25 February 2019 **ASX / MEDIA RELEASE**

AERIS RESOURCES LIMITED
(ASX: AIS)

Appendix 4D (Rule 4.2A.3)
Financial Report
For the half-year period ended 31 December 2018

Results for announcement to the market

(All comparisons are to the half-year ended 31 December 2017)

	$'000	Up/Down	% movement
Revenue	113,479	Up	8%
Gross Profit	5,334	Down	52%
Net loss after income tax (NPAT)	(10,454)	Up	57%

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 included in the attached half-year report for the period ending 31 December 2018.

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 14.4 cents for 31 December 2018 and 11.8 cents for 30 June 2018.

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
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Aeris Resources Limited

ABN 30147131977

Interim financial report for the half-year 31 December 2018

Directors' Report

Your Directors present their report on the consolidated entity consisting of Aeris Resources Limited (Aeris or the Company) and the entities it controlled (the Group) at the end of, or during the half-year ended 31 December 2018 and where required, the previous corresponding period for the half-year ended 31 December 2017.

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 2018 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 2018. No dividend was paid during the period.

Operating and Financial Review

Operations

The Tritton Copper Operations (Tritton) produced 13,268 tonnes of Copper, an increase of 1,041 tonnes compared to the previous corresponding period (December 2017: 12,227 tonnes of Copper).

The Tritton and Murrawombie underground mines performed ahead of plan for the period ended 31 December 2018 which was primarily driven by higher copper grades mined as a result of changes in mining sequence at both mines. Full year copper production guidance remains at 24,500 tonnes.

At the Tritton underground mine there were several initiatives implemented during the period to improve loading and hauling efficiencies from the lower levels of the mine:

- An upgrade of the tele-remote loader system to allow operation from the surface control room (increases time available for stope loading through shift change and blast clearances); and
- Establishment of a truck loading loop to improve haulage productivity through reduced loading times.

These innovations assisted with maintaining haulage fleet productivity despite a deeper operation and has demonstrated a reduction in truck loading times of between a half and two thirds, compared to conventional access loading.

Improvements were also made in the communications and data backbone, providing the infrastructure for camera set-ups that will ultimately allow remote loading of trucks in the loading loop from the surface control room. The infrastructure improvement has also allowed remote monitoring of selected paste fill infrastructure to provide faster identification of issues, while freeing up underground labour to engage in other activities.

Ore processed during the period was 828,796 tonnes compared to 794,210 tonnes in the prior corresponding period. Copper recovery for the period of 94.79% was slightly lower than that achieved (94.9%) during the period ended 31 December 2017. In October 2018 the primary crusher and one bank of flotation cells was replaced during a planned maintenance shutdown. A further - and the final - bank of flotation cells was installed and commissioned in December 2018.

Exploration

Geological mapping in the northern half of our tenement package completed during financial year ended 30 June 2018 extended the geological corridor considered prospective for copper mineralisation by a further 65 kilometres. An airborne electromagnetic survey (Aerial EM survey) covering the additional 65 kilometres long geological corridor was completed in December 2018. The Aerial EM Survey was designed to test for conductive copper sulphide bodies up to 300m below surface. Results from the Aerial EM Survey are expected to be processed and interpreted by the end of 30 June 2019.

During the period, drilling on the Tritton tenement package was focussed at the Kurrajong Prospect. The drilling results at Kurrajong have exceeded expectations with the high grade copper massive sulphide zone traced for over 800m down plunge within a larger lower grade copper system extending 1,100m down plunge and 300m along strike. The mineralised system remains open down plunge and along strike to the north. The current drill program at Kurrajong is now complete and work is focusing on the building of a detailed geological interpretation and predictive model. Future drilling at Kurrajong will occur subsequent to this, ensuring drill holes target the most prospective areas within the large sulphide system.

A new exploration licence (EL8810) was granted to Tritton during the period ended 31 December 2018. EL8810 is located adjacent to the north-west corner of the current Tritton tenement package. This new tenement covers an area of 296km^2, bringing the total Tritton tenement package to 2,160km^2. The geological corridor prospective for copper mineralisation identified on the current Tritton tenement package is interpreted to extend into EL8810 for approximately 40 kilometres. Exploration activities within EL8810 will commence in calendar year 2019, initially focusing on historical data compilation and geological mapping over the tenement.

The Torrens Project (EL5614), a joint venture between Aeris Resources (70% interest) and Kelaray Pty Ltd (a wholly owned subsidiary of Argonaut Resources NL), is exploring for iron-oxide copper-gold (IOCG) systems in the highly prospective Stuart Shelf region of South Australia. An airborne gravity survey completed in the second half of the 2018 financial year identified 28 gravity anomalies. Towards the end of the period ended 31 December 2018 technical work focussed on creating an updated structural model which will be used in-conjunction with the geophysical results to identify and rank targets for the first round of drilling, which commenced in January 2019.

Non-Renounceable Entitlement Offer and Placement

On 21 September 2018 Aeris announced the launch of a fully underwritten A$35.096 million Placement and 1:2.1 Non-Renounceable Entitlement Offer (Entitlement Offer), with the funds being raised used to:

- Accelerate exploration programs at the 100% owned Tritton Copper Operations and the Torrens Joint Venture (Aeris 70%);
- Strengthen the Company's financial position through the repayment of a significant proportion of outstanding Senior Debt; and
- To pay for the costs associated with the equity raise.

The $35.096 million Placement and Entitlement Offer, at a price of $0.20 per share, consisted of:

- A Placement and Accelerated Institutional Entitlement Offer which was completed on 2 October and raised $28.385 million and resulted in the issue of 141,924,297 new shares; and
- A Retail Entitlement Offer which closed on 9 October and raised $6.711 million with 33,554,699 new shares being issued.

In aggregate, 175,478,996 million new shares were issued under the Placement and Entitlement Offer.

The issued capital of Aeris now comprises 455,711,613 ordinary shares, 93,410,609 unlisted options (exercisable at $nil each with an expiry date of 31 December 2021) and 93,410,609 million convertible redeemable preference shares (CRPS).

Debt

On 4 October 2018, utilising funds received from the Placement and Entitlement Offer, Aeris made a US$20 million repayment on its Tranche B debt facility (Senior Debt) with Special Portfolio Opportunity V Limited (SPOV), a subsidiary of a fund managed by PAG.

The US$20 million payment reduced the balance of the Tranche B facility to US$10 million and avoided a 3% interest rate step-up, which would have been payable from 14 October 2018 on any balance of the Tranche B facility remaining above US$10 million.

Aeris' total debt at the end of the period was approximately US$29 million (Tranche A facility – US$19 million and Tranche B facility – US$10 million) and represents a reduction in the Group's debt of more than US$100 million since the start of 2013.

Contingent Instrument Facility

On 17 September 2018 Aeris completed a restructure of its Contingent Instrument facility (CI Facility), for environmental bonding, in conjunction with major shareholder and key financier, SPOV. The CI Facility was previously provided by Standard Chartered Bank (SCB), with SPOV providing a guarantee to SCB for a three-year period ending 14 March 2021.

The new CI Facility is provided by ANZ Banking Group (ANZ) with SPOV providing a guarantee to ANZ until 14 March 2021. Pricing of the new facility is in line with the all-up cost of the previous facility and contains similar terms, including that Aeris will cash back the bonds over a 3-year period. As a result of the transaction, Aeris no longer has any debt or other facilities with SCB.

Financial Results

The Group recorded a loss after tax for the 6 month period to 31 December 2018 of $10.454 million (December 2017: loss of $6.647 million). The result was impacted by a number of key factors including:

- Revenue from continuing operations amounted to $113.479 million, compared to $105.274 million in the previous corresponding period. This was directly due to increased copper production, 13,268 tonnes of Copper produced at 31 December 2018, versus 12,227 tonnes of Copper produced in corresponding period. The impact of increased copper production was offset by lower copper prices achieved of A$8,476/t, compared to the prior corresponding period A$8,638/t;
- Cost of goods sold increased from $94.076 million at 31 December 2017 to $108.145 million at 31 December 2018 and was impacted by higher tonnes mined and processed, higher volumes of copper concentrate shipped, and lower development meters capitalised;
- Foreign exchange impacts, mainly on foreign exchange movements on interest bearing liabilities resulted in a loss of $2.439 million at 31 December 2018 compared to a gain of $1.788 million in the period to 31 December 2017. The AUD/USD exchange rate at 31 December 2018 was $0.7055 compared to $0.7809 at 31 December 2017; and
- Finance costs of $4.750 million were recognised on the Special Portfolio Opportunity V Limited (SPOV) facilities for the period to 31 December 2018 compared to $13.369 million in the prior corresponding period. The reduction in finance costs were as a result of the lower debt levels of the Company as a result of the debt restructure announced on 28 February 2018 (which reduced the Senior Debt from US$63.3 million (including accrued interest) to US$30 million on 14 March 2018) and a repayment of US$20 million off the Senior Debt in October 2018.

Financial Position

The net asset position of the Group at 31 December 2018 is $79.070 million (net assets at 30 June 2018 were $54.999 million), mainly due to a reduction in SPOV Tranche B (Senior Debt) facility of US$20 million as a result of utilising the funds raised through the successful non-renounceable entitlement offer and placement completed during the period.

Events Subsequent to Balance Date

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 continues to target copper production at its Tritton Copper Operations for FY2019 of 24,500 tonnes at a C1 cash cost of between A$2.75/lb and A2.90/lb.

At the Tritton Copper Operations the focus will be to continue driving operational and cost efficiencies, update the life-of-mine plans for the Tritton and Murrawombie underground mines, proactive management of capital expenditure and continue exploration activities on its highly prospective tenement package. At the Company's 70% owned Torrens Joint Venture activities will focus on completing the Phase 1 drilling program (6-8 holes) that commenced in January 2019.

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 6.

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
25 February 2019

Auditor's Independence Declaration

As lead auditor for the review of Aeris Resources Limited for the half-year ended 31 December 2018, 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
25 February 2019

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Aeris Resources Limited ABN 30147131977
Interim financial report - 31 December 2018

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.

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 AUSTRALIA 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 5, which is not part of these interim financial statements.

The interim financial report was authorised for issue by the Directors on 25 February 2019. The Directors have the power to amend and reissue the interim financial report.

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

	Notes	31 December 2018 $'000	31 December 2017 $'000
Revenue from continuing operations	2	**113,479**	105,274
Cost of goods sold	3	**(108,145)**	(94,076)
Gross profit		**5,334**	11,198
Exploration expense	3	**(565)**	(127)
Administration and support	3	**(4,270)**	(3,291)
Other (expenses)/income	3	**(3,504)**	1,937
(Loss)/profit before net finance costs		**(3,005)**	9,717
Finance expenses	3	**(4,750)**	(13,369)
Loss before income tax from continuing operations		**(7,755)**	(3,652)
Income tax expense		**(2,699)**	(2,995)
Loss for the period		**(10,454)**	(6,647)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Changes in the fair value of cash flow hedges	8(a)	**2,306**	-
Income tax relating to components of other comprehensive income	8(a)	**(692)**	-
Other comprehensive profit for the period, net of tax		**1,614**	-
Total comprehensive loss for the period		**(8,840)**	(6,647)
Loss is attributable to:			
Owners of Aeris Resources Limited		**(10,454)**	(6,647)
Total comprehensive loss for the period is attributable to:			
Owners of Aeris Resources Limited		**(8,840)**	(6,647)

	31 December 2018 Cents	31 December 2017 Cents
Earnings per share for loss attributable to the ordinary equity holders of the company:		
Basic earnings per share	**(2.8)**	(4.7)
Diluted earnings per share	**(2.8)**	(4.7)

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

	Notes	**31 December 2018 $'000**	30 June 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**17,012**	23,332
Trade and other receivables		**9,764**	9,662
Inventories		**16,414**	16,309
Financial assets at fair value through profit or loss		**2,977**	3,722
Derivative financial instruments		**401**	-
Total current assets		**46,568**	53,025
Non-current assets			
Receivables		**9,601**	7,190
Exploration and evaluation		**21,786**	17,855
Mine properties in use		**48,385**	51,137
Property, plant and equipment		**49,305**	50,700
Deferred tax assets		**1,200**	4,591
Total non-current assets		**130,277**	131,473
Total assets		**176,845**	184,498
LIABILITIES			
Current liabilities			
Trade and other payables		**24,721**	25,984
Interest bearing liabilities	4	**7,415**	7,275
Derivative financial instruments		**-**	1,905
Provisions	5	**7,058**	7,334
Total current liabilities		**39,194**	42,498
Non-current liabilities			
Interest bearing liabilities	4	**46,965**	75,365
Provisions	5	**11,616**	11,636
Total non-current liabilities		**58,581**	87,001
Total liabilities		**97,775**	129,499
Net assets		**79,070**	54,999
EQUITY			
Contributed equity	6	**420,837**	388,180
Preference equity	7	**4,208**	4,208
Reserves	8(a)	**(6,762)**	(8,630)
Accumulated losses	8(b)	**(339,213)**	(328,759)
Total equity		**79,070**	54,999

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	**Convertible Preference Shares $'000**	**Other reserves $'000**	**Accumulated Losses $'000**	**Total equity $'000**
Balance at 1 July 2017	360,828	31,560	(7,838)	(384,063)	487
Loss for the period	-	-	-	(6,647)	(6,647)
Total comprehensive income for the period	**-**	**-**	**-**	**(6,647)**	**(6,647)**
Transactions with owners in their capacity as owners:					
Share based payments	-	-	240	-	240
Balance at 31 December 2017	**360,828**	**31,560**	**(7,598)**	**(390,710)**	**(5,920)**
Balance at 1 July 2018	388,180	4,208	(8,630)	(328,759)	54,999
Loss for the period	-	-	-	(10,454)	(10,454)
Other comprehensive loss	-	-	1,614	-	1,614
Total comprehensive income for the period	**-**	**-**	**1,614**	**(10,454)**	**(8,840)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	32,657	-	-	-	32,657
Share based payments	-	-	254	-	254
	32,657	-	254	-	32,911
Balance at 31 December 2018	**420,837**	**4,208**	**(6,762)**	**(339,213)**	**79,070**

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

	31 December 2018 $'000	31 December 2017 $'000
Cash flows from operating activities		
Receipts from customers	**115,682**	100,549
Payments to suppliers and employees	**(101,242)**	(83,848)
Interest paid	**(4,927)**	(777)
Net cash inflow from operating activities	**9,513**	15,924
Cash flows from investing activities		
Payments for property, plant and equipment and mine properties	**(8,938)**	(11,549)
Payments for exploration expenditure	**(4,683)**	(1,289)
Cash backed security deposits	**(2,362)**	(2,128)
Net cash outflow from investing activities	**(15,983)**	(14,966)
Cash flows from financing activities		
Proceeds from issue of shares	**32,657**	-
(Repayment of) proceeds from borrowings	**(27,945)**	1,962
Principal elements of finance lease payments	**(4,760)**	(3,100)
Net cash outflow from financing activities	**(48)**	(1,138)
Net decrease in cash and cash equivalents	**(6,518)**	(180)
Cash and cash equivalents at the beginning of the financial period	**23,332**	9,698
Effects of exchange rate changes on cash and cash equivalents	**198**	-
Cash and cash equivalents at the end of period	**17,012**	9,518

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 half-year report

The interim financial report is for the consolidated entity consisting of Aeris Resources Limited ('the Company') and its subsidiaries ("the Group").

This condensed consolidated interim financial report for the six month reporting period ended 31 December 2018 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 2018 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 2018 is accessible at www.aerisresources.com.au.

The half-year 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 condensed 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.

During the half-year ended 31 December 2018, Aeris recognised a consolidated loss of $10.454 million (2017: loss of $6.647 million) and had cash inflow from operating activities of $9.513 million (2017: inflow of $15.924 million). In the current period the result was impacted by increased production positively impacting revenues offset by lower copper prices achieved, increased mining and processing costs, negative foreign exchange impacts and lower financing cost incurred.

At 31 December 2018 the Group held cash of $17.012 million, a net asset position of $79.070 million and a working capital surplus of $7.374 million.

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:

- The US$25 million Special Portfolio Opportunity V Limited (SPOV) facility (US$9.5 million undrawn);
- Continuing to deliver on planned full year production guidance of 24,500 tonnes of copper;
- The Group has generated positive cash flows from operating activities of $9.513 million (Dec 2017: $15.924 million); and
- Continued strong management of operating and capital expenditure at its Tritton Copper Operations.

1 Basis of preparation of half-year report (continued)

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretation did not have any significant impact on financial performance or position of the Group. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The only new accounting standard that is mandatory to apply, for the period commencing 1 July 2018, is that of AASB 15 Revenue from Contracts with Customers which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It supersedes current revenue recognition guidance including AASB 118 Revenues, AASB 111 Construction Contracts and related interpretations. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Group assessed the effects of applying the new standard to the Group's operations including the impact on the offtake agreement for 100% of the Copper Concentrate produced at its Tritton Copper Operations, that accounts for the majority of the Group's revenue. There was no adjustment required for the application of the new standard on the financial results for the period ended 31 December 2018.

The Group early adopted AASB 9 in its 30 June 2018 financial statements as issued in December 2014, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in AASB 9, comparative figures were not restated with the exception of certain aspects of hedge accounting.

The accounting policies were changed to comply with AASB 9 as issued by the AASB in December 2014. AASB 9 replaced the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. AASB 9 also significantly amends other standards dealing with financial instruments such as AASB 7 Financial Instruments: Disclosures.

(i) Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the Group.

AASB 16 Leases addresses the recognition, measurement, presentation and disclosures of leases. This standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with AASB 16’s approach to lessor accounting substantially unchanged from its predecessor, AASB 117. This standard applies to the reporting period beginning on 1 July 2019. The Group is in the process of assessing the impact for the Group of this new standard.

2 Revenue

	31 December 2018 $'000	31 December 2017 $'000
From continuing operations		
Sales revenue		
Mining activities	**113,283**	105,227
Other revenue		
Other revenue from ordinary activities	**196**	47
	113,479	105,274

3 Expenses

	31 December 2018 $'000	31 December 2017 $'000
Loss before income tax includes the following specific expenses:		
Cost of production		
Mining and Processing activities	**93,278**	82,309
Depreciation		
Plant and equipment	**4,548**	3,727
Plant and equipment under finance leases	**3,145**	3,614
Total Depreciation	**7,693**	7,341
Amortisation		
Mine properties	**7,174**	4,426
Total Cost of goods sold	**108,145**	94,076
Exploration expense		
Exploration expenditure	**565**	127
Total Exploration Expense	**565**	127
Finance costs - net		
Interest and finance charges paid / payable	**4,750**	13,369
Total Finance Expenses	**4,750**	13,369
Other expenses/(gains)		
Net foreign exchange losses/(gains)	**2,439**	(1,788)
Loss/(gain) on fair value of listed securities held for trading	**745**	(149)
Loss on disposal of fixed assets	**320**	-
Total Other expenses/(gains)	**3,504**	(1,937)
Administration and support		
Corporate depreciation	**6**	6
Corporate	**4,264**	3,285
Total Administration and support	**4,270**	3,291

4 Interest bearing liabilities

Current

	31 December 2018 $'000	30 June 2018 $'000
Secured		
Loans	**1,500**	812
Lease liabilities	**5,915**	6,463
Total secured borrowings	**7,415**	7,275
Total current interest bearing liabilities	**7,415**	7,275

Non Current

	31 December 2018 $'000	30 June 2018 $'000
Secured		
Loans	**41,058**	67,489
Lease liabilities	**5,907**	7,876
Total secured borrowings	**46,965**	75,365
Total non-current interest bearing liabilities	**46,965**	75,365

The Group's loans consist of the SPOV Tranche A facility, SPOV Tranche B facility, and Residential housing loans.

The SPOV Tranche A facility is a US$25 million working capital facility that accrues cash interest at 5% per annum and PIK interest that accrues at 6% (compounding every three months). At 31 December 2018, the Group had drawn down US$15.5 million from SPOV Tranche A Facility. Maturity date for the facility is 14 March 2020.

The SPOV Tranche B facility, replaced the Group's Standard Chartered Bank (SCB) loan on 14 March 2018 totalling US$25 million. For its role in arranging the restructure, including bridging the SCB facility whilst the restructure was being completed, Aeris agreed to pay SPOV an Arranger Fee of US$5 million, which increased the Tranche B facility to US$30 million. The facility accrues cash interest at a rate of 12.5% per annum. The facility provided for an initial repayment date, being 6 months from the completion date (14 September 2018). If, by the completion date, the Group had not reduced the SPOV Tranche B facility to a minimum of US$10 million, the interest rate increased by an additional 3.0% per annum on the balance of the facility above US$10 million.The loan facility was amended prior to 14 September 2018 which extended the completion date to 14 October 2018. On 4 October 2018, the Company made a US$20 million payment against the facility, reducing the balance to US$10 million, thereby avoiding the 3.0% increase in interest rate. The maturity date for the facility is 14 March 2020.

Residential housing loans are secured over the residential properties. These loans have no recourse to the parent entity or other members of the Group.

5 Provisions

	31 December 2018			30 June 2018		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Employee benefits	**6,837**	**614**	**7,451**	7,115	634	7,749
Other provisions	**221**	**-**	**221**	219	-	219
Provision for rehabilitation and dismantling	**-**	**11,002**	**11,002**	-	11,002	11,002
	7,058	**11,616**	**18,674**	7,334	11,636	18,970

The provision for rehabilitation and dismantling provision is based on the Group's Mining Operations Plans (MOPs) for its Tritton Copper Operations.The cost estimates that form the basis for the provision for rehabilitation and dismantling costs are discounted using a risk-free discount rate that reflects the time value of money. The provision for rehabilitation and dismantling was inline with the present value estimate calculated, with no impact reflected in the condensed consolidated statement of comprehensive income for the period ending 31 December 2018.

6 Contributed equity

(a) Share capital

Ordinary share capital	**31 December 2018 Shares**	30 June 2018 Shares	**31 December 2018 $'000**	30 June 2018 $'000
Fully paid	**455,711,613**	280,232,617	**420,837**	388,180

Movements in ordinary share capital

	31 December 2018 Shares	**31 December 2018 A$'000**
Opening balance - 1 July 2018	280,232,617	388,180
Placement (issued 2 October 2018)	42,034,892	8,407
Entitlement Offer - Institutional offer (issued 2 October 2018)	99,889,405	19,978
Entitlement Offer - Retail (issued 16 October 2018)	10,051,262	2,010
Entitlement Offer - Retail (issued 17 October 2018)	23,503,437	4,701
Less: Transaction costs arising on share issues	-	(2,439)
Closing Balance - 31 December 2018	455,711,613	420,837

	30 June 2018 Shares	**30 June 2018 A$'000**
Opening balance	140,116,703	360,828
Share issued to fund cancellation of convertible preference shares	1	-
Conversion of convertible preference shares	140,115,913	6,312
Cancellation of convertible preference shares	-	21,040
Closing balance	280,232,617	388,180

6 Contributed equity (continued)

(a) Share capital (continued)

Movements in ordinary share capital (continued)

Non-Renounceable Entitlement Offer and Placement
On 21 September 2018 Aeris announced the launch of a fully underwritten A$35.096 million Placement and 1:2.1 Non-Renounceable Entitlement Offer (Entitlement Offer), with the funds raised being used to:

- Accelerate exploration programs at the 100% owned Tritton Copper Operations and the Torrens Joint Venture (Aeris 70%);
- Strengthen the Company's financial position through the repayment of a significant proportion of outstanding Senior Debt; and
- To pay for the costs associated with the equity raise.

The $35.096 million Placement and Entitlement Offer, at a price of $0.20 per share, consisted of:

- A Placement and Accelerated Institutional Entitlement Offer which was completed on 2 October 2018 and raised $28.385 million and resulted in the issue of approximately 141,924,297 new shares; and
- A Retail Entitlement Offer which closed on 9 October 2018 and raised $6.711 million with approximately 33,554,699 new shares being issued.

In aggregate, 175,478,996 new shares were issued under the Placement and Entitlement Offer.

The issued capital of Aeris now comprises 455,711,613 ordinary shares, 93,410,609 unlisted options (exercisable at $nil each with an expiry date of 31 December 2021) and 93,410,609 convertible preference shares (CRPS).

7 Preference equity

(a) Convertible preference shares

Movements in convertible redeemable preference shares

	31 December 2018 Shares	**31 December 2018 A$'000**
Opening balance	93,410,609	4,208
Closing Balance	93,410,609	4,208

	30 June 2018 Shares	**30 June 2018 A$'000**
Opening balance	700,579,566	31,560
Conversion to ordinary shares	(140,115,913)	(6,312)
Cancellation of preference shares	(467,053,044)	(21,040)
Issued/(Redeemed)	-	-
Closing balance	93,410,609	4,208

Conversion and cancellation of convertible preference shares
Associated with the restructure announced on 28 February 2018 and completed on 14 March 2018, an agreement was reached with SCB to cancel 467,053,044 of its 560,463,653 Convertible Redeemable Preference Shares (CRPS), reducing the number on issue to 93,410,609. The CRPS are fully paid and convertible into ordinary capital of the Company, were originally issued following approvals obtained at the Extraordinary General Meetings of Shareholders (EGM) held to approve the SCB debt restructure on 15 December 2015. The CRPS were issued with an aggregate face value of US$40 million.

The remaining CRPS accrue an unfranked dividend of 5% per annum. Payment of this dividend is interest deferred and accrues interest. The accrued dividends and interest will be paid in cash if the CRPS are redeemed or will cease to accrue and be written off if the CRPS are converted.

7 Preference equity (continued)

Movements in convertible redeemable preference shares (continued)

The CRPS were independently valued upon finalisation of the 15 December 2015 restructure with its full fair value determined at A$25.248 million. Following the cancellation of the 467,053,044 CRPS the remaining fair value recognised is A$4.208 million.

The CRPS may be redeemed by the Company during the CRPS redemption period, unless already converted; otherwise all CRPS mandatorily convert into ordinary shares in the Company on the fifth anniversary of their issue.

As part of the restructure completed on 14 March 2018, SPOV agreed to convert its existing holding of 140,115,913 Convertible Non-Redeemable Preference Shares (CNRPS) into fully paid ordinary shares.

8 Reserves and accumulated losses

(a) Reserves

	31 December 2018 $'000	30 June 2018 $'000
Cash flow hedges	**281**	(1,333)
Share-based payments	**2,400**	2,146
Acquisition revaluation reserve	**(9,443)**	(9,443)
	(6,762)	(8,630)

The net movement of the hedge reserve included in the condensed consolidated statement of comprehensive income is $1.614 million.The change in fair value of the cash flow hedge for the period ending 31 December 2018 is $2.306 million with a deferred tax impact of $0.692 million.

(b) Accumulated losses

Movements in accumulated losses were as follows:

	31 December 2018 $'000	30 June 2018 $'000
Balance 1 July	**(328,759)**	(384,063)
Net loss for the period	**(10,454)**	55,304
Closing Balance	**(339,213)**	(328,759)

9 Events occurring after the balance sheet date

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.

10 Earnings per share

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

	31 December 2018 $'000	31 December 2017 $'000
Basic and diluted earnings per share		
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From continuing operations	**(10,454)**	(6,647)

(b) Weighted average number of shares used as denominator

	31 December 2018 Number	31 December 2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**363,383,924**	140,116,703
Adjustments for calculation of diluted earnings per share:		
Amounts uncalled on partly paid shares and calls in arrears	**93,410,609**	700,579,566
Options	**93,410,609**	93,410,609
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**550,205,142**	934,106,878

11 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 Group's performance and determined that there are two reportable segments of its business, Tritton Copper Operations and Other (representing corporate activities and non-core exploration assets).

Geographical segments

The Consolidated Entity only operated in Australia as at 31 December 2018 and 31 December 2017.

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

2018	**Tritton Operations $'000**	**Other $'000**	**Total Continuing Operations $'000**	**Consolidated $'000**
Segment Revenue				
Sales	**113,283**	**-**	**113,283**	**113,283**
Total sales revenue	**113,283**	**-**	**113,283**	**113,283**
Other revenue	**196**	**-**	**196**	**196**
Total segment revenue	**113,479**	**-**	**113,479**	**113,479**

11 Segment information (continued)

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

2018	**Tritton Operations $'000**	**Other $'000**	**Total Continuing Operations $'000**	**Consolidated $'000**
Adjusted EBITDA	**17,180**	**(2,128)**	**15,052**	**15,052**
Segment assets and liabilities				
Segment assets	**155,977**	**19,668**	**175,645**	**175,645**
Unallocated assets	**-**	**-**	**1,200**	**1,200**
Total assets	**155,977**	**19,668**	**176,845**	**176,845**
Segment liabilities	**(95,497)**	**(2,278)**	**(97,775)**	**(97,775)**
Other segment information				
Acquisition of property, plant and equipment, intangibles and other segment assets	**8,999**	**-**	**8,999**	**8,999**
Depreciation and amortisation	**14,867**	**6**	**14,873**	**14,873**

2017	**Tritton Operations** $'000	**Other** $'000	**Total Continuing Operations** $'000	**Consolidated** $'000
Segment Revenue				
Sales	105,227	-	105,227	105,227
Total sales revenue	105,227	-	105,227	105,227
Other revenue	47	-	47	47
Total segment revenue	105,274	-	105,274	105,274
Adjusted EBITDA	20,619	(917)	19,702	19,702
Segment assets and liabilities				
Segment assets	**254,180**	**124,777**	**378,957**	**378,957**
Intersegment elimination	(100,523)	(111,281)	(211,804)	(211,804)
Unallocated assets	-	-	10,205	10,205
Total assets	153,657	13,496	177,358	177,358
Segment liabilities	**323,299**	**68,788**	**392,087**	**392,087**
Intersegment liabilities	(145,607)	(66,197)	(211,804)	(211,804)
Total liabilities	177,692	2,591	180,283	180,283
Other segment information				
Depreciation and amortisation	11,767	6	11,773	11,773
Acquisition of property, plant and equipment, intangibles and other segment assets	11,549	-	11,549	11,549

11 Segment information (continued)

(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:

	Notes	**31 December 2018 $'000**	31 December 2017 $'000
Adjusted EBITDA (continuing operations)		**15,052**	19,553
Finance costs		**(4,750)**	(13,369)
Fair value of listed investment		**(745)**	149
Depreciation and amortisation		**(14,873)**	(11,773)
Net foreign exchange losses/(gains)		**(2,439)**	1,788
Loss before income tax from continuing operations		**(7,755)**	(3,652)

Comparative adjusted EBITDA has been restated to ensure a more appropriate comparison to current period reconciliation.

12 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).

12 Fair value measurements (continued)

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2018 and 30 June 2018:

At 31 December 2018	**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	**2,977**	**-**	**-**	**2,977**
Available-for-sale financial assets				
Forward commodity contract - cashflow hedges	**-**	**401**	**-**	**401**
Total financial assets	**2,977**	**401**	**-**	**3,378**

At 30 June 2018	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	3,722	-	-	3,722
Total financial assets	3,722	-	-	3,722
Forward commodity contract - cashflow hedges	-	1,905	-	1,905
Total financial liabilities	-	1,905	-	1,905

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.

In the Directors' opinion:

(a) the interim financial report and notes set out on pages 7 to 24 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 2018 and of its performance for the half-year 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.

Andre Labuschagne
Director

Brisbane
25 February 2019

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Aeris Resources Limited (the Company), which comprises the condensed consolidated balance sheet as at 31 December 2018, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Aeris Resources Limited. The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility 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 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 Group's financial position as at 31 December 2018 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*.

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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 Group's financial position as at 31 December 2018 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.*

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the Company for the half-year ended 31 December 2018 included on Aeris Resources Limited's web site. The Company's directors are responsible for the integrity of the Aeris Resources Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

PricewaterhouseCoopers

Simon Neill
Partner

Brisbane
25 February 2019