24 February 2017 **ASX / MEDIA RELEASE**

AERIS RESOURCES LIMITED
(ASX: AIS)

Appendix 4D (Rule 4.2A.3)
Financial Report
For the half-year period ended 31 December 2016

Results for announcement to the market

(All comparisons are to the half-year ended 31 December 2015)

	$'000	Up/Down	% movement
Revenue	78,952	Down	14%
Gross Loss	(6,617)	Down	22%
Net loss after income tax (NPAT)	(22,695)	Down	181%

Audit
This report is based on the consolidated half-year financial report which has been reviewed.

Acquisitions and disposals
There were no acquisitions or disposals in the period.

Commentary on results for the period
Please refer to the review of operations and financial result sections detailed in the director's report which is included in the attached half-year report for the period ending 31 December 2016.

Dividends
The Directors do not recommend payment of a dividend. No dividend was paid during the half year or the corresponding period. Consequently there is no record date.

Net tangible assets per share (fully diluted)
The net tangible assets per share were 1.16 cents for 31 December 2016 and 3.55 cents for 30 June 2016.

Additional 4D disclosures
Additional disclosure requirements can be found in the Directors' Report and consolidated financial report attached to this report.

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:
Annette Ellis
Cannings Purple
Tel: +61 8 6314 6300 +61 422 602 720

Aeris Resources Limited
Interim report
for the period ended 31 December 2016

Directors' Report

Your Directors present their report on the consolidated entity consisting of Aeris Resources Limited (the Company) and the entities it controlled at the end of, or during the half-year ended 31 December 2016 and where required, the previous corresponding period for the half-year ended 31 December 2015.

Directors

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

Current Directors at date of the report
Andre Labuschagne
Alastair Morrison
Michele Muscillo
Marcus Derwin

Principal Activities

The principal activities of the consolidated entity for the period ended 31 December 2016 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 2016. No dividend was paid during the period.

Operating and Financial Review

Operations

During the period under review, the key focus has been on implementing a number of major projects which will underpin an extension of the life of the Tritton Operations; namely

- incorporating "Tritton Deeps" into the Ore Reserve estimates for the Tritton Deposit;
- the associated Tritton Ventilation Shaft; and
- the Murrawombie Underground Mine.

During the reporting period the Aeris Board approved the development of "Tritton Deeps", which will extend mining operations at the Tritton Orebody 175 metres below the current workings. The drilling campaign completed in early 2016 on Tritton Deeps enabled an updated Ore Reserve estimated on the Tritton Deposit (as at 30 June 2016) to be announced during the reporting period and resulted in a 32% increase in contained copper metal compared to the prior corresponding period. The orebody is still open at depth and will be defined through future drilling as mining progresses deeper.

Construction of the new ventilation shaft at the Tritton mine commenced during the fourth quarter of FY2016 and will support current production volumes at Tritton and the planned deeper mining operations (Tritton Deeps) at the Tritton Orebody. When completed, the shaft will extend from surface to existing RL4385m exploration drive, a total of 880 metres, representing a total capital investment of more than $11 million. During the reporting period the pilot hole for the shaft was completed and by the end of the reporting period back-reaming of the 5 metre diameter shaft had progressed approximately 225 metres vertically. The ventilation shaft is expected to be operational in the fourth quarter of FY2017.

The development of the Murrawombie underground mine (Murrawombie) continued in the period. Production from Murrawombie was lower than planned due to worse than expected geotechnical conditions in the upper level 101 lode ore body and a delay in grade control drilling due to lack of sufficient electrical power, prior to mains power being connected. The mining method in the 101 lode orebody has now been changed to "bottom-up" mining using backfill. Production rates are expected to ramp up in the second half of FY2017.

The Tritton Operations produced 12,404 tonnes of Copper in Concentrate, which is lower compared to the previous corresponding period (December 2015: 15,254 tonnes of Copper in Concentrate) and is predominantly due to the slower than expected production ramp-up at Murrawombie.

The Tritton underground mine continued to perform strongly during the period. A problem early in the period with oversize rocks impacting on extraction rate and dilution were rectified through modifications to drill and blast designs. In response to changes in the geometry of the orebody, mining has successfully transitioned to multi-level stopes. Copper grades were lower than planned due to changes in stope extraction sequence in response to a backlog in paste backfill volumes. The backlog resulted from a number of blockages in paste lines. The blockages have now been cleared and it is expected that the backlog will be cleared during the third quarter of the financial year 30 June 2017.

Mining at the North East / Larsen mine was completed during the period with the mine being placed on care and maintenance.

Ore processed during the period was 808,476 dmt compared to 852,202 dmt at 31 December 2015 and was influenced by the lower ore tonnes mined. Consistent milling operations enabled good metallurgical performance with increased copper recovery of 94.71% compared to 94.1% at 31 December 2015.

The Tritton Operations continues to focus strongly on cost management with A$ C1 unit cost for the period (A$ 2.48/lb) being only slightly higher than the prior corresponding period (A$ 2.40/lb), despite copper produced being 19% lower.

The total recordable injury frequency rate (TRIFR) is 20.49 as at 31 December 2016 and consistent with the prior corresponding period (20.4). There was a single reportable environmental incident during the period with a leak in a breather valve on the water pipeline between the Murrawombie and Larsen Pits. The NSW authorities were notified and the Company continues to work with the authorities with respect to rectification works.

Exploration

Aeris currently holds 184,600 hectares in the prospective Tritton VMS district and this is made up of six exploration and three mining leases (Tritton Tenement Package). Six major mafic complexes have been identified within a sequence of sedimentary rocks with a combined strike length of greater than 100km. The Tritton Tenement Package has to date yielded more than 375kt of copper.

The Tritton VMS district hosts Besshi style VMS systems, which are characterised by repeats along strike, multiple horizons and lenses and significant depth potential and considered highly prospective. The exploration strategy has been steadily evolving and to date has been extremely effective in both identifying and testing VMS sulphide systems, as shown by the exploration success to date at Tritton, Avoca Tank, Kurrajong 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.

Extensive electromagnetic surveys (EM) 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 EM surveys to penetrate deeper (to depths in excess of 500m below surface) as we seek to detect new Tritton sized deposits, of plus ten million tonnes. Trial test work completed over the Kurrajong prospect successfully detected the known mineralised system from 400m below surface.

On 28 July 2016, Aeris announced that it was ramping-up greenfields exploration on its Tritton tenement package and is planning to spend $7.5M over the next two years. In November 2016 a high power EM program commenced on the Tritton and Kurrajong corridors and is expected to continue through to June 2017.

Financial Results

The Group recorded a loss after tax for the 6 month period to 31 December 2016 of $22.695 million (Dec 2015: profit of $28.051 million). The result was impacted by a number of key factors including:

- Revenue from continuing operations amounted to $78.952 million, compared to $92.197 million in the previous corresponding period. This was directly due to lower copper produced compared to the prior corresponding period (12,404 tonnes of Copper in Concentrate versus 15,254 in the prior corresponding period) and was predominantly due to the slower than planned ramp-up of production from the new Murrawombie underground Mine. Revenues were also impacted by lower copper prices during first quarter;
- Cost of goods sold decreased from $97.621 million at December 2015 to $85.569 million at 31 December 2016, due to lower volumes of copper produced and the continued focus on cost management by the Tritton operations team;
- Finance costs recognised on the Standard Chartered Bank (SCB) Senior Debt and Working Capital Facility with Special Opportunity V Limited (PAG facility) amounted to $8.674 million compared to $0.751 million at 31 December 2015; and
- Foreign exchange impacts on the SCB Senior Debt reduced from $8.965 million at 31 December 2015 to $2.781 million at 31 December 2016 as a result of reduced debt levels post the restructure of debt with SCB, completed on 31 December 2015.

Financial Position

The positive net asset position of the Group at 31 December 2016 is $10.832 million (net assets at 30 June 2016 were $33.119 million), with increases in Mine properties in use and Property, plant and equipment and foreign exchange impacts $2.781 million (Jun 2016: $7.366 million) being offset by additional draw downs on the PAG facility during the period of US$7 million (US$4.5 million at 30 June 2016), capitalisation of interest on the SCB Senior debt and PAG Facility.

Events Subsequent to Balance Date

On 23 February 2017 the Group announced that it had signed a binding agreement with LFB Resources NL, a wholly owned subsidiary of Regis Resources Limited, for the sale of the Blayney exploration project (EL5922) in New South Wales for A$3.25 million cash consideration. Completion of the sale is subject to various conditions precedent including approval by the NSW Minister for Trade and Investment – Resources and Energy. The Blayney project falls outside of Aeris' flagship Tritton Operations tenement package.

There has not arisen in the interval between the end of the financial period and the date of this report, other than noted above any other matter or circumstance that has significantly affected or may significantly affect the operations of the consolidated entity; the results of those operations; or the state of affairs of the consolidated entity in subsequent financial years.

Outlook

The Company is targeting copper production for FY2017 of between 25,000 and 26,000 tonnes at its Tritton operations.

In the year ahead, the focus on maintaining a high level of mining and processing throughput and cost management will continue.

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 5.

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 to the Legislative Instrument.

Signed in accordance with a resolution of the Directors.

Andre Labuschagne
Executive Chairman
24 February 2017

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Auditor's Independence Declaration

As lead auditor for the review of Aeris Resources Limited for the half-year ended 31 December 2016, 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.

Debbie Smith
Partner
PricewaterhouseCoopers

Brisbane
24 February 2017

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Aeris Resources Limited ABN 30 147 131 977

Interim report - 31 December 2016

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These interim financial statements are the consolidated interim financial statements of the consolidated entity consisting of Aeris Resources Limited (previously known as Straits Resources Limited) and its subsidiaries. The interim financial statements are presented in the Australian currency.

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

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 3, which is not part of these interim financial statements.

The interim financial statements were authorised for issue by the Directors on 24 February 2017. The Directors have the power to amend and reissue the interim financial statements.

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

	Notes	**31 December 2016 $'000**	31 December 2015 $'000
Revenue from continuing operations	2	**78,952**	92,197
Cost of goods sold	3	**(85,569)**	(97,621)
Gross loss		**(6,617)**	(5,424)
Exploration expense	3	**(587)**	(345)
Administration and support	3	**(3,774)**	(3,407)
Other	3	**(2,812)**	(7,961)
Loss before net finance costs		**(13,790)**	(17,137)
Finance expenses	3	**(8,905)**	(751)
Net gain on debt restructure	3	**-**	45,939
(Loss)/profit for the period		**(22,695)**	28,051
Other comprehensive income			
Items that may be reclassified to profit and loss			
Income tax relating to components of other comprehensive income		**-**	327
Reclassification to net income of net gains on cash flow hedges		**-**	(1,093)
Other comprehensive loss for the period, net of tax		**-**	(766)
Total comprehensive (loss)/income for the period		**(22,695)**	27,285
(Loss)/profit is attributable to:			
Owners of Aeris Resources Limited		**(22,695)**	28,051
Total comprehensive (loss)/income for the period is attributable to:			
Owners of Aeris Resources Limited		**(22,695)**	27,285

		31 December 2016 Cents	31 December 2015 Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	11	**(16.2)**	24.2
Diluted earnings per share	11	**(2.4)**	3.0

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Notes	**31 December 2016 $'000**	30 June 2016 $'000 Restated
ASSETS			
Current assets			
Cash and cash equivalents		**8,218**	11,300
Trade and other receivables		**7,286**	11,019
Inventories		**17,133**	13,958
Other financial assets		**5,955**	5,657
Assets classified as held for sale	4	**3,250**	-
Total current assets		**41,842**	41,934
Non-current assets			
Receivables		**5,023**	4,991
Exploration and evaluation		**13,167**	16,279
Mine properties in use		**41,069**	39,058
Property, plant and equipment		**49,695**	48,465
Deferred tax assets		**16,522**	16,522
Total non-current assets		**125,476**	125,315
Total assets		**167,318**	167,249
LIABILITIES			
Current liabilities			
Trade and other payables		**23,484**	20,163
Interest bearing liabilities	5	**4,630**	4,558
Provisions	6	**5,704**	5,739
Total current liabilities		**33,818**	30,460
Non-current liabilities			
Interest bearing liabilities	5	**109,109**	90,172
Provisions	6	**13,559**	13,498
Total non-current liabilities		**122,668**	103,670
Total liabilities		**156,486**	134,130
Net assets		**10,832**	33,119
EQUITY			
Contributed equity	7	**360,828**	360,828
Preference equity	8	**31,560**	31,560
Reserves	9(a)	**(8,097)**	(8,505)
Accumulated losses	9(b)	**(373,459)**	(350,764)
Total equity		**10,832**	33,119

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

	Notes	Contributed Equity $'000	Convertible Preference Shares $'000	Other reserves $'000	Accumulated Losses $'000	Total equity $'000
		Attributable to owners of Aeris Resources Limited				
Balance at 1 July 2015		353,300	-	(7,459)	(373,021)	(27,180)
Profit/(Loss) for the period		-	-	-	28,051	28,051
Other comprehensive loss		-	-	(766)	-	(766)
Total comprehensive income for the period		**-**	**-**	**(766)**	**28,051**	**27,285**
Transactions with owners in their capacity as owners:						
Share buy back	7	(97)	-	-	-	(97)
Issue of preference equity		-	31,560	-	-	31,560
Employee share schemes - value of employee services		-	-	29	-	29
		(97)	31,560	29	-	31,492
Balance at 31 December 2015		**353,203**	**31,560**	**(8,196)**	**(344,970)**	**31,597**
Balance at 1 July 2016		360,828	31,560	(8,505)	(350,764)	33,119
Profit/(Loss) for the period		-	-	-	(22,695)	(22,695)
Total comprehensive income for the period		**-**	**-**	**-**	**(22,695)**	**(22,695)**
Transactions with owners in their capacity as owners:						
Employee share schemes - value of employee services		-	-	408	-	408
Balance at 31 December 2016		**360,828**	**31,560**	**(8,097)**	**(373,459)**	**10,832**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Aeris Resources Limited
Consolidated Statement of Cash Flows
For the period ended 31 December 2016

	31 December 2016 $'000	31 December 2015 $'000
Cash flows from operating activities		
Receipts from customers	**83,461**	92,842
Payments to suppliers and employees	**(76,493)**	(94,014)
Interest paid	**(693)**	(748)
Net cash inflow/ (outflow) from operating activities	**6,275**	(1,920)
Cash flows from investing activities		
Payments for property, plant and equipment and mine properties	**(15,886)**	(10,458)
Proceeds from held for trading financial assets	**-**	156
Payments for exploration expenditure	**(415)**	(1,468)
Net cash outflow from investing activities	**(16,301)**	(11,770)
Cash flows from financing activities		
Proceeds from borrowings	**9,291**	1,367
Finance lease payments	**(2,732)**	(2,294)
Borrowing costs	**-**	(684)
Net cash inflow/(outflow) from financing activities	**6,559**	(1,611)
Net decrease in cash and cash equivalents	**(3,467)**	(15,301)
Cash and cash equivalents at the beginning of the financial period	**11,300**	24,022
Effects of exchange rate changes on cash and cash equivalents	**385**	136
Cash and cash equivalents at the end of the period	**8,218**	8,857

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

1 Basis of preparation of half-year report

The interim financial statements of the consolidated entity consist of Aeris Resources Limited ('the Company') and its subsidiaries ("the Group").

This condensed consolidated interim financial report for the six months ended 31 December 2016 was authorised for issue by the directors on 24 February 2017 and has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This condensed consolidated 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 2016 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 2016 is accessible at www.aerisresources.com.au.

The accounting policies used are consistent with those applied in the 30 June 2016 report. Comparatives have been restated to ensure more appropriate comparison. In particular, $6.400 million has been reclassified from current to non-current liabilities.

The consolidated 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 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.

The Directors believe they have reasonable grounds to expect that they will have sufficient funds to settle the Group's liabilities and meet its debts as and when they fall due. In their assessment of going concern the Directors have considered the funding and operational status of the business, including consideration of the following:

- A 55% reduction, to US$50.000 million, in the debt with Standard Chartered Bank following the successful restructure completed on 31 December 2015;
- Current net assets as at 31 December 2016 of $8.024 million (June 2016: $11.474 million);
- The US$25.000 million Working Capital Facility with PAG SPV. At 31 December 2016, the company had drawn down US$11.500 million of the Working Capital Facility;
- Continued strong operating cost control and management at the Tritton Operations; and
- The Group has generated positive cash flows from operating activities of $6.275 million (Dec 2015: negative $1.920 million) and has met its commitments during the period through its ability to manage timing of cash flows to meet the obligations of the business as and when due.

2 Revenue

	31 December 2016 $'000	31 December 2015 $'000
From continuing operations		
Sales revenue		
Mining activities	**78,897**	90,988
Other revenue		
Other revenue from ordinary activities	**55**	1,209
	78,952	92,197

3 Expenses

	31 December 2016 $'000	31 December 2015 $'000
Profit/loss before income tax includes the following specific expenses:		
Cost of production		
Mining and Processing activities	**70,484**	81,775
Depreciation		
Plant and equipment	**6,471**	2,945
Plant and equipment under finance leases	**3,449**	1,679
Total Depreciation	**9,920**	4,624
Amortisation		
Mine properties	**5,165**	11,222
Total Cost of goods sold	**85,569**	97,621
Exploration expense		
Exploration expenditure	**311**	345
Exploration written off	**276**	-
Total Exploration Expense	**587**	345
Finance costs - net		
Interest and finance charges paid / payable	**8,674**	751
Unwinding of discounts on provisions	**231**	-
Total Finance Expenses	**8,905**	751
Other		
Net foreign exchange losses	**2,781**	8,965
Gain on fair value of listed securities held for trading	**(298)**	(1,321)
Loss on disposal of fixed assets	**329**	317
Total Other Expenses	**2,812**	7,961

3 Expenses (continued)

	31 December 2016 $'000	31 December 2015 $'000
Gain on restructure		
Net gain on restructure	**-**	(45,939)
Administration and support		
Corporate depreciation	**6**	40
Corporate	**3,768**	3,367
Total Administration and support	**3,774**	3,407

4 Current assets - Assets classified as held for sale

	31 December 2016 $'000	30 June 2016 $'000
Assets classified as held for sale		
Exploration tenements	**3,250**	-

The directors of Aeris Resources Limited have approved for the Company to seek to sell the Blayney Tenement package in New South Wales as it is not considered to be part of the Company's core assets and is in-line with management's ongoing strategy of divesting non-core assets. The asset is presented within total assets of the Other segment in note 12.

5 Interest bearing liabilities

Current

	31 December 2016 $'000	30 June 2016 $'000 Restated
Secured		
Bank loans	**41**	66
Lease liabilities	**4,589**	4,492
Total secured borrowings	**4,630**	4,558
Total current interest bearing liabilities	**4,630**	4,558

5 Interest bearing liabilities (continued)

Non Current

	31 December 2016 $'000	30 June 2016 $'000 Restated
Secured		
Bank loans	**99,105**	79,971
Lease liabilities	**10,004**	10,201
Total secured borrowings	**109,109**	90,172
Total non-current interest bearing liabilities	**109,109**	90,172

	31 December 2016		30 June 2016	
	USD	AUD	USD	AUD
	$'000	$'000	$'000	$'000
Secured				
Bank loans	**71,244**	**621**	**59,159**	**646**
Lease liabilities	**806**	**13,476**	**976**	**13,385**
Total secured borrowings	**72,050**	**14,097**	**60,135**	**14,031**

Included in non current bank loans is a Working Capital Facility which has a 3-year term and is secured by the same security and guarantee arrangements as provided for the SCB Senior Debt. Cash interest accrues at 5% per annum and PIK accrues at 6% (compounding every 3 months). Comparatives have been restated to ensure more appropriate comparison, in particular, $6.400 million of the Working Capital Facility has been reclassified from current to non-current liabilities.

At 31 December 2016, the Company had drawn down US$11.500 million from the Working Capital Facility.

6 Provisions

	31 December 2016			30 June 2016		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Employee benefits	**5,424**	**791**	**6,215**	5,429	961	6,390
Price participation	**-**	**2,002**	**2,002**	-	2,002	2,002
Other provisions	**280**	**-**	**280**	310	-	310
Provision for rehabilitation and dismantling	**-**	**10,766**	**10,766**	-	10,535	10,535
	5,704	**13,559**	**19,263**	5,739	13,498	19,237

7 Contributed equity

(a) Share capital

Ordinary share capital	**31 December 2016 Shares**	31 December 2015 Shares	**31 December 2016 $'000**	31 December 2015 $'000
Ordinary shares - fully paid	**140,116,703**	115,616,703	**360,828**	353,203

Movements in ordinary share capital

	31 December 2016 Shares	**31 December 2016 A$'000**
Opening Balance	**115,616,703**	**353,203**
Convertible notes converted - January 2016	**24,500,000**	**7,625**
	140,116,703	**360,828**

	31 December 2015 A$'000	**31 December 2015 A$'000**
Opening Balance	**1,217,730,293**	**353,300**
Issues of ordinary shares during the period		
Share consolidation	**(1,095,956,474)**	**-**
Share buy back	**(6,157,116)**	**(97)**
	115,616,703	**353,203**

8 Preference Equity

Movements in convertible redeemable preference shares

	31 December 2016 Shares	31 December 2016 A$'000
Opening Balance	**700,579,566**	**31,560**
Issues of convertible redeemable preference shares	**-**	**-**
Issue of convertible non redeemable preference shares	**-**	**-**
	700,579,566	**31,560**

	31 December 2015 Shares	31 December 2015 A$'000
Opening Balance	**-**	**-**
Issues of convertible redeemable preference shares	**560,463,653**	**25,248**
Issue of convertible non redeemable preference shares	**140,115,913**	**6,312**
	700,579,566	**31,560**

9 Reserves and retained earnings

(a) Reserves

	31 December 2016 $'000	30 June 2016 $'000
Share-based payments	**1,346**	938
Acquisition revaluation reserve	**(9,443)**	(9,443)
	(8,097)	(8,505)

(b) Accumulated losses

Movements in accumulated losses were as follows:

	31 December 2016 $'000	30 June 2016 $'000
Balance 1 July	**(350,764)**	(373,021)
Net (loss)/profit for the period	**(22,695)**	22,257
Closing Balance	**(373,459)**	(350,764)

10 Events occurring after the balance sheet date

On 23 February 2017 the Group announced that it had signed a binding agreement with LFB Resources NL, a wholly owned subsidiary of Regis Resources Limited, for the sale of the Blayney exploration project (EL5922) in New South Wales for A$3.25 million cash consideration. Completion of the sale is subject to various conditions precedent including approval by the NSW Minister for Trade and Investment - Resources and Energy. The Blayney project falls outside of Aeris' flagship Tritton Operations tenement package.

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.

11 Earnings per share

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

	31 December 2016 $'000	31 December 2015 $'000
Basic and diluted earnings per share		
(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	**(22,695)**	28,051

(b) Weighted average number of shares used as denominator

	31 December 2016 Number	31 December 2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**140,116,703**	115,075,418
Adjustments for calculation of diluted earnings per share:		
Amounts uncalled on partly paid shares and calls in arrears	**700,579,566**	700,579,566
Options	**93,410,609**	93,900,508
Convertible notes	**-**	25,400,000
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**934,106,878**	934,955,492

12 Segment information

(a) Description of segments

Business segments

The Company's Strategic Steering Committee, consisting of the Chief Executive Officer, the Chief Financial Officer and Chief Operating Officer examined the Company's performance and determined that there are two reportable segments of its business, Tritton Operations and Other (representing corporate activities and non-core exploration assets).

Geographical segments

The Consolidated Entity only operated in Australia as at 31 December 2016 and 31 December 2015.

12 Segment information (continued)

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

2016	**Tritton Operations $'000**	**Other $'000**	**Total Continuing Operations $'000**	**Consolidated $'000**
Segment Revenue				
Sales to external customers	**78,897**	**-**	**78,897**	**78,897**
Total sales revenue	**78,897**	**-**	**78,897**	**78,897**
Other revenue	**55**	**-**	**55**	**55**
Total segment revenue	**78,952**	**-**	**78,952**	**78,952**
Adjusted EBITDA	**3,626**	**(2,325)**	**1,301**	**1,301**
Segment assets and liabilities				
Segment assets	**236,944**	**125,656**	**362,600**	**362,600**
Intersegment elimination	**(100,523)**	**(111,281)**	**(211,804)**	**(211,804)**
Unallocated assets	**-**	**-**	**16,522**	**16,522**
Total assets	**136,421**	**14,375**	**167,318**	**167,318**
Segment liabilities	**300,054**	**68,235**	**368,289**	**368,289**
Intersegment elimination	**(145,629)**	**(66,175)**	**(211,804)**	**(211,804)**
Total liabilities	**154,425**	**2,060**	**156,485**	**156,485**
Other segment information				
Depreciation and amortisation	**15,085**	**6**	**15,091**	**15,091**
Acquisition of property, plant and equipment, intangibles and other segment assets	**15,886**	**-**	**15,886**	**15,886**

2015	**Tritton Operations** $'000	**Other** $'000	**Total Continuing Operations** $'000	**Consolidated** $'000
Segment Revenue				
Sales to external customers	90,988	-	90,988	90,988
Total sales revenue	90,988	-	90,988	90,988
Other revenue	1,157	52	1,209	1,209
Total segment revenue	92,145	52	92,197	92,197
Adjusted EBITDA	(2,898)	554	(2,344)	(2,344)
Segment assets and liabilities				
Segment assets	184,105	164,163	348,268	348,268
Intersegment elimination	(90,167)	(115,016)	(205,183)	(205,183)
Unallocated assets	-	-	21,849	21,849
Total assets	93,938	49,147	164,934	164,934

12 Segment information (continued)

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

2015	**Tritton Operations** $'000	**Other** $'000	**Total Continuing Operations** $'000	**Consolidated** $'000
Segment liabilities	260,990	77,530	338,520	338,520
Intersegment liabilities	(139,199)	(65,984)	(205,183)	(205,183)
Total liabilities	121,791	11,546	133,337	133,337
Other segment information				
Depreciation and amortisation	15,846	40	15,886	15,886
Acquisition of property, plant and equipment, intangibles and other segment assets	15,478	38	15,516	15,516

(c) Other segment information

(i) Adjusted EBITDA

The Strategic Steering Committee of Aeris Resources Limited assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as impairment, losses recognised on refinancing and effects of foreign exchange which primarily reflects the gains/losses on the translation of the USD borrowings.

A reconciliation of adjusted EBITDA to operating loss before income tax from continuing operations is provided as follows:

	31 December 2016 $'000	31 December 2015 $'000
Adjusted EBITDA (continuing operations)	**1,301**	(2,344)
Finance costs	**(8,905)**	(751)
Gain on restructure of SCB facility	**-**	45,939
Unwinding of hedge reserve	**-**	1,093
Depreciation and amortisation	**(15,091)**	(15,886)
(Loss)/profit before income tax from continuing operations	**(22,695)**	28,051

13 Fair value measurements

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).

13 Fair value measurements (continued)

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016:

At 31 December 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Available-for-sale financial assets				
Equity securities	**5,955**	**-**	**-**	**5,955**
Total financial assets	**5,955**	**-**	**-**	**5,955**

At 30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Available-for-sale financial assets				
Australian listed equity securities	5,657	-	-	5,657
Total financial assets	5,657	-	-	5,657

Valuation Methodology

Investments classified as held for trading are fair valued by comparing to the published price quotation in an active market.

In the Directors' opinion:

(a) the interim financial statements and notes set out on pages 12 to 22 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 2016 and of its performance for the period ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

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.

Andrè Labuschagne
Director

Brisbane
24 February 2017

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

Report on the Financial Report

We have reviewed the accompanying half-year financial report of Aeris Resources Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Aeris Resources Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the 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 is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2016 and 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*. As the auditor of Aeris Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Conclusion

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

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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*.

PricewaterhouseCoopers

PricewaterhouseCoopers

D.G. Smith

Debbie Smith
Partner

Brisbane
24 February 2017