



Quarterly Activities Report For the period ended 30 September 2017

About Aeris Resources

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

In FY2017 Aeris' Tritton Copper Operations produced 23,404 tonnes of copper and in FY2018 is targeting production of 27,000 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.

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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SEPTEMBER QUARTER HIGHLIGHTS

OPERATIONS:

- Sept Qtr Copper Production of 5,762 tonnes
 - Ore tonnes mined and milled continues to return to normal levels
 - Copper grade lower than previous quarter due to sequencing of stopes
- Tritton Ventilation Shaft successfully commissioned
- C1 and All-In-Sustaining Unit Costs improved from June Qtr

EXPLORATION:

- EM survey continued over the Tritton and Kurrajong corridors (70% completed)
- New anomaly identified from the EM Surveys
- Heritage approval and PEPR Application documents submitted for Torrens Project during quarter

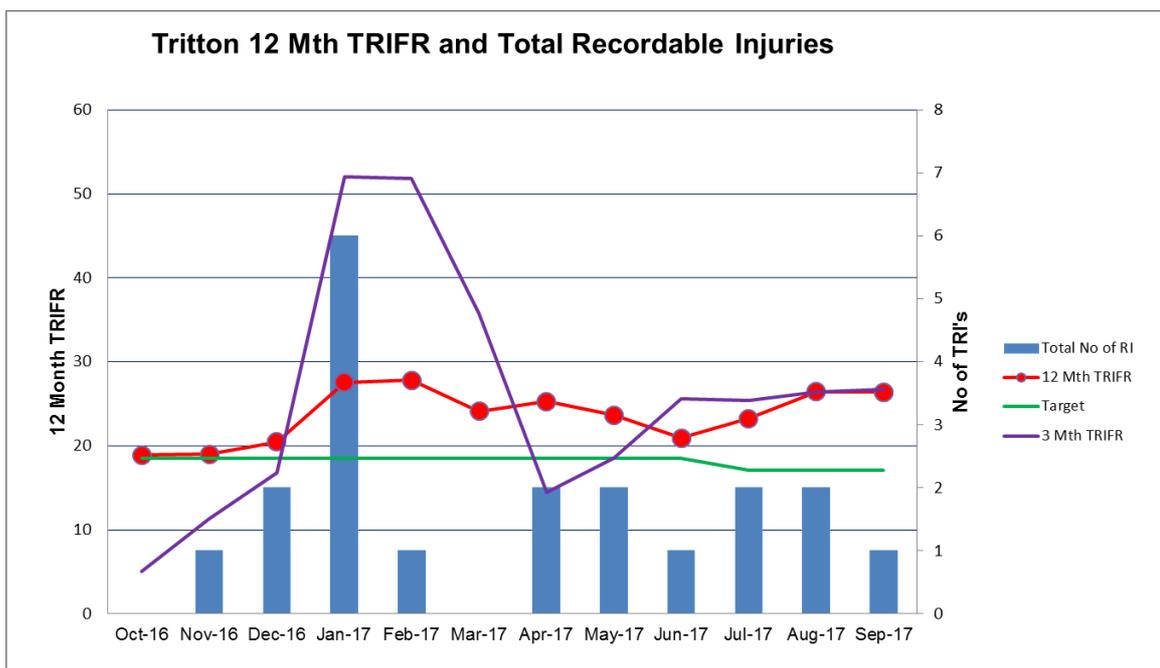
CORPORATE:

- Cash and receivables of \$21.9M at the end of the quarter

Q1 FY2018 Quarterly Activities Report

Safety, Environment and Community

There was one lost time injury during the quarter. An exploration survey technician sustained a laceration on his left leg when a tree branch penetrated into the cabin of the skid steer loader he was operating. The loader was operating in an area with heavy scrub tree cover, clearing lines for the moving loop electromagnetic survey. Modifications to the loader cabin protection have been made.



There were no reportable environmental incidents during the quarter.

Tritton Copper Operations (NSW)

Production and Cost Summary

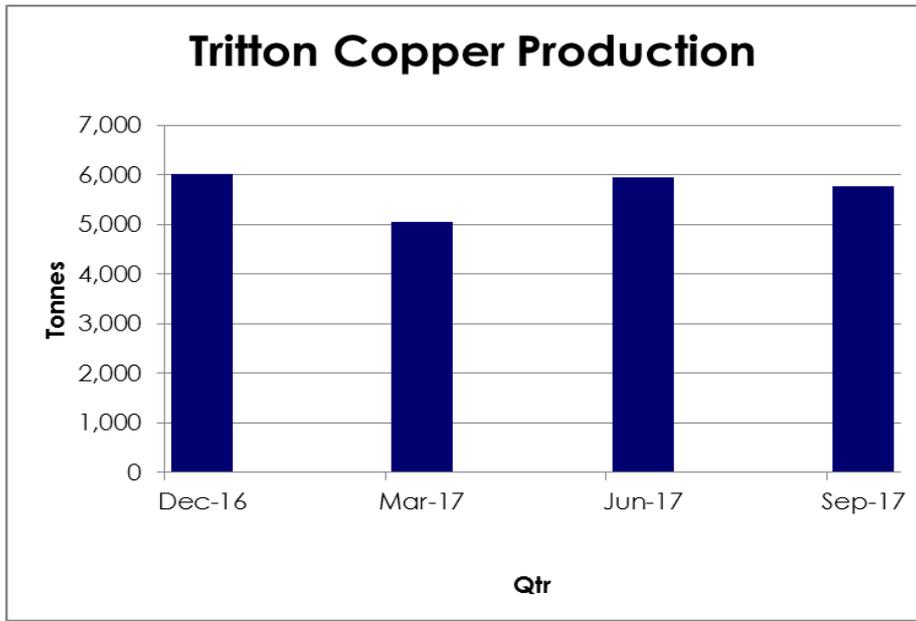
		DEC 2016 QTR	MAR 2017 QTR	JUN 2017 QTR	SEPT 2017 QTR
PRODUCTION					
ORE MINED	TONNES	388,716	317,309	350,754	408,785
GRADE	Cu (%)	1.52%	1.71%	1.74%	1.55%
ORE MILLED	TONNES	399,648	307,456	351,312	388,586
GRADE MILLED	Cu (%)	1.58%	1.72%	1.77%	1.55%
RECOVERY	Cu (%)	95.11%	94.88%	95.09%	94.88%
COPPER CONCENTRATE PRODUCED	TONNES	25,428	22,476	24,300	24,537
COPPER CONCENTRATE GRADE	Cu (%)	23.55%	22.28%	24.33%	23.36%
CONTAINED COPPER IN CONCENTRATE	TONNES	5,988	5,008	5,913	5,731
COPPER CEMENT PRODUCED	TONNES	36	40	39	31
TOTAL COPPER PRODUCED	TONNES	6,024	5,048	5,952	5,762
OPERATING COSTS (A\$/lb Copper Produced)					
MINING	A\$/lb	1.22	1.62	1.65	1.78
PROCESSING	A\$/lb	0.44	0.47	0.34	0.55
SITE G&A	A\$/lb	0.34	0.37	0.33	0.33
TC/RC'S & PRODUCT HANDLING	A\$/lb	0.62	0.57	0.64	0.59
INVENTORY MOVEMENTS	A\$/lb	0.38	(0.60)	0.61	0.05
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	A\$/lb	(0.14)	(0.07)	(0.28)	(0.24)
C1 CASH COSTS	A\$/lb	2.86	2.36	3.29	3.06
ROYALTIES	A\$/lb	0.07	0.09	0.08	0.10
CORPORATE G&A*	A\$/lb	0.12	0.09	0.09	0.10
NON-CASH INVENTORY ADJ	A\$/lb	(0.10)	0.16	(0.10)	(0.03)
CAPITAL DEVELOPMENT	A\$/lb	0.33	0.35	0.27	0.22
SUSTAINING CAPITAL**	A\$/lb	0.45	0.43	0.47	0.29
SUSTAINING EXPLORATION	A\$/lb	-	-	-	-
ALL IN SUSTAINING COSTS (AISC)	A\$/lb	3.73	3.48	4.10	3.74

*Includes Share Based Payments

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

PRODUCTION

Copper production for the September quarter was 5,752 tonnes, 190 tonnes lower than the previous quarter due sequencing of lower grade stopes at Tritton.



Tritton Underground Mine (Tritton)

Tritton production was steady at 296kt of ore mined for the quarter. Stope extraction sequences were modified to maintain ore supply in relatively tight operating conditions. As a consequence, mine grades were lower during the period as production from higher grade stopes was deferred. Areas of harder ore, which are periodically encountered, were mined, reducing mill throughput rates.

Development for the quarter was lower than planned as a result of stope extraction sequence changes. This has now flowed through to a revised full year development schedule, eliminating the need for the engagement of a short term contractor crew. Development is being managed with three crews servicing both the Tritton and Murrawombie mines. The "third crew" moves between the mines as required, to maintain the overall development requirements at each mine.

Due to the tight operating area in the mine there was a realignment in the stope extraction sequence during the quarter to ensure the stopes remain aligned in the optimum orientation to manage ground pressure. The change to the stope sequencing, along with slower than expected extraction of the higher grade central pillar stopes in the area above the re-aligned stoping resulted in lower copper grades mined during the quarter. Care in mining of the central

pillar stopes is necessary for full and effective ore extraction and this sometimes takes longer than planned.

During the quarter a new cable bolter was acquired which will result in increased operating efficiencies. Improved cable bolt installation rates can now be achieved across the two mines, reducing the occasional impact of this critical path activity on stope extraction sequences.

Murrawombie Underground Mine (Murrawombie)

Murrawombie production was slightly below plan at 112kt for the quarter however the mine remains on track to achieve full production rates during FY2018.

Mining of the 101 lode, in the upper levels, was completed at the end of the quarter. A change to bottom-up mining, with dry rock fill support of the hanging wall, has allowed extraction of stable stopes.

Portions of the 105 lode, located in the footwall of the other lodges, are continuing to show promise of developing into viable mining areas, providing additional production opportunities in the future.

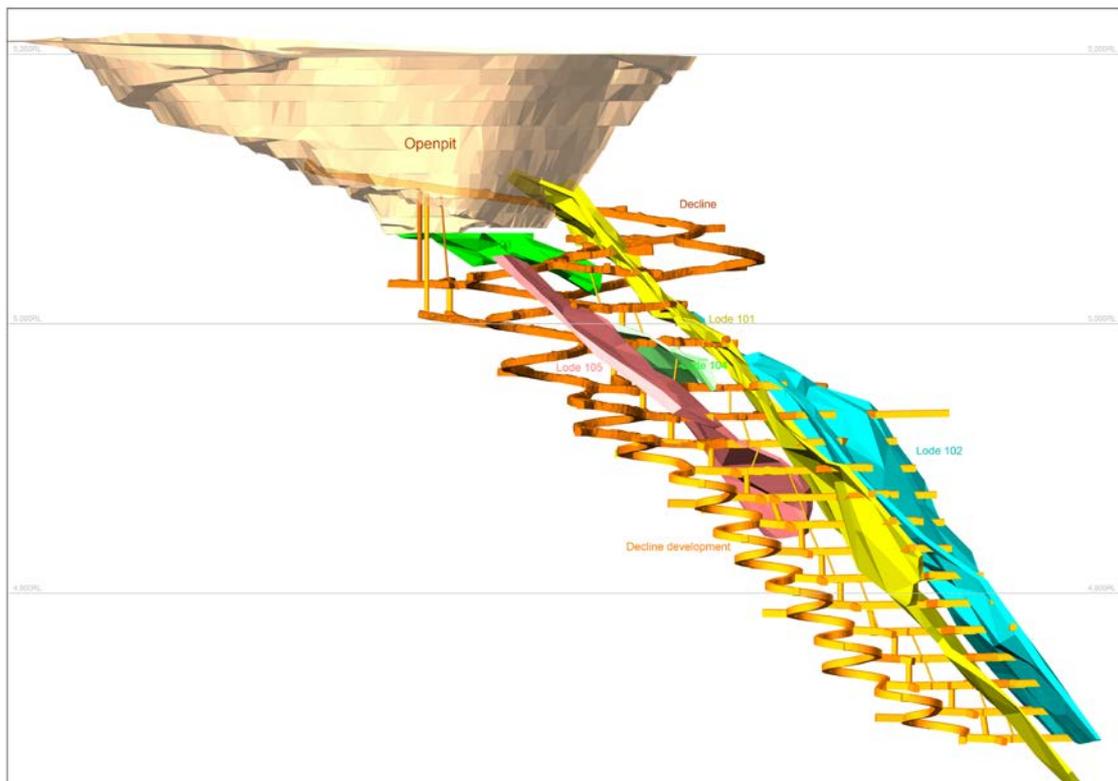


Figure 1: Murrawombie Mine Section View

Ore Processing

Ore processed during the quarter of 388,586 tonnes, was an improvement of 37,274 tonnes above that processed in the previous quarter, despite periods of lower throughput rates due to harder than normal ore from the Tritton mine. Copper recovery, at 94.88%, was slightly lower than the previous quarter but above plan rates.

Ore processing rates were impacted by the ore being on average harder than historically. Harder than normal ore occurs occasionally when mining from selected areas of the Tritton mine. Copper grades were below plan from Tritton mine due to the stope sequence issue and this in combination with the periods of lower throughput rates had an adverse effect on copper production in the quarter.

PROJECTS

Tritton Ventilation shaft

The new ventilation shaft at the Tritton mine was commissioned and operational by the end of the quarter.

The shaft extends from surface to the existing RL4385m exploration drive, a total of 864 metres. This significant investment will enable the Tritton mine to be extended to at least RL4000m at production rates of 1mtpa or better.



Figure 2: Ventilation Fans installed at Tritton Underground Mine over the new exhaust ventilation shaft

COSTS

C1 unit cash costs for the quarter, at A\$3.06/lb, improved compared to the previous quarter, despite the lower copper produced, and was primarily due to lower inventory movements. Management continues to have a high focus on cost management.

All-In-Sustaining Costs (AISC) were impacted by the decreased C1 costs and lower levels of capex spend, predominantly relating to the Tritton Mine ventilation shaft and the Murrawombie mine development being completed.

Capital expenditure for the quarter was \$7.2 million, including \$0.7 million on exploration.

Tritton capital expenditure (A\$ Million)

	DEC 2016 QTR	MAR 2017 QTR	JUN 2017 QTR	SEP 2017 QTR
SUSTAINING CAPITAL				
PROPERTY, PLANT AND EQUIPMENT	4.7	3.4	4.8	2.0
MINING DEVELOPMENT	4.4	3.9	3.5	2.8
LEASED ASSETS*	1.3	1.4	1.4	1.7
EXPLORATION	-	-	-	-
GROWTH				
EXPLORATION	0.2	0.8	0.6	0.7
TOTAL	10.6	9.5	10.3	7.2

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

OUTLOOK

The copper production guidance for FY2018 is 27,000 tonnes.

Exploration and Project Development

EXPLORATION - TRITTON MINES AND SURROUNDING TENEMENTS

Aeris currently holds 184,600 hectares in the prospective Tritton VMS district (see Figure 3). This is made up of six exploration and three mining leases. Copper mineralisation is hosted within two stratigraphic corridors proximal to major mafic complexes of which six have been identified with a combined strike length of greater than 100km. Numerous anomalies have been identified and remain untested in the Tritton region.

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

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

On 28 July 2016, Aeris announced that it was ramping-up greenfields exploration on its Tritton tenement package and was planning to spend \$7.5M over the following two years (See ASX Announcement dated 28 July 2016 for more information). The exploration program is focused on exploring for deeper/concealed mineralised systems within the known Tritton and Kurrajong stratigraphic corridors, utilising new high power electromagnetic (EM) geophysical techniques which have the ability to identify a conductive body to depths in excess of 500m below surface – the ground based high power moving loop electromagnetic (MLTEM) geophysical survey coverage is highlighted in Figure 3 (magenta and orange shaded regions). The MLTEM geophysical survey is designed to detect for large Tritton sized deposits, of plus ten million tonnes. Known deposits within the Tritton tenement package are directly detectable via EM methods. Extensive EM surveys completed within the tenement package during the mid-1990s led to the discovery of the Tritton deposit.

In conjunction with the MLTEM survey, reconnaissance geological mapping and historical data compilation is being completed along strike of the known Tritton (north) and Kurrajong (north and south) stratigraphic corridors. The work will focus on improving the geological understanding from a regional +5km scale to a more detailed sub 2km resolution, from which exploration efforts can be directed toward more prospective areas.

The MLTEM geophysical survey continued during the quarter over the Tritton and Kurrajong VMS corridors with approximately 70% of the total survey area completed by quarter end (refer to Figure 3). During the quarter a new EM conductor (Galaxy) was detected approximately 8km south-southwest from Tritton. The potential bedrock conductor manifests as a weak response and is located within the favourable stratigraphic package interpreted to host the Budgery, Tritton and Budgerygar deposits. Follow-up fixed loop EM geophysical surveys are planned in the forthcoming quarter at each of the EM anomalies detected to date from the MLTEM geophysical survey, to refine their spatial location and rank their prospectivity prior to drill testing (See ASX Announcement dated 27 July 2017 for more information).

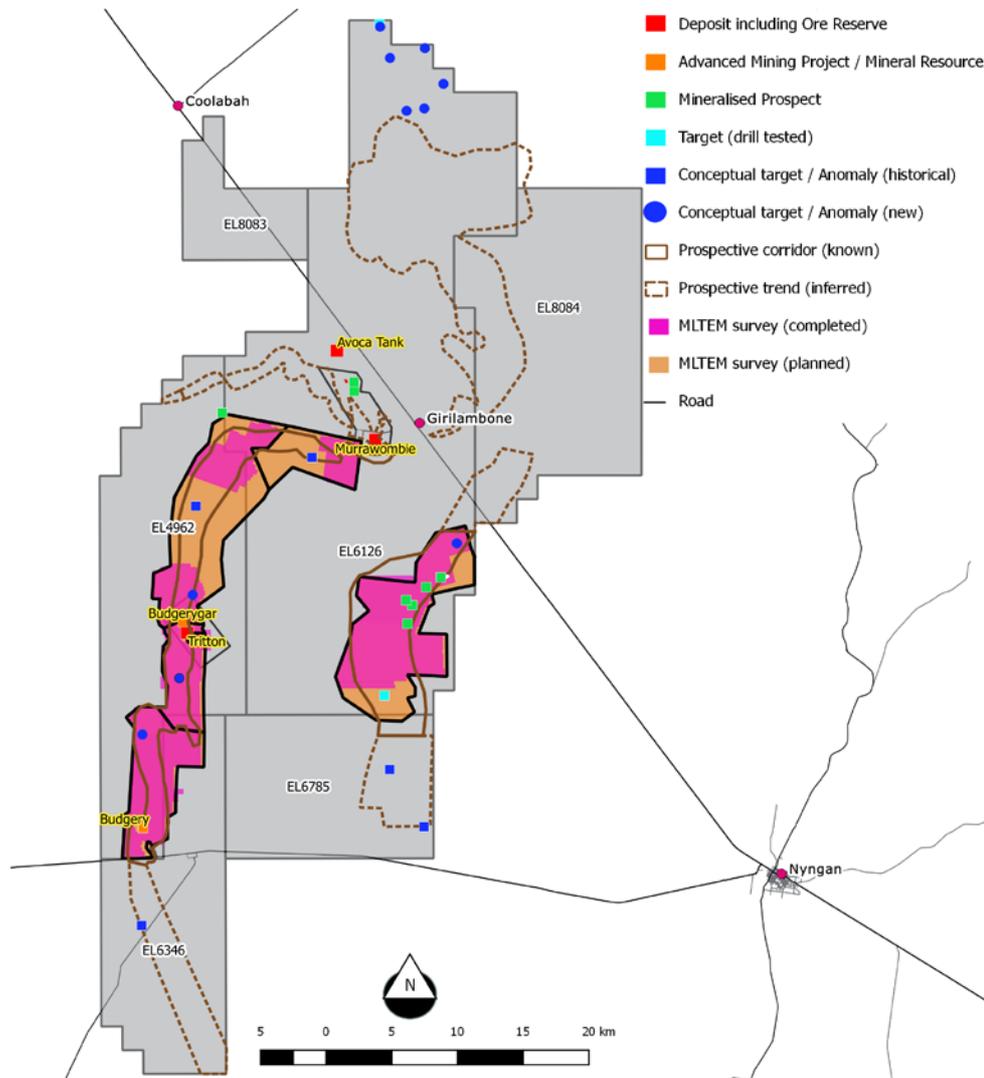


Figure 3: Tritton region showing Aeris Resources Tritton tenement package and prospective corridors for copper mineralised systems. The planned electromagnetic geophysical survey coverage is highlighted by shaded orange regions and completed survey areas by shaded magenta regions.

TORRENS PROJECT, SOUTH AUSTRALIA

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

The Torrens Project is defined by a regionally significant coincident magnetic and gravity anomaly (refer to Figure 4) with a footprint larger than Olympic Dam. Limited drilling has previously intersected low grade copper mineralisation associated with strong magnetite and lesser hematite alteration, typical of an IOCG system. The most significant intersection from the previous drill campaigns is from TD2 which intersected a broad zone of low grade mineralisation including 246m @ 0.1% Cu.

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

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

Prior to recommencing on-ground exploration the Torrens Joint Venture require heritage approval and an approved environment protection and rehabilitation (PEPR) application. Both documents were submitted during the quarter and a determination is expected by the end of quarter three of FY2018.

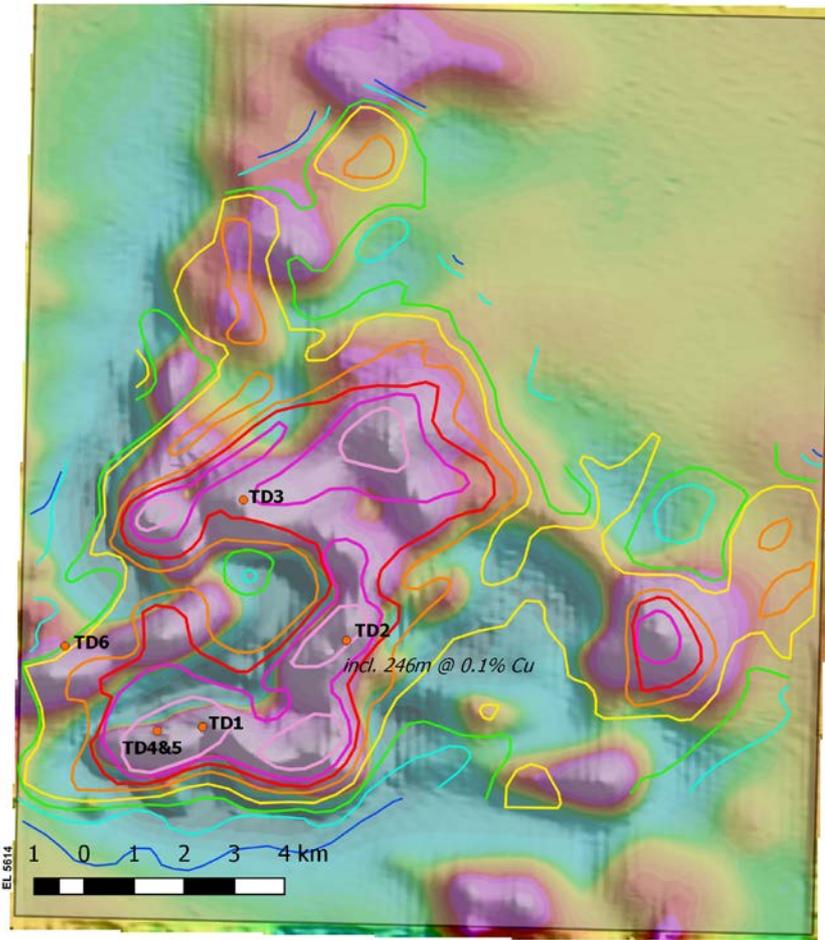


Figure 4: Plan view of EL 5614 showing the magnetic and residual gravity response within the tenement. The magnetic response is shown as the underlying shaded image. Contours represent the residual gravity response. Historical drill hole locations are also shown.

Corporate

CASH

At the end of the September quarter, Aeris had useable cash and receivables of \$21.9 million, an increase of \$8.0 million on the previous quarter.

\$million	SEP 2017 QTR	JUN 2017 QTR
Useable Cash - Aeris Corporate and Tritton	16.2	9.7
Tritton - Copper concentrate receivables	5.7	4.2
Aeris/Tritton - Useable Cash and Receivables	21.9	13.9

During the quarter, Aeris drew down US\$4 million from the Working Capital Facility with Special Portfolio Opportunity V Limited (PAG SPV). Drawdowns at 30 September 2017 totalled US\$19.5 million.

Corporate capital expenditure for the quarter was nil.

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

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