



Quarterly Activities Report

For the period ended 31 December 2018

About Aeris Resources

Aeris Resources Limited is an established mining and exploration company listed on the Australia Securities Exchange (ASX: AIS).

The Company's flagship asset, the Tritton Copper Operations (Tritton) in New South Wales, produced 26,686 tonnes of copper in FY2018 and is targeting production of 24,500 tonnes of copper in FY2019.

Tritton includes multiple underground mines (Tritton and Murrawombie) and a 1.8 million tonne per annum processing plant. Tritton also has a pipeline of advanced mining projects and a highly prospective tenement package covering 2,160km², on which to date over 750,000 tonnes of copper has been discovered.

The Company also has 70% of the exciting Torrens Exploration Project (Torrens) in South Australia. Torrens is defined by a coincidental magnetic and gravity anomalous zone with a footprint larger than Olympic Dam. Stage 1 diamond drilling program, targeting IOCG style mineralisation, commences in Q1 2019.

Aeris' Board and Management team is experienced in all aspects of mining and corporate development. The Company has a clear vision to become a mid-tier, multi-operation company – delivering shareholder value through an unwavering focus on operational excellence.

www.aerisresources.com.au

DECEMBER QUARTER HIGHLIGHTS

TRITTON COPPER OPERATIONS:

- Dec Qtr Copper Production above plan at 6,515 tonnes with C1 of A\$2.96/lb
- YTD Copper Production of 13,268 tonnes at C1 of A\$2.86/lb

EXPLORATION:

- Kurrajong prospect continues to intersect high-grade copper mineralisation
- Drilling at Torrens about to commence
- New Tritton exploration tenement granted – extends geological corridor by 40km
- Aerial EM program over northern half of Tritton tenement package completed in late December – data being reviewed

CORPORATE:

- Cash and receivables of \$21.7M at end of quarter

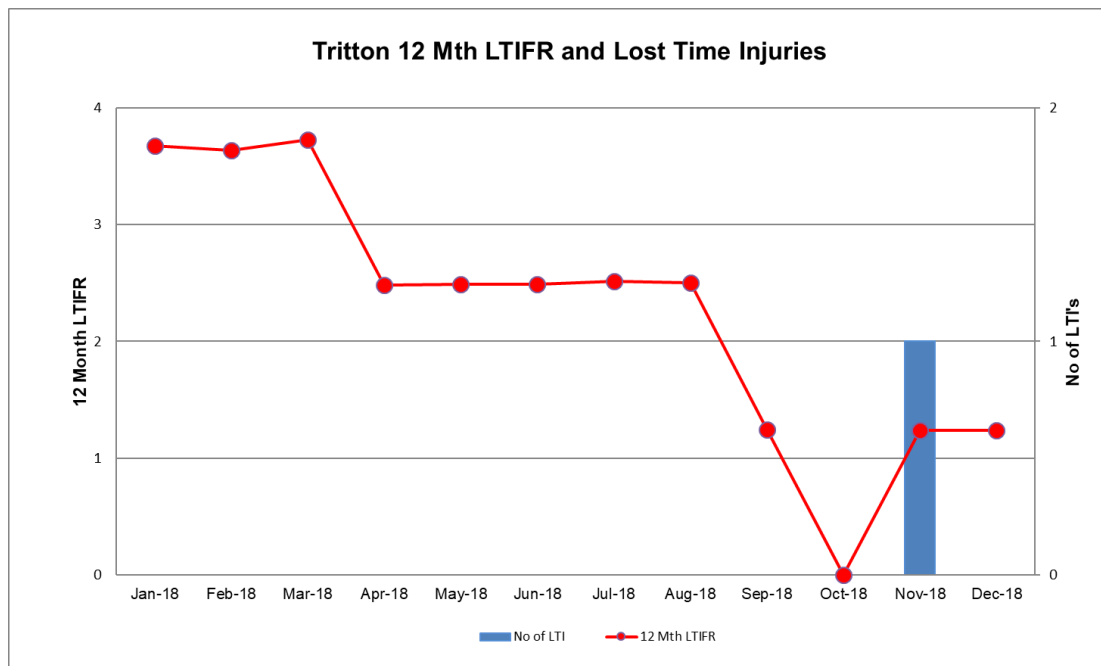
FY2019 GUIDANCE:

Copper production of 24,500 tonnes at a C1 cash cost between A\$2.75/lb and A\$2.90/lb

Q2 FY2019 Quarterly Activities Report

Safety and Environment

There was one lost time injury in the quarter. A diamond drill assistant sustained an injury to left hand index finger whilst loading a rod.



There were no reportable environmental incidents during the quarter.

Tritton Copper Operations (NSW)

Production and Cost Summary

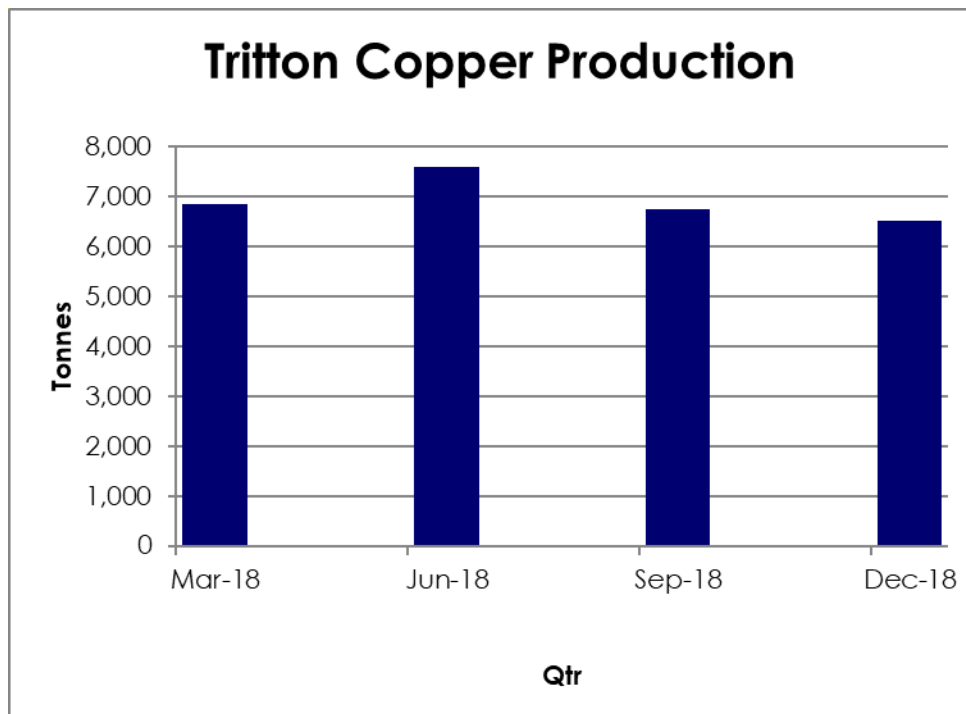
| | | MAR 2018 QTR | JUN 2018 QTR | SEP 2018 QTR | DEC 2018 QTR |
|---|---------------|-----------------|-----------------|-----------------|-----------------|
| PRODUCTION | | | | | |
| ORE MINED | TONNES | 397,066 | 424,579 | 425,755 | 396,705 |
| GRADE | Cu (%) | 1.87% | 1.93% | 1.60% | 1.71% |
| ORE MILLED | TONNES | 382,281 | 418,154 | 432,802 | 395,994 |
| GRADE MILLED | Cu (%) | 1.88% | 1.89% | 1.64% | 1.73% |
| RECOVERY | Cu (%) | 95.24% | 95.88% | 94.73% | 94.86% |
| COPPER CONCENTRATE PRODUCED | TONNES | 30,017 | 35,676 | 30,202 | 28,113 |
| COPPER CONCENTRATE GRADE | Cu (%) | 22.80% | 21.25% | 22.30% | 23.10% |
| CONTAINED COPPER IN CONCENTRATE | TONNES | 6,844 | 7,580 | 6,736 | 6,495 |
| COPPER CEMENT PRODUCED | TONNES | 23 | 12 | 17 | 20 |
| TOTAL COPPER PRODUCED | TONNES | 6,867 | 7,592 | 6,753 | 6,515 |
| OPERATING COSTS (A\$/lb Copper Produced) | | | | | |
| MINING | A\$/lb | 1.52 | 1.39 | 1.73 | 1.70 |
| PROCESSING | A\$/lb | 0.46 | 0.40 | 0.44 | 0.45 |
| SITE G&A | A\$/lb | 0.29 | 0.28 | 0.29 | 0.33 |
| TC/RC'S & PRODUCT HANDLING | A\$/lb | 0.63 | 0.52 | 0.60 | 0.61 |
| INVENTORY MOVEMENTS | A\$/lb | 0.25 | (0.22) | (0.04) | 0.10 |
| NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT) | A\$/lb | (0.27) | (0.27) | (0.25) | (0.23) |
| C1 CASH COSTS | A\$/lb | 2.88 | 2.10 | 2.77 | 2.96 |
| ROYALTIES | A\$/lb | 0.11 | 0.11 | 0.11 | 0.09 |
| CORPORATE G&A* | A\$/lb | 0.12 | 0.06 | 0.09 | 0.12 |
| NON-CASH INVENTORY ADJ | A\$/lb | - | - | - | - |
| CAPITAL DEVELOPMENT | A\$/lb | 0.24 | 0.27 | 0.13 | 0.15 |
| SUSTAINING CAPITAL** | A\$/lb | 0.22 | 0.25 | 0.31 | 0.35 |
| SUSTAINING EXPLORATION | A\$/lb | - | - | - | - |
| ALL-IN SUSTAINING COSTS (AISC) | A\$/lb | 3.57 | 2.79 | 3.41 | 3.67 |

*Includes Share Based Payments

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

PRODUCTION

Copper production for the December quarter was 6,515 tonnes with higher copper ore grades being offset by lower tonnes mined and milled, compared to the previous quarter.



Tritton Underground Mine (Tritton)

Tritton mine ore production at 284kt was lower than the previous quarter (291kt). Stope sequencing, and pastefill delays resulted in low broken stocks that affected productivity, while retrieval of a buried loader took one ore source out of production for approximately 2 weeks. Tritton copper grade (1.64%) was consistent with the previous quarter.

Use of the ore pass and truck loading loop, which was commissioned in the previous quarter, has demonstrated a reduction in truck loading times of between a half and two thirds, compared to conventional access loading.

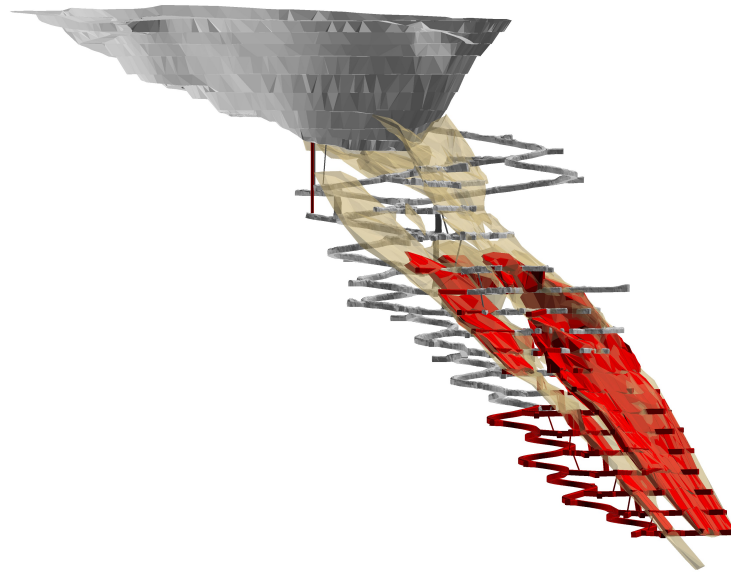
Improvements in the communications and data backbone at Tritton have provided the infrastructure for camera set-ups that will ultimately allow remote loading of trucks in the loop from the surface control room. This infrastructure improvement has also allowed remote monitoring of selected pastefill infrastructure to provide quicker identification of issues, while freeing up underground labour to engage in other activities.

Murrawombie Underground Mine (Murrawombie)

Murrawombie ore production at 112kt was lower than the previous quarter (135kt) but ahead of plan, however copper grades, at 1.88%, were better than the September quarter (1.52%). As geological understanding continues to improve, the ability to mine more selectively will increase.

Placement of cemented waste rock as a stope backfill continued during the quarter. Cemented backfill efficiency has continued to improve.

Figure 1: Murrawombie Mine Section View



Ore Processing

Ore processed during the quarter was 396kt, a decrease compared to the previous quarter (418kt), reflecting a significant but planned plant shutdown in October to reline mills as well as replace the primary crusher and one bank of flotation cells. A further - and the final - bank of flotation cells was commissioned in December. An unplanned tails thickener outage of approximately 36 hours also affected the quarter's output.

Consistent milling operations continued to enable good metallurgical performance, with copper recovery of 94.9%.

COSTS

C1 cash costs for the quarter, at A\$2.96/lb are above guidance, and higher than the previous quarter (A\$2.77) primarily due to lower copper tonnes produced and inventory movements due to timing of shipments. C1 cash costs for the first six months of the financial year (A\$2.86/lb) are in line with guidance.

All-In Sustaining Costs (AISC) of A\$3.67/lb also increased from the previous quarter (A\$3.41/lb) due to the impact of the higher C1 unit cash costs and higher capital expenditure (capital development and sustaining capital).

Capital expenditure for the quarter was \$8.9 million, including \$1.8 million on exploration.

Tritton Capital Expenditure (A\$ Million)

| | MAR 2018 QTR | JUN 2018 QTR | SEP 2018 QTR | DEC 2018 QTR |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| SUSTAINING CAPITAL | | | | |
| PROPERTY, PLANT AND EQUIPMENT | 1.7 | 1.8 | 2.4 | 2.5 |
| MINING DEVELOPMENT | 3.6 | 4.5 | 2.0 | 2.1 |
| LEASED ASSETS* | 1.7 | 2.3 | 2.2 | 2.5 |
| EXPLORATION | - | - | - | - |
| GROWTH | | | | |
| EXPLORATION | 0.5 | 1.8 | 1.3 | 1.8 |
| TOTAL | 7.5 | 10.4 | 7.9 | 8.9 |

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

OUTLOOK

The copper production guidance for FY2019 is 24,500 tonnes at a C1 cash cost between A\$2.75 and A\$2.90 per pound.

Exploration and Project Development

GREENFIELDS EXPLORATION – TRITON TENEMENT PACKAGE

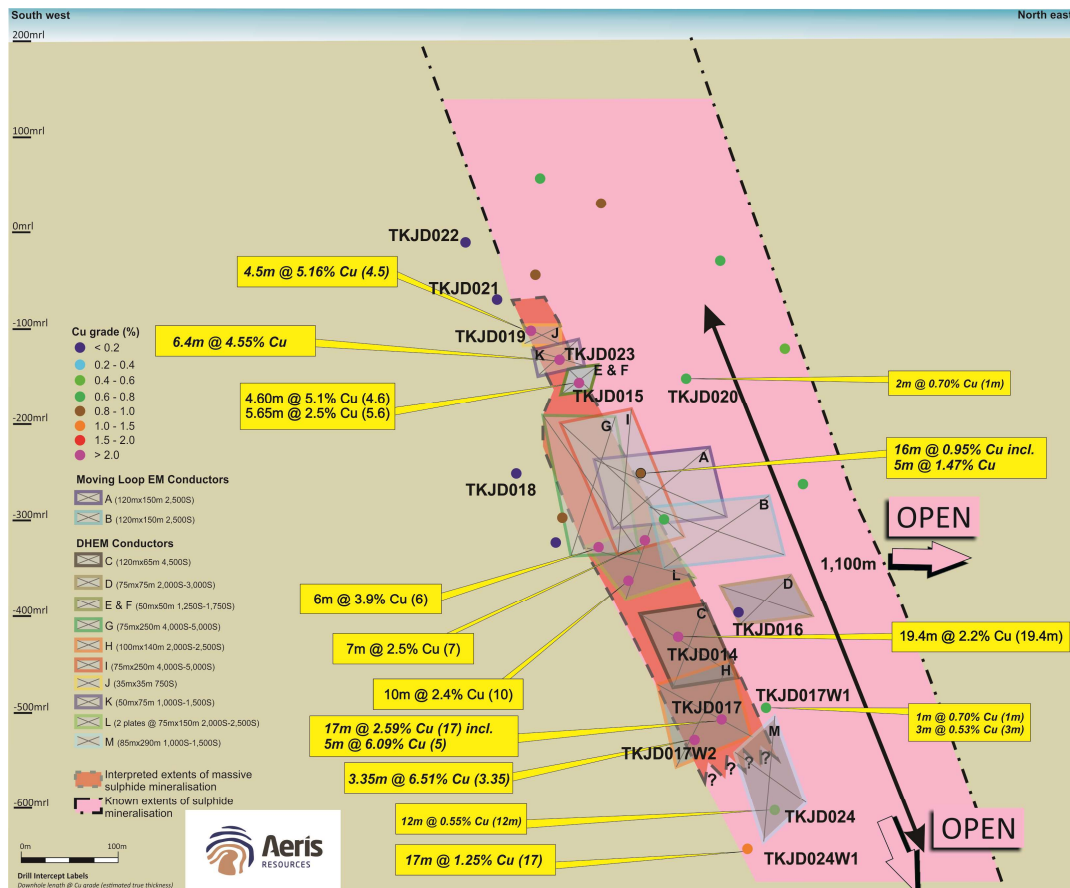
Kurrajong Prospect

Drilling continued at the Kurrajong prospect during the quarter with the completion of a further two parent drillholes (TKJD023 and TKJD024) and three wedge drillholes (TKJD017W1, TKJD017W2 and TKJD024W1) (refer to ASX announcement “Kurrajong Update – More High Grade Copper Intersections” (dated 15 January 2019)).

High grade copper massive sulphide mineralisation was intersected from two of the drillholes completed in the current quarter (TKJD017W2 and TKJD023) and for TKJD019, which was drilled in the previous quarter. High grade copper mineralisation intersections included:

- TKJD017W2 3.35m @ 6.51% Cu, 0.62g/t Au, 17g/t Ag
- TKJD019 4.5m @ 5.16% Cu, 0.48g/t Au, 16g/t Ag
- TKJD023 6.4m @ 4.55% Cu, 0.27g/t Au, 11g/t Ag

Figure 2: Long section view of the interpreted Kurrajong mineralised system showing the location and copper grade from drillhole intersections through the deposit.

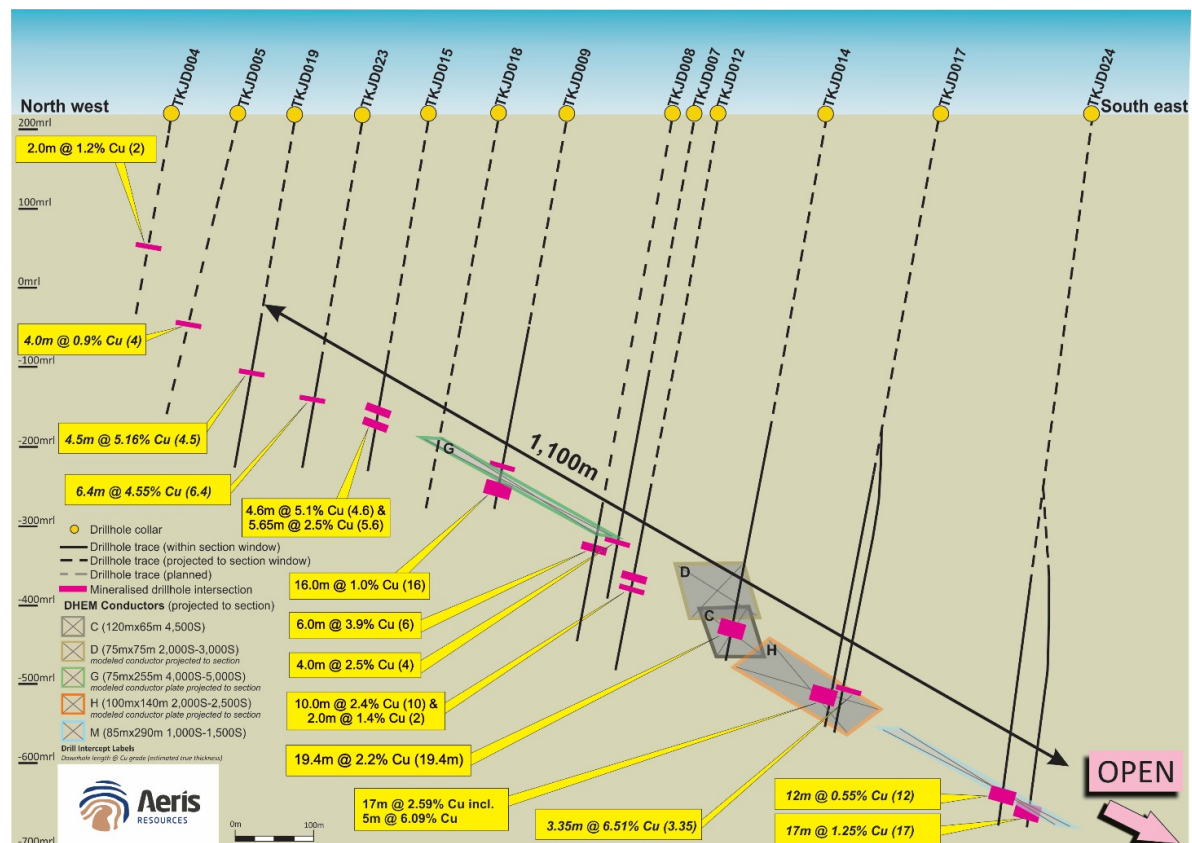


The deepest drillhole completed to date, TKJD024W1, intersected a broad zone of pyrite and chalcopyrite mineralisation (17.0m @ 1.25% Cu) approximately 300m down plunge from previous drillhole data.

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.

At Kurrajong, the current drill program is now complete and work is focusing on the building of a detailed geological interpretation and predictive model, including the development of an exploration target model delineating tonnage and copper grade ranges. Future drilling at Kurrajong will occur subsequent to this, ensuring drillholes target the most prospective areas within the large sulphide system.

Figure 3: Cross section through the Kurrajong deposit showing the location and copper grade from diamond drillhole intersections through the deposit.



Exploration Licence EL8810 granted

A new exploration licence (EL8810) has been granted to Tritton Resources Pty Ltd, a 100% owned subsidiary of Aeris Resources (refer to ASX announcement "New Tritton Exploration Tenement Granted" dated 8 January 2019).

EL8810 is located adjacent to the north-west corner of the current Tritton tenement package. This new tenement covers an area of 296km², bringing the total Tritton tenement package to 2,160km².

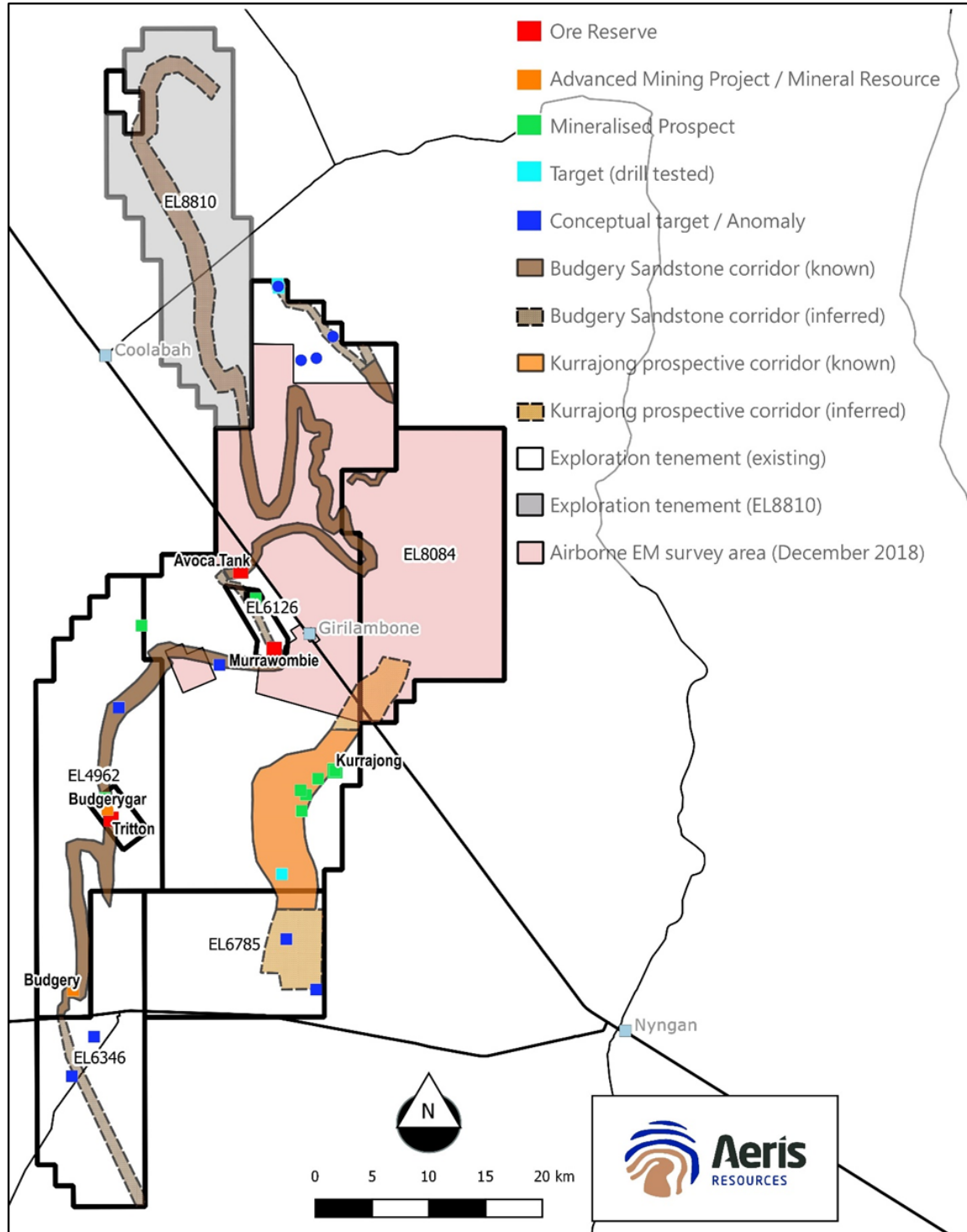
Over 750,000 tonnes of copper have been discovered to date on the Tritton tenement package, within a 50 kilometre long corridor adjacent to a stratigraphic unit referred to as the Budgery Sandstone. Geological mapping completed in 2017 extended the Budgery Sandstone unit a further 65 kilometres through the northern half of the existing Tritton tenement package (refer to ASX announcement "Company Update" dated 23 July 2018).

The Budgery Sandstone unit has been interpreted to continue a further 40 kilometres to the north beyond Tritton's tenement package into an area now covered by EL8810 (Figure 4). Exploration activities within EL8810 will commence in 2019, initially focusing on historical data compilation and geological mapping over the tenement.

Airborne electromagnetic survey completed

An airborne electromagnetic (AEM) survey was flown over the northern half of the Tritton tenement package (excluding EL8810) in December 2018 (Figure 4). The AEM survey was designed to test for conductive copper sulphide bodies up to 300m below surface. Results from the survey are expected to be processed and interpreted in the March quarter.

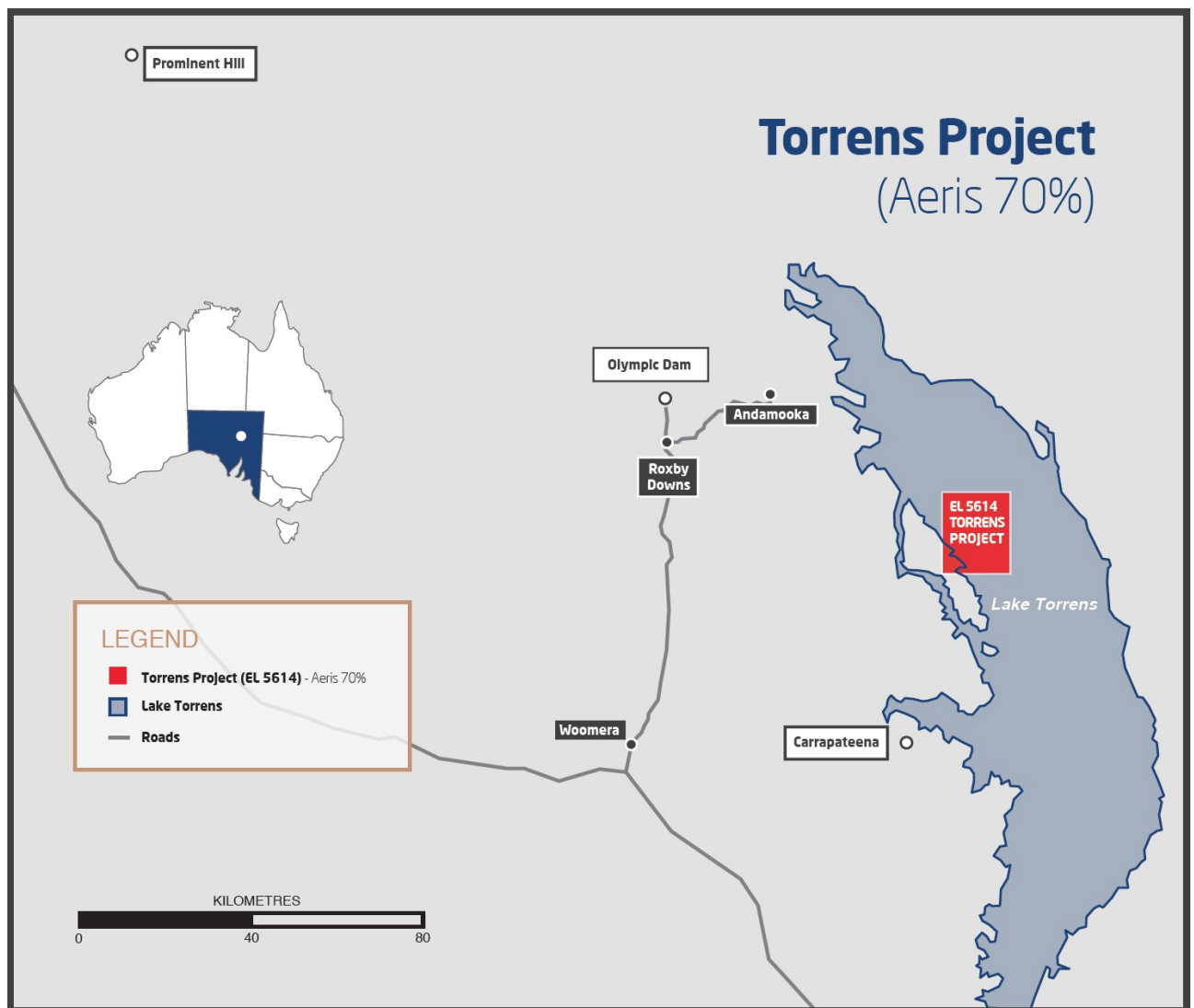
Figure 4: Tritton region showing Aeris Resources Tritton tenement package and prospective corridors for copper mineralised systems. The completed airborne EM geophysical survey coverage is highlighted by shaded light pink region.



GREENFIELDS EXPLORATION – TORRENS PROJECT, SOUTH AUSTRALIA

The Torrens Project (EL5614), a joint venture between Aeris Resources (70%) and Kelaray Pty Ltd (30%) (a wholly owned subsidiary of Argonaut Resources NL (ASX: ARE)), 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. It lies some 50 kilometres from Oz Minerals' Carrapateena deposit and 75 kilometres from BHP's Olympic Dam mine.

Figure 5: 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, totalling 6 drill holes between 1977 and 2008, defined a large magnetite dominant with lesser hematite alteration system interpreted to form the distal component of a large IOCG system. Zones of anomalous copper mineralisation ($\geq 0.1\%$ Cu) were intersected from several drill holes with the most significant mineralised zone associated with TD2 (246m @ 0.1% Cu).

During the quarter key contracts were awarded, including for drilling and helicopter services, in preparation for the upcoming diamond drilling program which is scheduled to commence in January 2019.

By early January 2019, key infrastructure (including an exploration camp to accommodate the workforce for the Phase 1 drilling program) and equipment had been mobilised to site. The heliportable drill rig and supplementary equipment, including work platforms, had also arrived onsite.

Site based activities are now focused on completing the remaining infrastructure requirements to support drilling on Lake Torrens, including installation of the work platforms on the salt lake surface and water supply infrastructure for drilling. The various sections of the drill rig will then be transported by helicopter onto the work platforms and assembled.

Drilling of the first hole is expected to commence in the second half of January.

Aeris' share (70%) of exploration expenditure at the Torrens Project for the December quarter was \$0.3 million.

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

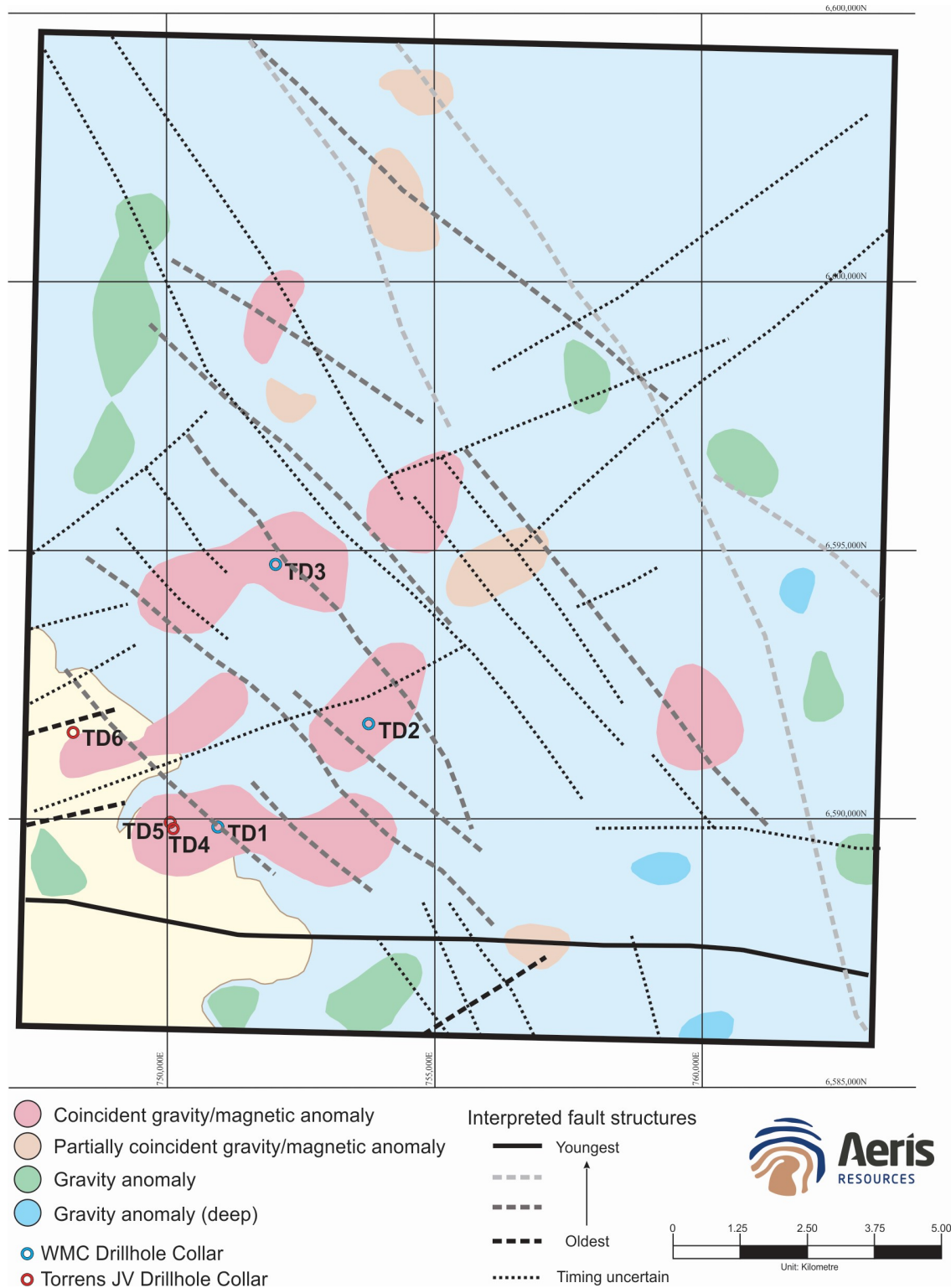


Figure 7: View of the Torrens exploration camp toward Lake Torrens.



Figure 8: Arrival of the heli-portable drill rig onsite at the Torrens exploration camp.



Corporate

CASH

At the end of the December quarter, Aeris had useable cash and receivables of \$21.7 million, a decrease of \$4.1 million on the previous quarter.

| \$million | DEC 2018 QTR | SEP 2018 QTR |
|---|-----------------|-----------------|
| Useable Cash - Aeris Corporate and Tritton | 17.0 | 16.3 |
| Tritton - Copper concentrate receivables | 4.7 | 9.5 |
| Aeris/Tritton - Useable Cash and Receivables | 21.7 | 25.8 |

Net hedge settlements of \$0.3 million were received during quarter (\$0.1 million paid and \$0.4 million received).

Corporate capital expenditure for the quarter was nil.

For further information contact:

Mr. Andre Labuschagne – Executive Chairman and Chief Executive Officer

(07) 3034 6200

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.