Quarterly Activities Report
For the period ended 31 March 2017

About Aeris Resources

Aeris Resources Limited (ASX: AIS) is an established copper producer and developer with multiple mines and a 1.8 Mtpa copper processing plant at its Tritton Copper Operations in New South Wales, Australia.

In FY2016 Aeris' Tritton Operations achieved record production of 30,425 copper tonnes of copper metal exceeding the previously upgraded guidance for FY2016 of 29,500 copper tonnes. Forecast copper metal production in FY2017 is 23,000 – 24,000 copper tonnes.

The Company also has an exciting portfolio of highly prospective exploration projects creating a pipeline for future growth, including advanced projects at its Tritton Operations.

Aeris' Board and Management team is experienced in all aspects of mining and corporate development.

Aeris has a clear vision to become a mid-tier, multi-operation company – delivering shareholder value through an unwavering focus on operational excellence.

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MARCH QUARTER HIGHLIGHTS

OPERATIONS:

- **March quarter copper production of 5,048 tonnes. Impacted by:**
  - **Lower tonnes and grade from Tritton due to backlog of unfilled stope voids**
  - **Lower stope tonnes from Murrawombie whilst changing mining method**
- **Raiseboring of Tritton Ventilation Shaft breaks through surface on 20th April**
- **Copper production guidance for FY17 revised to 23,000 – 24,000 tonnes**
- **Grade control drilling on 102 lode at Murrawombie showing opportunity for extensions and higher grade pods**

EXPLORATION:

- **High power electromagnetic geophysical survey continued over the Tritton and Kurrajong corridors (25% completed)**
- **South Australian ERD Court grants native title authority to Torrens Joint Venture (Aeris 70%)**

CORPORATE:

- **Cash and receivables of $5.0M at the end of the quarter**

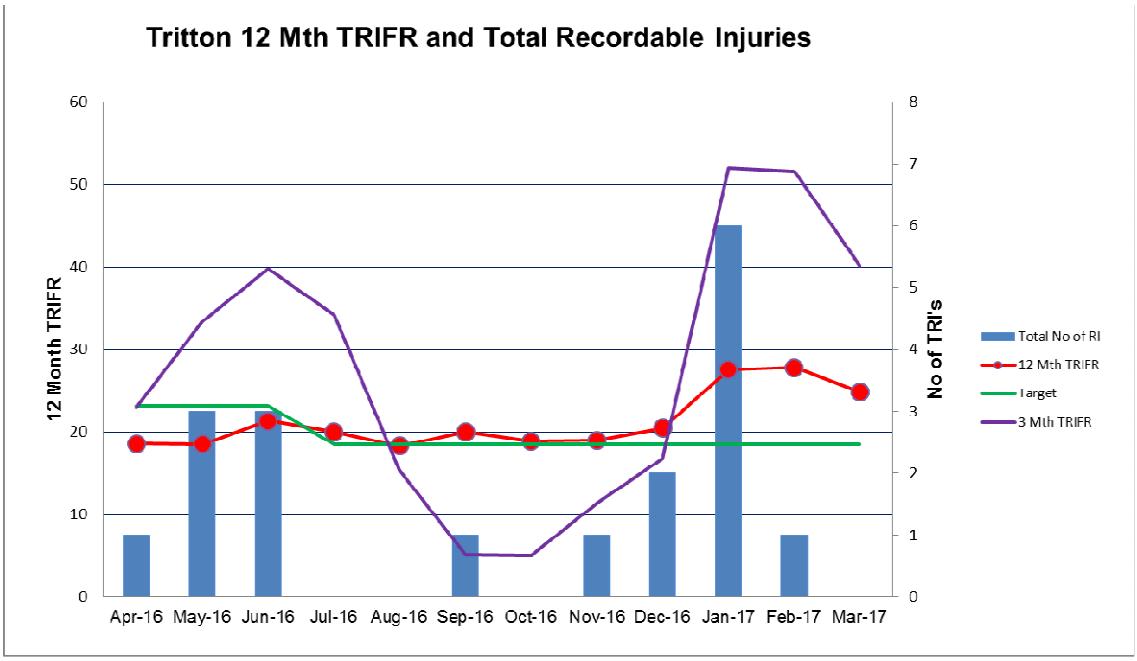
Q3 FY2017 Quarterly Activities Report

Safety, Environment and Community

There was one lost time injury during the quarter. A fitter severely injured two of his fingers, whilst troubleshooting a fault on a jumbo drill.

The operation recorded a spike in safety incidents during January. Hot summer weather historically has resulted in an increase in incidents, and this year has been similar. Road conditions on the Tritton mine decline were also a problem at times, due to erosion from paste fill pipeline flushing water. The majority of injuries were low potential muscle strain or sprains: however more significant injuries were also recorded including the lost time injury.

During the summer we significantly increase our coaching and surveillance of employees to ensure they are not dehydrated or fatigued, these being contributing factors in safety incidents. Despite this effort we still experienced the increased number of incidents. The new ventilation shaft at the Tritton underground mine should improve ventilation conditions coming into next summer. Our safety plan is also being modified to develop additional actions to avoid similar problems next summer. We have also raised the priority on decline road maintenance.



There were no environmental incidents during the quarter.

In the previous quarter we reported an environmental incident: a water leak from a pipeline breather valve that discharged pit water to a local drainage channel. Investigations have been completed and reports submitted to the NSW authorities. We have been advised by the authorities that there will be no action taken against the Company in relation to this incident. Procedures to avoid any repeat have been implemented. Sampling and then monitoring of the vegetation and soils in the locality of the spill, as recommended by specialist environmental consultants, is being completed and results reported to authorities as requested. No long term impact is expected.

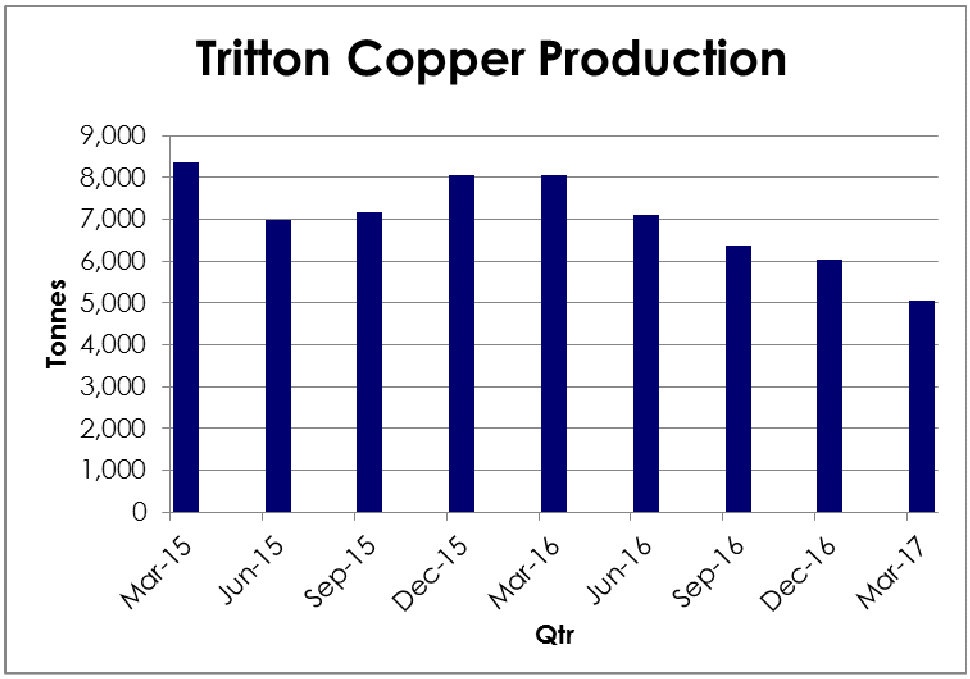
Tritton Copper Operations (NSW)

PRODUCTION

Copper production for the March quarter was lower than planned at 5,048 tonnes. Mined ore production was the constraint on the copper output.

Tritton mine suffered from limited availability of production stopes as a result of a backlog of unfilled stope voids due to problems with the paste fill reticulation system. This required a resequencing to stopes with a lower ore grade than those originally planned to be mined.

Due to the change to a "bottom-up" mining method (as outlined in the December 2016 Quarterly Report), the Murrawombie mine is still effectively in the development stage and had limited stoping capacity available during the quarter to compensate for the Tritton mine problems.



Tritton Underground Mine

Tritton mine production was below plan for the quarter, impacted by a backlog of unfilled stope voids. A series of blockages in the paste backfill pipelines experienced in previous quarters and continued paste reticulation issues in this quarter have caused the backlog of voids. Tritton stope production schedules are sensitive to the on-time backfilling of empty stope voids. In an ore body with a small working area relative to its production targets, the result of a backlog of unfilled stope voids can be significant in the short term.

The effect of the issues with the paste fill reticulation was lower ore tonnes available during the quarter. In order to maximise ore production rates during this period there has been a resequencing of stopes, however these replacement stopes have a lower ore grade than those originally planned to be mined.

Relocation of a section of the paste backfill distribution pipeline contributed to the paste reticulation problems. These relocation works are now complete. After consultation with a paste fill specialist consultant, we have also made changes to the mix recipe for the paste backfill, reducing its viscosity and making it less sensitive to blockages on long runs. Recent performance of the backfill system has been stable allowing catch up on the backlog of stope voids. There is excess capacity within the Tritton paste fill system, enabling the backfilling of empty voids to be back on plan by the end of the current financial year.

Murrawombie Underground Mine

As outlined in the previous quarterly report (December 2016), ramp-up of the Murrawombie underground mine was being delayed due to different geotechnical conditions in the upper level 101 lode ore body than originally anticipated, which required a change in mining method to bottom-up stoping with backfill support. The impact in the current financial year of this change in mining method is a reduction in stoping tonnes available whilst development to the bottom of the mine occurs.

Development of the main decline and ore body access was the priority at Murrawombie mine during the quarter. The decline has now reached the top levels of the main 102 lode ore body. However, introduction of a second jumbo and crew into the mine has been delayed until we have more headings available.

The change in mining method, in conjunction with various infrastructure commissioning issues has resulted in delayed grade control drilling and therefore refinement of the mine design. Grade control drilling commenced as soon as suitable locations became available. The geology information is being processed as quickly as practical to support detailed stope design in both the upper level 101 lode ore body and the deeper and larger 102 lode ore body.

Changes in the resource estimation model have resulted in moderate reduction in the ore to be mined from the 101 lode. The 102 lode resource is being extended to the south, increasing tonnes and areas of higher than previously estimated grade ore are being identified. Portions of the 105 lode, located in the footwall of the other lodes, are also showing promise of developing into viable mining areas, providing additional production opportunities in the future.

The changes in resources models flowing from grade control drilling are forcing changes to the production schedules and detailed stope design for Murrawombie, which in the short-term is also impacting on production volumes. We expect the production performance to remain volatile until there is sufficient grade control drilling coverage in front of the stope production, which is expected to occur in the first quarter of FY18. This is typical for new mine development and as production increases from the larger 102 lode ore body the mine production performance will stabilise.

Two stopes at the very top of the 102 lode have been successfully mined as blind up-hole benches with no hanging wall problems. This is consistent with expectations that the geotechnical conditions around the 102 lode are better than for the 101 lode.

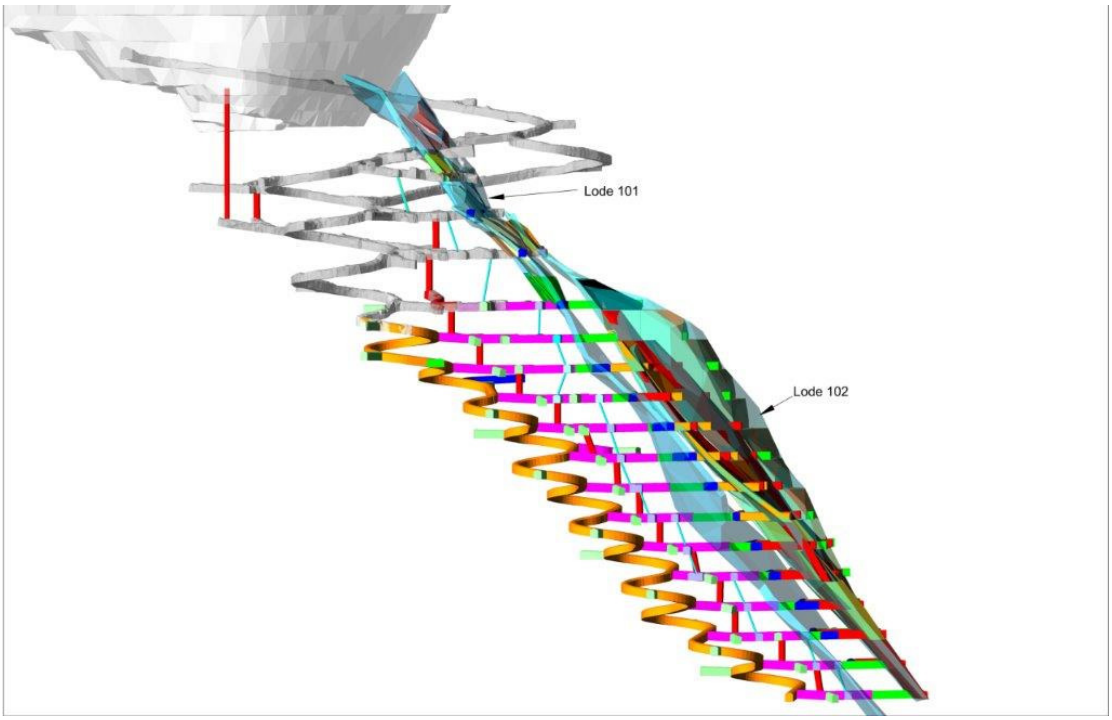


Figure 1 - Updated Murrawombie Mine Design

Ore Processing

Ore processed during the quarter was 307kt. The processing plant was constrained by available ore mined. Consistent milling operations enabled good metallurgical performance to continue with copper recovery of 94.9%.

The plant was shut down for four days in March for routine planned maintenance. During this time one of the six banks of scavenger and cleaner floatation cells was successfully replaced. These cells have corroded over time and required replacement. The remaining five banks of cells will be progressively replaced in future plant shut downs. Investigations have commenced to improve the copper grade in concentrate by taking advantage of the replacement cells to allow a reconfiguration of the floatation circuit.

Tritton Production Statistics:

		MAR 2016 QTR	JUN 2016 QTR	SEP 2016 QTR	DEC 2016 QTR	MAR 2017 QTR
MINED	TONNES	417,244	422,018	400,627	388,716	317,309
GRADE	Cu (%)	1.94%	1.75%	1.67%	1.52%	1.71%
ORE MILLED	TONNES	441,630	407,027	408,828	399,648	307,456
GRADE MILLED	Cu (%)	1.90%	1.84%	1.65%	1.58%	1.72%
RECOVERY	Cu (%)	95.18%	93.76%	94.32%	95.11%	94.88%
COPPER CONCENTRATE PRODUCED	TONNES	33,004	29,014	27,363	25,428	22,476
COPPER CONCENTRATE GRADE	Cu (%)	24.18%	24.24%	23.19%	23.55%	22.28%
CONTAINED COPPER IN CONCENTRATE	TONNES	7,981	7,033	6,345	5,988	5,008
COPPER CEMENT PRODUCED	TONNES	92	65	36	36	40
TOTAL COPPER PRODUCED	TONNES	8,073	7,098	6,380	6,024	5,048

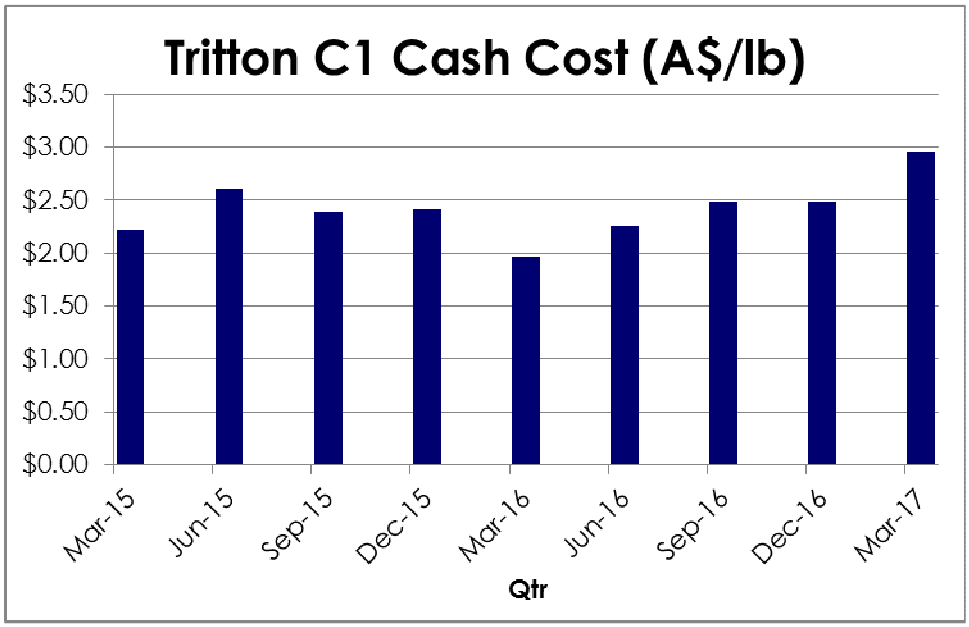
PROJECTS

Tritton Ventilation shaft

Construction of the new ventilation shaft at the Tritton mine continued. The shaft extends from surface to the existing RL4385m exploration drive, a total of 864 metres. The shaft, ventilation fans and associated electrical systems represent a total capital investment of more than $11 million. The vent shaft is targeted to be operational early in the September 2017 quarter. This significant investment will enable Tritton mine to be extended to at least RL4000m at production rates of 1mtpa or better.

The raise bore successfully broke through to surface on 20th April. Shotcrete lining of the top section of the shaft will commence shortly. Exhaust fan installation is expected to be complete and fans operating early in the first quarter of FY18.

COSTS



C1 unit cash costs for the quarter, at A$2.96/lb, was higher than the previous quarter and impacted by lower volumes of copper produced and increased mining costs as a result of increased paste fill and cable bolting cost in an effort to bring production back on track. Management continues to have a high focus on cost management.

Total unit cash costs decreased compared to the previous quarter mainly due to concentrate inventory movement, which was impacted by the timing of a shipment which moved from late March to early April.

Tritton Unit Cost Statistics (A$/lb)

	MAR 2016 QTR	JUN 2016 QTR	SEP 2016 QTR	DEC 2016 QTR	MAR 2017 QTR
TOTAL MINING COSTS	0.98	1.12	1.37	1.22	1.62
TOTAL SITE PROCESSING COSTS	0.32	0.33	0.44	0.44	0.47
TC/RC'S & PRODUCT HANDLING	0.53	0.63	0.48	0.62	0.57
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	(0.07)	(0.10)	(0.10)	(0.14)	(0.07)
OTHER DIRECT CASH COSTS	0.22	0.29	0.29	0.34	0.37
TOTAL C1 COSTS	**1.98**	**2.27**	**2.48**	**2.48**	**2.96**
ROYALTIES	0.07	0.06	0.06	0.07	0.09
CONCENTRATE INVENTORY MOVEMENT	(0.08)	0.27	(0.52)	0.29	(0.44)
TOTAL CASH COSTS	**1.97**	**2.60**	**2.02**	**2.84**	**2.61**
DEPRECIATION & AMORTISATION	0.46	0.53	0.47	0.44	0.70
TOTAL PRODUCTION COSTS	**2.43**	**3.13**	**2.49**	**3.28**	**3.31**

Tritton capital expenditure (A$ Million)

	MAR 2016 QTR	JUN 2016 QTR	SEP 2016 QTR	DEC 2016 QTR	MAR 2017 QTR
PROPERTY, PLANT AND EQUIPMENT	**1.2**	**3.4**	**3.6**	**4.7**	**3.4**
MINING DEVELOPMENT	**3.1**	**3.7**	**3.2**	**4.4**	**3.9**
EXPLORATION	**0.3**	**0.2**	**0.2**	**0.2**	**0.8**
TOTAL	**4.6**	**7.3**	**7.0**	**9.3**	**8.1**

OUTLOOK

The copper production guidance for FY17 has been revised to between 23,000 – 24,000 tonnes and reflects the lower ore production from the Tritton and Murrawombie underground mines during the quarter.

Exploration and Project Development

EXPLORATION - TRITTON MINES AND SURROUNDING TENEMENTS

Aeris currently holds 184,600 hectares in the prospective Tritton VMS district (see Figure 2). This is made up of six exploration and three mining leases. Six major mafic complexes have been identified within a sequence of sedimentary rocks with a combined strike length of greater than 100km. Numerous anomalies have been identified and remain untested in the Tritton region.

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

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

On 28th July 2016, Aeris announced that it was ramping-up greenfields exploration on its Tritton tenement package and planning to spend $7.5M over two years (See ASX Announcement dated 28 July 2016 for more information). In the December 2016 quarter a ground based high power moving loop electromagnetic (MLTEM) geophysical survey commenced over the Tritton tenement package.

During the quarter the MLTEM geophysical survey continued, focusing on the Tritton and Kurrajong VMS corridors with 25% of the total survey area completed by quarter end. The MLTEM geophysical survey is designed to detect for large Tritton sized deposits, of plus ten million tonnes. Known deposits within the Tritton tenement package are directly detectable via electromagnetic methods (EM). Extensive EM surveys completed within the tenement package during the mid-1990s led to the discovery of the Tritton deposit. Advances in technology since this period enables such surveys to penetrate deeper (to depths in excess of 500m below surface) as we seek to unlock further potential within each mineralised corridor.

Results from the MLTEM survey carried out to date have detected a number of bedrock EM conductors within the Tritton and Kurrajong corridors. The EM conductors will be ranked at the completion of the survey programme, taking into consideration the modeled EM conductor size/signal strength, geological setting (stratigraphy/proximity to magnetic embayments) and surface geochemistry results. EM anomalies positioned higher on the prospectivity ranking will be prioritised for follow up exploration work including detailed prospect scale EM surveying and a first pass drill programme.

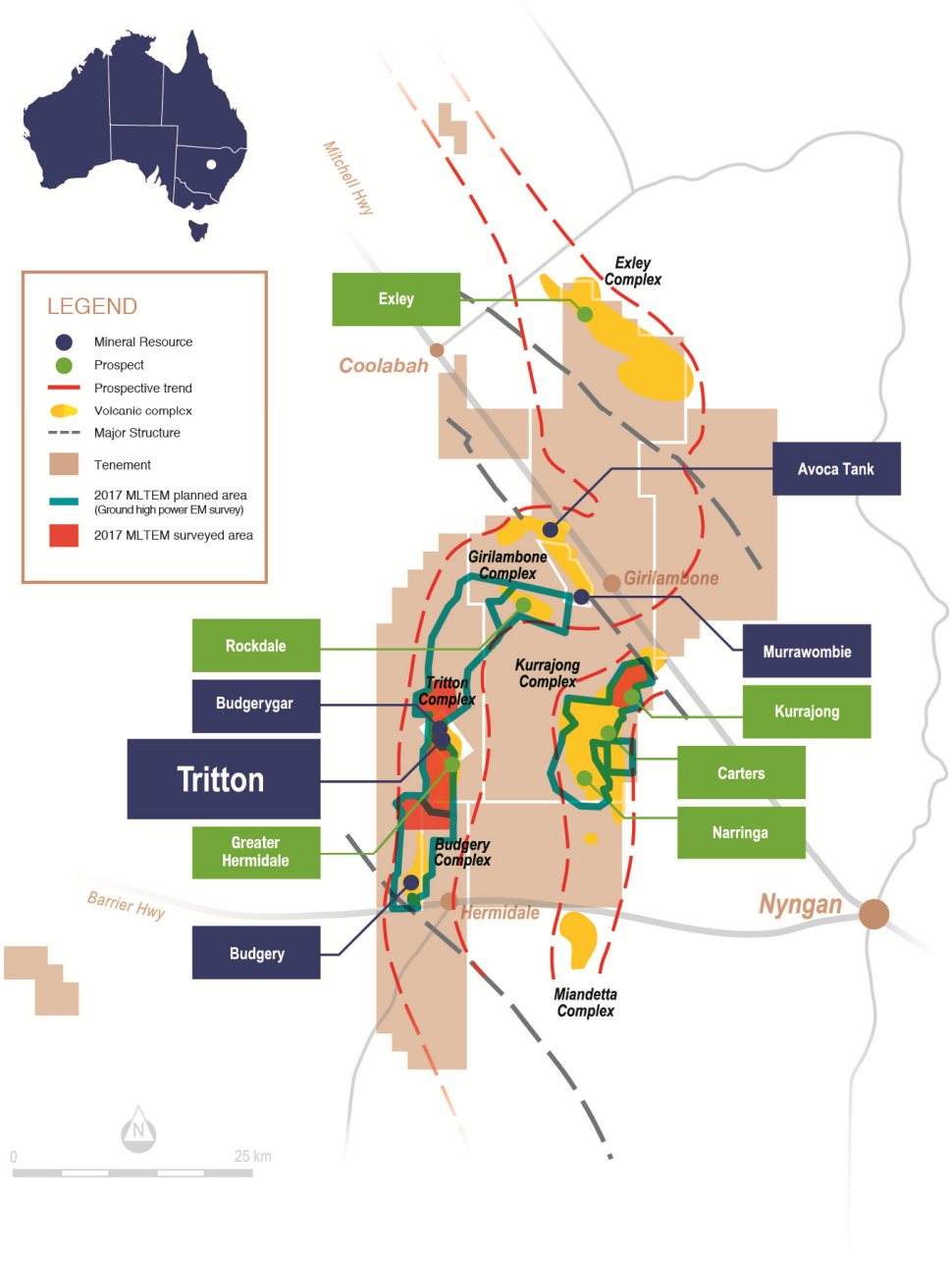


Figure 2: Tritton Region showing known basement complexes prospective for VMS systems and current operations.

EXPLORATION - TORRENS PROJECT, SOUTH AUSTRALIA

The Torrens Project (EL5614), a joint venture between Kelaray Pty Ltd (a wholly owned subsidiary of Argonaut Resources NL) and Aeris Resources (70% interest), is exploring for iron-oxide copper-gold (IOCG) systems in the highly prospective Stuart Shelf region of South Australia. The Torrens project is located on Lake Torrens near the eastern margin of South Australia's Gawler Craton and lies within 50 kilometres of Oz Minerals' Carrapateena deposit and 75 kilometres from BHP Billiton's Olympic Dam mine.

The Torrens Project is defined by a regionally significant coincident magnetic and gravity anomaly. Limited drilling has previously intersected low grade copper mineralisation associated with strong magnetite and lesser hematite alteration, features characteristic of IOCG systems within the region.

On-ground exploration within EL5614 has been impeded due to native title negotiations and court processes dating back to the early 2000s, culminating in three separate groups claiming native title rights over the Torrens Project (Lake Torrens Overlap Proceeding). On the 9th August 2016 the Federal Court dismissed all three native title applications, enabling the Torrens Joint Venture to apply to the South Australia Environment, Resources and Development (ERD) Court for a declaration of native title authority where no registered native title claims or granted native title rights exist.

On the 31st March 2017 the South Australian (ERD) Court granted the Torrens Joint Venture native title authority to enter and undertake exploration within EL 5614 under the Mining Act.

Approval from the government relating to Aboriginal Heritage Protection and environmental protection are also necessary before exploration can commence at the project. Lake Torrens has been claimed as an Aboriginal heritage site. Application to disturb the heritage site for the purposes of exploration was the subject of significant legal proceedings that stopped any exploration work on the project. Recent changes to the SA Aboriginal Heritage Protection Act have clarified the process whereby authority can be granted to disturb Aboriginal heritage sites, with appropriate protection measures in place. These changes to legislation removed the complex issues associated with the historical legal proceedings and clear the way for a new application.

It is the intention of the Torrens Joint Venture to make a new application for approval for exploration on Lake Torrens under the Aboriginal Protection Act. The lake is a National Park and so exploration activities must also be conducted to a high standard that limits any permanent impacts. The environmental and heritage protection documentation is being prepared to make the necessary applications.

Corporate

CASH

At the end of the March quarter, Aeris had useable cash and receivables of $7.1 million, a decrease of $4.2 million on the previous quarter and was due to timing impacts of a concentrate shipment (ca. 10,900 wmt) which could only be recognised as a sale in early April (with an invoice value of approximately US$10.3 million).

$million	MAR 2017 QTR	DEC 2016 QTR
Useable Cash - Aeris Corporate and Tritton	5.0	8.2
Tritton - Copper concentrate receivables	2.1	3.1
Aeris/Tritton - Useable Cash and Receivables	**7.1**	**11.3**

During the quarter, Aeris drew down US$4.0 million from the Working Capital Facility with Special Portfolio Opportunity V Limited (PAG SPV).

Corporate capital expenditure for the quarter was nil.

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or go to our website at www.aerisresources.com.au

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