



Quarterly Activities Report For the period ended 31 March 2019

About Aeris Resources

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

In FY2018, Aeris' Tritton Copper Operations produced 26,686 tonnes of copper and in FY2019 is targeting production of 25,500 tonnes of copper.

The Company also has an exciting portfolio of highly prospective exploration projects creating a pipeline for future growth, including advanced projects at its Tritton Copper Operations and the Torrens Project in South Australia.

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

TRITTON COPPER OPERATIONS:

- **March quarter copper production of 6,223 tonnes at C1 of A\$2.93/lb**
- **YTD copper production above plan at 19,491 tonnes at C1 of A\$2.89/lb**
- **Copper production guidance upgraded to 25,500 tonnes (previously 24,500 tonnes) at a C1 cash cost of A\$2.75/lb to A\$2.90/lb**

EXPLORATION:

- **25 new EM anomalies identified on northern half of Tritton tenement package**
- **Drilling at Torrens commenced during the quarter:**
 - **TD7 successfully completed - encouraging geology intersected and assay results pending**
 - **Drill holes TD8 and TD9 abandoned due to difficulties managing aquifer water flows**
 - **Drilling to resume in second half of April following a review of operating procedures and systems**

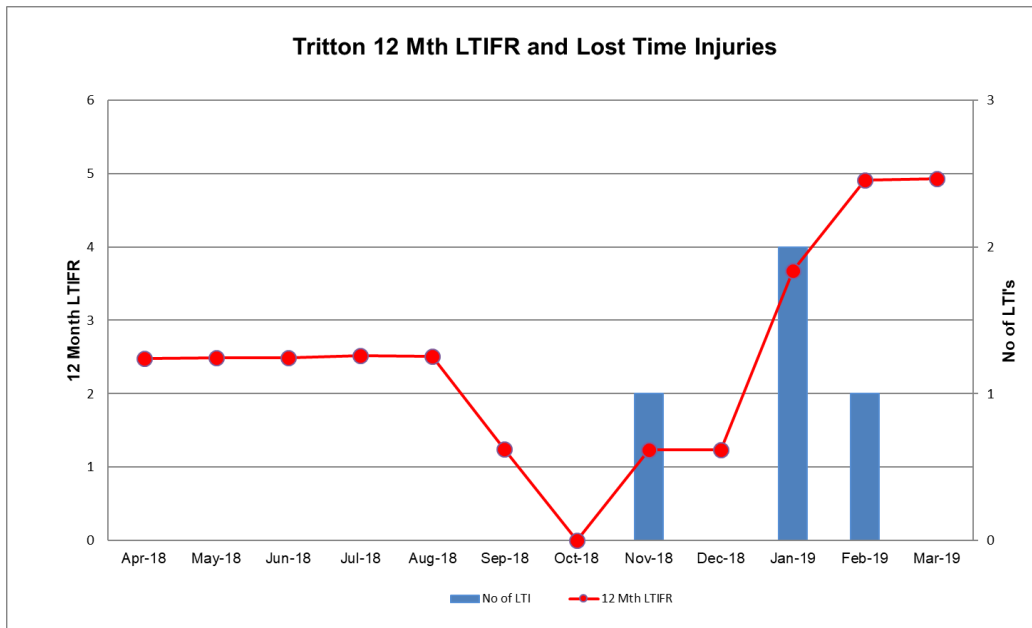
CORPORATE:

- **Cash and receivables of \$23.9M at quarter end**

Q3 FY2019 Quarterly Activities Report

Safety, Environment and Community

There were three lost time injuries during the quarter. An underground loader collided with a wall, ejecting the operator from the cabin; an operator alighting a vehicle injured their knee; and an operator was injured when their vehicle collided with another vehicle underground.



There were no reportable environmental incidents during the quarter.

Tritton Copper Operations (NSW)

Production and Cost Summary

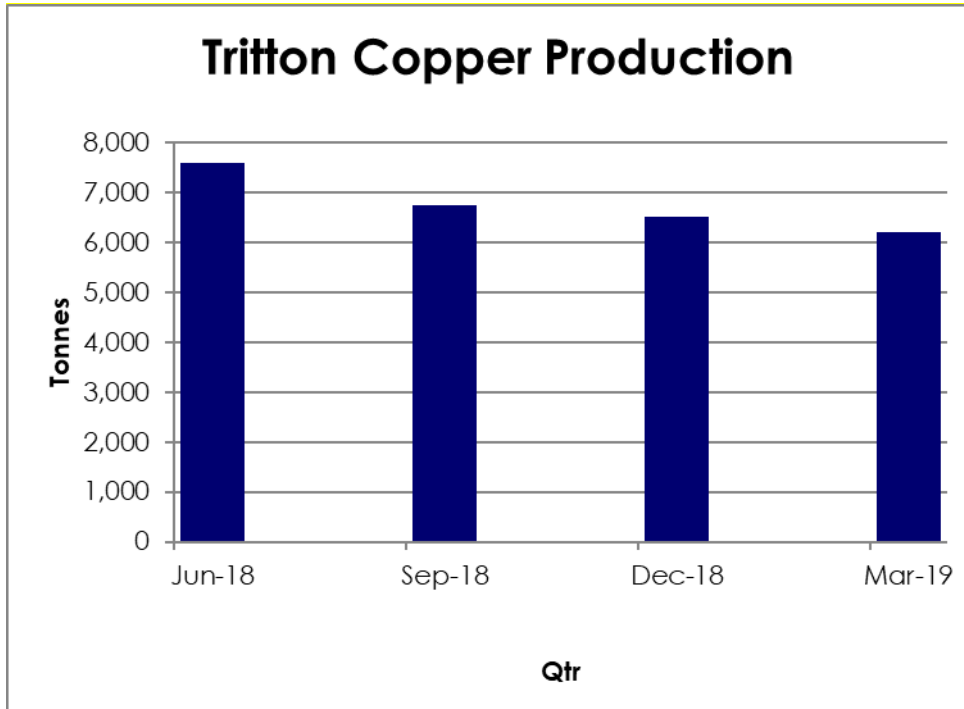
| | | JUN 2018 QTR | SEP 2018 QTR | DEC 2018 QTR | MAR 2019 QTR |
|---|---------------|-----------------|-----------------|-----------------|-----------------|
| PRODUCTION | | | | | |
| ORE MINED | TONNES | 424,579 | 425,755 | 396,705 | 429,502 |
| GRADE | Cu (%) | 1.93% | 1.60% | 1.71% | 1.57% |
| ORE MILLED | TONNES | 418,154 | 432,802 | 395,994 | 409,543 |
| GRADE MILLED | Cu (%) | 1.89% | 1.64% | 1.73% | 1.61% |
| RECOVERY | Cu (%) | 95.88% | 94.73% | 94.86% | 94.47% |
| COPPER CONCENTRATE PRODUCED | TONNES | 35,676 | 30,202 | 28,113 | 28,259 |
| COPPER CONCENTRATE GRADE | Cu (%) | 21.25% | 22.30% | 23.10% | 21.98% |
| CONTAINED COPPER IN CONCENTRATE | TONNES | 7,580 | 6,736 | 6,495 | 6,212 |
| COPPER CEMENT PRODUCED | TONNES | 12 | 17 | 20 | 11 |
| TOTAL COPPER PRODUCED | TONNES | 7,592 | 6,753 | 6,515 | 6,223 |
| OPERATING COSTS (A\$/lb Copper Produced) | | | | | |
| MINING | A\$/lb | 1.39 | 1.73 | 1.70 | 1.71 |
| PROCESSING | A\$/lb | 0.40 | 0.44 | 0.45 | 0.51 |
| SITE G&A | A\$/lb | 0.28 | 0.29 | 0.33 | 0.27 |
| TC/RC'S & PRODUCT HANDLING | A\$/lb | 0.52 | 0.60 | 0.61 | 0.60 |
| INVENTORY MOVEMENTS | A\$/lb | (0.22) | (0.04) | 0.10 | 0.08 |
| NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT) | A\$/lb | (0.27) | (0.25) | (0.23) | (0.24) |
| C1 CASH COSTS | A\$/lb | 2.10 | 2.77 | 2.96 | 2.93 |
| ROYALTIES | A\$/lb | 0.11 | 0.11 | 0.09 | 0.09 |
| CORPORATE G&A* | A\$/lb | 0.06 | 0.09 | 0.12 | 0.05 |
| NON-CASH INVENTORY ADJ | A\$/lb | - | - | - | - |
| CAPITAL DEVELOPMENT | A\$/lb | 0.27 | 0.13 | 0.15 | 0.12 |
| SUSTAINING CAPITAL** | A\$/lb | 0.25 | 0.31 | 0.35 | 0.31 |
| SUSTAINING EXPLORATION | A\$/lb | - | - | - | - |
| ALL-IN SUSTAINING COSTS (AISC) | A\$/lb | 2.79 | 3.41 | 3.67 | 3.50 |

*Includes Share Based Payments

**Includes financing payments (Principal and Interest) on Leased assets

PRODUCTION

Copper production for the March quarter was 6,223 tonnes with lower ore grades offset by increased tonnes mined and milled.



Tritton Underground Mine (Tritton)

Tritton mine ore production for the March quarter of 323kt was higher compared with the previous quarter (284kt). Mine grade achieved for the quarter, at 1.58%, was lower than the previous quarter (1.64%). The stope mining sequence in the lower levels of the mine continued to stabilize in the quarter.

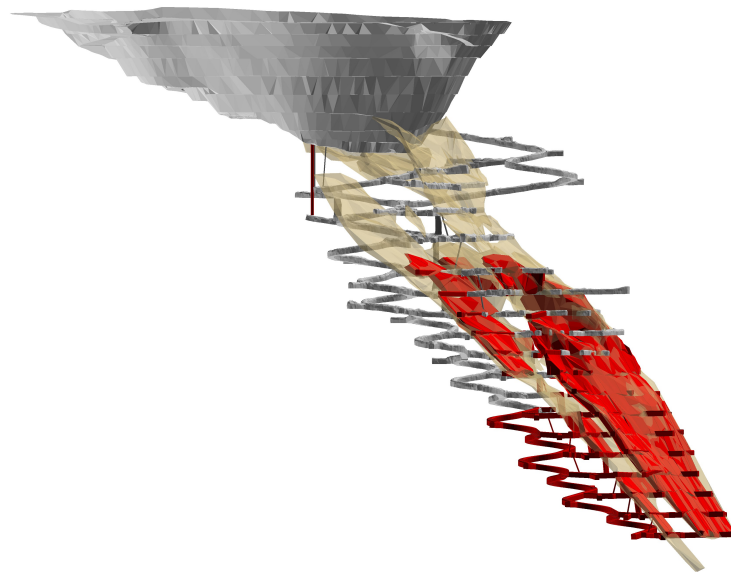
The ore pass and truck loading loop commissioned during the first quarter of the financial year continues to improve truck loading times with a reduction of between one half and two thirds of the time taken under the previous loading process.

Murrawombie Underground Mine (Murrawombie)

Murrawombie ore production of 106kt was lower compared with the previous quarter (112kt). Copper grades of 1.53% were lower compared with the previous quarter (1.88%) due to sequencing of the mine plan.

A major review of stoping sequence and cut-off grade has been undertaken this quarter, which will further improve the geological understanding and the ability to mine more selectively.

Figure 1: Murrawombie Mine Section View



Ore Processing

Ore processed during the quarter was 410kt, an increase on the previous quarter (396kt) and reflects the increased quarterly ore production and installation of a new jaw crusher, which has facilitated higher throughput rates from the SAG mill. Consistent milling operations continues to enable good metallurgical performance, with copper recovery of 94.47%.

COSTS

C1 cash costs for the quarter, at A\$2.93/lb were lower than the previous quarter (A\$2.96) primarily due to lower mining, TC/RC's and product handling costs. The year to date C1 cash cost is A\$2.89/lb.

All-In Sustaining Costs (AISC) for the quarter of A\$3.50/lb also decreased from the previous quarter (A\$3.67/lb), mainly due to the impact of the lower C1 unit cash costs and lower capital expenditure (capital development and sustaining capital).

Capital expenditure for the quarter was \$6.4 million, including \$0.5 million on exploration.

Tritton Capital Expenditure (A\$ Million)

| | JUN 2018 QTR | SEP 2018 QTR | DEC 2018 QTR | MAR 2019 QTR |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| SUSTAINING CAPITAL | | | | |
| PROPERTY, PLANT AND EQUIPMENT | 1.8 | 2.4 | 2.5 | 1.9 |
| MINING DEVELOPMENT | 4.5 | 2.0 | 2.1 | 1.6 |
| LEASED ASSETS* | 2.3 | 2.2 | 2.5 | 2.4 |
| EXPLORATION | - | - | - | - |
| GROWTH | | | | |
| EXPLORATION | 1.8 | 1.3 | 1.8 | 0.5 |
| TOTAL | 10.4 | 7.9 | 8.9 | 6.4 |

*Represents the finance lease payments (principal and interest) incurred in the quarter

OUTLOOK

The copper production guidance for FY2019 has been upgraded to 25,500 tonnes (previously 24,500 tonnes) at a C1 cash cost between A\$2.75 and A\$2.90 per pound.

Exploration and Project Development

GREENFIELDS EXPLORATION – TRITTON TENEMENT PACKAGE

The Tritton tenement package covers 2,160km² (Figure 2). To date over 750kt of copper, including the Current Mineral Resource deposits¹, has been discovered within the bottom half of the tenement package within a 50 kilometre corridor adjacent to a stratigraphic unit referred to as the Budgerie Sandstone. Geological mapping has extended the known extents of the Budgerie Sandstone unit a further 65 kilometres through the northern half of the tenement package, with potential to extend for a further 40 kilometres.

Airborne electromagnetic survey

Data processing and geophysical interpretation has been completed for the airborne electromagnetic (AEM) survey flown over a large section of the northern half of the Tritton tenement package in December 2018 (Figure 2). The December 2018 AEM survey, covering 617km², was flown using the innovative SKYTEM™ 312 airborne EM system, which is designed and optimised to test for deep conductive bodies. A total of 25 new mid-to-late time EM anomalies have been identified from the December 2018 AEM survey. Of these 25 new anomalies, 9 are considered high priority targets (Figure 3).

Systematic and focused greenfields exploration over the northern half of the tenement package has been limited to date. The results from the AEM survey confirms the Company's view that there is significant potential to discover additional copper sulphide deposits in the northern half of the Tritton tenement package. The number of EM anomalies identified to date on the northern half of the tenement now totals 29, including 4 anomalies detected from the initial AEM VTEM-Max™ survey completed in January 2017.

Follow-up on-ground exploration within the current quarter will focus on evaluating each identified EM anomaly via a combination of geological mapping, rock chip sampling and geophysical interpretation using a range of magnetic and electromagnetic datasets. Targets will be prioritised for follow-up exploration activities to occur over the most prospective anomalies.

Ground based electromagnetic survey

During the quarter a ground-based moving loop EM (MLTEM) survey commenced within the Murrawombie to Avoca Tank corridor (Figure 3). The ground between Murrawombie and Avoca Tank is considered highly prospective with seven separate copper sulphide mineralised systems previously discovered along the 7.5 kilometre corridor. The MLTEM survey is designed to test for conductive bodies to depths of 500 metres below surface and is scheduled for completion towards the end of the June quarter.

¹ 30 June 2018 Mineral Resource 20.7Mt @ 1.5% Cu for 310kt Cu metal.

Figure 2: Plan view of the Tritton tenement package showing the SKYTEM EM survey area and other recently completed EM surveys.

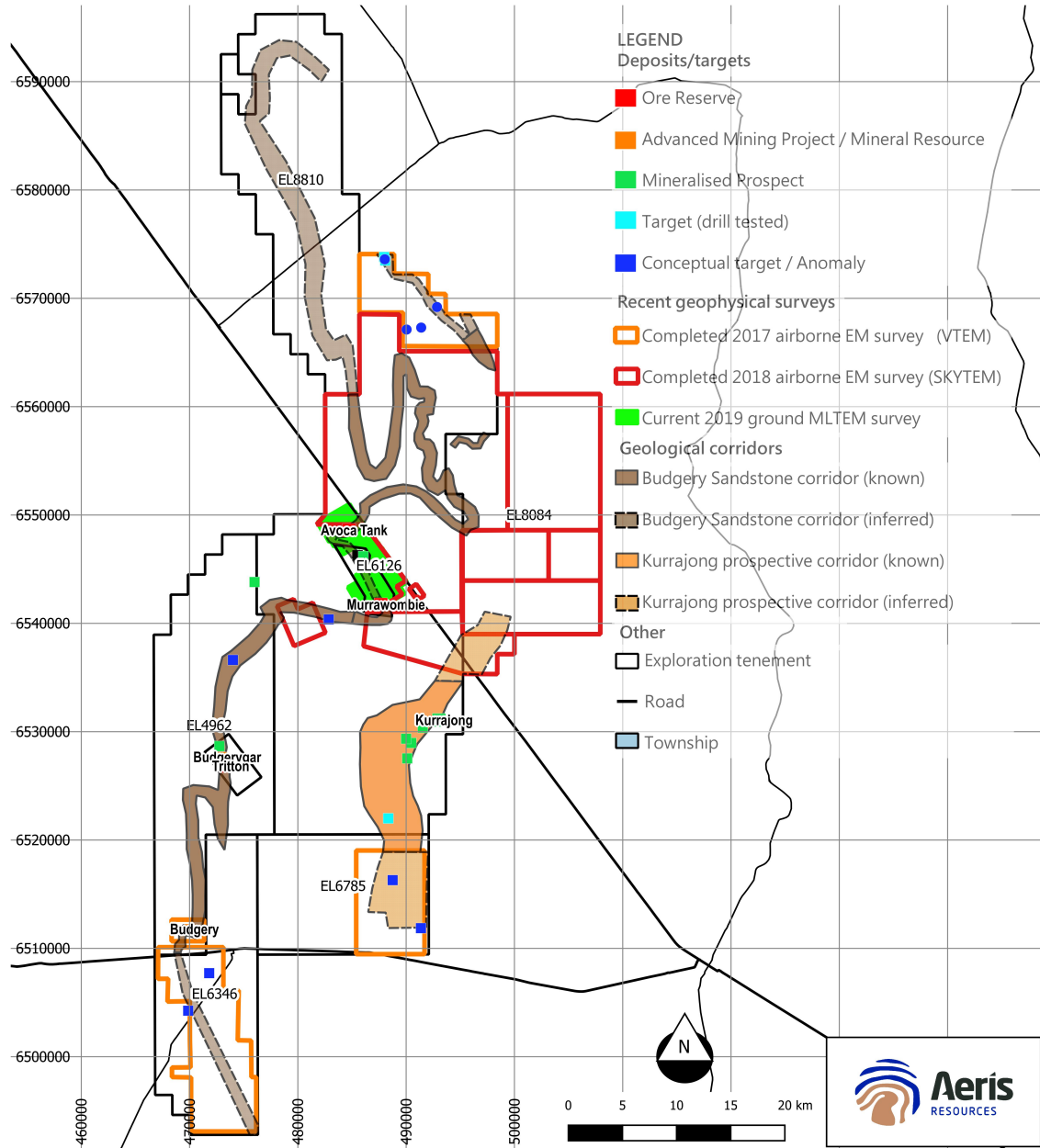
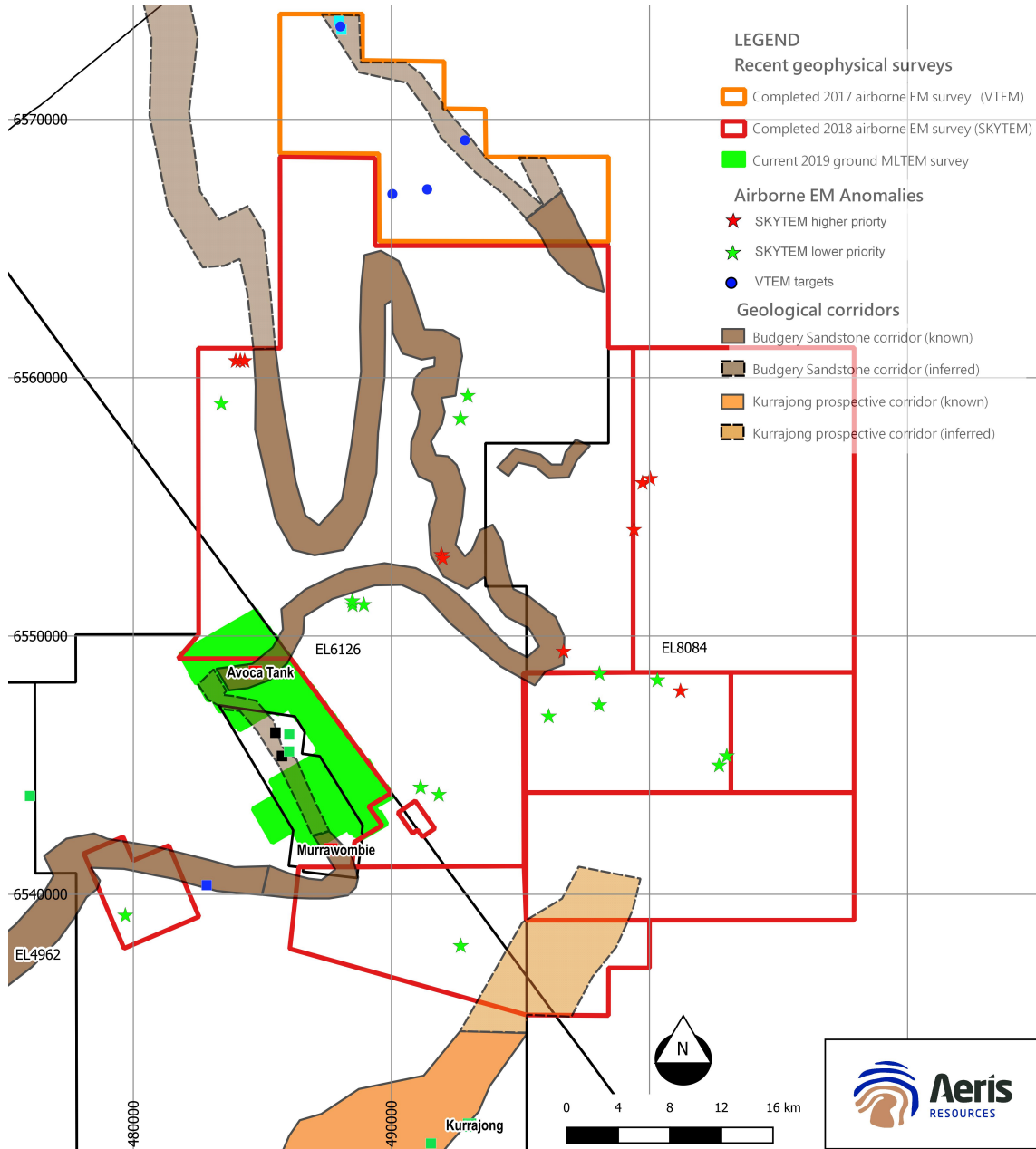


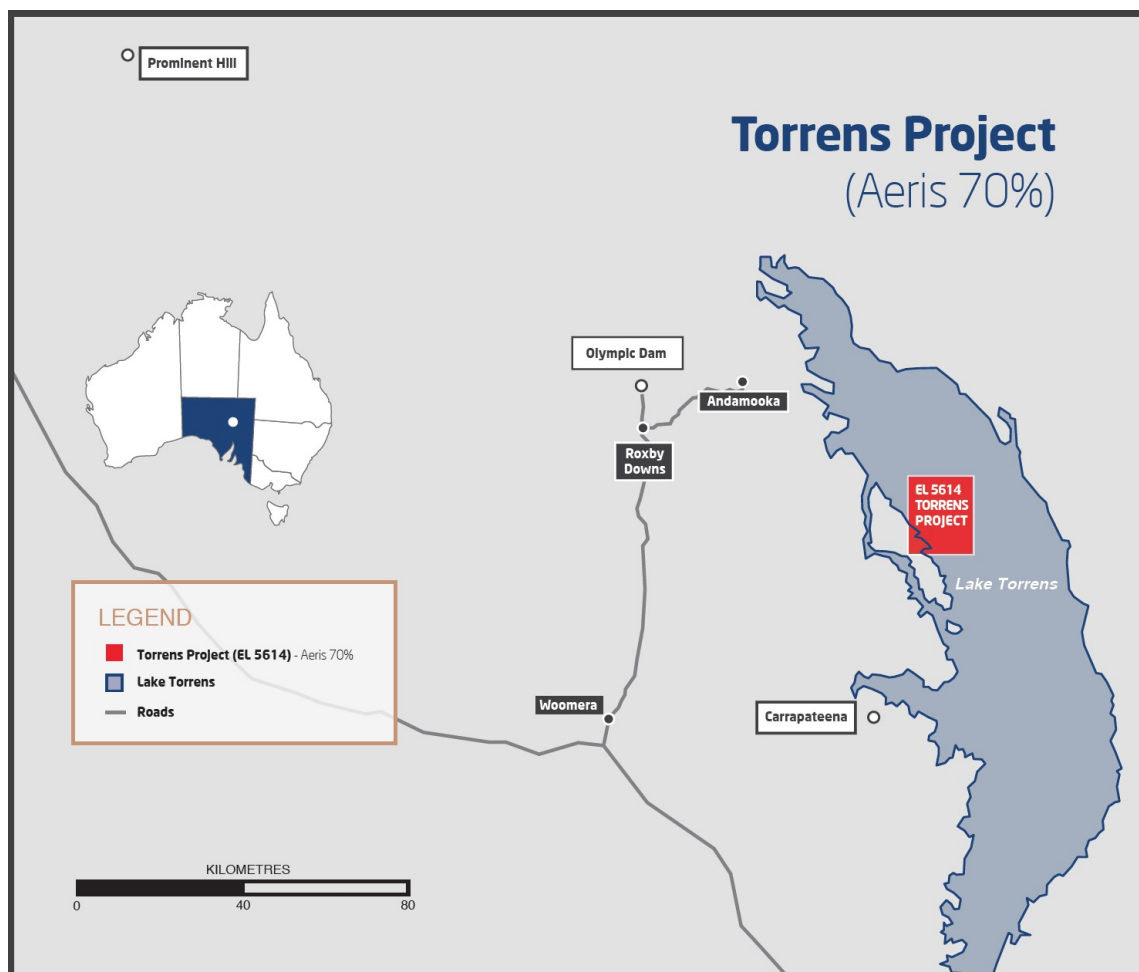
Figure 3: Plan view showing the channel 35 (Z direction) SKYTEM EM image. Magenta/red colours define higher conductance responses. The current MLTEM survey area is defined by the green shaded region.



TORRENS PROJECT, SOUTH AUSTRALIA

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. 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's Olympic Dam mine.

Figure 4: Map showing location of EL 5614 (The Torrens Project).

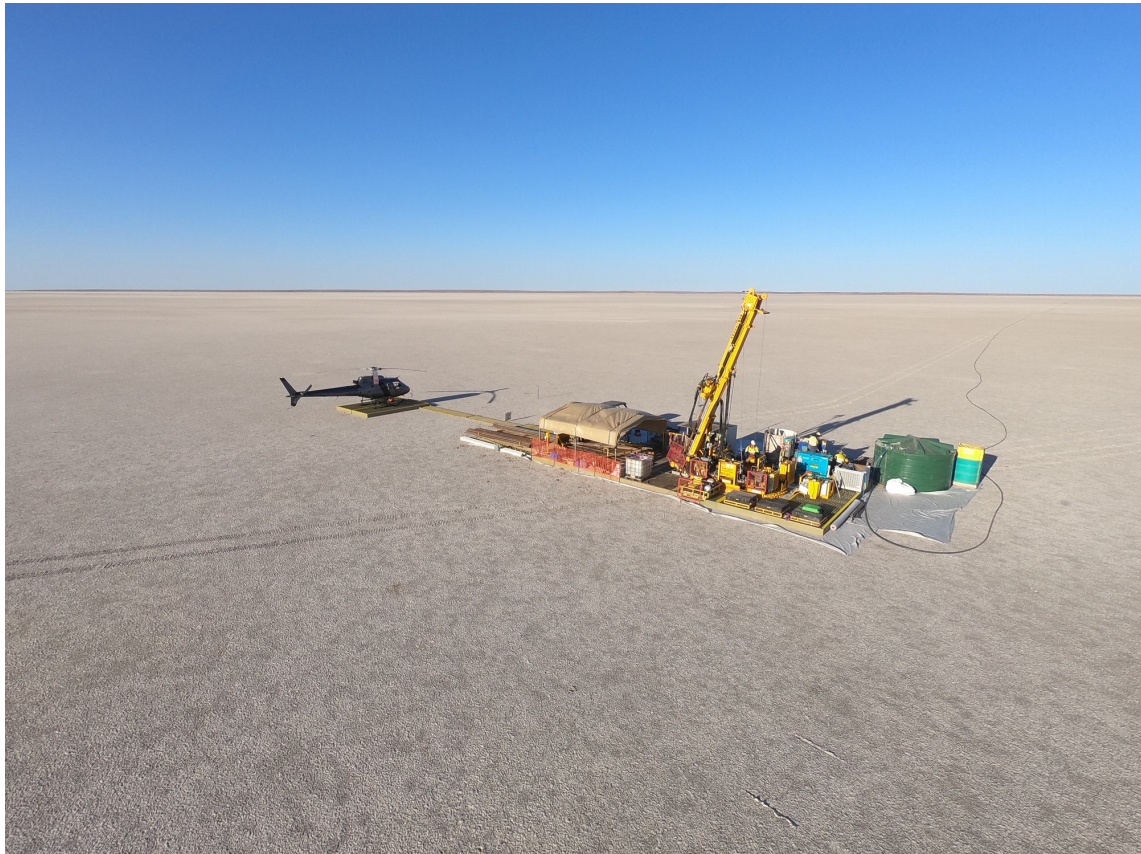


The Torrens Project is defined by a regionally significant coincident magnetic and gravity anomalous zone, with a footprint greater than that of Olympic Dam. Within the Torrens Project area, geophysical modelling/interpretation has identified 28 geophysical anomalies based on gravity and magnetic geophysical datasets.

Limited drilling, totaling 6 drillholes between 1977 to 2008, defined a large magnetite dominant with lesser hematite alteration system interpreted to form the distal component of an iron oxide copper gold (IOCG) system. Zones of anomalous copper mineralisation ($\geq 0.1\%$ Cu) were intersected from several drillholes with the most significant mineralised zone associated with TD2 (246 metres @ 0.1% Cu).

During the quarter, drilling commenced on the lake surface, marking a significant milestone for the Company. The unique drill set-up and infrastructure requirements to allow drilling to occur on the salt crust surface of Lake Torrens has been a success.

Figure 5: View looking southeast of the drill set-up at TD8.



The first drillhole (TD7) was successfully drilled to a total depth of 858.6 metres (Figure 6). The drillhole, located approximately 1.5 kilometres from the lake shore, targeted a large coincident magnetic and gravity anomaly defined from the FALCON geophysical survey flown in 2018. The drillhole intersected a broad zone of skarn-like alteration containing abundant magnetite \pm K feldspar \pm quartz \pm chlorite. The alteration assemblage was expected and is consistent with similar magnetite dominant alteration intersected within previous drillholes on Lake Torrens.

Within the broader magnetite skarn, a 60 metre wide hematite \pm K feldspar \pm sericite altered non/weakly magnetic interval was intersected. Hematite is recognised as an accessory mineral associated with IOCG mineralisation within the Gawler Craton. Although not all hematite occurrences directly correlate with Cu-Au mineralisation, it indicates that the rocks have been exposed to an oxidising fluid event, which is a prerequisite for the formation of IOCG mineralisation.

After the completion of TD7 the drill site was moved 8 kilometres further east toward the middle of Lake Torrens. Drillhole TD8 was designed to target a semi-coincident gravity and magnetic geophysical anomaly located proximal to a series of interpreted dilational structural features (Figure 6). TD8 unexpectedly intersected an artesian aquifer at approximately 100 metres downhole. Drilling activities were suspended once the aquifer was intersected. Despite remediation processes being enacted, which stopped the flow of water reporting to surface, the decision was made to terminate TD8 at 111.8 metres.

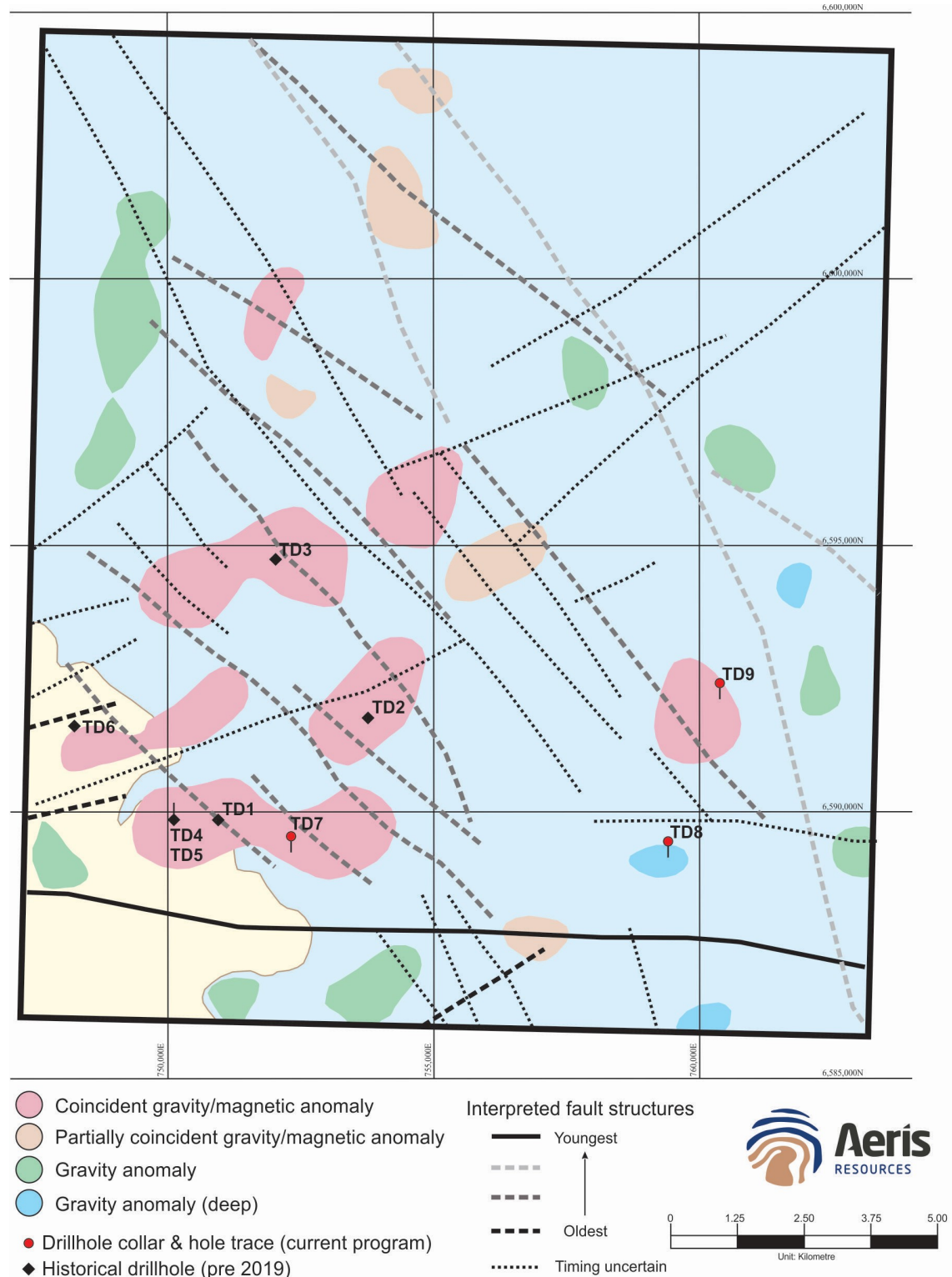
After the completion of TD8 the drilling methodology and procedures were updated to mitigate hazards associated with drilling through the artesian aquifer within the upper 150 metres of the cover sequence.

The next drillhole (TD9), which targeted a coincident magnetic and gravity anomaly 3 kilometres north of TD8 (Figure 6), intersected the artesian aquifer from 67 metres downhole. The new processes implemented for managing the aquifer water flows were initially successful however unconsolidated sand layers through the aquifer horizon proved more difficult to control than anticipated. At the close of the quarter the drillhole was stopped at 145.2 metres. Whilst addressing operational issues resulting from the unconsolidated sand horizons, an unintended consequence was water flowing from the drill collar, which ultimately could not be appropriately managed. Consequently, in early April the drillhole was discontinued at 145 metres and rehabilitated.

Aeris will undertake a thorough review of all current systems and procedures associated with drilling through the upper 150 metres of the cover sequence. At the completion of the review the Company will recommence drilling activities within the project area. Drilling of the next hole is expected to commence in the second half of April.

Aeris' share (70%) of exploration expenditure at the Torrens Project for the March quarter was \$2.7 million.

Figure 6: Torrens project area showing the location of interpreted geophysical anomalies based on the 2018 FALCON airborne gravity and aeromagnetic survey.



Corporate

CASH

At the end of the March quarter, Aeris had useable cash and receivables of \$23.9 million, an increase of \$2.2 million on the previous quarter.

| \$million | MAR 2019 QTR | DEC 2018 QTR |
|---|-----------------|-----------------|
| Useable Cash - Aeris Corporate and Tritton | 17.5 | 17.0 |
| Tritton - Copper concentrate receivables | 6.4 | 4.7 |
| Aeris/Tritton - Useable Cash and Receivables | 23.9 | 21.7 |

Net hedge settlements of \$0.4 million were received during quarter (\$0.1 million paid and \$0.5 million received).

Corporate capital expenditure for the quarter was nil.

For further information contact:

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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.

Competent Persons Statement – Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Bradley Cox, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Bradley Cox is a full time employee of Aeris Resources. Bradley Cox has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Bradley Cox consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.