



Quarterly Activities Report

For the period ended 31 December 2019

About Aeris Resources

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

In FY2019, Aeris' Tritton Copper Operations produced 26,852 tonnes of copper and in FY2020 is targeting production of between 23,500 tonnes and 24,500 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 and the Torrens Project in South Australia.

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

TRITTON COPPER OPERATIONS:

- **New freshwater pipeline commissioned late January and delivering water to Tritton**
- **December quarter copper production of 5,451 tonnes @ C1 cash cost of A\$3.61/lb**
 - copper production impacted by lower ore grades and lower processing rates in December due to water quality
 - C1 cash costs impacted by lower production
 - ~40kt ore stockpile provides capacity to catch-up some of the lost production
- **Copper production guidance updated to between 23,500 tonnes and 24,500 tonnes (previously 24,500 tonnes) at a C1 cash cost of between A\$2.80/lb and A\$2.95/lb**

EXPLORATION:

- **Ground-based EM surveys completed – new bedrock conductor identified**
- **Positive drilling results at Murrawombie continue to show potential to extend at depth and to the north**

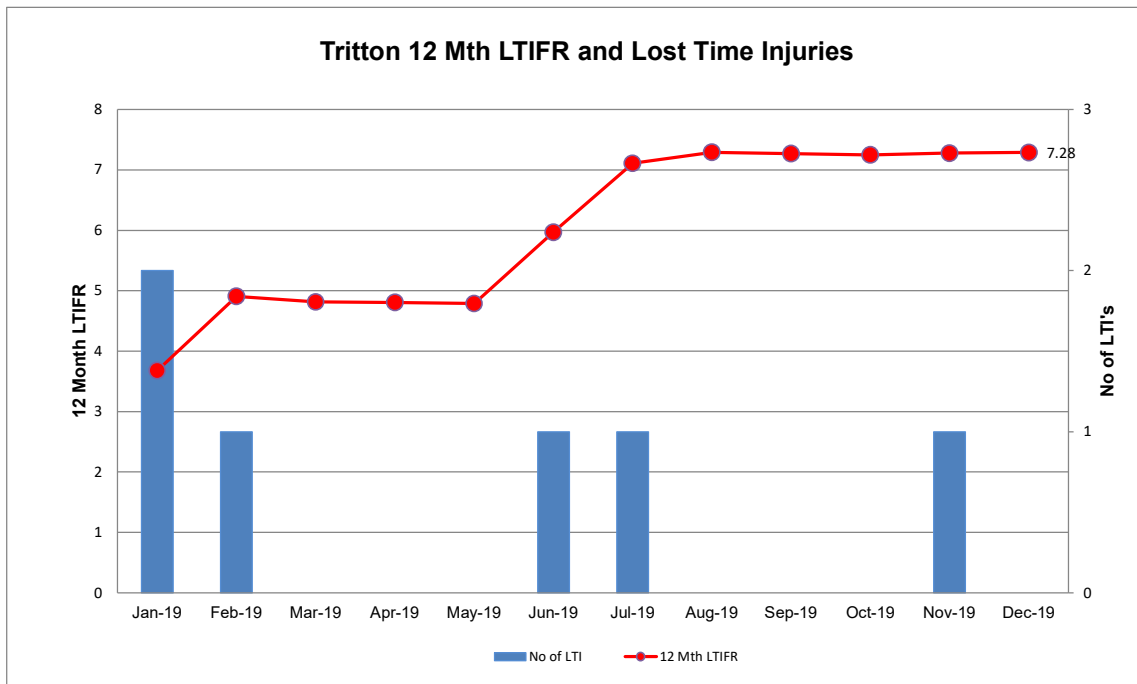
CORPORATE:

- **PAG Debt Facilities (Tranches A & B) extended to mature on 1 July 2021. Interest due up to 30 June 2020 to be capitalised.**
- **Cash and receivables of \$17.1M at quarter end**

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Safety, Environment and Community

There was one lost time injury in the quarter. An operator received a laceration on the forearm from the exposed end of a ground support cable bolt whilst removing a communications cable from the back of a development drive.



There were no reportable environmental incidents during the quarter.

Tritton Copper Operations (NSW)

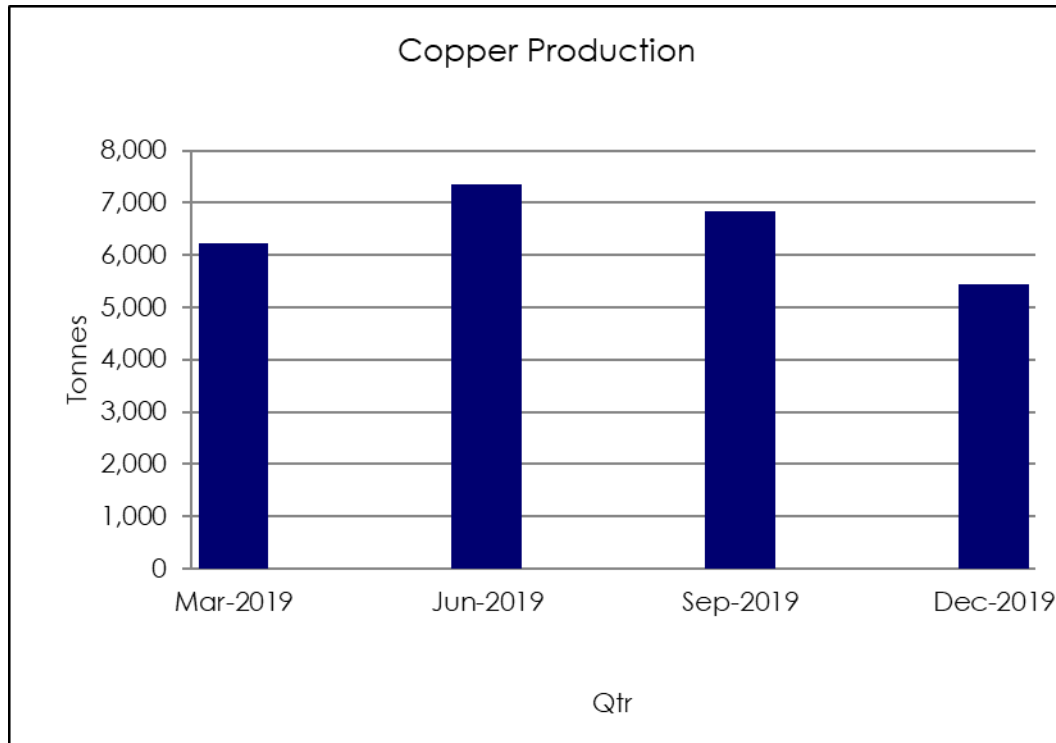
Production and Cost Summary

		MAR 2019 QTR	JUN 2019 QTR	SEP 2019 QTR	DEC 2019 QTR
PRODUCTION					
ORE MINED	TONNES	429,502	421,104	427,313	427,875
GRADE	Cu (%)	1.57%	1.80%	1.67%	1.47%
ORE MILLED	TONNES	409,543	430,935	438,483	393,265
GRADE MILLED	Cu (%)	1.61%	1.80%	1.66%	1.47%
RECOVERY	Cu (%)	94.47%	94.83%	93.96%	93.76%
COPPER CONCENTRATE PRODUCED	TONNES	28,259	32,002	32,398	24,322
COPPER CONCENTRATE GRADE	Cu (%)	21.98%	22.97%	21.05%	22.36%
CONTAINED COPPER IN CONCENTRATE	TONNES	6,212	7,352	6,821	5,438
COPPER CEMENT PRODUCED	TONNES	11	9	14	13
TOTAL COPPER PRODUCED	TONNES	6,223	7,362	6,835	5,451
OPERATING COSTS (A\$/lb Copper Produced)					
MINING	A\$/lb	1.71	1.54	1.59	1.76
PROCESSING	A\$/lb	0.51	0.48	0.48	0.58
SITE G&A	A\$/lb	0.27	0.29	0.31	0.39
TC/RC'S & PRODUCT HANDLING	A\$/lb	0.60	0.55	0.55	0.70
INVENTORY MOVEMENTS	A\$/lb	0.08	(0.11)	(0.59)	0.50
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	A\$/lb	(0.24)	(0.28)	(0.28)	(0.32)
C1 CASH COSTS	A\$/lb	2.93	2.47	2.06	3.61
ROYALTIES	A\$/lb	0.09	0.10	0.10	0.08
CORPORATE G&A*	A\$/lb	0.05	0.08	0.10	0.10
CAPITAL DEVELOPMENT	A\$/lb	0.12	0.15	0.19	0.20
SUSTAINING CAPITAL**	A\$/lb	0.31	0.34	0.30	0.41
SUSTAINING EXPLORATION	A\$/lb	-	-	-	-
ALL-IN SUSTAINING COSTS (AISC)	A\$/lb	3.50	3.14	2.75	4.40

*Includes Share Based Payments

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

PRODUCTION



Copper production of 5,451 tonnes for the December quarter was lower compared to the previous quarter (6,835 tonnes) due to lower copper ore grades and reduced processing rates in December due to water quality issues. Ore mined, at 427,875 tonnes, was in-line with the previous quarter (427,313 tonnes).

Water Supply

Supply of fresh water from the Macquarie River system to the Tritton Operations via the Gunningbar Creek off-take was halted by WaterNSW in November.

From mid-November the Tritton Operations commenced utilising water stored on-site whilst the new water pipeline between the Tritton processing plant and the Nyngan-Cobar pipeline was completed.

The new pipeline was completed in mid-January with the first water being delivered to the Tritton processing plant in late January. The pipeline ensures that the FY20 water allocation can now be delivered. There has been no communication from WaterNSW with respect to deliveries against water allocations in FY21.

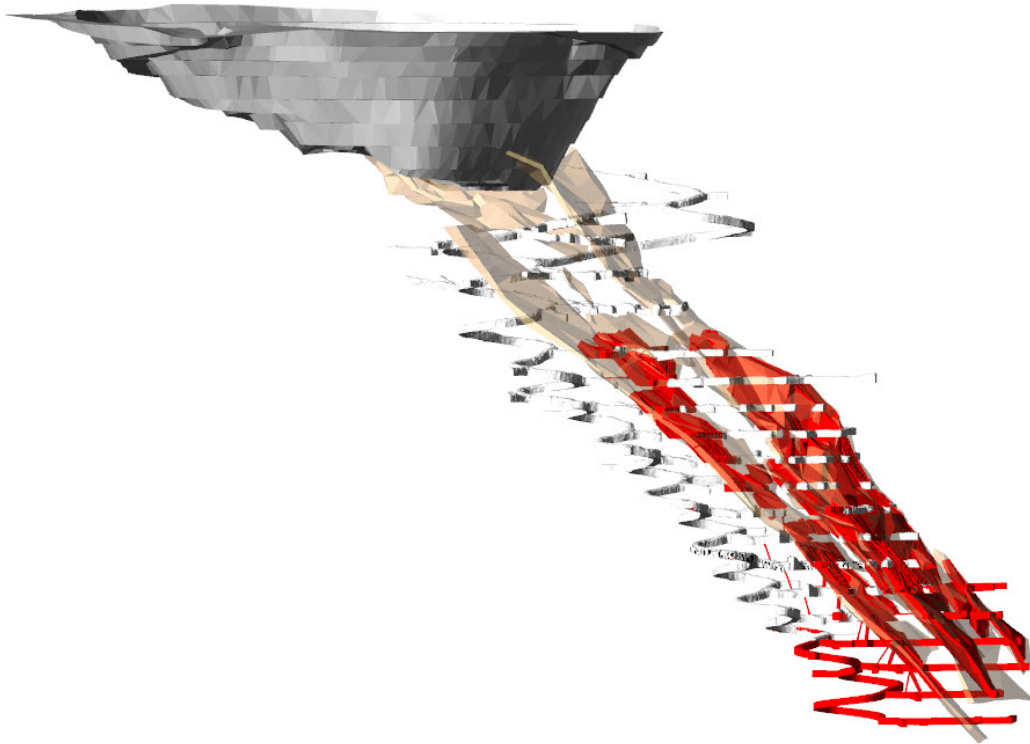
Tritton Underground Mine (Tritton)

Tritton mine ore production at 296kt was similar to the previous quarter (300kt). Whilst the copper grades, at 1.43%, were lower than the previous quarter (1.58%), the stope mining sequence is following the mine plan and copper grades were as expected for the quarter.

Murrawombie Underground Mine (Murrawombie)

Murrawombie ore production at 129kt was slightly higher than in the previous quarter (126kt), although mined copper grades of 1.57% were lower than the previous quarter (1.86%) due to mine sequencing.

Figure 1: Murrawombie Mine Section View



Ore Processing

Ore processed during the quarter was 393kt, a decrease on the previous quarter (438kt). Copper recovery of 94% for the quarter was lower than plan.

Both throughput and copper recovery were impacted by the change in water quality as operations transitioned mid-November from fresh water to water stored on-site.

The low pH of the stored water requires the addition of lime and other chemicals to enable it to be used in the ore processing plant. Sourcing of the additional quantities of the chemicals over the Christmas period was a challenge when the transport and chemical industries traditionally take a break. Lack of availability of the additional chemicals required throughput rates to be reduced for periods in December to ensure that production could continue until stocks of chemicals were replenished.

The lower throughput of the processing plant towards the end of the quarter combined with the mines delivering ore in line with plans, has resulted in a stockpile of ore (approximately 40kt) being built-up on the ROM pad. Consumption of this ore stockpile will occur over the coming months once the new water pipeline is commissioned and fresh water allows production rates through the processing plant to return to normal levels.

COSTS

C1 cash costs for the quarter, at A\$3.61/lb were higher than the previous quarter (A\$2.06/lb) primarily due to lower production and positive inventory movements from the timing of shipments. YTD C1 cash of A\$2.75/lb is below full-year guidance of A\$2.80/lb - A\$2.95/lb.

All-In Sustaining Costs (AISC) for the quarter at A\$4.40/lb were higher than in the previous quarter (A\$2.75/lb), mainly due to the impact of the higher C1 cash costs.

Capital expenditure at the Tritton Copper Operations for the quarter was \$8.5 million, including \$1.2 million on exploration.

Tritton Capital Expenditure (A\$ Million)

	MAR 2019 QTR	JUN 2019 QTR	SEP 2019 QTR	DEC 2019 QTR
SUSTAINING CAPITAL:				
PROPERTY, PLANT AND EQUIPMENT	1.9	3.3	2.5	3.7
MINING DEVELOPMENT	1.6	2.4	2.9	2.4
LEASED ASSETS*	2.4	2.2	2.0	1.2
GROWTH:				
EXPLORATION	0.5	1.3	0.4	1.2
TOTAL	6.4	9.2	7.8	8.5

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

OUTLOOK

January copper production has been impacted by water quality issues until the new fresh water pipeline was commissioned. Over the remainder of the year management believe there is scope to catch-up some of the lost production by utilising the ore stockpiled at the end of the December quarter.

The copper production guidance for FY2020 has been updated to between 23,500 tonnes and 24,500 tonnes (previously 24,500 tonnes) at a C1 cash cost of between A\$2.80/lb and A\$2.95/lb.

Exploration and Project Development

GREENFIELDS EXPLORATION – TRITTON TENEMENT PACKAGE

The Tritton tenement package covers 2,160km² in central western New South Wales. To date over 750,000 tonnes of copper, including the Current Mineral Resource deposits¹, has been discovered within the bottom half of the tenement package.

In December 2018 an airborne electromagnetic (AEM) survey was flown, covering 617km² over the northern half of the tenement package. The AEM survey, utilising the SKYTEM™ 312 airborne EM system, was designed and optimised to test for deep conductive bodies. The AEM survey identified 25 new anomalies and confirmed the Company's view that there is significant potential to discover additional copper sulphide deposits in the northern half of the Tritton tenement package.

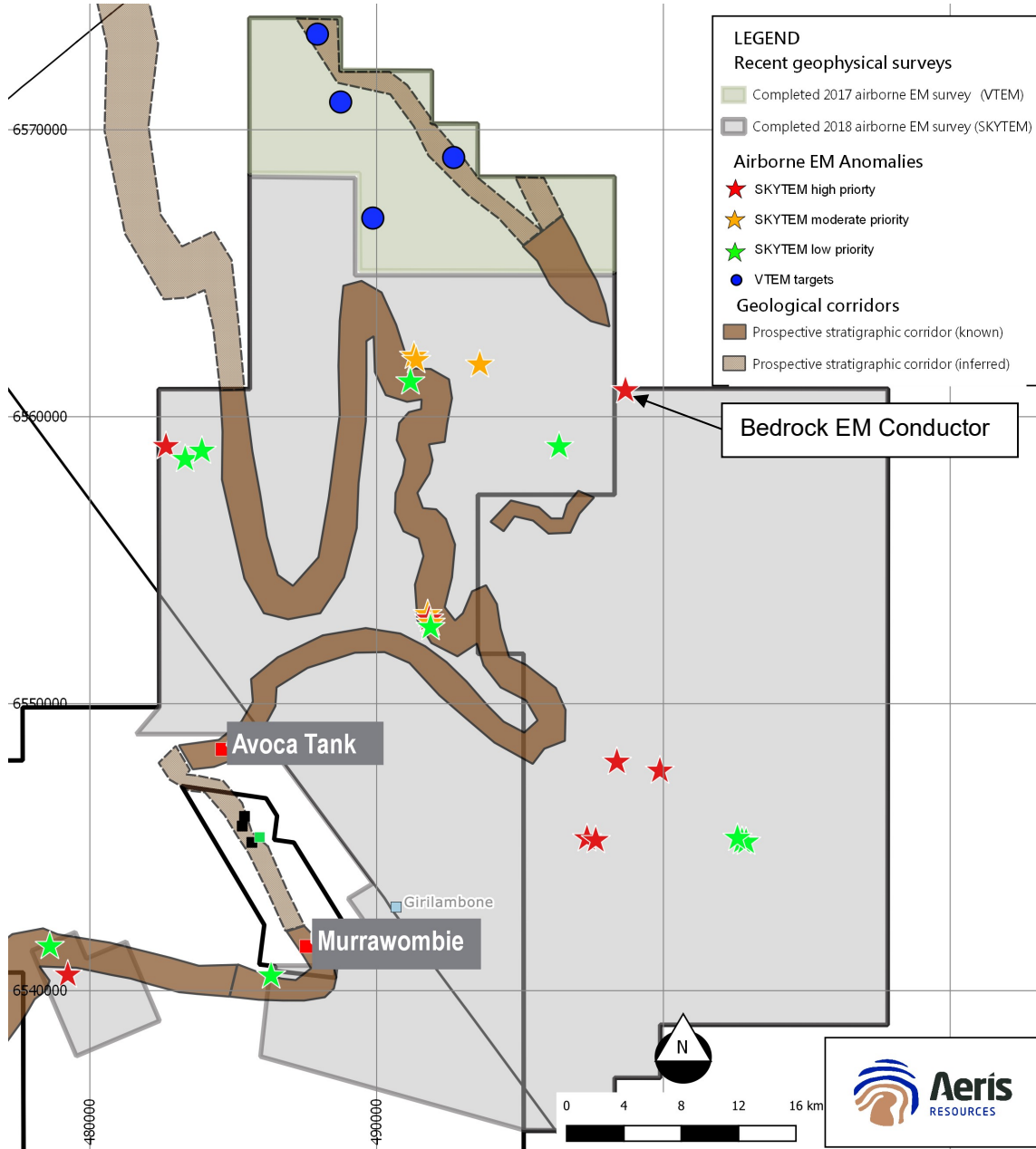
New Bedrock EM Conductor Identified

Ground based moving loop electromagnetic (MLTEM) surveying continued throughout the quarter. The MLTEM survey was designed to confirm whether the AEM detected anomalies are legitimate bedrock conductor(s). The MLTEM survey was completed by the end of the quarter.

A total of 23 potential AEM conductors were surveyed. Interpretation of the results will be finalised in the March 2020 quarter. Preliminary results from MLTEM surveying over an AEM anomaly toward the northern margin of the company's exploration tenement boundary confirmed the presence of a bedrock conductor (Figure 2). Preliminary modelling indicates plate dimensions varying from 200 metres x 200 metres to 325 metres x 325 metres with modelled conductance ranging between 100 S to 150 S. The modeled body is positioned approximately 150 metres below surface. The conductive plate is interpreted to extend beyond the northern boundary of the Company's exploration tenement and an exploration licence application was submitted to the Department of Planning, Industry and Environment during the quarter to cover the additional area.

¹ 30 June 2019 Mineral Resource 19.8Mt @ 1.5% Cu for 290kt Cu metal

Figure 2: Plan view showing the airborne EM survey coverage and potential bedrock conductors through the northern extents of the Tritton tenement package.



Drilling and Downhole EM Surveying in Murrawombie to Avoca Corridor

A modest drill campaign, totaling three drillholes was completed within the Murrawombie to Avoca Tank prospective corridor following the completion of a geological review and additional MLTEM survey data.

A single drillhole (TCBD010) targeted down plunge extensions to mineralisation at the Caribou prospect (located within the Larsens – Northeast mining province). Previous exploration drilling activities at the Caribou prospect intersected variable amounts of copper sulphide mineralisation with several encouraging results including:

- TCBD007 6.0m @ 3.45% Cu (true thickness approx. 4m);
- TLRNM006 4.7m @ 3.05% Cu (true thickness approx. 2m);
- TLRNM002 28.8m @ 1.56% Cu (true thickness approx. 16m) including 15.5m @ 2.03% Cu (true thickness approx. 10m).

Drillhole TCBD010 was drilled targeting 100 metres down plunge to the known mineralised system at Caribou and intersected a broad zone of pyrite +/- chalcopyrite disseminations and minor stringer veins (total sulphide content <5%) over an approximate 40 metre interval (assays pending). Strong chlorite alteration was observed throughout the sulphide interval, which is commonly in close association to known mineralised systems elsewhere in the region.

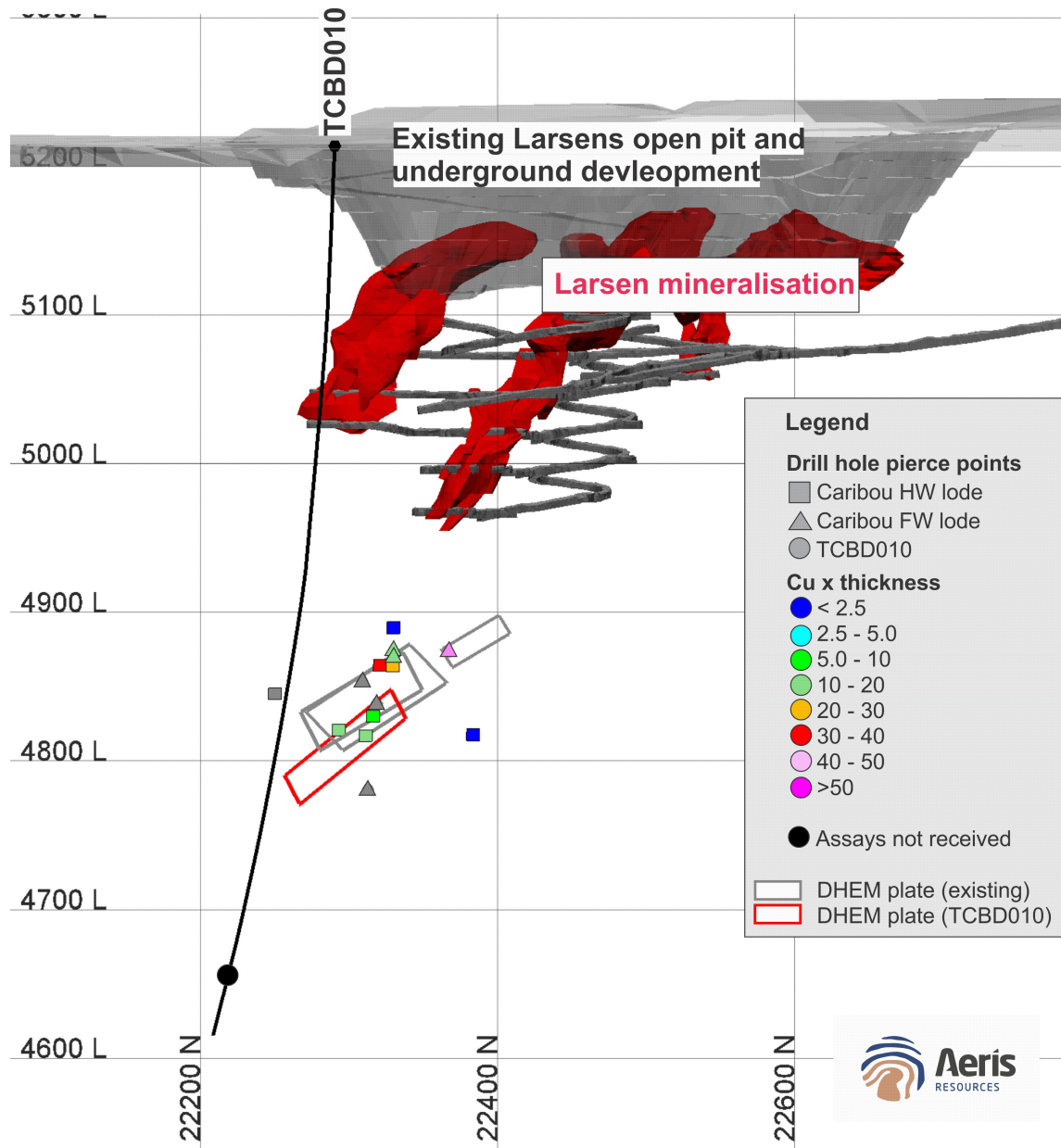
A downhole EM (DHEM) survey was completed down TCBD010. The DHEM survey detected an off-hole conductor above the drillhole, which corresponds with the mineralised zone intersected from previous drilling. The modelled plate extends further down plunge than previously modelled DHEM plates (combined total plunge extent 200 metres) (Figure 3).

The drill results and modelled DHEM plates at the Caribou prospect are encouraging and may reflect a similar mineralised system to the Larsens deposit² (~1Mt @ +2% Cu), located 300 metres to the west.

The remaining two drillholes did not intersect sulphide mineralisation. Drillhole MNWD002, targeting an IP anomaly north west from Murrawombie, intersected a graphitic shear at the target depth. Drillhole TAVD002 targeted a potential MLTEM conductor south of Avoca Tank.

² Comparisons to the Larsens deposit are based only on sulphide textures and mineralisation geometry. There is insufficient drilling information at the Caribou prospect to form a view on the potential size (tonnage) and copper grade.

Figure 3: Long section view showing drillhole pierce points through the Caribou prospect. The Larsens mineralised system and mined workings are located 300 metres further west.



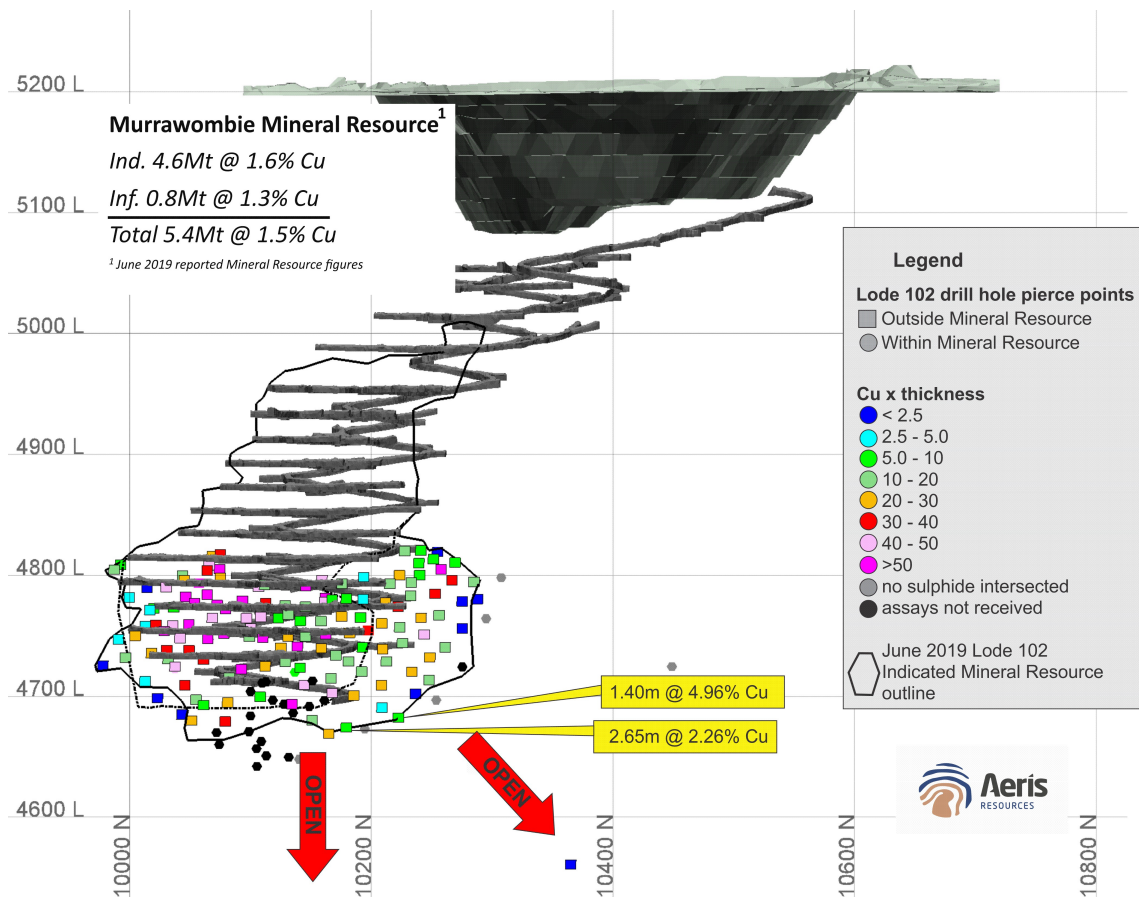
BROWNFIELDS EXPLORATION – DRILLING AT MURRAWOMBIE

At the Murrawombie deposit, underground drilling continued testing the periphery of the main mineralised body. Drilling shifted from targeting strike extensions to testing down plunge targets beneath the Indicated Mineral Resource.

In total 26 drillholes were completed during the quarter with a majority intersecting sulphide mineralisation. Multiple sulphide lodes were intersected, including the down plunge extensions to the main mineralised system. Encouragingly, additional mineralisation was intersected further in the hanging wall. This is an exciting discovery highlighting the prospectivity of the field and potential to increase the Mineral Resource base with the delineation of new sulphide bodies from additional near mine exploration. Geological interpretation of the hanging wall mineralisation commenced in the reporting period.

Whilst assays are pending for the majority of the drillholes, results received by quarter end included 1.40 metres @ 4.96% copper (MWGC492) and 2.65 metres @ 2.26% copper (MWGC490).

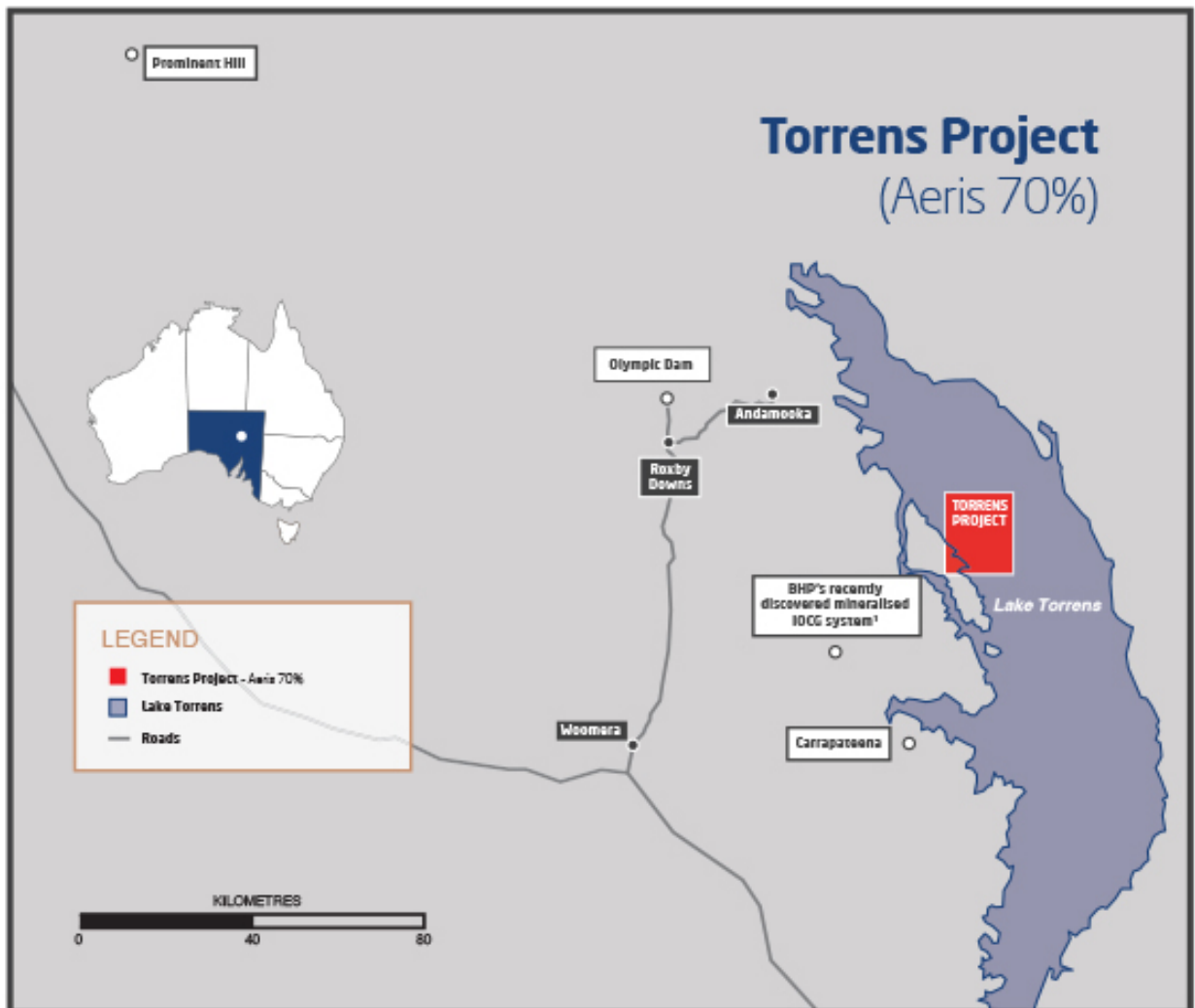
Figure 4: Long section view showing drillhole pierce points through the main Murrawombie 102 lode.



TORRENS PROJECT, SOUTH AUSTRALIA

The Torrens Project (EL6407 – was previously 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's Olympic Dam mine.

Figure 5: Map showing location of EL 6407 (The Torrens Project).



The Torrens Project is defined by a regionally significant coincident magnetic and gravity anomalous zone with a footprint greater than that of Olympic Dam. Within the Torrens Project area, geophysical modelling/interpretation has identified 28 geophysical anomalies based on gravity and magnetic geophysical datasets.

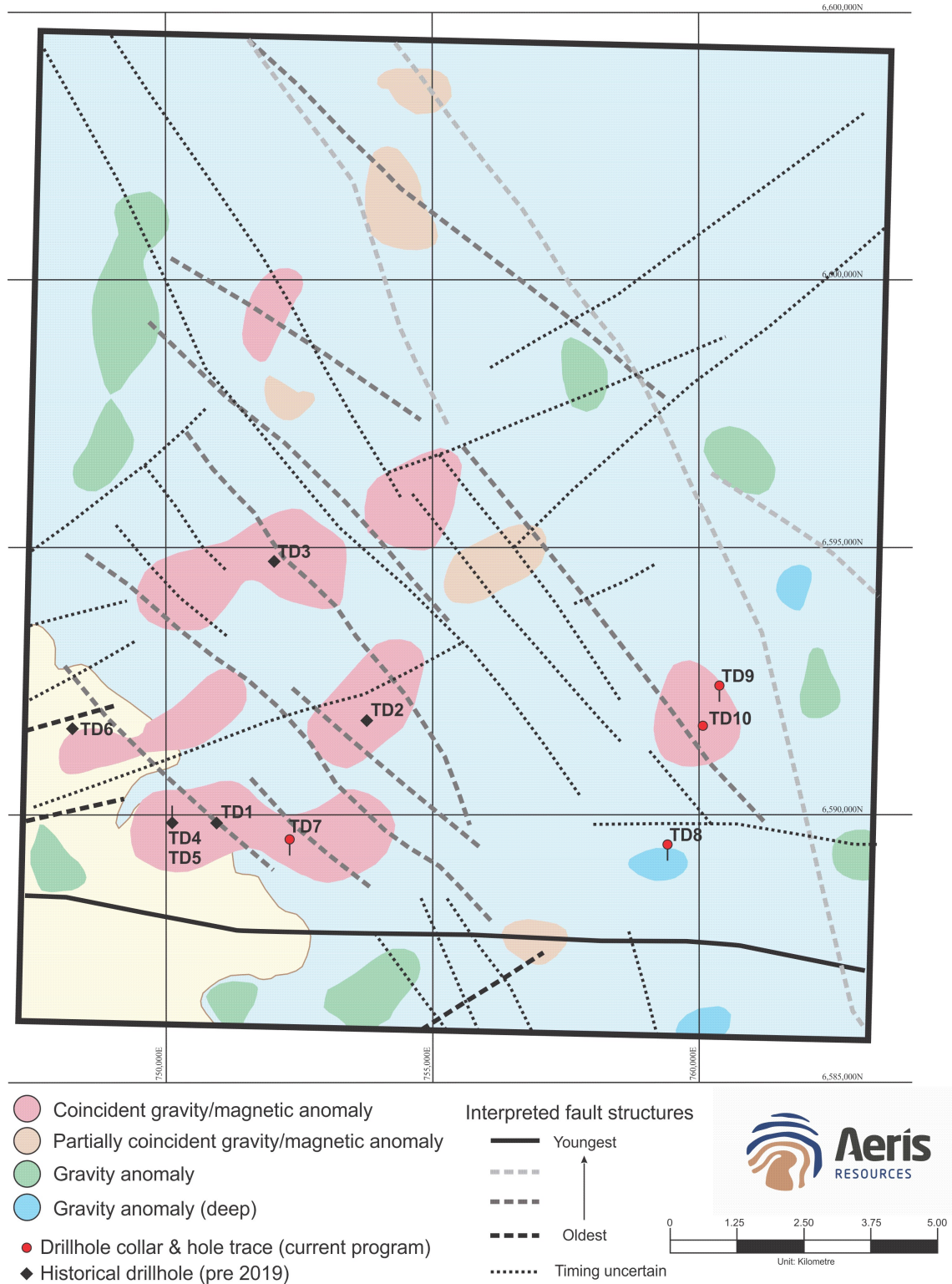
During the September 2019 quarter EL5614 expired and was subsequently renewed and a new exploration licence was issued (EL6407).

The process of seeking a Native Title summary determination to conduct mining operations within the Torrens project area commenced during the quarter. A new summary determination is required as the current determination was assigned to the previous exploration licence (EL5614).

During the quarter an updated Program for Environment Protection and Rehabilitation (PEPR) was submitted. The updated PEPR will enable additional geophysical surveys to be conducted over the tenement and for drilling activities to be undertaken on Andamooka Island (existing PEPR only allows drilling on the lake surface). The additional geophysical surveys would be designed to refine geological models in preparation for drill targeting.

It is envisaged that both regulatory approvals (PEPR and Native Title summary determination) will be completed toward the end of the current financial year.

Figure 6: Torrens project area showing the location of interpreted geophysical anomalies based on the 2018 FALCON airborne gravity and aeromagnetic survey.



Corporate

CASH

At the end of the December quarter, Aeris had useable cash and receivables of \$17.1 million, an increase compared to the previous quarter.

(A\$ Million)	DEC 2019 QTR	SEP 2019 QTR
Useable Cash - Aeris Corporate and Tritton	8.6	8.8
Tritton - Copper concentrate receivables	8.5	5.7
Aeris/Tritton - Useable Cash and Receivables	17.1	14.5

Corporate capital expenditure for the quarter was nil.

EXTENSION OF DEBT FACILITIES

On 27 December 2019 Aeris announced that it has reached agreement with its financier and major shareholder, Special Portfolio Opportunity V Limited (SPOV) (a subsidiary of a fund managed by PAG) to extend the maturity dates for its Tranche A (Working Capital Facility) and Tranche B (Term Loan) debt facilities to 1 July 2021 (previously 14 March 2020).

The key terms of the extension also included:

- the capitalisation of all interest due and payable between 13 December 2019 and 30 June 2020
- the cancellation of the undrawn component of the Tranche A Facility; and
- the inclusion of additional Review Events related to completion of the water pipeline and availability of water.

Authorised for lodgement by:
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ENDS

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

Competent Persons Statement – Exploration Results

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Bradley Cox, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Bradley Cox is a full-time employee of Aeris Resources. Bradley Cox has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Bradley Cox consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.