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AERIS RESOURCES LIMITED (ASX: AIS)

**FINANCIAL YEAR UPDATE:
PRODUCTION AND EXPLORATION SUCCESS**

FY19 Highlights:

- **Copper Production exceeds guidance: 26,852t @ C1 Cash Cost of A\$2.78/lb**
- **Continued exploration success at Tritton:**
 - ✓ **Multiple high grade copper intersections at Kurrajong over 800m down plunge.**
 - **Mineralisation remains open down plunge and along strike**
 - **Initial Exploration Target has been established¹**
 - ✓ **25 new electromagnetic anomalies identified on Tritton tenements, including 9 priority targets to progress in FY20**
- **2 drill holes successfully completed at Torrens Project – low levels of copper mineralisation encountered in hole TD7**
- **Debt reduced by a further US\$20 million, for total debt reduction of US\$100 million since 2013**
- **Strengthened balance sheet paves way for active pursuit of M&A opportunities.**

Established Australian copper producer, Aeris Resources Limited (**Aeris or Company**) (ASX:AIS) is pleased to advise it achieved above forecast copper production of 26,852t for FY19 at a C1 Cash Cost of A\$2.78/lb, exceeding the original production guidance released in July 2018 of 24,500 tonnes at a C1 Cash Cost between A\$2.75/lb and A\$2.90/lb.

Executive Chairman, Andre Labuschagne, said the excellent production result by Aeris' team at Tritton was one of multiple operational and corporate successes for the Company in FY19.

¹ Please refer AIS ASX Release 8 July 2019

Production Results

"The Tritton Copper Operations continue to deliver outstanding and reliable performance, with the above guidance production being the result of on-plan ore production and higher than planned copper grades from both the Tritton and Murrawombie underground mines," he said.

"Despite the impact of the weakening currency over the last 12 months on our US dollar treatment and refining charges and sea-freight costs, we maintained C1 Cash Costs within the lower end of the guidance range provided in July 2018.

Mr Labuschagne said the Murrawombie underground mine had continued to provide upside beyond expectations, in terms of both grade and tonnes.

"Recent grade control drilling has identified potential for the orebody to continue along strike to the north, outside of the current Mineral Resource. Drilling is scheduled in the first half of FY20 to explore this potential extension to the orebody."

Exploration

Aeris' exploration activities were conducted on two fronts in FY19; regional exploration around Tritton to further leverage existing infrastructure in the region and drilling of the Torrens Project in South Australia.

Tritton

Tritton's tenements have proven to be a highly endowed, regional-scale exploration package with more than 750,000 tonnes of copper discovered to-date, including two deposits of more than 10 million tonnes, being the producing assets of Tritton and Murrawombie.

The key objective of Aeris' Tritton greenfields exploration activities is to find the next "Tritton" sized orebody of plus-10 million tonnes and significantly extend the life of the Tritton Copper Operations.

There is a reasonable expectation that smaller deposits will also be discovered in this process, as demonstrated by the Avoca Tank and Kurrajong deposits, which also have the potential to be included in life of mine planning.

Kurrajong

A multi-hole drill programme was completed in November 2018 at the Kurrajong prospect, returning multiple intersections of high-grade copper, as well as gold and silver intersections.

The results of the Kurrajong drill programme have been very positive and confirm the already demonstrated prospectivity of Aeris' Tritton tenement package.

The Kurrajong drill programme has increased the known extent of the mineralisation to more than 1,100m down plunge. Mineralisation also remains open down plunge and along strike to the north. The results are currently being reviewed, however preliminary indications support an Exploration Target of 3-4 million tonnes at 1.5-2% copper.²

² Please refer AIS ASX Release 8 July 2019

EL8810

The majority of discoveries on the Tritton tenement package have been on or adjacent to a stratigraphic corridor referred to as "Budgery Sandstone". The Budgery Sandstone corridor has been identified to extend for 115 kilometres within the tenement package.

Notably, all of the 750,000 tonnes of copper discovered at Tritton to-date has been within a 50 kilometre section of the Budgery Sandstone corridor, confined to the southern half of the tenement package, with exploration in the northern half limited until recently.

During the year Aeris applied for and was granted an additional tenement (EL8810) adjacent to the northern end of its existing tenements, bringing the total area of the Tritton tenement package to 2,160km².

The attractiveness of EL8810 is that the Budgery Sandstone corridor is interpreted to extend for an additional 40 kilometres into that tenement, increasing the Company's exposure to this highly endowed geological corridor to potentially more than 150 kilometres.

Aerial Electromagnetic Survey

An aerial electromagnetic (EM) survey was conducted on a small section at the northern extremity of the tenement package in 2017, from which 4 EM anomalies were identified.

At the beginning of 2019 a more extensive aerial EM programme was conducted from which a further 25 new anomalies were identified, of which 9 are considered higher priority targets.

"Having such a significant inventory of anomalies to work with is exciting in that it potentially positions FY20 as a significant year for continued exploration success at Tritton, as we look to progress these anomalies to drill targets," Mr Labuschagne said.

Torrens JV (Aeris 70%)

After years of persistence and patience by the Torrens Joint Venture partners (Aeris 70%), drilling activities commenced in January. Drilling had last taken place on the tenement (EL5614) in 2008. The area of interest is defined by a regionally significant coincident gravity and magnetic anomaly with a footprint in excess of 120km².

By the end of June, two drill holes (TD7 and TD10) had been completed to target depths, either side of two other drill holes which had to be abandoned due to technical issues encountered drilling through an aquifer. Encouragingly, drill hole TD7 encountered low levels of copper mineralisation and elevated Cerium concentrations. Cerium and other rare earth elements (REE) are considered important geochemical vectors toward iron-oxide-copper-gold (IOCG) systems. Assay results for drill hole TD10 are pending.

The unique drilling platform designed to enable drilling to occur from the surface of Lake Torrens performed exceptionally well and following modifications to drilling processes and procedures, the second completed drill hole was successful in drilling through the aquifer. By the end of June, the camp and contractors had been demobilised and drilling activities paused while the drill data and updated geophysical survey information is reviewed.

The Stuart Shelf region of South Australia is characterised by significant levels of cover (in excess of 500m within the project area) over the basement (potential copper-gold bearing rocks). In addition, a significant portion of the prospective drill target zones occur beneath Lake Torrens. These factors increase both the cost and technical difficulty of drilling.

"We remain excited by the potential of the Torrens Project while also being cognisant of the technical and geological complexities," Mr Labuschagne said.

"Our aims are to increase the chances of discovering a deposit and to make every dollar count. Significant discoveries in the Stuart Shelf region have been the result of persistence and technical due diligence."

Corporate

In the first half of FY19, Aeris successfully completed an equity raise (Placement and Entitlement Offer) for approximately \$35 million, the funds from which were used to reduce debt by US\$20 million and accelerate exploration activities at both the Tritton Copper Operations and the Torrens Project. Since the beginning of 2013, debt has been reduced by more than US\$100 million.

"We have always said that our aim is to become a mid-tier, multi-mine company. For the first time in some years the Board believes Aeris' balance sheet is sufficiently robust to pursue growth through suitable M&A opportunities," Mr Labuschagne said.

"During the year we announced that we were in discussions with Glencore regarding an acquisition of the CSA Mine (CSA) at Cobar. Importantly, while we remain convinced of the potential synergies offered by this acquisition, we were unable to reach mutually-agreeable terms with Glencore on this asset.

"While this is unfortunate, we are undeterred and continue to explore M&A opportunities with a focus on base metals and gold."

"In summary, FY19 was a successful year for Aeris on multiple fronts and has set FY20 up to be an exciting year as we seek opportunities to grow the Company, both organically through a number of exciting exploration opportunities, and through M&A."

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About Aeris

Aeris Resources Limited is an established mining and exploration company listed on the Australia Securities Exchange (ASX: AIS). The Company's flagship asset, the Tritton Copper Operations (Tritton) in New South Wales, which produced 26,852 tonnes of copper in FY2019. Tritton includes multiple underground mines (Tritton and Murrawombie) and a 1.8 million tonne per annum processing plant. Tritton also has a strong pipeline of advanced mining projects and a highly prospective tenement package covering 2,160km², on which more than 750,000 tonnes of copper has been discovered to-date.

The Company also has 70% of the exciting Torrens Exploration Project (Torrens) in South Australia. Torrens is defined by a coincidental magnetic and gravity anomalous zone with a footprint larger than Olympic Dam.