



## Quarterly Activities Report For the period ended December 2015

### DECEMBER QUARTER HIGHLIGHTS

#### About Aeris Resources

**Aeris Resources Limited** (ASX: AIS) is an established copper producer and developer with multiple mines and a 1.6 Mtpa copper processing plant at its Tritton Copper Operations in New South Wales, Australia.

In FY2015 Aeris' Tritton Operations achieved record production of 30,245 tonnes of copper metal exceeding the previously upgraded guidance for FY2015 of 28,500 tonnes. Forecast copper metal production in FY2016 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.

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.

#### Contacts:

Andre Labuschagne  
Executive Chairman

Suite 22, Level 2  
HQ South Tower  
520 Wickham Street  
Fortitude Valley, Brisbane  
QLD 4006

T +61 7 3034 6200

F +61 7 3034 6290

[info@aerisresources.com.au](mailto:info@aerisresources.com.au)

[www.aerisresources.com.au](http://www.aerisresources.com.au)

Debt and company re-launch completed - Aeris now ready for a new beginning focused on operational success and growth

#### Operations:

- New quarterly ore processing record of 454kt
- December quarter copper production of 8,071t
- 12 month TRIFR levels continues to fall
- New truck fleet ordered

#### Corporate:

- Debt restructure approved by shareholders and completed on 31 December 2015:
  - Senior Debt reduced to US\$50 million
  - New US\$25 million Working Capital Facility
  - US\$7 million Convertible Notes redeemed/converted in early January 2016
- Shareholders approved name change to Aeris Resources Limited
- 1 for 10 consolidation of Ordinary shares completed
- Sale of exploration projects to Sandfire Resources NL for A\$2.5 million (payable in Sandfire shares) completed on 4 January 2016

## Q2 FY2016 Quarterly Activities Report

### New beginning as Aeris Resources Limited

The December quarter marked a number of significant milestones for the company:

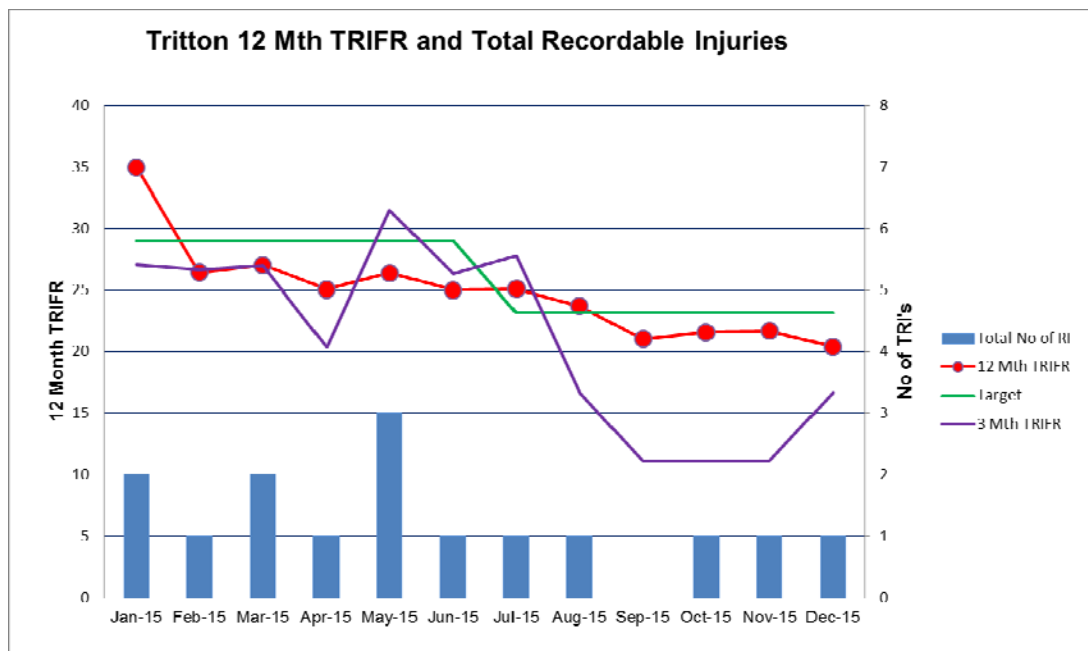
- The completion of the debt restructure with Standard Chartered Bank, negotiated over two and a half years, which significantly reduces the Company’s gearing;
- A new 3 year US\$25 million Working Capital Facility with Special Opportunity V Limited (PAG SPV);
- Re-launch of the company as Aeris Resources Limited;
- Completion of a 1 for 10 consolidation of Ordinary shares.

Aeris Resources, formerly known as Straits Resources can now focus on achieving its vision; **to become a mid-sized, multi-mine company, delivering shareholder value through an unwavering focus on operational excellence.**

### Safety, Environment and Community

There were no lost time injuries during the quarter.

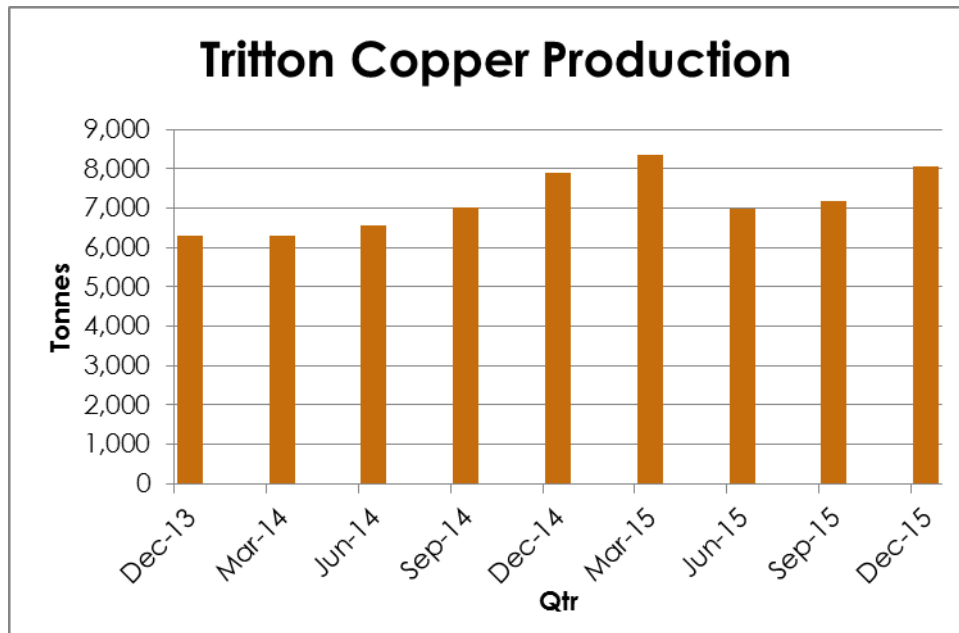
The total recordable injury frequency rate (TRIFR) has fallen to 20.4, continuing to further improve on TRIFR levels of the past two years. Aeris continues to prioritise the safety of its work force and aims to sustain this rate of improvement through a focus on improving safe behaviours.



## Tritton Copper Mine (NSW)

### PRODUCTION

Production for the December quarter was 8,071 copper tonnes, an increase on the previous quarter and in line with the mining plan.



Ore processing performance increased compared to previous quarters, achieving a new record of 454,404 dmt of ore milled. The crusher repairs and SAG Mill maintenance brought forward to the September quarter resulted in fewer days downtime required for planned maintenance in the December quarter, allowing for more ore to be processed than planned with the Mill operating at a throughput rate equivalent of 1.8mtpa.

Copper recovery at 94.23% was higher than the prior quarter, where recovery was impacted by a temporary minerology change in ore mined.

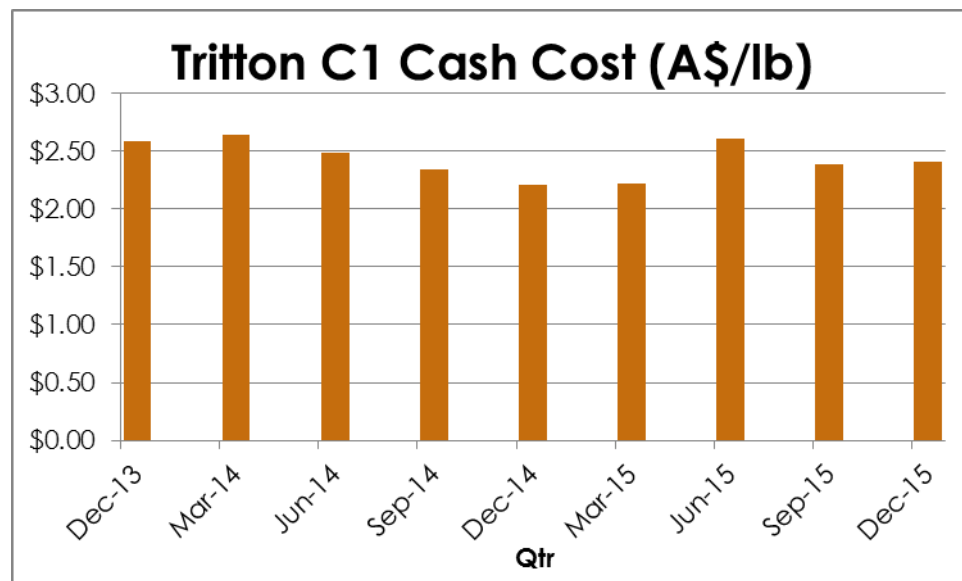
The priority operational focus continued to be centred on improving reliability of the mine equipment fleet. During the quarter Aeris placed orders to purchase a new truck fleet which will replace the current ageing and high cost units. The first two new 63t underground trucks were added to the fleet in December. Ongoing productivity initiatives focused on increased production and lower costs are underway.

**Tritton Production Statistics**

		DEC 2014 QTR	MAR 2015 QTR	JUN 2015 QTR	SEP 2015 QTR	DEC 2015 QTR
MINED	TONNES	426,149	402,049	413,039	430,244	424,445
GRADE	Cu (%)	2.05%	2.14%	1.82%	1.88%	1.86%
ORE MILLED	TONNES	408,473	404,169	407,909	397,798	454,404
GRADE MILLED	Cu (%)	2.03%	2.17%	1.81%	1.91%	1.86%
RECOVERY	Cu (%)	94.92%	94.83%	94.22%	93.97%	94.23%
COPPER CONCENTRATE PRODUCED	TONNES	32,330	34,157	28,005	30,210	33,241
COPPER CONCENTRATE GRADE	Cu (%)	24.30%	24.31%	24.77%	23.58%	24.02%
CONTAINED COPPER IN CONCENTRATE	TONNES	7,858	8,304	6,938	7,123	7,985
COPPER CEMENT PRODUCED	TONNES	46	48	39	60	86
TOTAL COPPER PRODUCED	TONNES	7,904	8,352	6,977	7,183	8,071

**COSTS**

C1 unit cash costs for the quarter of A\$2.41/lb were slightly higher than the previous quarter, influenced by higher TC/RC's and product handling costs from the shipment of higher volumes of product.



**Tritton Unit Cost Statistics (A\$/lb)**

	DEC 2014 QTR	MAR 2015 QTR	JUN 2015 QTR	SEP 2015 QTR	DEC 2015 QTR
TOTAL MINING COSTS	1.16	1.04	1.39	1.23	1.15
TOTAL SITE PROCESSING COSTS	0.40	0.30	0.37	0.41	0.37
TC/RC'S & PRODUCT HANDLING	0.39	0.70	0.63	0.54	0.70
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	(0.04)	(0.05)	(0.06)	(0.04)	(0.05)
OTHER DIRECT CASH COSTS	0.29	0.23	0.28	0.28	0.24
<b>TOTAL C1 COSTS</b>	<b>2.20</b>	<b>2.22</b>	<b>2.61</b>	<b>2.39</b>	<b>2.41</b>
ROYALTIES	0.07	0.08	0.09	0.06	0.06
CONCENTRATE INVENTORY MOVEMENT	(0.67)	0.51	0.17	(0.70)	0.46
TOTAL CASH COSTS	1.60	2.81	2.87	1.76	2.93
DEPRECIATION & AMORTISATION	0.32	0.40	0.54	0.48	0.47
TOTAL PRODUCTION COSTS	1.92	3.21	3.41	2.24	3.40

Total production unit costs increased compared to the previous quarter mainly due to inventory movements impacted by timing of shipments.

Capital expenditure at Tritton in the quarter was \$6.0 million.

**Tritton capital expenditure (A\$ Million)**

	DEC 2014 QTR	MAR 2015 QTR	JUN 2015 QTR	SEP 2015 QTR	DEC 2015 QTR
PROPERTY, PLANT AND EQUIPMENT	2.7	1.4	5.5	0.8	1.8
MINING DEVELOPMENT	4.4	3.5	2.9	3.9	3.9
EXPLORATION	0.5	0.5	1.1	1.2	0.3
TOTAL	7.6	5.4	9.5	5.9	6.0

**OUTLOOK**

Copper production guidance for FY2016 is maintained at 28,000 tonnes.

## Exploration and Project Development

### TRITTON MINES AND SURROUNDING TENEMENTS

Aeris currently holds 184,600 hectares in the prospective Tritton VMS district. This is made up of four granted exploration and three mining leases. Six major mafic complexes have been identified within a sequence of sedimentary rocks with a combined strike length of greater than 100km. Numerous anomalies have been identified and remain untested in the Tritton region (see Figure 1).

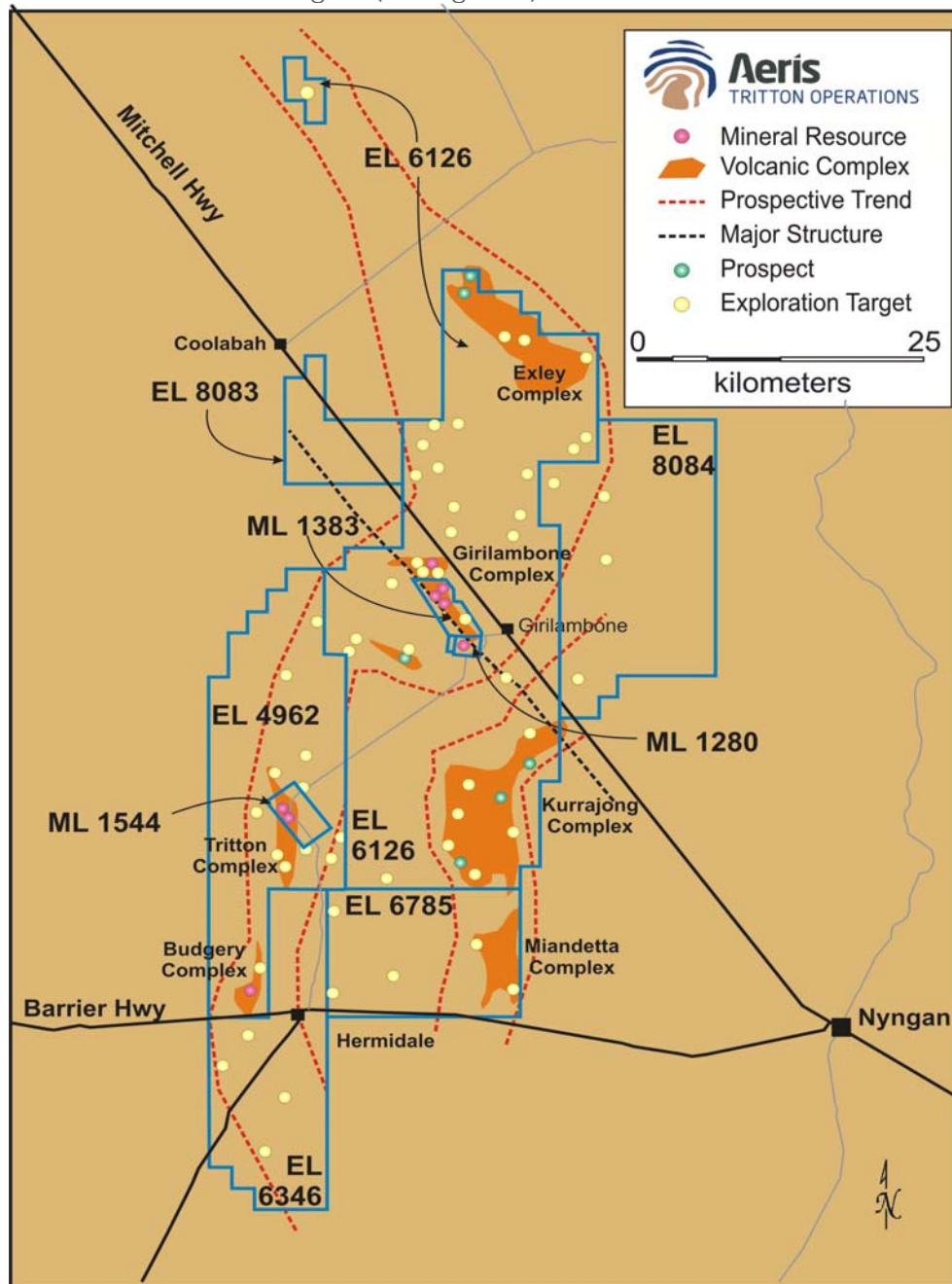


Figure 1: Tritton Region showing known basement complexes prospective for VMS systems and current operations

An exploration strategy has been steadily evolving for the region and has been extremely effective in both identifying and testing for VMS sulphide systems as demonstrated by Aeris' exploration success at Avoca Tank, Kurrajong, Carters and Budgery.

The quality of the remaining targets in the Tritton region and the potential for further discoveries in this large VMS copper district remains excellent. Aeris previous success and the knowledge that Besshi VMS systems like Tritton are characterised by repeats along strike, multiple horizons and lenses and significant depth potential gives the company great confidence for the discovery of additional deposits along the multiple prospective horizons within the Tritton region.

### **Tritton Deeps**

At Tritton the current Ore Reserve extends down to the 4,165mRL level while the Mineral Resource extends down to the 4,000mRL (1,280m below surface). Importantly mineralisation has not been closed off at depth below this level.

A drilling program has commenced to better define the orebody below 4,200mRL, known as "Tritton Deeps". The Tritton Deeps project is a multi-phase drill program designed to test mineralisation continuity below current drilling information and extend the Mineral Resource Inventory to the 3,800mRL level (1,480m below surface).

The initial Tritton Deeps Phase 1 drill program has recently been completed with the results announced to the ASX on 2 October 2015 (correction announced 20 October 2015). The program, totaling 17 holes (6,641m) was designed to primarily confirm continuity of copper mineralisation between the 4,200mRL to 4,000mRL levels (the window approximately 200m below the 30 June 2014 Ore Reserve). 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 a depth (see Figure 2). Drill hole intersections above 4,050mRL are perpendicular to sub perpendicular to mineralisation. Below 4,050mRL drill holes intersect the mineralisation at more acute angles and the true width of the orebody is more difficult to determine. This is relevant for drill holes TRNM009, TRNM010 and TRNM021a.

The second phase of the Tritton Deeps drilling program has commenced, the intent being to drill out the Tritton orebody to 40m x 40m drill spacing between the 4,200mRL to 4,000mRL.

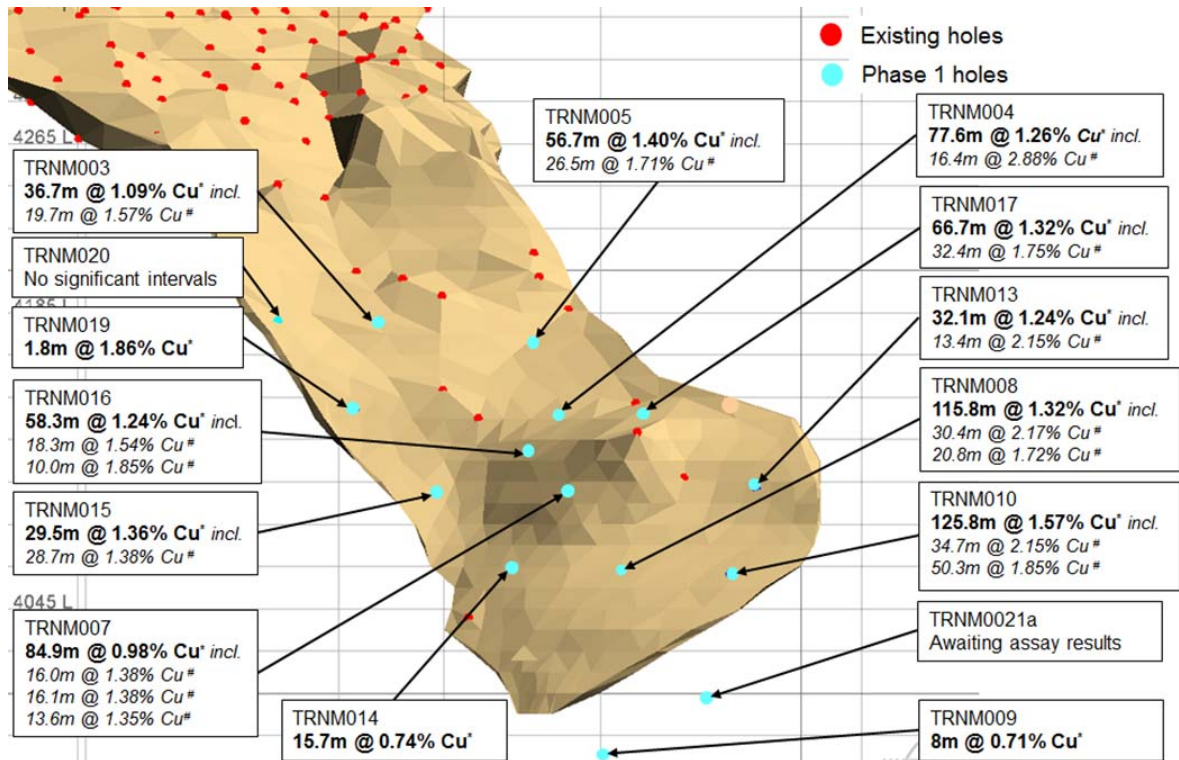


Figure 2: View looking northwest at the Tritton deposit (brown surface) showing the location of phase 1 drill holes intersections (hanging wall pierce points).

\* assay intervals are reported wholly within a nominal 0.4% interpreted Cu mineralised domain. Assay intervals are downhole lengths.

# assay intervals are reported at a 1.0% Cu cut-off grade with a maximum of 4.0m of <1.0% Cu internal dilution. Assay intervals are downhole lengths.

### Girilambone North Mafic Complex

During the quarter a near mine exploration drill program continued within the Larsens – North East VMS system (Girilambone North Complex). An extensive review of the geology data (drill holes, geophysics and mapping data) has resulted in the identification of a number of drill targets within proximity to the Larsens and Hartmans deposits. Each of the drill targets have been tested and a limited follow up drill campaign was completed during the quarter targeting the most prospective target, located approximately 200m east of the Larsens deposit. Bands of sulphide mineralisation were intersected, and appear to be analogous to the Larsens style of mineralisation. Assay results are still pending and a full assessment of the economic potential will be completed upon receiving assay data and the completion of an updated geological interpretation.



## Corporate

### CASH

At the end of the December quarter, Aeris had useable cash and receivables of \$13.5M million, an increase of \$2.9 million on the previous quarter.

\$million	DEC 2015 Quarter	SEP 2015 Quarter
Useable Cash - Aeris Corporate and Tritton	8.9	3.8
Tritton - Copper concentrate receivables	4.6	6.8
<b>Aeris/Tritton - Useable Cash and Receivables</b>	<b>13.5</b>	<b>10.6</b>
Investments	3.3	1.9

Investments increased as a result of share price increases.

Corporate capital expenditure \$38k for the quarter was nil.

### TRITTON DEBT RESTRUCTURE WITH STANDARD CHARTERED BANK

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 (Aeris);
- Restructure of the debt with Standard Chartered Bank (SCB); and
- 1 for 10 consolidation of capital (Ordinary shares).

On 15 December 2015, Aeris 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 million (a 55% reduction);
- Establishing a new 3 year Working Capital Facility for US\$25 million with Special Opportunity V Limited (PAG SPV);
- Redeeming at face value, US\$1.047 million of the US\$7.000 million Convertible Notes held by Credit Suisse International, with the remainder being converted to 24,500,000 (post consolidation) Ordinary shares in Aeris. 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 small 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 Aeris on a post-refinancing fully diluted basis.

Further details on the restructure can be found in the Notice of Extraordinary General Meeting announced on 10 November 2015.

### SALE OF TEMORA AND CURRUMBURRAMA EXPLORATION PROJECTS

On 6 October 2015, Straits announced that it had signed a binding agreement with Sandfire Resources NL for the sale of Straits' interest in the Temora and Currumburrama exploration projects in New South Wales for A\$2.5 million (payable in Sandfire shares).

The Temora project is 100% owned by Straits and comprises the tenements EL6845 and EL5864.

The Currumburrama Project, comprising the tenement EL5792, is 100% owned by Straits with Sandfire earning into the tenement through a joint venture.

The Sale of the Temora and Currumburrama exploration projects was completed on 4 January 2016.

For further information contact:

Mr. Andre Labuschagne – Executive Chairman and Chief Executive Officer  
(07) 3034 6200

or go to our website at [www.aerisresources.com.au](http://www.aerisresources.com.au)

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