



21 September 2018

ASX/MEDIA RELEASE

AERIS RESOURCES LIMITED
(ASX: AIS)

\$35.1 million equity raising to accelerate exploration programs at Tritton and Torrens and significantly strengthen Aeris' financial position to deliver a pathway to growth and unlock shareholder value

HIGHLIGHTS:

- **Aeris Resources launches a fully underwritten \$35.1 million equity raising comprising of an Institutional Placement to raise approximately \$8.4 million and a 1 for 2.1 Accelerated Non-Renounceable Entitlement Offer to raise approximately \$26.7 million**
- **Approximately 175.5 million New Shares to be issued at \$0.20 per share, representing a 27.0% discount to TERP¹ and a 37.5% discount to the last close of \$0.32 as at 20 September 2018**
- **Equity raising proceeds applied to accelerate exploration programs at 100%-owned Tritton Copper Operations and Torrens Joint Venture (Aeris 70%) and the repayment of a significant proportion of outstanding senior debt**
- **Equity raising is the culmination of the successful operational and financial turnaround Aeris has completed over the last five years with the Company now focused on delivering on its strategic objective to become a growth-focused, mid-tier copper producer**

¹ The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Aeris shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equate to TERP. The TERP includes New Shares to be issued under the Placement.

Overview

Aeris Resources Limited (**Aeris** or **Company**) is pleased to announce the launch of a fully underwritten A\$35.1 million equity raising to accelerate exploration programs at the Company's 100% owned Tritton Copper Operations and Torrens Joint Venture (Aeris 70%) and strengthen its financial position through the repayment of a significant proportion of outstanding senior debt.

The funds raised from the Offer will be applied to continue the successful operational and financial turnaround Aeris has achieved over the last five years with the Company now focused on delivering on its strategic objective to become a growth-focused, mid-tier Australian copper producer.

Aeris' Executive Chairman, Andre Labuschagne said:

"This is another significant milestone for the Company. The equity raise will enable us to accelerate exploration activities at our Tritton Copper Operations, particularly at the Kurrajong Prospect, and at the exciting Torrens Project in South Australia, in which we hold a 70% interest. Further reducing our debt levels will also provide the Company with a sound financial platform to pursue organic and M&A growth opportunities."

The Offer

The \$35.1 million equity raising will comprise a placement of approximately 42.0 million shares to raise \$8.4 million (**Institutional Placement**) and the issue of approximately 133.4 million new shares from a 1 for 2.1 accelerated non-renounceable entitlement offer to eligible shareholders at an issue price of \$0.20 per share to raise up to \$26.7 million (before costs) (**Entitlement Offer**) (together, **the Offer**).

The Entitlement Offer consists of an accelerated entitlement offer to institutional shareholders (**Institutional Offer**), and an entitlement offer to retail shareholders (**Retail Offer**).

The proceeds of the Offer will be used for:

- \$26.1 million senior debt repayment;
- \$6.9 million for exploration expenditure, including;
 - \$3.4 million for exploration activities at Aeris 100%-owned Tritton Copper Operations including drilling at the Kurrajong prospect, brownfield exploration at the Tritton Mine and EM programs over the northern half of the tenement package;
 - \$3.5 million for the Stage 1 drill program at the Torrens Project (Aeris 70% owner and Project Manager); and
- \$2.1 million in transaction costs associated with the Offer.

In aggregate, approximately 175.5 million new shares (**New Shares**) will be issued under the Offer.

Upon completion of the Offer, the issued capital of Aeris will comprise approximately 455.7 million ordinary shares, 93.4 million unlisted options (exercisable at \$nil each with an expiry date of 31 December 2021) and 93.4 million convertible redeemable preference shares (**CRPS**).

Aeris encourages all Eligible Institutional Shareholders and Eligible Retail Shareholders to participate in the Entitlement Offer.

Operating and Financial Summary

Aeris completed three major capital investment projects at its Tritton Copper Operations (**Tritton**) in FY2018, each representing a strategic investment in the future of Tritton:

1. The Tritton Underground Mine ventilation shaft was commissioned in September 2017. This essential infrastructure ensures that production at Tritton can be maintained at more than one million tonnes per year as mining moves deeper;
2. The Murrawombie Underground Mine, which provides a second source of ore to the 1.8Mtpa Tritton processing plant, attained full production levels during the year; and
3. The geophysical survey portion of the two-year, \$7.5 million greenfields exploration program which commenced in the first half of FY2017 was completed during the period under review.

The ongoing greenfields exploration program also identified a further 65 kilometres of geological trend, and multiple new anomalies for further exploration in FY2019.

Drilling recently re-commenced at the Kurrajong prospect, which is approximately 20 kilometres from the Tritton processing plant. A six hole drilling program has been completed with excellent results including 17.0m @ 2.59% Cu (TKJD017), 19.4m @ 2.18% Cu (TKJD014), 4.65m @ 5.09% Cu (TKJD015) and 5.65m @ 2.52% Cu (TKJD015). High grade mineralisation has now been extended 800m down-plunge. A further twelve hole drill program is scheduled for FY2019.

Brownfields exploration at the Tritton deposit has identified a number of opportunities to extend the life of this operation, including extensions to the orebody, which remains open at depth. Further drilling and evaluation will be undertaken in FY2019.

At the Torrens Project (Aeris 70%) an airborne geophysical survey was completed in April 2018 that identified 28 gravity anomalies. Drilling is scheduled to commence before the end of calendar 2018. On 17 September 2018, the Torrens Joint Venture committed to the Stage 1 drill program, consisting of 8-10 drill holes focusing on priority drill targets, and announced Aeris as manager of the JV effective immediately.

For the year ended 30 June 2018 Aeris reported a Net Profit attributable to members of \$55.3 million (a 266% increase on the prior year) and Net cash inflows from Operations of \$50.5 million (165% increase on FY2017).

The improved financial result was supported by higher copper prices and higher copper production, resulting in a 40% increase in Revenue compared to the prior period, and in March 2018 the Company completed a corporate and debt restructure which:

- Reduced senior debt by 53% from US\$63.3 million to US\$30 million;
- Reduced Aeris' share capital by 50%, with 467 million (80%) of Convertible Redeemable Preference Shares held by Standard Chartered Bank (**SCB**) redeemed for \$1 and subsequently cancelled; and
- Cancelled the Copper Price Participation Agreement with SCB for \$1, allowing Aeris to retain the benefit of copper prices above \$8,000/t.

On 18 September 2018, Aeris announced the restructuring of its contingent instrument facility for environmental bonding. A new facility has been provided by ANZ Banking Group (**ANZ**) with SPOV providing a guarantee to ANZ for a two and a half year period ending 14 March 2021. As a result of the transaction, Aeris no longer has any debt or other facilities with SCB.

Institutional Placement and Entitlement Offer

The Institutional Offer will be made to the Company's institutional shareholders with registered addresses in Australia, New Zealand, United Kingdom, Ireland, Singapore, Hong Kong, Bermuda and the British Virgin Islands (**Eligible Institutional Shareholders**).

Eligible Institutional Shareholders with registered addresses in the offering jurisdictions will be invited to participate in the Placement and Institutional Entitlement Offer, which is being conducted on Friday, 21 September 2018. Eligible shareholders can choose to take up all, part or none of their entitlement. As the Entitlement Offer is non-renounceable, entitlements cannot be traded.

Together with the Placement, institutional entitlements that Eligible Institutional Shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to Eligible Institutional Shareholders who apply for New Shares in excess of their entitlement, as well as to certain other eligible institutional or sophisticated investors.

The results of the Institutional Entitlement Offer results will be announced on the ASX on Tuesday, 25 September 2018.

Retail Entitlement Offer

The Retail Offer will be available to all registered retail shareholders who hold shares at 7.00pm Sydney time on 25 September 2018 (**Record Date**) with registered addresses in Australia, New Zealand, United Kingdom, Singapore and Hong Kong (**Eligible Retail Shareholders**).

Eligible Retail Shareholders will be invited to participate in the Retail Entitlement Offer at the same price as the Placement and Institutional Entitlement Offer. The Retail Entitlement Offer will open on Friday, 28 September 2018 and close at 5:00pm (Sydney time) on Tuesday, 9 October 2018.

The Retail Entitlement Offer is being made in accordance with section 713 of the Corporations Act. A Prospectus has been lodged with ASIC and ASX today and Aeris will prepare and send a Prospectus to all Eligible Retail Shareholders on 28 September 2018, as set out in the timetable below.

The Prospectus and the accompanying personalised entitlement and acceptance form (Application Form) will contain instructions on how to apply. Application Forms and payments are due by no later than 5:00pm (Sydney time) on Tuesday, 9 October 2018. Trading in the New Shares issued under the Retail Offer is expected to commence on 17 October 2018.

The New Shares will rank equally in all respects with Aeris's existing shares. If an Eligible Shareholder's entitlement results in a fraction of a New Share, the entitlement will be rounded up to the nearest whole number.

Key Dates

A proposed timetable for the Offer is set out in the table below:

Announcement of Entitlement Offer	Before market open
Lodgement of Appendix B	21 September 2018
Lodgement of Prospectus with ASIC and ASX	Before market open 21 September 2018
Institutional Entitlement Offer opens	21 September 2018
Announcement of results of the Entitlement Offer	Before market open 25 September 2018
Trading Halt lifted and Existing Shares commence trading on an ex rights basis	25 September 2018
Record Date for the Retail Entitlement Offer	(7.00pm Sydney time) 25 September 2018
Prospectus and Entitlement and Acceptance Form despatched to Shareholders	28 September 2018
Opening Date of the Retail Entitlement Offer (9am Sydney time)	28 September 2018
Settlement of the Institutional Entitlement Offer and the Placement	1 October 2018
Updated Appendix 3B for New Shares issued under the Institutional	(no later than 12.00pm Sydney time) 28 September 2018

Entitlement Offer lodged (if required)	
Quotation of New Shares issued under the Institutional Entitlement Offer	2 October 2018
Last day to extend Retail Entitlement Offer close date	4 October 2018
Closing Date of Offer	5.00pm Sydney time 9 October 2018
Announcement of results of the Retail Entitlement Offer	12 October 2018
Updated Appendix 3B for New Shares issued under the Retail Entitlement Offer lodged (if required)	(no later than 12.00pm Sydney time) 16 October 2018
Commencement of trading of New Shares issued under the Retail Entitlement on ASX	17 October 2018
Expected date of despatch of holding statements for New Shares issued under the Retail Offer	18 October 2018

This timetable is indicative only and may be subject to change subject to the requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**) and the ASX Listing Rules.

Additional Information

Additional information regarding the Offer is contained in the investor presentation released to the ASX today. The Prospectus and Entitlement and Acceptance forms will be released separately and mailed to Eligible Retail Shareholders.

Treadstone Resource Partners acted as strategic and financial advisor to the Company.
HopgoodGanim acted as legal advisor to the Company.

Bell Potter Securities Limited and Euroz Securities Limited are acting as Joint Lead Managers and Bookrunners to the Offer. Bell Potter Securities Limited and Euroz Securities Limited will also fully underwrite the Entitlement Offer, with the Retail Offer sub-underwritten by the Company's largest shareholder, Special Portfolio Opportunity V Limited, a subsidiary of a fund managed by PAG.

Yours faithfully



Andre Labuschagne

Executive Chairman

Aeris Resources Limited

For further information please contact:

Robert Brainsbury,

Company Secretary on +61 7 3034 6200.

Alternatively visit the Company's website at www.aerisresources.com.au

About Aeris Resources

Aeris Resources Limited (Aeris or Company) is one of Australia's largest independent copper producers by volume produced.

The Company's flagship asset is the Tritton Copper Operations (Tritton) in Western NSW which operates two underground mines and a 1.8mtpa processing facility and is surrounded by an 1,800km² highly prospective tenement package which to date has discovered 750,000 tonnes of copper.

Aeris also holds a 70% interest in the exciting Torrens Project (EL5614) in South Australia through a Joint Venture with Argonaut Resources (ASX: ARE). The Torrens Project contains a regionally significant coincident magnetic and gravity anomaly (11km x 6.5km) with a footprint larger than Olympic Dam. In February 2018 the final regulatory approval was received, enabling on-ground exploration activities, including up to 70 drill holes, to commence. The Joint Venturers are planning to commence drilling at the Torrens Project before the end of calendar 2018.

The Company recently completed a five year operational and financial turnaround and is now focused on delivering on its strategic objective to become a mid-tier, multi-mine copper producer – through organic growth and M&A.