENT	**3.9**	**3.5**	**2.8**	**4.0**
LEASED ASSETS*	**1.4**	**1.4**	**1.7**	**1.8**
EXPLORATION	**-**	**-**	**-**	**-**
GROWTH				
EXPLORATION	**0.8**	**0.6**	**0.7**	**0.6**
TOTAL	**9.5**	**10.3**	**7.2**	**9.1**

*Represents the finance lease payments (principal and interest) incurred in the quarter

OUTLOOK

The copper production guidance for FY2018 is 27,000 tonnes.

Exploration and Project Development

EXPLORATION - TRITTON MINES AND SURROUNDING TENEMENTS

On 28th July 2016, Aeris announced that it was ramping-up greenfields exploration on its Tritton tenement package and planned to spend $7.5M over the coming two years (See ASX Announcement dated 28 July 2016 for more information). The exploration program is focused on exploring for deeper/concealed mineralised systems within the known Tritton and Kurrajong stratigraphic corridors utilising new high power moving loop electromagnetic (MLTEM) geophysical techniques which have the ability to identify a conductive body to depths in excess of 500m below surface - MLTEM survey coverage is highlighted in Figure 2 (magenta and orange shaded regions). The MLTEM geophysical survey is designed to detect for large Tritton sized deposits, of plus ten million tonnes. Known deposits within the Tritton tenement package are directly detectable via Electromagnetic Survey methods (EM). Extensive EM surveys completed within the tenement package during the mid-1990s led to the discovery of the Tritton deposit.

In conjunction with the MLTEM survey, reconnaissance geological mapping and historical data compilation is being completed along strike of the known Tritton (north) and Kurrajong (north and south) stratigraphic corridors. This work will focus on improving the geological understanding from a regional +5km scale to a more detailed sub 2km resolution, from which exploration efforts can be directed toward more prospective areas.

During the quarter, the ground based MLTEM geophysical survey continued over the Tritton and Kurrajong VMS corridors, with approximately 80% of the total survey area completed by quarter end (refer to Figure 2). Follow-up fixed loop EM (FLEM) surveys were completed over several EM anomalies, defined from the regional MLTEM survey, to verify the conductive response is associated with a bedrock source and more accurately constrain the spatial location and dimensions.

FLEM surveying over the Marlin EM anomaly confirmed the presence of a weakly conductive bedrock anomaly (100S – 200S). The FLEM anomaly is modelled from 60m to 90m below surface with dimensions in the order of 400m (strike) x 200m+ (dip length). The anomaly is located within a favourable geological setting, located along strike and within a similar stratigraphic package hosting the Tritton deposit (approximately 3.5km north).

FLEM surveying over the Galaxy EM anomaly confirmed the presence of a conductive source. Modelling efforts were not able to fully resolve the signal and there is uncertainty as to whether the response is associated with a conductive bedrock source. The anomaly is located within the prospective stratigraphic corridor hosting Tritton, Budgerygar and Budgery and warrants further work.

A first pass drill program at the Marlin and Galaxy anomalies is planned in the March quarter.

The Kurrajong prospect (Kurrajong) remains a priority target within Aeris Resources expanding exploration inventory. MLTEM surveys at Kurrajong have detected multiple EM conductors, one of which coincides with high grade copper mineralization intersected during a previous drilling program. The timing and scope of future exploration activities at Kurrajong will be determined after first pass drilling is completed at the Marlin and Galaxy anomalies.

Follow-up MLTEM surveys are planned to commence in the June quarter on the new anomalies identified from the aerial VTEM survey conducted on the northern section of the tenement package during FY17.

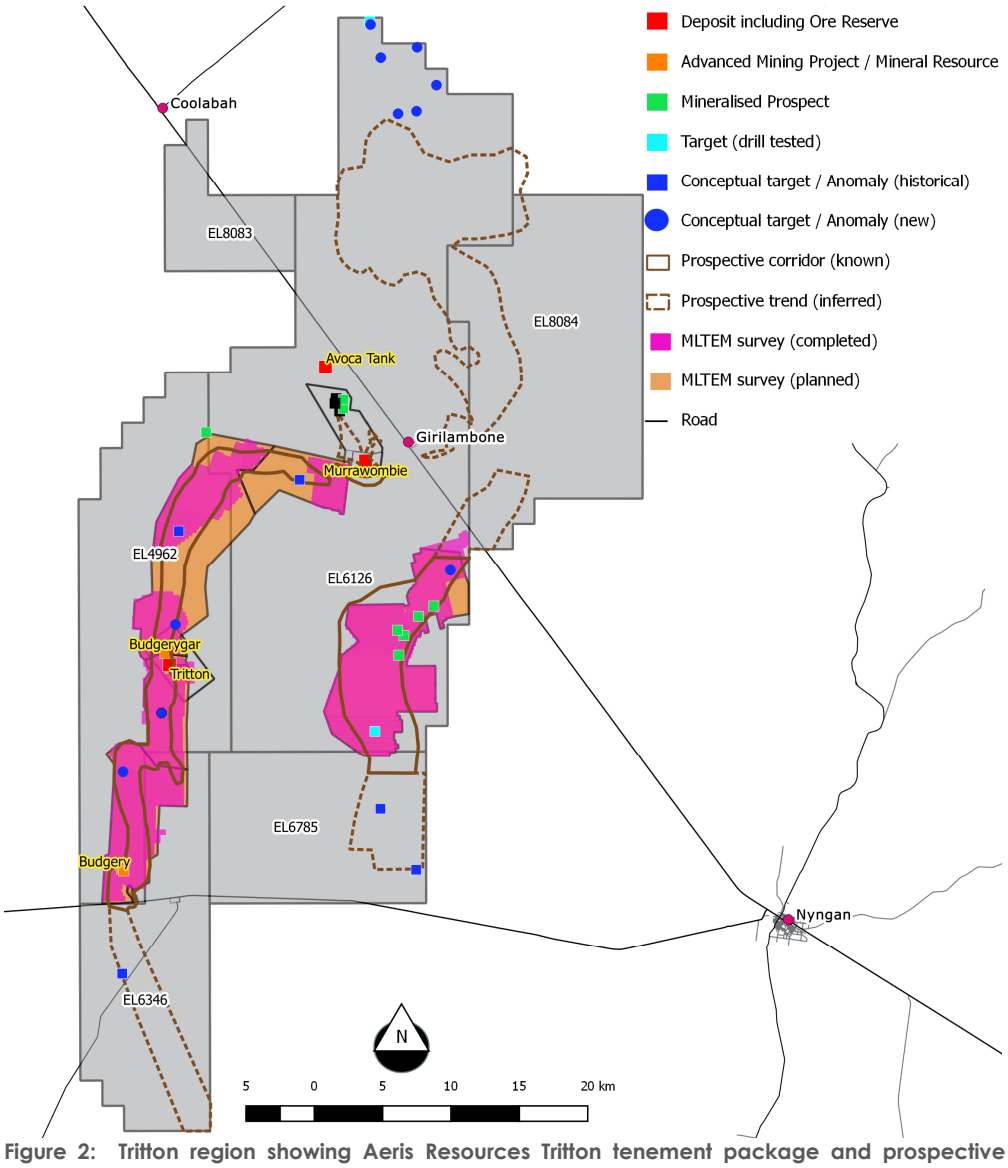


Figure 2: Tritton region showing Aeris Resources Tritton tenement package and prospective corridors for copper mineralised systems. The planned MLTEM geophysical survey coverage is highlighted by shaded orange regions and completed survey areas by shaded magenta regions.

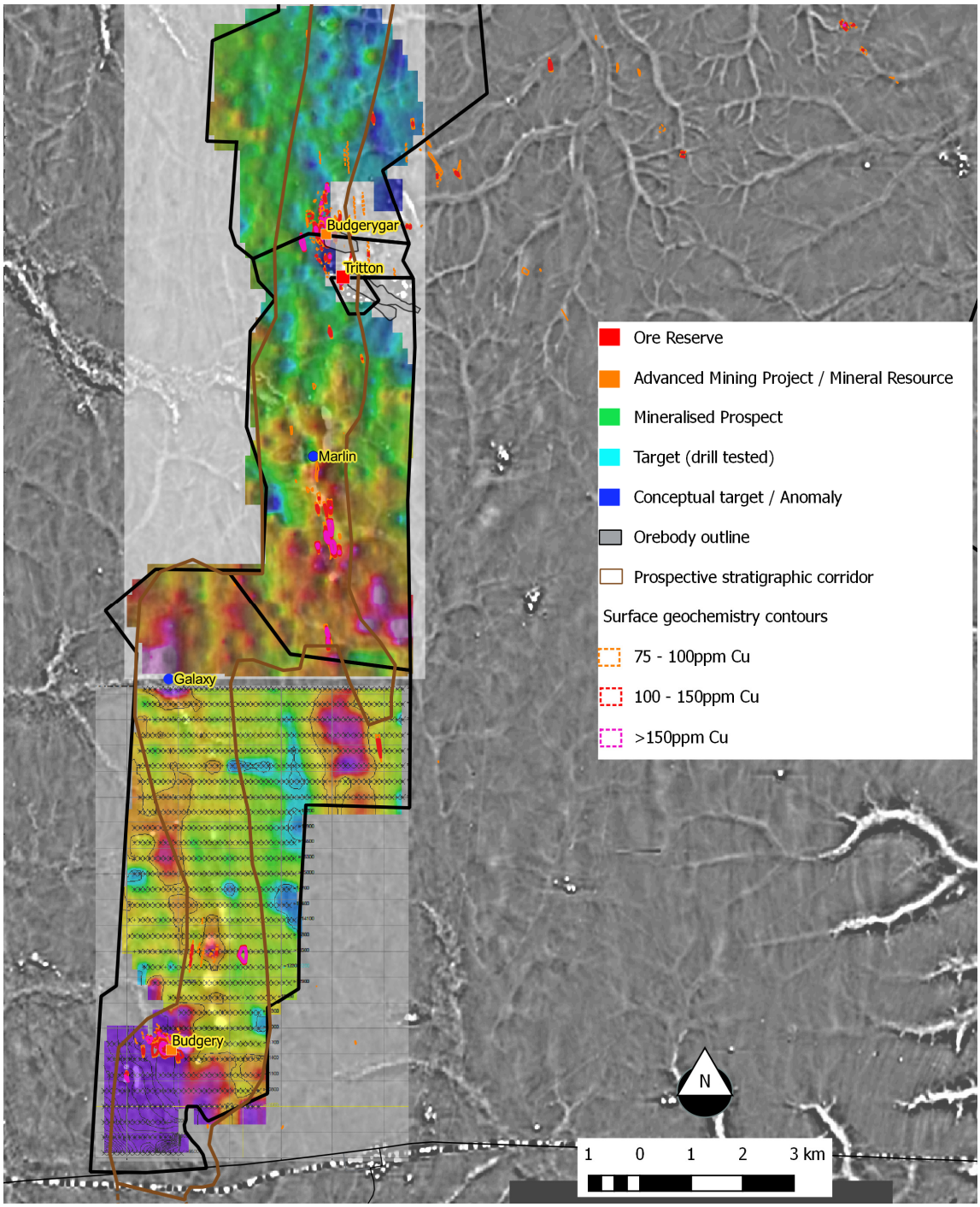


Figure 3: Plan view showing MLTEM results within the Tritton – Budgery corridor (CH23 B field Z component). The Marlin and Galaxy EM anomalies are located within the prospective corridor hosting Tritton, Budgerygar and Budgery. Background black and white image represents 1VD magnetics.

TORRENS PROJECT, SOUTH AUSTRALIA

The Torrens Project (EL5614), a joint venture between Aeris Resources (70% interest) and Kelaray Pty Ltd (a wholly owned subsidiary of Argonaut Resources NL), 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 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 a regionally significant coincident magnetic and gravity anomaly (refer to Figure 4). Limited drilling has previously intersected low-grade copper mineralisation associated with strong magnetite and lesser hematite alteration, typical of an IOCG system. The most significant intersection from the previous drill campaigns is from TD2, which intersected a broad zone of low grade mineralisation including 246m @ 0.1% Cu.

On-ground exploration within EL5614 has been impeded due to native title negotiations and court processes dating back to the early 2000s, culminating in three separate groups claiming native title rights over the Torrens Project (Lake Torrens Overlap Proceeding). On the 9th August 2016, the Federal Court dismissed all three native title applications, enabling the Torrens Joint Venture to apply to the South Australia Environment, Resources and Development (ERD) Court for a declaration of native title authority where no registered native title claims or granted native title rights exist.

During the quarter, the South Australian Government approved an Exploration Program for Environment Protection and Rehabilitation (E-PEPR) application. The approval permits the Torrens Joint Venture to conduct on-ground exploration activities, including up to 70 deep diamond drill holes from the salt crust of Lake Torrens.

Granting of the E-PEPR is the second of three approvals required to recommence on-ground exploration on EL5614. In April 2017, the South Australian ERD Court granted native title authority to access and undertake exploration within the area of EL5614. The application for Heritage Approval, the last remaining approval, was submitted in the September quarter 2017. The heritage approval consultation process with interested Aboriginal parties has commenced, with a meeting to be held in January 2018. The committee advising the Minister for Aboriginal Affairs and Reconciliation on Heritage matters will make a recommendation following this consultation process.

An airborne gravity survey over EL5614 (Torrens Anamoly) is planned to commence in the March quarter of 2018. The planned gravity survey will supersede previous gravity surveys completed over the tenement, dating back to 1976. The quality and resolution of the planned survey will greatly assist in more accurately defining IOCG targets for drill testing. Aboriginal heritage approval is not required for this survey since there will be no ground disturbance.

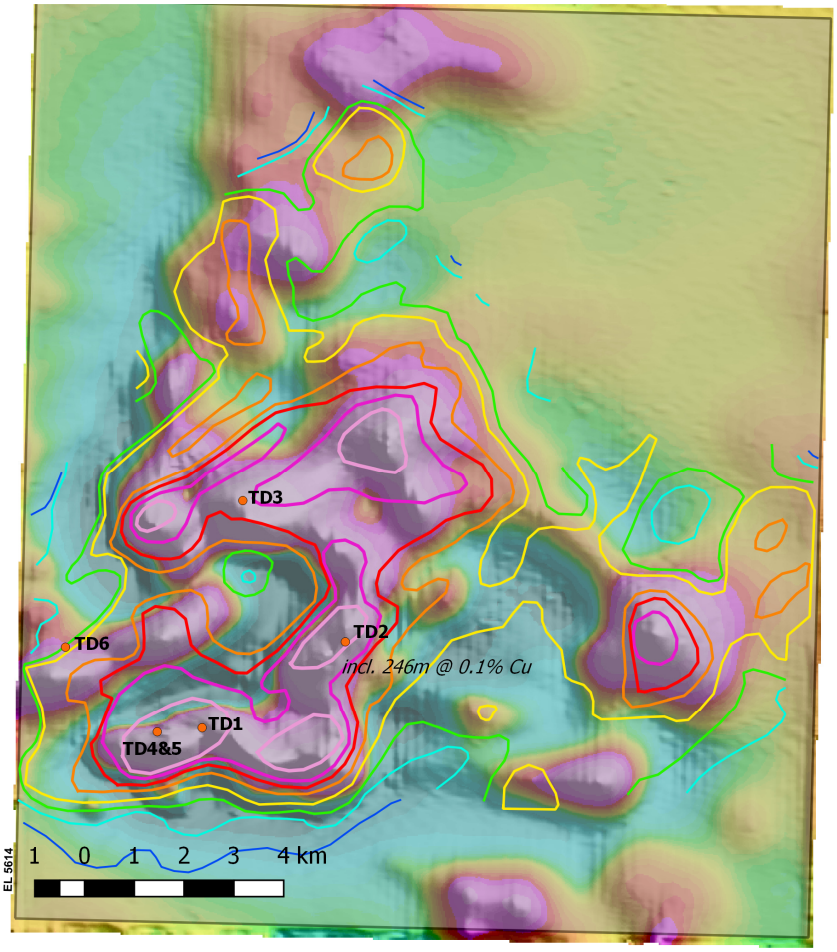


Figure 4: Plan view of EL 5614 showing the magnetic and residual gravity response within the tenement. The magnetic response is shown as the underlying shaded image. Contours represent the residual gravity response. Historical drill hole locations are also shown.

Corporate

CASH

At the end of the December quarter, Aeris had useable cash and receivables of $17.9 million, a decrease of $4.0 million on the previous quarter.

$million	DEC 2017 QTR	SEP 2017 QTR
Useable Cash - Aeris Corporate and Tritton	9.5	16.2
Tritton - Copper concentrate receivables	8.4	5.7
Aeris/Tritton - Useable Cash and Receivables	**17.9**	**21.9**

During the quarter, Aeris repaid US$2.4 million of the Working Capital Facility with Special Portfolio Opportunity V Limited (PAG SPV). There were no drawdowns during the quarter.

Corporate capital expenditure for the quarter was nil.

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or go to our website at www.aerisresources.com.au

References in this report to "Aeris Resources Limited", "Aeris" and "Company" include, where applicable, its subsidiaries.