2 AUGUST 2023 **ASX/MEDIA RELEASE**

CORPORATE UPDATE AND FY24 GUIDANCE

- **Jaguar to be placed on care and maintenance in September due to forecast operating losses in FY24:**
  - **Operational challenges, particularly seismic events, in second half of FY23 resulted in sub-optimal mine plans for FY24**
  - **Decision preserves the in-ground value of the current ~8 million tonne Mineral Resource[1] across the Jaguar Operation**
  - **Feasibility study to commence on a re-start strategy at higher production rates**
- **Group FY24 guidance of 40kt – 50kt Cu equivalent[2] based on increased Tritton production but minimal contribution from Jaguar**
- **New, $50 million, non-dilutive 2 year working capital facility secured with major shareholder, Washington H Soul Pattinson and will replace the ANZ $20 million working capital facility**

Established Australian copper-gold producer and explorer, Aeris Resources Limited (ASX: AIS) (Aeris or the Company) is pleased to provide this corporate update.

Aeris' Executive Chairman, Andre Labuschagne, said "We have made the tough but appropriate decision to place the Jaguar Operation onto care and maintenance, with operations ceasing in September. Between the operational challenges, lower zinc price and cost inflation it became obvious that the best value for our shareholders was to pause production at Jaguar. We firmly believe this decision provides the greatest opportunity for shareholders to realise value from Jaguar over the medium term."

[1] See ASX announcements "Group Mineral Resource and Ore Reserve Statement" dated 18 April 2023 and "Correction - Jaguar Deposit Mineral Resource Update" dated 12 July 2023
[2] Based on average commodity pricing of Cu US$8,725/t, Zn US$2,415/t, Au US$1,930/oz, Ag US$23.45/oz

"Jaguar has a significant metal inventory across four deposits, and an underutilised processing plant. Leaving the metal in the ground until we have an optimised restart plan, at higher production rates, was clearly the better alternative than continuing a loss-making operation. We will now commence feasibility work on restart options."

"FY24 production guidance is forecast to be 40kt – 50kt copper equivalent[1] with minimal contribution from Jaguar and down from 51.5kt[2] in FY23. Of particular note, Tritton copper production is forecast to increase significantly on the back of the higher grade Avoca Tank and Budgerygar mines developed in FY23."

"In order to wind-down Jaguar in an orderly manner whilst progressing our multiple growth projects we have bolstered the Company's working capital position with a 2-year, $50m secured loan from our major shareholder, Washington H Soul Pattinson (WHSP), which replaces the ANZ $20 million Working Capital Facility. This facility supports Aeris' plans without dilution to shareholders and demonstrates WHSP's commitment to the business."

<u>Jaguar Update</u>

Over the course of FY23, Jaguar was impacted by multiple factors. Operationally, production was constrained by availability of stoping fronts and low development rates in the Bentley mine. Lower production results have been compounded by cost inflation along with a 20% decline in zinc price over the last two quarters.

The mine also experienced three mining induced seismic events in the last quarter, which further disrupted production and prevented access to high-grade stopes. To ensure safe operations can be maintained, Aeris has halted all operations in the Bentayga mining area until further geotechnical assessments can be made.

The low development rates, due largely to equipment congestion and ventilation constraints, mean that decline access to the Turbo deposit has also been delayed. Without access to Turbo, ore production was forecast to drop considerably at the end of Q1 FY24.

Under these operational and financial parameters, Jaguar was forecast to make a significant operating loss in FY24. The decision to pause production at Jaguar and place it on care and maintenance from September 2023 has been made to limit cash outflows and preserve the considerable in-ground resource value.

Jaguar Operations will cease mining operations in August and complete processing of ore stockpiles soon thereafter, at which point the operation will transition to care and maintenance. The operation will remain on care and maintenance, at least through FY24, until a restart can be justified at improved economics.

---

[1] Based on average commodity pricing of Cu US$8,725/t, Zn US$2,415/t, Au US$1,930/oz, Ag US$23.45/oz

[2] Based on average commodity pricing of Cu US$8,274/t, Zn US$3,060/t, Au US$1,840/oz, Ag US$21.07/oz

There remains an ~8 million tonne Mineral Resource[1] with a significant metal inventory of copper, zinc, gold and silver across the four main deposits at Jaguar Operations: Bentley (including Turbo), Jaguar, Triumph and Teutonic Bore. As well as these deposits, Aeris has identified numerous exploration targets on the tenement, prospective for VMS deposits and primary gold mineralisation.

Aeris continues to believe in the value and potential of the Jaguar Operation and considers that in the right operating environment and with the right business plan it will make a substantial positive financial contribution to the Aeris group. Studies will now commence on a re-start strategy to exploit the multiple mineral resources at higher production rates, targeting 600-700ktpa, to fill an upgraded mill and improve operating cost efficiencies.

Group FY24 Guidance

Total FY24 copper equivalent production is forecast to be 40 - 50kt[2], down from 51.5kt[3] in FY23, with minimal contribution from Jaguar. Group level guidance is shown in the following table. Guidance for each operation is provided in Appendix 1.

Group		FY24 Guidance	FY23A
Production			
Copper	kt	28 - 35	27.4
Zinc	kt	1.2 - 1.5	22.5
Gold	koz	48 - 60	59.6
Silver	koz	181 - 227	884
Copper equivalent	kt	40 - 50[1]	51.5[2]
Operating Costs			
Mining	$M	202 - 243	259
Processing	$M	84 - 101	105
Site G&A	$M	43 - 52	69
TC/RCs	$M	28 - 34	40
Product handling	$M	24 - 29	36
Capital Costs			
Sustaining	$M	76 - 91	83
Growth	$M	34 - 41	45
Exploration	$M	12 - 15	15
Projects	$M	2 - 3	6

[1] See ASX announcements "Group Mineral Resource and Ore Reserve Statement" dated 18 April 2023 and "Correction - Jaguar Deposit Mineral Resource Update" dated 12 July 2023
[2] Based on average commodity pricing of Cu US$8,725/t, Zn US$2,415/t, Au US$1,930/oz, Ag US$23.45/oz
[3] Based on average commodity pricing of Cu US$8,274/t, Zn US$3,060/t, Au US$1,840/oz, Ag US$21.07/oz

Copper production at Tritton is forecast to grow from 17.2kt in FY23 to 19kt – 24kt in FY24, due to the increased availability of high-grade mining areas, particularly at Avoca Tank and Budgerygar. Growth capital at Tritton will reduce significantly as the new mines move into sustaining production.

At the North Queensland operations, the Mt Colin mine is forecast to produce 8kt – 10kt copper. As demonstrated in FY23, achieving copper production targets also requires third-party operators to meet scheduled processing runs. No capital expenditure is planned for North Queensland, other than minor exploration.

Cracow production guidance for FY24 is for 38koz – 48koz Au. Cracow will be investing significant growth capital on a tailings dam lift in the first half of FY24 to add an additional 3 years capacity as well as developing an exploration decline to improve drilling access to the Golden Plateau deposit.

Production at Jaguar will be limited and scheduled to cease during August. Capital costs will include those associated with the dewatering of the Jaguar mine and further technical studies.

Aeris is maintaining its focus on operating costs across the portfolio although cost inflation is still a challenge for most major consumables.

Funding

Cash flow for the final quarter of FY23 has been impacted by the reduced production out of Jaguar and deferral of the Mt Colin processing run in June, along with lower zinc prices and general cost inflation across the business.

The first half of FY24 will not only include closure costs (payment of creditors and workforce separation costs) related to Jaguar but also $18 million capital investment on a new tailings facility at Cracow and re-commencement of resource drilling at the Constellation deposit.

To ensure sufficient working capital liquidity to deliver on FY24 plans, Aeris has secured a $50 million working capital facility (**Facility**) with its major shareholder, Washington H Soul Pattinson (**WHSP**). The Facility is non-dilutive to shareholders, with no equity or production-linked components. The WHSP Facility will replace the ANZ $20 million Working Capital Facility.

Aeris Resources

WHSP Facility Key Terms	
Facility Limit	A$50 million The Facility Limit can only be drawn down during the first 13 months of the Term (**Availability Period**)
Term	2 years with ability to extend for a further 1 year with consent of the Lender
Repayment	The Facility is payable at the end of the Term but can be prepaid at any time
Interest Rate	BBSY + 11% per annum (payable monthly)
PIK Interest	Interest may be capitalised monthly. Interest will accrue on such capitalised amount at an additional 2% per annum
Security	Second ranking secured
Establishment Fee	3.5% of the Facility Limit
Exit Fee	• 3.5% of the Facility Limit if paid during the first 12 months and 5 business days of the Term; • 5% of the Facility Limit if paid after 12 months and 5 business days and before 18 months of the Term; • 8.5% of the Facility Limit if paid after 18 months of the Term
Undrawn Commitment Fee	5% per annum on the undrawn portion of the Facility Limit during the Availability Period
Make Whole Fee	A make whole fee is payable if the whole or any part of the Facility Limit is cancelled/repaid within the first 12 months
Conditions Precedent	Drawing of the first tranche is subject to conditions precedents including: • delivery of executed finance documents for the transaction, including a deed of priority between the Company, WHSP, ANZ and Evolution Mining Limited; • payment in full the company's existing working capital facility with the ANZ; • Other usual lender requirements relating to the availability of finance facilities and granting of security. Subsequent tranches will be subject to no default or review events occurring which are continuing
Covenants	Usual for a facility of this nature including with respect to: • Net Tangible Assets; • Debt to EBITDA; and • Interest cover ratio

ASX Waiver

The granting of the second ranking security by the Company over its assets to secure the Company's obligations under the Facility (**Relevant Security**) is regarded as a 'disposal' of those assets by the Company to WHSP (as a 30%+ shareholder of the Company, WHSP is considered a 'person in a position of influence' or a '10.1 party' under the Listing Rules). As the value of the assets the subject of the Relevant Security exceeds 5% of the equity interests of the Company, the granting of the Relevant Security requires shareholder approval under Listing Rule 10.1.

The Company has applied for a waiver from the requirement to obtain shareholder approval under Listing Rule 10.1 and the ASX has granted a waiver on the terms set out in Appendix 2.

In granting the waiver, ASX has considered Listing Rule 10.1 only and makes no statement as to the Company's compliance with other Listing Rules.

The Company has chosen to obtain the financial accommodation from WHSP (as opposed to a third-party lender) having regard to the specific circumstances of the Company. The Company's current financier (ANZ) holds security over the Company's assets, and accordingly, any additional financier would only be able to obtain security on a second ranking basis. This arrangement significantly limited the terms of financing alternatives available to the Company (particularly as it relates to new third-party financiers). On the other hand, WHSP, as a current substantial shareholder in the Company, has a pre-existing and significant interest in, and understanding of, the Company. Accordingly, when compared to a new third-party financier, the Company considered that WHSP was the best placed party to be able to put forward a commercially acceptable financing package to the Company that is secured by a second ranking security.

The Board also took steps to satisfy itself the transactions being entered into were on arm's length terms and were otherwise fair and reasonable from the perspective of the Company's shareholders, including:

- consulting with an industry finance advisor; and
- comparing the terms offered by WHSP against those announced recently by other listed mining companies who have entered into similar style financing arrangements (noting that a key feature of these other finance arrangements is the inclusion of a requirement for a significant equity component and the advantage to the Company's shareholders with the Facility is the absence of such a requirement).

The ANZ $20 million Working Capital Facility will be cancelled and a deed of priority and subordination has been entered into between ANZ, WHSP, Evolution Mining Limited and various Aeris group entities.

Further information on Aeris' activities is provided in the June Quarterly Activities Report which was released on 31 July 2023.

This announcement is authorised for lodgement by:

Andre Labuschagne
Executive Chairman

ENDS

For further information, please contact:
Mr. Andre Labuschagne
Executive Chairman
Tel: +61 7 3034 6200, or visit our website at www.aerisresources.com.au

Media:
Ayla Djonlagic
Tel: 0402 763 968
ayla@sabio.com.au

About Aeris

Aeris Resources is a mid-tier base and precious metals producer. Its copper dominant portfolio comprises four operating assets, a long-life development project and a highly prospective exploration portfolio, spanning Queensland, Western Australia, New South Wales and Victoria, with headquarters in Brisbane.

Aeris has a strong pipeline of organic growth projects, an aggressive exploration program and continues to investigate strategic merger and acquisition opportunities. The Company's experienced board and management team bring significant corporate and technical expertise to a lean operating model. Aeris is committed to building strong partnerships with its key community, investment and workforce stakeholders.

APPENDIX 1 – OPERATIONAL GUIDANCE

Tritton Operations		FY24 Guidance	FY23A
Production			
Copper	kt	19 - 24	17.2
Gold	koz	6 - 7	4.6
Silver	koz	148 - 185	135
Operating Costs			
Mining	$M	113 - 136	110
Processing	$M	31 - 37	31
Site G&A	$M	22 - 27	20
TC/RCs	$M	19 - 23	14
Product handling	$M	16 - 20	15
Capital Costs			
Sustaining	$M	57 - 69	46
Growth	$M	10 - 12	39
Exploration	$M	7 - 9	6

Cracow Operations		FY24 Guidance	FY23A
Production			
Gold	koz	38 - 48	48.2
Operating Costs			
Mining	$M	50 - 60	57
Processing	$M	26 - 31	26
Site G&A	$M	12 - 15	11
Capital Costs			
Sustaining	$M	18 - 22	11
Growth	$M	23 - 28	4
Exploration	$M	4 - 5	5

Jaguar Operations		FY24 Guidance	FY23A
Production			
Copper	kt	0.2 - 0.3	3.1
Zinc	kt	1.2 - 1.5	22.5
Gold	koz	0.2 - 0.3	3.0
Silver	koz	33 - 42	718
Operating Costs[1]			
Mining	$M	5 - 6	48
Processing	$M	3 - 4	28
Site G&A	$M	2 - 3	31
TC/RCs	$M	2 - 3	19
Product handling	$M	1 - 2	17
Capital Costs			
Sustaining	$M	1 - 2	24
Growth	$M	1 - 2	1
Exploration	$M	1 - 2	3

North Queensland Operations		FY24 Guidance	FY23A
Production			
Copper	kt	8 - 10	7.1
Gold	koz	4 - 5	3.9
Operating Costs			
Mining	$M	34 - 41	44
Processing	$M	25 - 30	20
Site G&A	$M	7 - 8	7
TC/RCs	$M	7 - 9	7
Product handling	$M	7 - 9	4
Capital Costs			
Sustaining	$M	0 - 0	1
Growth	$M	0 - 0	0
Exploration	$M	0 - 0	2

[1] Excludes $7.2M closure and $4.5M care and maintenance costs

APPENDIX 2 – ASX WAIVER

Based solely on the information provided, the ASX has granted the Company a waiver of Listing Rule 10.1 to the extent necessary to permit the Company to grant security over the assets of the Company in favour of WHSP to secure the Company's obligations under the Facility without obtaining shareholder approval, on the following conditions:

- the material terms of the Facility and the waiver from Listing Rule 10.1 are announced to the market;
- the announcement includes a description of the reasons why the Company has chosen to obtain the financial accommodation from the 10.1 party, rather than a lender that is not a 10.1 party and the steps the board of the Company has taken to satisfy itself that the acquisition is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the Company's ordinary securities;
- the security documents expressly provide that:
    - the security is limited to the funds due under the Facility;
    - the security will be discharged when the funds due under the Facility have been repaid in full;
    - in the event the security is enforced, the assets can only be disposed of to the 10.1 party or an associate of the 10.1 party if the disposal is first approved by the Company's security holders under Listing Rule 10.1; and
    - otherwise, if the holder of the security exercises, or appoints a receiver, receiver and manager or analogous person to exercise any power of sale under the security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the 10.1 party in accordance with their legal entitlements;
- any variation to the terms of the Facility or the security which:
    - advantages the 10.1 party in a material respect;
    - disadvantages the Company in a material respect; or
    - is inconsistent with the terms of the waiver,

  must be subject to security holder approval under Listing Rule 10.1; and
- for each year while they remain on foot, a summary of the material terms of the financial accommodation and the security is included in the related party disclosures in the Company's audited annual accounts.