APPENDIX 4D

Aeris Resources Limited (ASX: AIS)

ACN 147 131 977

For the six months ended 31 December 2020

(All comparisons are to the six months ended 31 December 2019)

Results for announcement to the market	31 December 2020 $'000	31 December 2019 $'000	Up / (down) $'000	% increase/ (decrease)
Revenue from contracts with customers	214,508	108,012	106,496	99%
Gross profit	60,608	4,647	55,961	1,204%
Profit / (loss) before income tax	45,867	(29,080)*	74,947	258%
Net profit / (loss) from ordinary activities after income tax attributable to members	45,867	(28,683)*	74,550	260%

**includes a non-cash impairment of $23.127 million applied to mine properties in use.*

Dividend Information

The directors did not declare a dividend in either of the six-month periods ended 31 December 2020 or 31 December 2019.

Earnings Per Share	31 December 2020 Cents	31 December 2019 Cents
Basic earnings per share (cents)	2.4	(6.3)
Diluted earnings per share (cents)	2.3	(6.3)

Net Tangible Assets	31 December 2020 Cents	31 December 2019 Cents
Net tangible assets per share (cents, fully diluted)	6.31	8.83

Review
This report is based on the 31 December 2020 Interim Financial Report of Aeris Resources Limited (which includes consolidated financial statements reviewed by PricewaterhouseCoopers).

Acquisition
On 1 July 2020, the Aeris Resources Limited Group acquired 100% of the issued shares in Lion Mining Pty Ltd, owner and operator of the Cracow Gold Operations. Please refer to note 2 of the 31 December 2020 Interim Financial Report for additional information regarding this acquisition.

Additional 4D disclosures
Additional 4D disclosure requirements are contained in the Directors' Report and 31 December 2020 Interim Financial Report attached to this report.

AERIS RESOURCES LIMITED

A.C.N. 147 131 977

INTERIM FINANCIAL REPORT

31 DECEMBER 2020

Directors' Report

The Directors present their interim report together with the financial statements of Aeris Resources Limited (Aeris or the Company) and its controlled entities (Consolidated Entity or the Group) for the six months to 31 December 2020.

Directors

The Directors of the Company in office during the financial period and up to the date of this report were:

Andre Labuschagne
Alastair Morrison
Michele Muscillo
Colin Moorhead was appointed a director on 27 July 2020 and continues in office at the date of this report.
Marcus Derwin was a director from the beginning of the financial year until his resignation on 27 July 2020.

Principal Activities

The principal activities of the Consolidated Entity for the period ended 31 December 2020 were the production and sale of copper, gold and silver and the exploration for copper and gold. Other than as referred to in the review of operations, there were no significant changes in those activities during the financial period.

Dividend

The Directors do not recommend payment of a dividend for the period to 31 December 2020. No dividend was paid during the period.

Operating and Financial Review

Acquisition of Cracow Gold Operations (Cracow)

Aeris acquired the Cracow gold mine (Cracow Gold Operations) from Evolution Mining Limited effective 1 July 2020.

The Cracow transaction consideration consisted of:

- A$60 million cash payable on completion;
- A deferred cash payment of A$15 million payable on 30 June 2022; and
- A 10% net value royalty from 1 July 2022 to 30 June 2027, capped at A$50 million.

The A$60 million cash payment on completion was funded through:

- a fully underwritten A$40 million equity raising (Equity Raise); and
- a A$30 million acquisition bridge debt facility (Tranche C) with Special Portfolio Opportunity V Limited (SPOV), a subsidiary of a fund managed by PAG.

Extension of debt and contingent instrument facilities

In conjunction with the Cracow transaction, SPOV agreed to restructure and extend the terms of its senior debt and contingent instrument facilities to reflect the enlarged Group's improved credit profile as well as ensure Aeris has flexibility to pursue its planned exploration and growth capital programs for both Cracow and the Tritton Copper Operations (Tritton). The key changes to the facilities are:

- The terms of both the existing Tranche A and Tranche B secured facilities have been extended from 1 July 2021 to 1 July 2023;
- Tranche B amortisation has been deferred to commence on 1 July 2021 at US$2.5 million per quarter until repaid;
- Tranche A amortisation will only commence once Tranche B is repaid, with amortisation of US$2.5 million per quarter and a bullet payment of the balance at the end of the term; and
- The contingent instrument facility was increased to A$15 million for the replacement of financial assurances relating to the Cracow.

Repayment of Debt

- Aeris made the first two scheduled repayments (A$7.5 million each) on the A$30 million Tranche C Acquisition Bridging Facility ahead of schedule, repaying a total of $15 million by 31 December 2020.
- Aeris also made a voluntary US$2 million repayment on the Tranche B Facility during the six month period ended 31 December 2020.

Gold and Copper Hedging

During the six month period ended 31 December 2020, Aeris entered into unsecured gold and copper hedges with Macquarie Bank Limited.

Gold hedging was undertaken for 36,000 oz (3,000 oz per month from July 2020 to June 2021), at A$2,536.25/oz.

Copper hedging was undertaken in two tranches:

- 9,000 tonnes (1,500 tonnes per month from August 2020 to January 2021) at A$9,096.80/t; and
- 5,000 tonnes (833 tonnes per month from February 2021 to July 2021) at A$9,228/t.

Tritton Copper Operations

The Tritton Copper Operations (Tritton) produced 11,889 tonnes of copper during the period, a decrease of 397 tonnes compared to the previous corresponding period. Lower production resulted mainly from the Tritton Underground Mine that was impacted by a stope blasting failure and consequent broken stock shortages late in the half year, coupled with paste backfill pipeline blockages. These issues at the Tritton mine were partially offset by increased ore production at the Murrawombie Underground Mine.

Ore processed during the period was 782,239 tonnes, compared to 831,748 tonnes in the previous corresponding period and was impacted by the lower ore tonnes form the Tritton Underground Mine. Copper recovery for the period of 93.88% was in line with that achieved during the previous corresponding period of 93.87%.

Exploration

The Tritton tenement package covers 2,160km^2 in central western New South Wales. To date over 750,000 tonnes of copper, including the Current Mineral Resource deposits[1], has been discovered within the southern half of the tenement package.

Following the completion of two regional airborne electromagnetic (AEM) surveys totalling 678 km^2 over a majority of the northern half of the tenement package, on-ground exploration has focused on activities over this area. The northern half of the tenement package, until recently, has not been subject to modern exploration and remains largely under-explored.

Constellation Deposit (previously known as Anomaly K)

Exploration activities undertaken during the half year on EL8987 led to the discovery of the Constellation deposit, previously known as Anomaly K. The deposit is approximately 45 kilometres north-east from the Tritton processing plant. An AEM survey that was previously undertaken identified a potential bedrock conductor. Early in the half year a ground based moving loop electromagnetic survey (MLTEM) was undertaken as a follow-up. The MLTEM survey confirmed the bedrock conductor as legitimate and identified two EM plates.

Completion of the MLTEM survey facilitated the finalisation of a first pass drill program designed to test whether the modelled conductive bodies (EM plates) are associated with sulphides. Four drill holes (TAKD001 – TAKD004) were completed during the half year period, with three drill holes intersecting significant copper mineralisation. These exciting drill results confirmed the continued prospectivity of the Tritton tenement package.

Murrawombie Deposit

At the Murrawombie deposit, underground exploration drilling continued throughout the half year, targeting extensions down plunge and along strike of the current Mineral Resource.

Tritton - Budgerygar Corridor

During the half year, a two-hole drill program commenced from the 4,090mRL level at Tritton, designed to intersect the interpreted down plunge extension to the mineralisation system, 100 metres to 150 metres beneath the current footprint of the Tritton orebody. Downhole EM surveying will be completed on both drill holes to detect for conductive bodies within 200 metres from each drill hole.

Development of an exploration access drive from the Tritton decline toward the Budgerygar deposit continued during the half year and is scheduled to be completed in the March 2021 quarter. The exploration drive will provide a drill platform for resource definition drilling, targeted at converting current Inferred Mineral Resource to an Indicated Mineral Resource category.

Outlook

The copper production guidance at the Tritton Copper Operations is between 23,500 tonnes and 24,500 tonnes at an AISC of between A$3.60/lb and A$3.75/lb for the financial year ending 30 June 2021.

[1] 30 June 2020 Mineral Resource 17.5Mt @ 1.5% Cu for 250kt Cu metal

Cracow Gold Operations

Cracow produced 38,248 ounces of gold during the period, which was ahead of plan. Mining activities during the half year were focussed on improving development and backfilling rates and testing the limits of mining capacity.

A new long-term plan is being developed. It is expected that grade variation will occur from time to time as extending mine life is balanced against short run high production grades. Previously, the strategy for the mine had been to optimise the mine plan to maximise near-term gold grades. Aeris' strategy since acquiring Cracow has been to find the economic balance on gold grade versus mine life extension through maximizing extraction of the Resource.

Ore processed in the half year of 305,418 tonnes was also ahead of plan, with feed to the processing plant that exceeds mine production being supplemented from stockpiles of low-grade material.

The processing team actively worked towards de-bottlenecking both the crushing circuit and the processing plant with the goal of increasing mill throughput. At the end of the half year the process started to yield results, with the mill achieving a number of throughput tonnage records in the December 2020 quarter. The operations team have demonstrated that the processing plant can operate at an annual throughput rate in excess of 600,000 tonnes, exceeding the previous assumed limit of 570,000 tonnes per annum. During the remainder of the financial year a number of low-cost de-bottlenecking capital projects will commence to ensure the increased throughput rate can be sustained.

Feed to the processing plant that exceeds mine production comes from the significant stockpiles of low-grade material located around the site. Low grade stockpiles were accumulated from historical open pit mining and grades in this material are variable due to a lack of good historical records.

Tailings Dam Project

During the half year, the Aeris Board approved the construction of a new multi-stage tailings storage facility at Cracow (TSF No.2). Cracow is currently discharging tailings into Tailing Storage Facility No.1 (TSF No.1), which has reached its maximum allowable construction height.

Civil construction activities commenced towards the end of the half year period and are expected to continue through to the end of the financial year at an estimated cost of $14 million. Establishing a multi-stage tailings storage facility with a capacity greater than 5 years supports our investment thesis that Resource development at the Cracow mine and exploration of the tenement package would extend mine life.

Exploration

With Aeris taking ownership of the Cracow Gold Operations, life extension is a priority. The Company projects to spend $13 million on exploration activities over the first two years of ownership on both greenfields and brownfields exploration.

Key exploration activities undertaken during the half year included:

- Roses Pride Deeps drilling from surface;
- Roses Pride Mineral Resource update;
- Klondyke – Royal Mineral Resource update; and
- Drilling of underground near-mine targets.

Roses Pride Deeps Surface Drilling

A drill program from surface was undertaken at the Roses Pride Deeps target with three holes being drilled in the half year ended 31 December 2020.

Previous underground mining at Roses Pride is located within the "upper mineralised panel", a favourable stratigraphic sequence within the Western Field. The underlying volcaniclastic stratigraphic sequence referred to as the 'FoD' has historically not been considered prospective. Recent stratigraphic re-interpretation across the Western Field has provided a greater understanding of the lateral extent, thickness and lithological facies variations within each unit, including the FoD.

Further drilling will be considered along the newly identified stratigraphic horizon within the FoD further along strike (north). The intent of such drilling would be to test for sites of increased epithermal vein volume, in response to greater dilation along the Roses Pride mineralised structure.

Roses Pride Mineral Resource Update

An updated Mineral Resource estimate for the Roses Pride deposit was completed in the half year (refer to ASX Announcement "Roses Pride Mineral Resource Update" dated 6th January 2021). The updated Mineral Resource represents a 260% increase in total contained gold ounces compared to the previously reported Mineral Resource (December 2019). The updated Mineral Resource contains 177,000 tonnes at 4.6 grams per tonne gold for 26.1 thousand ounces of gold.

The updated Mineral Resource is based on a combination of additional drilling data and an alternate reporting schema. Further drilling is planned in the first half of 2021 to continue drill testing the Roses Pride mineralised system.

Klondyke – Royal Mineral Resource Update

The Klondyke and Royal deposits are high grade shoots which form along the same mineralised structure. The RC drill program, totalling 23 drill holes, was designed to infill around existing drill hole data above the higher grade Klondyke deposit and test the extents of mineralisation along the structure between the two deposits.

Following completion of the RC drill program across both deposits, work commenced on updating the Mineral Resource estimate for the Klondyke and Royal deposits.

Outlook

The gold production guidance at the Cracow Gold Operations is between 70,000 to 75,000 ounces at an AISC of between A$1,525/oz and A$1,575/oz for the financial year ending 30 June 2021.

Aeris continues to review the long-term mine plan for Cracow, targeting opportunities to increase ore production in line with the upgraded processing capacity.

COVID-19 Impact

The impact of COVID-19 pandemic on Aeris' operations has been modest in comparison to businesses in industries that have been more directly impacted.

In response to the pandemic, the Group moved swiftly to implement a COVID-19 Management Plan, which it continues to review, update and communicate as additional information becomes available. Current measures undertaken by the Group include limiting access to operational sites to essential personnel only, limiting employee travel, adjusting work arrangements for site and corporate teams, and increased communication to our workforce and partners.

Financial Results

The Group recorded a profit after tax for the six month period to 31 December 2020 of $45.867 million (December 2019: loss of $28.683 million). The results for the half year were influenced by the inclusion of the Cracow Gold Operations from acquisition date on 1 July 2020, and other key factors which include:

- Revenue from continuing operations amounted to $214.508 million, compared to $108.012 million in the previous corresponding period. This reflects the following two factors:
  - Revenue from the Tritton Copper Operations was favourably impacted by higher copper prices A$9,909/t (including the impact of 7,500 tonnes hedged at A$9,096.8/t) compared to A$8,572/t in prior period, offset by lower copper tonnes sold; and
  - The recognition of $99.985 million in revenue from the Cracow Gold Operations.
- Cost of goods sold increased to $153.900 million from $103.365 million for the previous corresponding period, with costs at both operations being in line with plan; and
- Transaction expenses incurred during the period on the acquisition of Cracow of $4.068 million.

Financial Position

The net asset position of the Group at 31 December 2020 is $119.695 million (net assets at 30 June 2020 were $73.649 million) reflecting the impact of the acquisition of the Cracow Gold Operations.

Events Subsequent to Balance Date

Sale of Yandan Exploration Project

On 13 January 2021, the Company announced the completion of the sale of the Yandan Gold Exploration Project (Yandan) to GBM Resources Limited (GBM).

As consideration for the sale of Yandan, Aeris received $3 million in GBM shares (at $0.135 per share) and a 1.5% Net Smelter Royalty on the first 300,000 ounces of gold equivalent mined from the Yandan tenements. The Company has also subscribed for a placement of $1 million of shares in GBM at $0.135 per share. The Company holds 29.6 million shares in GBM, a shareholding of 6.85%.

Apart from the matters disclosed in this report, there has not been any other matter or circumstance that has significantly affected the operations of the Consolidated Entity between the date of this report and the end of financial period.

Additional Copper Hedging

On 15 February 2021, the Company announced that it had entered into further unsecured A$ copper hedges with Macquarie Bank Limited. The hedge allows Aeris to participate in a copper price of up to $11,100/t with a downside protection of $10,000/t.

The hedges will cover the period February to July 2021 in scheduled monthly deliveries of approximately 667 tonnes (4,000 tonnes in total).

The hedges are through Zero net Premium Option Collars where Aeris buys puts and sells call options to form a collar structure with zero premium payable:

- The strike price of the put options is A$10,000/t; and
- The strike price of the call options is A$11,100/t.

Other events

No other matter or circumstance has arisen in the interval between the end of the half year and the date of this report that has significantly affected or may significantly affect the operations of the Group.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with the Legislative Instrument.

Signed in accordance with a resolution of the Directors.

Andre Labuschagne
Executive Chairman
23 February 2021

Auditor's Independence Declaration

As lead auditor for the review of Aeris Resources Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Aeris Resources Limited and the entities it controlled during the period.

Simon Neill
Partner
PricewaterhouseCoopers

Brisbane
23 February 2021

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Aeris Resources Limited ABN 30147131977
Interim financial report - 31 December 2020

Contents

This interim financial report is for the consolidated entity, consisting of Aeris Resources Limited and its subsidiaries. The interim financial report is presented in the Australian currency.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Aeris Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Aeris Resources Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at

Aeris Resources Limited
HQ South Tower Suite 2.2 Level 2
520-540 Wickham Street
FORTITUDE VALLEY, BRISBANE QLD 4006

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report inclusive of the review of operations and activities on pages 1 to 7, which is not part of these interim financial statements.

The interim financial report was authorised for issue by the Directors on 23 February 2021. The Directors have the power to amend and reissue the interim financial report.

All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.aerisresources.com.au

	Notes	**31 December 2020 $'000**	31 December 2019 $'000
Revenue from contracts with customers	4	**214,508**	108,012
Cost of goods sold	5	**(153,900)**	(103,365)
Gross profit		**60,608**	4,647
Exploration expense	5	**(454)**	(519)
Administration and support	5	**(6,525)**	(3,776)
Net foreign exchange gains/(losses)	5	**2,479**	(289)
Other income/(expenses)	5	**299**	(1,515)
Transaction expense	5	**(4,068)**	-
Impairment loss on mine properties in use	5	**-**	(23,127)
Profit/(loss) before net finance costs		**52,339**	(24,579)
Net finance costs	5	**(6,472)**	(4,501)
Profit/(loss) before income tax		**45,867**	(29,080)
Income tax expense		**-**	397
Profit/(loss) for the period		**45,867**	(28,683)
Profit/(loss) for the period attributable to owners of Aeris Resources Limited		**45,867**	(28,683)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Changes in the fair value of cash flow hedges	11	**(4,144)**	-
Income tax relating to components of other comprehensive income		**1,243**	-
Other comprehensive loss for the period, net of tax		**(2,901)**	-
Total comprehensive profit/(loss) for the period		**42,966**	(28,683)
Total comprehensive profit/(loss) for the period attributable to owners of Aeris Resources Limited		**42,966**	(28,683)

		31 December 2020 Cents	31 December 2019 Cents
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings per share	6	**2.4**	(6.3)
Diluted earnings per share	6	**2.3**	(6.3)

* The Group's results for the six months ended 31 December 2020 have been impacted by the acquisition of Lion Mining Pty Ltd (Cracow). Please see notes 2 and 3 for details regarding the acquisition and its impact on the Group's results for the current period.

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**31 December 2020 $'000**	30 June 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**45,454**	54,303
Trade and other receivables		**18,840**	18,142
Inventories		**31,560**	11,202
Financial assets at fair value through profit or loss		**2,829**	2,531
Total current assets		**98,683**	86,178
Non-current assets			
Receivables		**23,210**	17,262
Property, plant and equipment		**70,820**	41,851
Exploration and evaluation		**46,906**	28,083
Mine properties in use		**77,257**	14,394
Deferred tax assets		**1,243**	-
Total non-current assets		**219,436**	101,590
Total assets		**318,119**	187,768
LIABILITIES			
Current liabilities			
Trade and other payables		**49,162**	37,756
Interest bearing liabilities	7	**26,998**	3,626
Derivative financial instruments	11	**4,144**	-
Provisions	8	**15,877**	7,924
Total current liabilities		**96,181**	49,306
Non-current liabilities			
Interest bearing liabilities	7	**39,027**	52,539
Provisions	8	**29,469**	12,274
Deferred and contingent consideration	2	**33,747**	-
Total non-current liabilities		**102,243**	64,813
Total liabilities		**198,424**	114,119
Net assets		**119,695**	73,649
EQUITY			
Contributed equity	9	**462,311**	452,313
Prepaid contributed equity		**-**	7,216
Reserves	10(a)	**(8,700)**	(6,097)
Accumulated losses	10(b)	**(333,916)**	(379,783)
Total equity		**119,695**	73,649

* The acquisition of Lion Mining Pty Ltd (Cracow) has impacted the Group's asset and liability balances as at 31 December 2020. Please see note 2 for details of the assets and liabilities recognised as a result of the acquisition.

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

	Attributable to owners of Aeris Resources Limited					
	Contributed Equity $'000	**Prepaid Contributed Equity $'000**	**Convertible Preference Shares $'000**	**Other reserves $'000**	**Accumulated Losses $'000**	**Total equity $'000**
Balance at 1 July 2019	420,837	-	4,208	(6,723)	(341,432)	76,890
Profit/(loss) for the period	-	-	-	-	(28,683)	(28,683)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(28,683)**	**(28,683)**
Transactions with owners in their capacity as owners:						
Share based payments	-	-	-	269	-	269
Balance at 31 December 2019	**420,837**	**-**	**4,208**	**(6,454)**	**(370,115)**	**48,476**

	Contributed Equity $'000	**Prepaid Contributed Equity $'000s**	**Convertible Preference Shares $'000s**	**Other reserves $'000**	**Accumulated Losses $'000**	**Total equity $'000**
Balance at 1 July 2020	452,313	7,216	-	(6,097)	(379,783)	73,649
Profit/(loss) for the period	-	-	-	-	45,867	45,867
Other comprehensive loss	-	-	-	(2,901)	-	(2,901)
Total comprehensive income for the period	**-**	**-**	**-**	**(2,901)**	**45,867**	**42,966**
Transactions with owners in their capacity as owners:						
Contributions of equity net of transaction costs	9,998	(7,216)	-	-	-	2,782
Share based payments	-	-	-	298	-	298
	9,998	(7,216)	-	298	-	3,080
Balance at 31 December 2020	**462,311**	**-**	**-**	**(8,700)**	**(333,916)**	**119,695**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	31 December 2020 $'000	31 December 2019 $'000
Cash flows from operating activities		
Receipts from customers	**214,498**	102,571
Payments to suppliers and employees	**(138,365)**	(94,010)
Interest and borrowing costs paid	**(3,742)**	(2,282)
Net cash inflow from operating activities	**72,391**	6,279
Cash flows from investing activities		
Payments for exploration expenditure	**(2,574)**	(1,280)
Payments for property, plant and equipment and mine properties	**(29,463)**	(11,921)
Cash backed security deposits	**(5,937)**	(3,424)
Payment for the acquisition of subsidiary, net of cash acquired	**(55,789)**	-
Net cash outflow from investing activities	**(93,763)**	(16,625)
Cash flows from financing activities		
Proceeds from calls on shares and calls in arrears	**2,782**	-
Proceeds from borrowings	**30,000**	-
Repayment of borrowings	**(17,709)**	(40)
Lease payments	**(2,103)**	(3,553)
Net cash inflow/(outflow) from financing activities	**12,970**	(3,593)
Net decrease in cash and cash equivalents	**(8,402)**	(13,939)
Cash and cash equivalents at the beginning of the financial year	**54,303**	22,548
Effects of exchange rate changes on cash and cash equivalents	**(447)**	(57)
Cash and cash equivalents at the end of the half-year	**45,454**	8,552

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the condensed consolidated financial statements

1 Basis of preparation of interim financial report

This condensed consolidated interim financial report for the six month reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001; and is for the consolidated entity consisting of Aeris Resources Limited ('the Company') and its subsidiaries ("the Group").

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this financial report is to be read in conjunction with the annual report of the Group for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The annual report for the year ended 30 June 2020 is accessible at www.aerisresources.com.au.

The interim financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars unless otherwise stated, under the option available to the Company under Legislative instrument 2016/191, issued by the Australian Securities and Investment Commission. The Company is an entity to which the Legislative instrument applies.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The acquisition of Lion Mining Pty Ltd (see note 2) did not result in any changes to the Group's accounting policies.

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The interim financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

2 Acquisition of Lion Mining Pty Ltd (Cracow)

On 1 July 2020, Aeris Resources Limited, through its wholly owned subsidiary, Aeris Regional Holdings Pty Ltd, acquired 100% of the issued shares in Lion Mining Pty Ltd, owner and operator of the Cracow Gold Operations (Cracow). Cracow is an established, high grade, low cost gold mine located 500 kilometres north-west of Brisbane in Queensland, Australia.

(a) Provisional accounting for business combination

Details of the purchase consideration and the net assets acquired are as follows:

	$'000
Purchase consideration:	
Cash paid	**60,000**
Deferred consideration (ii)	**13,337**
Contingent consideration (ii)	**19,623**
Less: Working capital adjustment	**(4,186)**
Total purchase consideration	**88,774**

Please refer to note 9 for additional details regarding the Placement and Accelerated Renounceable Entitlement Offer which was undertaken to raise funds for the purchase price and associated transaction costs for the acquisition of Cracow.

In addition, please refer to note 7 for additional details regarding the establishment of the Tranche C (Acquisition Bridging) Facility for $30 million for the acquisition of Cracow.

2 Acquisition of Lion Mining Pty Ltd (Cracow) (continued)

(a) Provisional accounting for business combination (continued)

The provisionally determined fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	**25**
Trade and other receivables	**356**
Inventories	**13,224**
Property, plant and equipment	**24,140**
Mine properties in use	**62,971**
Exploration and evaluation assets	**16,250**
Trade and other payables	**(10,450)**
Provision for employee benefits	**(8,017)**
Rehabilitation provision	**(9,725)**
Net identifiable assets acquired	**88,774**

At the time the interim financial statements were authorised for issue, some components of the accounting for the acquisition of Cracow were provisional. In particular, some adjustments to the fair value of the assets and liabilities acquired disclosed above may occur. The accounting for the acquisition of Cracow will be finalised by 30 June 2021.

(i) Acquisition-related costs

Transaction expenses of $4.068 million related to the acquisition of Cracow have been recognised in the Condensed Consolidated Statement of Comprehensive Income for the period ended 31 December 2020 ($3.126 million for the year ended 30 June 2020).

(ii) Deferred and contingent consideration

Deferred Consideration

The purchase consideration for the Cracow acquisition includes a $15 million deferred payment due 30 June 2022. The fair value of the deferred consideration recognised on 1 July 2020 of $13.337 million is the present value of the future cash flow using a discount rate of 6.1%.

For the period ended 31 December 2020, an expense of $398 thousand was recognised in net finance costs related to the unwinding of the discount on the the deferred consideration liability.

Contingent Consideration

The purchase consideration for the Cracow acquisition includes a contingent consideration arrangement that requires the Group to pay the former owners of Lion Mining Pty Ltd a mining royalty equity to 10% of the net value generated (revenue less C1 Direct Cash Cost, multiplied by 10%) from any gold produced by the Cracow operations for the period 1 July 2022 to 30 June 2027, up to a maximum undiscounted amount of $50 million (Mining Royalty).

The fair value of the Mining Royalty recognised on 1 July 2020 of $19.623 million was estimated by calculating the present value of future probability-weighted cash flows using a discount rate of 7.4%.

For the period ended 31 December 2020, an expense of $389 thousand was recognised in net finance costs related to the unwinding of the discount on the the contingent consideration liability.

Please refer to note 11 for additional detail regarding the fair value measurement of this liability as at 31 December 2020.

2 Acquisition of Lion Mining Pty Ltd (Cracow) (continued)

(a) Provisional accounting for business combination (continued)

(iii) Revenue and profit contribution

The operating results and assets and liabilities of Lion Mining Pty Ltd have been consolidated from 1 July 2020.

Please refer to the segment information at note 3 for detail regarding the contribution of the acquired business to the Group's consolidated revenue, net profit before tax, and Adjusted EBITDA.

3 Segment information

(a) Description of segments

Business and geographical segments

The Company's Strategic Steering Committee, consisting of the Chief Executive Officer, the Chief Financial Officer, and the Chief Operating Officer has identified three reportable segments:

- Tritton Copper Operations (Tritton) in New South Wales;
- Cracow Gold Operations (Cracow) in Queensland; and
- Other, representing corporate activities and non-core exploration assets.

The Group only operated in Australia as at 31 December 2020 and 31 December 2019.

(b) Segment information provided to the directors of Aeris Resources Limited

(i) Adjusted EBITDA

The Strategic Steering Committee of Aeris Resources Limited assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA). This measurement basis excludes the effects of non-cash and / or non-recurring expenditure from operating segment EBITDA, such as impairment loss, transaction expense, movement in assets at fair value through profit or loss, and the effects of foreign exchange which primarily reflects gains or losses on the translation of USD borrowings.

A reconciliation of adjusted EBITDA to operating profit/(loss) before income tax is provided as follows:

	31 December 2020 $'000	31 December 2019 $'000
Adjusted EBITDA	**89,389**	18,466
Net foreign exchange gains/(losses)	**2,479**	(289)
Net finance costs	**(6,472)**	(4,501)
Movement in financial assets at fair value through profit or loss	**298**	(1,340)
Transaction expense	**(4,068)**	-
Depreciation and amortisation	**(35,759)**	(18,289)
Impairment expense	**-**	(23,127)
Profit/(loss) before income tax	**45,867**	(29,080)

3 Segment information (continued)

(b) Segment information provided to the directors of Aeris Resources Limited (continued)

The table below shows the segment information provided to the Strategic Steering Committee for the reportable segments for the half-year ended 31 December 2020:

Half-year 2020	**Tritton Operations $'000**	**Cracow Operations $'000**	**Other $'000**	**Consolidated $'000**
Revenue from contracts with customers				
Sales	**114,451**	**99,981**	**-**	**214,432**
Other revenue	**45**	**4**	**27**	**76**
Total revenue from contracts with customers	**114,496**	**99,985**	**27**	**214,508**
Adjusted EBITDA	**39,768**	**52,584**	**(2,963)**	**89,389**
Segment assets and liabilities				
Segment assets	**145,907**	**142,642**	**29,570**	**318,119**
Segment liabilities	**(102,836)**	**(92,194)**	**(3,394)**	**(198,424)**

Half-year 2019	**Tritton Operations** $'000	**Cracow Operations** $'000	**Other** $'000	**Consolidated** $'000
Revenue from contracts with customers				
Sales	107,037	-	-	107,037
Other revenue	671	-	304	975
Total revenue from contracts with customers	107,708	-	304	108,012
Adjusted EBITDA	19,369	-	(903)	18,466
Segment assets and liabilities				
Segment assets	130,734	-	21,755	152,489
Segment liabilities	(102,125)	-	(1,888)	(104,013)

4 Revenue

	31 December 2020 $'000	31 December 2019 $'000
From contracts with customers		
Sales revenue from mining activities	**214,432**	107,037
Other revenue from ordinary activities	**76**	975
	214,508	108,012

The amounts disclosed above for revenue from mining activities for the six months ended 31 December 2020 include the effective amount of the derivatives that were used to hedge this sales revenue. Please refer to note 10(a) for additional detail regarding the hedging activities undertaken during the current period. The amount included in revenue is:

	31 December 2020 $'000	31 December 2019 $'000
Forward commodity contracts - cash flow hedged	**(4,611)**	-
	(4,611)	-

5 Expenses

	31 December 2020 $'000	31 December 2019 $'000
Profit / (loss) before income tax includes the following specific expenses:		
Cost of goods sold		
Cost of production		
Mining activities	**(118,289)**	(85,181)
Total cost of production	**(118,289)**	(85,181)
Depreciation		
Plant and equipment	**(9,891)**	(5,167)
Plant and equipment under finance leases	**(1,217)**	(3,804)
Total depreciation	**(11,108)**	(8,971)
Amortisation		
Mine properties	**(24,503)**	(9,213)
Total amortisation	**(24,503)**	(9,213)
Total cost of goods sold	**(153,900)**	(103,365)
Exploration expense		
Exploration expenditure	**(454)**	(519)
Total exploration expense	**(454)**	(519)
Administration and support		
Corporate depreciation	**(33)**	(1)
Corporate right of use asset depreciation	**(115)**	(104)
Other corporate expenses	**(6,377)**	(3,671)
Total administration and support	**(6,525)**	(3,776)
Net foreign exchange gains/(losses)		
Net foreign exchange gains/(losses)	**2,479**	(289)
Total net foreign exchange gains/(losses)	**2,479**	(289)
Other expenses		
Gains/(losses) on financial assets at fair value through profit or loss	**298**	(1,340)
Gains/(losses) on disposal and write-off of fixed assets	**1**	(175)
Total other expenses	**299**	(1,515)
Transaction expense		
Legal expenses	**(176)**	-
Consultant expense	**(145)**	-
Stamp duty	**(3,747)**	-
Total transaction expense	**(4,068)**	-

5 Expenses (continued)

	31 December 2020 $'000	31 December 2019 $'000
Impairment loss		
Impairment loss on mine properties in use (refer to note (a))	**-**	(23,127)
Total impairment loss	**-**	(23,127)
Net finance costs		
Interest and finance charges paid / payable	**(5,674)**	(4,426)
Unwinding of discount	**(798)**	(75)
Total net finance costs	**(6,472)**	(4,501)

(a) Impairment

The Group considers at least annually whether there have been any indicators of impairment and then tests whether or not non-current assets have suffered an impairment.

An impairment loss is recognised for the amount by which the asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

For the half year ended 31 December 2019, management undertook an impairment assessment of the Tritton Copper Operations due to lower than forecast copper prices achieved during that period and lower forward copper price forecasts. An impairment charge of $23.127 million to mine properties in use was recorded in respect of the Tritton Copper Operations using a fair value less costs of disposal (FVLCD) methodology.

No impairment loss was recognised in relation to the Tritton or Cracow Operations for the six months ended 31 December 2020.

6 Earnings per share

(a) Reconciliation of earnings used in calculating earnings per share

	31 December 2020 $'000	31 December 2019 $'000
Basic and diluted earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share:	**45,867**	(28,683)

(b) Weighted average number of shares used as denominator

	31 December 2020 Number	31 December 2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**1,889,686,275**	455,711,613
Adjustments for calculation of diluted earnings per share:		
Management options	**75,168,128**	-
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**1,964,854,403**	455,711,613

Potential ordinary shares excluded from the calculation of diluted earnings per share for the period ended 31 December 2019

93,410,609 unlisted management options (exercisable at $nil each with an expiry date of 31 December 2021) have been excluded from the calculation of diluted earning per share for the period ended 31 December 2019 because they were anti-dilutive for that period. The weighted average of outstanding management options have been included calculation of diluted earnings per share for the period ended 31 December 2020.

93,410,609 Convertible Redeemable Preference Shares have been excluded from the calculation of diluted earnings per share for the period ended 31 December 2019 because they were anti-dilutive for that period. These Convertible Redeemable Preference Shares were cancelled or converted to ordinary shares on 8 April 2020, with the relevant portion being included in ordinary shares for the period ended 31 December 2020.

7 Interest bearing liabilities

Current

	31 December 2020 $'000	30 June 2020 $'000
Secured		
Loans	**22,860**	61
Lease liabilities	**4,138**	3,565
Total secured borrowings	**26,998**	3,626
Total current interest bearing liabilities	**26,998**	3,626

Non Current

	31 December 2020 $'000	30 June 2020 $'000
Secured		
Loans	**34,468**	48,957
Lease liabilities	**4,559**	3,582
Total secured borrowings	**39,027**	52,539
Total non-current interest bearing liabilities	**39,027**	52,539

Effective 1 July 2020, the terms of the Group's Senior Loan Note Subscription Agreement with Special Portfolio Opportunity V Limited (SPOV) were amended, resulting in the following changes:

- Extension of the maturity dates for its Tranche A (Working Capital) and Tranche B (Term Loan) debt facilities to 1 July 2023 (previously 1 July 2021);
- Quarterly loan amortisation payments of US$2.5 million on Tranche B, commencing 1 July 2021;
- Quarterly loan amortisation payments of US$2.5 million on Tranche A, to commence after the repayment of Tranche B;
- Establishment of the Tranche C (Acquisition Bridging) Facility for A$30 million to facilitate the acquisition of Cracow, with a maturity date of 1 July 2021 and quarterly loan amortisation payments of A$7.5 million commencing 1 October 2020; and
- Establishment of a A$15 million Contingent Instrument facility to be used for the replacement of financial assurances relating to Cracow.

The SPOV Tranche A (Working Capital) Facility is a US$15.5 million working capital facility that accrues cash interest at 5% per annum and PIK interest that accrues at 6% (compounding every 3 months). As at 31 December 2020, the Group had drawn down US$15.5 million from the SPOV Tranche A Facility and capitalised interest of US$7.561 million.

The SPOV Tranche B (Term Loan) Facility is a US$10 million facility that accrues cash interest at a rate of 12.5% per annum. The Group made an early repayment on this facility in December 2020 of US$2 million. As at 31 December 2020, the outstanding balance on the SPOV Tranche B Facility was US$8 million and capitalised interest on the facility was US$1.043 million.

The Tranche C (Acquisition Bridging) Facility of A$30 million was drawn down on 1 July 2020 and accrues cash interest of 11% per annum. The Group has made two repayments of A$7.5 million each on this facility. As at 31 December, the outstanding balance on the SPOV Tranche C facility was A$15 million.

8 Provisions

	31 December 2020			30 June 2020		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Employee benefits	**15,642**	**664**	**16,306**	7,767	489	8,256
Other provisions	**235**	**-**	**235**	157	-	157
Provision for rehabilitation and dismantling	**-**	**28,805**	**28,805**	-	11,785	11,785
	15,877	**29,469**	**45,346**	7,924	12,274	20,198

The provisions recognised by the Group at 31 December 2020 increased as a result of:

- The acquisition of Lion Mining Pty Ltd (see note 2 for additional information); and
- A subsequent increase in the provision for rehabilitation and dismantling due to a revision of the Estimated Rehabilitation Costs (ERC) on commencement of the construction of a new Tailings Dam for the Cracow Gold Operations.

The provision for rehabilitation and dismantling is made for the estimated cost of settling the rehabilitation and restoration obligations existing at balance date. The estimated costs are discounted using a risk free discount rate that reflects the time value of money.

9 Contributed equity

(a) Share capital

Ordinary share capital	**31 December 2020 Shares**	30 June 2020 Shares	**31 December 2020 $'000**	30 June 2020 $'000
Ordinary shares - fully paid	**1,897,018,636**	1,539,996,964	**462,311**	452,313

Movements in ordinary share capital

	31 December 2020 Shares	**31 December 2020 A$'000**
Opening balance - 1 July 2020	1,539,996,964	452,313
Entitlement Offer - Retail (issued 1 July 2020)	333,258,016	9,998
Management Options Exercised (10 August 2020)	8,911,371	-
Management Options Exercised (12 August 2020)	14,852,285	-
Closing Balance - 31 December 2020	1,897,018,636	462,311

9 Contributed equity (continued)

(a) Share capital (continued)

Movements in ordinary share capital (continued)

	30 June 2020 Shares	30 June 2020 A$'000
Opening balance - 1 July 2019	455,711,613	420,837
Conversion of convertible preference shares (issued 8 April 2020)	83,665,000	4,208
Share issued to fund cancellation of convertible preference shares (issued 8 April 2020)	1	-
Institutional bookbuild (issued 15 June 2020)	484,213,143	14,526
Entitlement Offer - Institutional (issued 15 June 2020)	272,069,601	8,162
Placement (issued 15 June 2020)	244,337,606	7,330
Less: Transaction costs arising on share issues	-	(2,750)
Closing balance - 30 June 2020	1,539,996,964	452,313

Executive Management Options

During the period ended 31 December 2020, 23,763,656 Management Options were exercised at $nil each. As at 31 December 2020, 69,646,953 Management Options remain outstanding, with an expiry date of 31 December 2021.

Placement and Accelerated Renounceable Entitlement Offer

On 4 June 2020, Aeris announced the launch of a fully underwritten $40.016 million Placement and 1:2.02 Renounceable Entitlement Offer (Entitlement Offer), with the proceeds used to fund:

- A portion of the purchase price for the acquisition of 100% of the issued equity of Lion Mining Pty Ltd, owner and operator of the Cracow gold mine: and
- The transaction costs associated with the equity raise and acquisition.

The $40.016 million Placement and Entitlement Offer, at a price of $0.03 per share consisted of:

- A Placement and Accelerated Institutional Entitlement Offer which was completed on 15 June 2020 and raised $30.018 million and resulted in the issue of 1,000,620,350 new shares; and
- A Retail Entitlement Offer which closed on 1 July 2020 and raised $9.998 million with 333,258,016 new shares being issued. $7.216 million of the proceeds from the Retail Entitlement Offer were received prior to the 1 July 2020 issue of the related shares. These proceeds are recognised in the Consolidated Balance Sheet and Consolidated Statement of Changes in Equity as at 30 June 2020 as Prepaid Contributed Equity, and transferred to Contributed Equity on 1 July 2020. The remainder of the proceeds were received on 1 July 2020.

Conversion and cancellation of convertible preference shares

On 2 April 2020, Aeris announced that Tudor Court Limited (TCL) had acquired 83,665,000 Convertible Redeemable Preference Shares (CPRS) in the Company from Standard Chartered Bank.

On 8 April 2020, the 83,665,000 CPRS held by TCL were converted to fully paid ordinary shares, resulting in the issue of 83,665,000 new shares.

9 Contributed equity (continued)

(b) Prepaid Share Capital

	31 December 2020 $'000	30 June 2020 $'000
Prepaid share capital	-	7,216
	-	7,216

Prepaid share capital relates to proceeds received in advance for the Retail Entitlement Offer which closed on 1 July 2020 (refer note 9(a)). Upon the issue of the related shares on 1 July 2020, the proceeds converted to contributed equity.

10 Reserves and accumulated losses

(a) Reserves

	31 December 2020 $'000	30 June 2020 $'000
Cash flow hedges	(2,901)	-
Share-based payments	3,644	3,346
Acquisition revaluation reserve	(9,443)	(9,443)
	(8,700)	(6,097)

Cash flow hedges

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

During the six months ended 31 December 2020, the Group entered into the following hedge contracts:

- 9,000 copper tonnes at A$9,096.80 per tonne with scheduled deliveries of 1,500 tonnes per month for 6 months between August 2020 and January 2021;
- 5,000 copper tonnes at A$9,228 per tonne with scheduled deliveries of 833 tonnes per month for 6 months between February 2021 and July 2021; and
- 36,000 gold ounces at A$2,536.25 per ounce with scheduled deliveries of 3,000 ounces per month for 12 months from July 2020 to June 2021.

	31 December 2020 $'000	30 June 2020 $'000
Movements:		
Cash flow hedges		
Revaluation - gross	(4,144)	-
Other transfers - Deferred tax	1,243	-
Balance 31 December	(2,901)	-

10 Reserves and accumulated losses (continued)

(b) Accumulated losses

Movements in accumulated losses were as follows:

	31 December 2020 $'000	30 June 2020 $'000
Balance 1 July	**(379,783)**	(341,432)
Net profit/(loss) for the period	**45,867**	(38,351)
Closing Balance	**(333,916)**	(379,783)

11 Fair value measurement of financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2020 and 30 June 2020:

At 31 December 2020	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Financial assets at fair value through profit or loss				
Australian listed equity securities	**2,829**	**-**	**-**	**2,829**
Total financial assets	**2,829**	**-**	**-**	**2,829**
Financial Liabilities				
Hedging derivatives	**-**	**4,144**	**-**	**4,144**
Contingent consideration payable	**-**	**-**	**20,012**	**20,012**
Total financial liabilities	**-**	**4,144**	**20,012**	**24,156**

At 30 June 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets at fair value through profit or loss				
Australian listed equity securities	2,531	-	-	2,531
Total financial assets	2,531	-	-	2,531

11 Fair value measurement of financial instruments (continued)

Valuation Methodology

Financial assets at fair value through profit and loss are investments classified as held for trading and are fair valued by comparing to the published price quotation in an active market and are considered a level 1 valuation.

The fair value of forward commodity contracts - cashflow hedges is determined using market rates and inputs at the reporting date and are considered a level 2 valuation.

The fair value of the contingent liability (Mining Royalty) payable in relation to the Cracow Acquisition was estimated by calculating the present value of future probability-weighted cash flows using a Weighted Average Cost of Capital and is considered a level 3 valuation.

(a) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the half-year ended 31 December 2020:

	Contingent consideration payable $'000
Opening balance 30 June 2020	**-**
Acquisition of Lion Mining Pty Ltd	**19,623**
Accretion expense recognised through net finance costs	**389**
Closing balance 31 December 2020	**20,012**

(i) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	**Fair value at 31 December 2020 $'000**	**Unobservable inputs**	**Range of inputs (probability-weighted average)**	**Relationship of unobservable inputs to fair value**
Contingent consideration payable	$20,012	Weighted average cost of capital	7.4%	A change in the discount rate by 100 bps would increase/decrease the fair value by $0.874 million.
		Expected revenues	$250 - $300 million	If expected revenues were 10% higher or lower, the fair value would increase/decrease by $2.0 million.

12 Events occurring after the reporting period

Sale of Yandan Gold Exploration Project

On 13 January 2021, the Company announced the completion of the sale of the Yandan Gold Exploration Project (Yandan) to GBM Resources Limited (GBM).

As consideration for the sale of Yandan, Aeris received $3 million in GBM shares (at $0.135 per share) and a 1.5% Net Smelter Royalty on the first 300,000 ounces of gold equivalent mined from the Yandan tenements. The Company has also subscribed for a placement of $1 million of shares in GBM at $0.135 per share.The Company holds 29.6 million shares in GBM, a shareholding of 6.85%.

Additional Copper Hedging

On 15 February 2021, the Company announced that it had entered into further unsecured A$ copper hedges with Macquarie Bank Limited. The hedge allows Aeris to participate in a copper price of up to $11,100/t with a downside protection of $10,000/t.

The hedges will cover the period February to July 2021 in scheduled monthly deliveries of approximately 667 tonnes (4,000 tonnes in total).

The hedges are through Zero net Premium Option Collars where Aeris buys puts and sells call options to form a collar structure with zero premium payable:

- The strike price of the put options is A$10,000/t; and
- The strike price of the call options is A$11,100/t.

Apart from the matters disclosed in this report, there has not been any other matter or circumstance that has significantly affected the operations of the consolidated entity between the date of this report and the end of financial period.

13 Commitments

(a) Capital commitments

As at 31 December 2020, the Group had commenced construction of a new multi-stage tailings storage facility (TSF No.2) at Cracow. It is estimated that the construction of TSF No.2, stage 1, will be completed by June 2021 at an estimated cost of $14 million.

Approximately $11.7 million of the estimated cost was not recognised as a liability as at 31 December 2020.

In the Directors' opinion:

(a) The interim financial report and notes set out on pages 9 to 29 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date and

(b) There are reasonable grounds to believe that the Aeris Resources Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Andre Labuschagne
Director

Brisbane
23 February 2021

Independent auditor's review report to the members of Aeris Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Aeris Resources Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated balance sheet as at 31 December 2020, the Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Aeris Resources Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Simon Neill
Partner

Brisbane
23 February 2021