Aeris RESOURCES

2019 Annual Report

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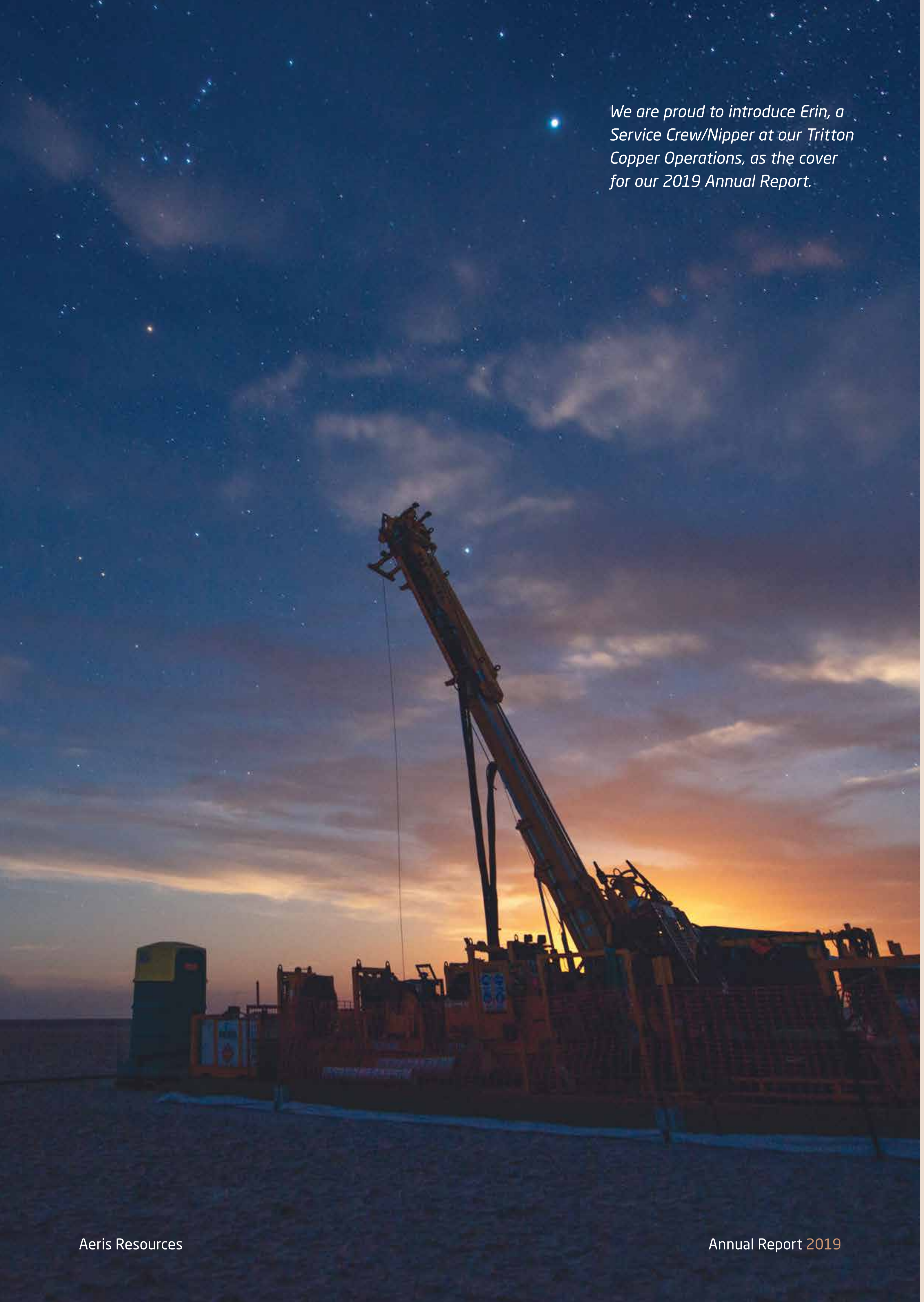
We are proud to introduce Erin, a Service Crew/Nipper at our Tritton Copper Operations, as the cover for our 2019 Annual Report.

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About Us

Aeris Resources is an established copper mining and exploration company listed on the Australian Securities Exchange (ASX: AIS) and headquartered in Brisbane, Queensland.

Aeris Resources' (Aeris or the Company) flagship asset, the Tritton Copper Operations (Tritton) in New South Wales, produced 26,852 tonnes of copper in FY2019 and is targeting production of 24,500 tonnes in FY2020. 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 2,160km^2, on which to date over 750,000 tonnes of copper has been discovered.

The Company also holds 70% of the promising Torrens Exploration Project (Torrens) in South Australia. Torrens is defined by a coincident magnetic and gravity anomalous zone with a footprint larger than Olympic Dam. The Stage 1 diamond drilling program, targeting IOCG style mineralisation, commenced during the first quarter of 2019 with two drill holes successfully completed to target depth by the end of June 2019.

The Board and executive team have positioned Aeris to grow into a mid-sized, multi-mine company.

The Company's growth strategy includes:

- Continued exploration within the highly prospective Tritton and Torrens tenement packages; and
- Seeking opportunities to add value for shareholders through mergers and acquisitions, with a focus on Base Metals and Gold.

FY2019 Highlights

Producing

26,852t copper at Tritton

$2.78/lb C1 Cash cost.

Exploring

25 new anomalies identified

High-grade intersections at Kurrajong

Drilling commenced at Torrens Project

Growing

Growth through exploration

Looking for value-adding acquisition opportunities

Successful equity raising and debt reduction:

- In early October 2018 the Company completed a $35.096 million Placement and 1.2:1 Non-Renounceable Entitlement Offer (Equity Raising);
- The funds from the Equity Raising were primarily used to accelerate exploration activities on the Company's Tritton and Torrens tenement packages and to reduce Aeris' Senior Debt Facility by US$20 million; and
- In total, Aeris has reduced debt by more than US$100 million since 2013.

Tritton Copper Operations:

- Copper production for FY2019 was 26,852 tonnes at a C1 cash cost of $2.78/lb, exceeding original guidance of 24,500 tonnes (at a C1 cash cost between $2.75/lb and $2.90/lb). The increase in production was due to strong performances at both the Tritton and Murrawombie underground mines and better than expected copper grades due to changes in the mining sequence at both mines.

Tritton Exploration:

- New Tritton Exploration Tenement Granted:
  - EL8810 brings the total tenement holding to 2,160km^2 with potential to extend the highly prospective "Budgery Sandstone" stratigraphic corridor by a further 40 kilometres;
- High-grade copper intersections at Kurrajong;
  - Following the completion of a highly successful 14-hole drill program at the Kurrajong prospect, the Company has defined an initial Exploration Target ranging between 3 and 4 million tonnes at a copper grade between 1.5% and 2.0%; and
- 25 new anomalies were identified by an aerial electromagnetic survey including 9 high priority targets to be investigated in FY2020.

Aeris Resources (70%) became manager of the Torrens Joint Venture exploration project and commenced drilling in January 2019:

- Two drill holes achieved target depth and a further two drill holes were abandoned due to issues drilling through an aquifer; and
- The drilling program was paused in late June to enable the processing of the geological data collected, in conjunction with reviewing the finalised geophysical interpretation work completed during the June quarter. Geological work will now focus on re-evaluating and refining geological target areas for future drill campaigns.

Acquisitions:

- Acquisitions remain at the forefront of Aeris' growth strategy with the focus firmly on creating shareholder value. Aeris' preferred commodities to target are Base Metals and Gold.

Letter from the Executive Chairman

Dear shareholder,

The past year has been one filled with great achievements by Aeris and its team. We achieved successes in our exploration programs, exceeded production guidance multiple times and kept our costs stable.

Safety is critical to our success as a Company, and we remain focused on improving our safety standards across our business. It is pleasing that in FY2019 we achieved continued improvements in our Total Recordable Injury Frequency Rate (TRIFR), with a 21% reduction over the 12 months.

During the last 7 years Tritton Copper Operations (Tritton) has consistently overachieved, with FY2019 being no exception. Tritton again delivered above the original production guidance with FY2019 copper production of 26,852 tonnes at a C1 Cash Cost of $2.78/lb.

Some time ago we decided on the kind of company Aeris should be. We wanted to maintain a lean team without multiple levels of hierarchy. We wanted people to be well-trained, well-educated and empowered to make decisions. We also wanted to continue to strengthen our teams with people who not only understand our values, but who live them.

Our commitment to our values and our community is a clear differentiator. The vast majority of our workforce at Tritton reside locally, meaning they go home every night to their families and are able to contribute to the community through their involvement in sport, recreation and charities. Being located in a rural area means we have access to a willing pool of workers from nearby properties who are keen to diversify their sources of income. This is particularly helpful for some in our community during difficult periods on the land, particularly during the current drought. In return, we have found this section of our workforce positively contributes to not only the group work ethic but also adds diversity to the social fabric that defines the culture of Tritton.

Our focus is on delivering on our strategy of becoming a mid-tier, multi-mine company, using Tritton and our talented team as a base to grow from. In the first half of FY2019, Aeris successfully completed an Equity Raising (Placement and Non-Renounceable Entitlement Offer) for approximately $35 million, the funds from which were used to reduce debt by US$20 million and accelerate exploration activities at both Tritton and Torrens. Since the beginning of 2013, debt has been reduced by more than US$100 million.

The Board believes Aeris' balance sheet is sufficiently robust to pursue growth through suitable M&A opportunities. During the year we were in discussions with Glencore PLC regarding an acquisition of its CSA Mine (CSA) at Cobar. Whilst we were unable to reach mutually agreeable terms with Glencore on this asset, importantly, it highlights our ambition to grow the Company and we continue to explore M&A opportunities with a focus on copper, other base metals and gold.

Exploration activities around our existing Tritton infrastructure continued with some exciting results from drilling at the Kurrajong Prospect which has now been defined as an Exploration Target of 3 to 4 million tonnes at between 1.5% and 2% copper. We also identified 25 new EM anomalies, including nine high priority targets, in the largely unexplored northern half of the tenement package.

Although drilling at Torrens had its challenges, we managed to successfully drill two holes to target depth before pausing the program for further review.

Across our business our people have continued their commitment to success and worked incredibly hard during the year to deliver the Company's targets. I would like to thank each and every Aeris employee and contractor for their contribution to our outstanding performance in FY2019.

I also sincerely appreciate the support that our valued team receives from the Board of Directors, and Shareholders.

Andre Labuschagne,
Executive Chairman

Review of Operations and Activities

Financial Results

The Aeris Group (Group) recorded a loss after tax for the financial reporting year to 30 June 2019 of $12.673 million, compared with a profit after tax for the year ended 30 June 2018 of $55.304 million.

The June 2019 financial result for the Group was impacted by a number of key factors, including:

- Revenue from contracts with customers was $232.338 million, compared to $236.017 million in the previous corresponding period. Increased copper production was offset by lower Australian dollar copper prices achieved (A$8,652/t), compared to the prior corresponding period (A$8,844/t);
- Cost of goods sold increased from $198.231 million at 30 June 2018 to $218.525 million at 30 June 2019 and was impacted by higher tonnes mined and processed, higher volumes of copper concentrate shipped, and lower underground development metres capitalised;
- Foreign exchange impacts, mainly on foreign exchange movements on interest bearing liabilities, resulted in a loss of $2.820 million at 30 June 2019 (a loss of $1.317 million in the period to 30 June 2018). The AUD/USD exchange rate at 30 June 2019 was $0.702 compared to $0.7405 at 30 June 2018; and
- Finance costs of $8.128 million were recognised on the Special Portfolio Opportunity V Limited (SPOV) debt facilities for the period to 30 June 2019, compared to $18.680 million in the prior corresponding period. The reduction in finance costs were as a result of the lower debt levels for the Company in the current year as a result of a repayment of US$20 million off the Senior Debt in October 2018 and the debt restructure completed in February 2018.

Financial Position

At 30 June 2019, Aeris had a positive net asset position of $76.890 million ($54.999 million as at 30 June 2018). The improved net asset position compared, to the prior corresponding period, is mainly due to a reduction in the SPOV Tranche B (Senior Debt) facility by US$20 million, as a result of utilising part of the funds raised through the non-renounceable entitlement offer and placement completed during the period.

The Company's net cash inflow from operating activities during the financial year was $35.626 million, with net cash outflows from investing activities of $32.816 million and net cash outflows from financing activities of $3.799 million. The Group has been able to continue to meet its working capital requirements principally as a result of positive operating cash flows generated by the Tritton Copper Operations and management of the timing of cash flows to meet obligations as and when due.

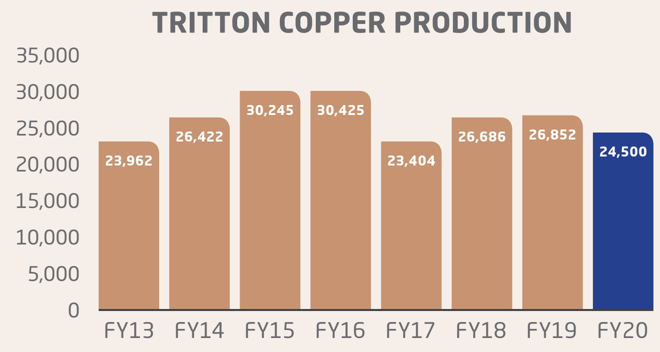
EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report, any 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.

Profit/(loss)	30 June 2019 ($M)	30 June 2018 ($M)
Revenue from contracts with customers	232.3	236.0
Gross Profit	13.8	37.8
(Loss)/Profit from continuing operations	(8.3)	61.5
(Loss)/Profit for the year	(12.7)	55.3

OUTLOOK

Aeris is targeting 24,500 tonnes of copper production in FY2020 at a C1 cash cost between A$2.80 and A$2.95 per pound.



Tritton Copper Operations

	Units	FY19	FY18	FY17	FY16
Mined	Tonnes	1,673,066	1,615,855	1,457,406	1,693,951
Grade	Cu (%)	1.67%	1.76%	1.66%	1.86%
Ore milled	Tonnes	1,669,274	1,592,165	1,467,244	1,700,860
Grade milled	Cu (%)	1.69%	1.75%	1.67%	1.88%
Recovery	Cu (%)	94.73%	95.23%	94.84%	94.31%
Copper concentrate produced	DMT	118,576	118,366	99,567	125,469
Copper concentrate grade	Cu (%)	22.60%	22.45%	23.35%	24.01%
Contained copper in concentrate	Tonnes	26,795	26,576	23,253	30,122
Copper cement produced	Tonnes	57	110	151	303
Total copper produced	**Tonnes**	**26,852**	**26,686**	**23,404**	**30,425**

The Tritton Copper Operations, located near the town of Nyngan in central New South Wales, is operated by Tritton Resources Pty Ltd, a 100 per cent owned subsidiary of Aeris Resources Limited.

There are two underground mines operating: Tritton and Murrawombie. The combined ore production from both mines is treated at the 1.8 million tonnes per annum Tritton processing plant.

There are four additional advanced mining projects (Avoca Tank, Budgerygar, Budgery and Murrawombie Open Pit) scheduled for future production, which together with Tritton and Murrawombie form the current Life of Mine plan (LOM). These projects will supplement and then replace production from Tritton and Murrawombie underground mines as the ore reserves from these are exhausted.

The significant capital program for the year just completed has been predominantly focused on continuing to develop Murrawombie. Investment in the underground mining equipment fleet continues as part of sustaining capital with several mid-life rebuilds.

During the year, Aeris was granted a new exploration tenement (EL8810) at Tritton. EL8810 covers 296km^2, bringing the total Tritton tenement package to 2,160km^2. To date over 750,000 tonnes of copper has been discovered in the southern half of the Tritton tenement package while the northern section of the tenement package, including EL8810, remains largely unexplored.

FY19

1.7 million tonnes
Copper milled

1.69%
Grade milled
Cu (%)

26,852
Total Copper
Produced (tonnes)

Approximate figures related to table above

Tritton Underground Mine (Tritton)

The 2019 ore production of 1.2 million tonnes at Tritton was an improvement on the 1.1 million tonnes produced in the previous year.

Stope design and orientation of the extraction sequence was changed in late 2017 through to 2018, to accommodate the evolving orebody geometry and increasing ground stress, with the revised stoping design delivering stable stope production in 2019. The rock stress issues which emerged in the previous stope design have been eliminated. Reliable stope performance has assisted the mine in building and holding sufficient stocks of drilled and broken ore.

A truck loading loop and loading point, elevated to just above the truck tray were constructed on the 4110 RL sub-level, currently the lowest production level in the mine. This has been significant in reducing the truck loading time and hence improving truck haulage productivity. Compared with more traditional plans, the new stope design has significantly increased the total ore tonnes loaded from this one level and as a result, an investment has been made into the loading loop and short ore passes, which were uneconomic in the higher levels of the mine.

An employee of the Tritton Underground operation

Tele-remote loaders are now operated consistently from the surface control room. An increase in stope size has also made the loaders more productive and reliable in stope loading, with one operator now able to run two machines when the stopes are available. In addition, the 4110 RL sub-level loading loop and ore passes have reduced interaction between stope loaders and the truck haulage activity. All of these design changes have improved the efficiency of loading and haulage activities.

Paste backfill performance was stable for the year. New boreholes and pipelines within the mid-levels of the mine have been established to remove several dog-leg bends, which reduced the pressure losses. Paste fill recipe optimisation continued to balance cement consumption and the paste flow characteristics. The mine team, working with expert consultants, has managed this critical system very well during the year.

In the mid-levels of the mine, there is a small Mineral Resource contained in remnant pillar stopes. Copper grades in the remnant pillar area, which were left unmined before the operation had a paste backfill plant are 2.6%, making them attractive sources of ore. Mining of the remnant pillar stopes commenced in 2018 and has continued in 2019. A significant portion of the old mining voids around the pillars have now been paste backfilled, however working in old mining areas requiring rehabilitation of ground support and new access drives makes the pillar stope extraction very slow. With backfill now placed, the rate of pillar ore mining is planned to increase in 2020 and 2021.

Murrawombie Underground Mine (Murrawombie)

Murrawombie has become a high grade producer. Production at commercial rates was achieved in 2018 and was increased in 2019 to 470,000 tonnes.

The mining methods employed at Murrawombie are either small open stopes, or bench stopes, with a combination of cemented and dry rock backfill. Stopes are sequenced in panels for mining from the bottom upwards towards small crown pillars separating the panels. Stope stability and ore extraction have met expectations and performance is improving with growing experience in the behaviour of the ore body. Small stopes are being mined so that mining extraction is flexible in consideration of the often-complex detailed geology, with the mining design selected to achieve the optimum balance of grade and resource extraction.

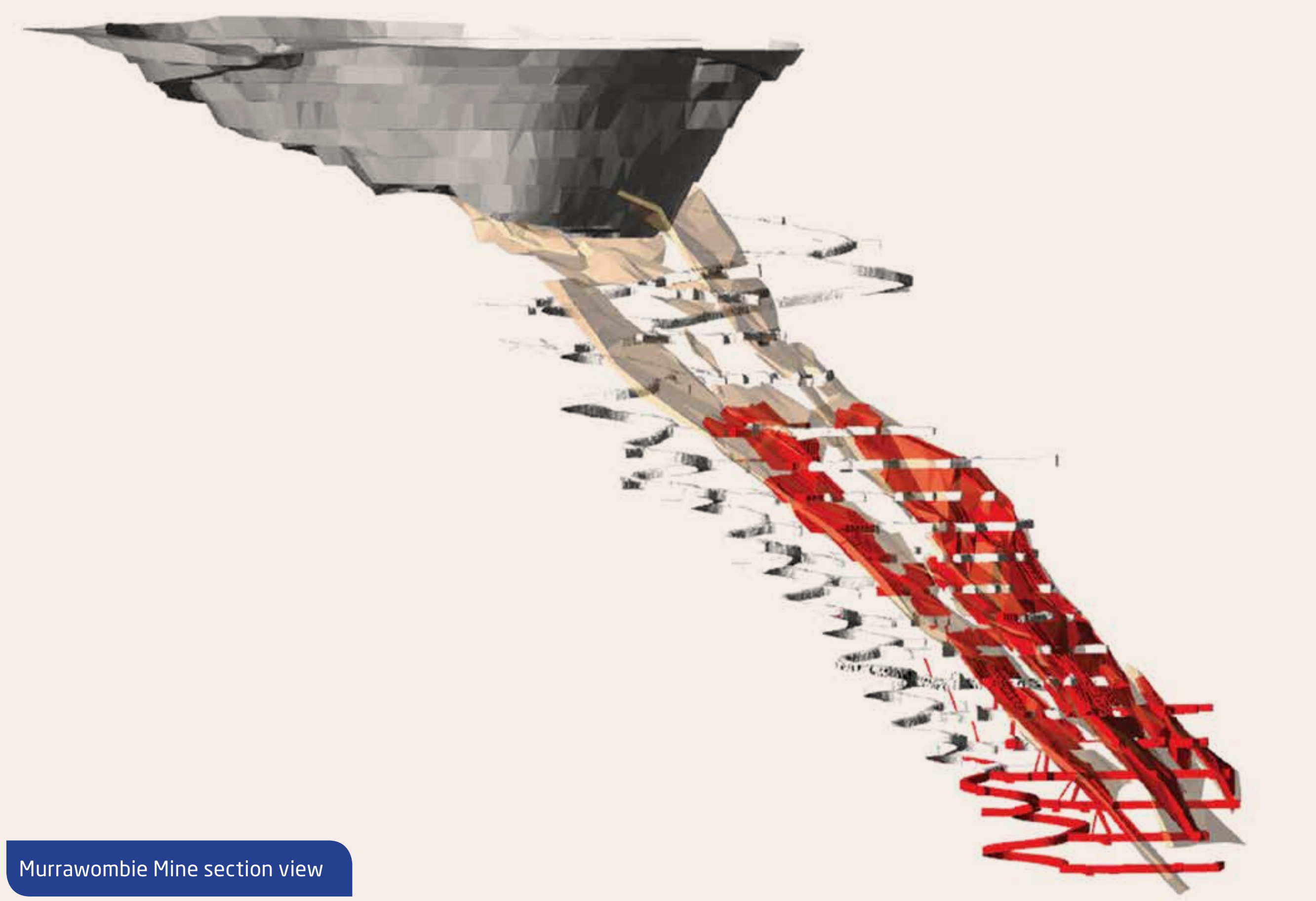
The detailed deposit geology is typical for the area with multiple lenses of mineralisation running roughly in parallel at a modest dip of 40 to 50 degrees. There are three significant mineralised lodes included in the underground mining plan – 102, 105 and 108 lodes – with current production focused on the 102 and 108 lodes that are a higher grade and close together.

Grade control diamond drilling and geology mapping of the ore drives continues to improve the detailed understanding of the deposit geology. Revisions of the resource model using this additional information were undertaken during the year, allowing mining to be selective on the higher grade mineralisation. As a result, actual ore production has been of a higher grade than planned.

Murrawombie uses a backfill of cemented rock where mining of adjacent stopes is required. Cemented rockfill preparation and placement is new for the Tritton Copper Operations, with rockfill placement rates achieved exceeding expectations and facilitating more selective mining operations.

Exploration drilling undertaken towards the end of the year indicates that the higher-grade zones of the deposit are shifting towards the north. Deposit strike length and lode width are consistent with the current resource models and there is no indication that the deposit is diminishing as it is mined deeper down plunge.

The initial intent for Murrawombie, was for it to be a satellite mine for the Tritton Copper Operations, supporting the main Tritton underground mine and providing top-up feed to the central processing plant. Having multiple mines in production reduces the variation in feed supply to the processing plant, which enables operational optimisation. Murrawombie has become a high-grade producer in the milling blend and a co-producer with Tritton.



Murrawombie Mine section view

Mining Project – Budgerygar Underground

The Budgerygar deposit is hosted within the Tritton stratigraphic package and is located some 600 metres to the north east of the Tritton deposit. It has an Inferred Mineral Resource estimate of 2.3 million tonnes at 1.5% copper. There are low grade gossanous mineralisation outcrops at surface and portions of the deposit were mined intermittently during the early 1900s. The mineralisation is very similar to the Tritton deposit and is characterised by a large pyrite-dominant sulphide envelope, striking north-south and dipping moderately east. Copper mineralisation within the broader pyrite envelope is dominated by chalcopyrite. The copper rich zone is known over a strike length of 300 metres and has been traced 800 metres down dip, remaining open at depth.

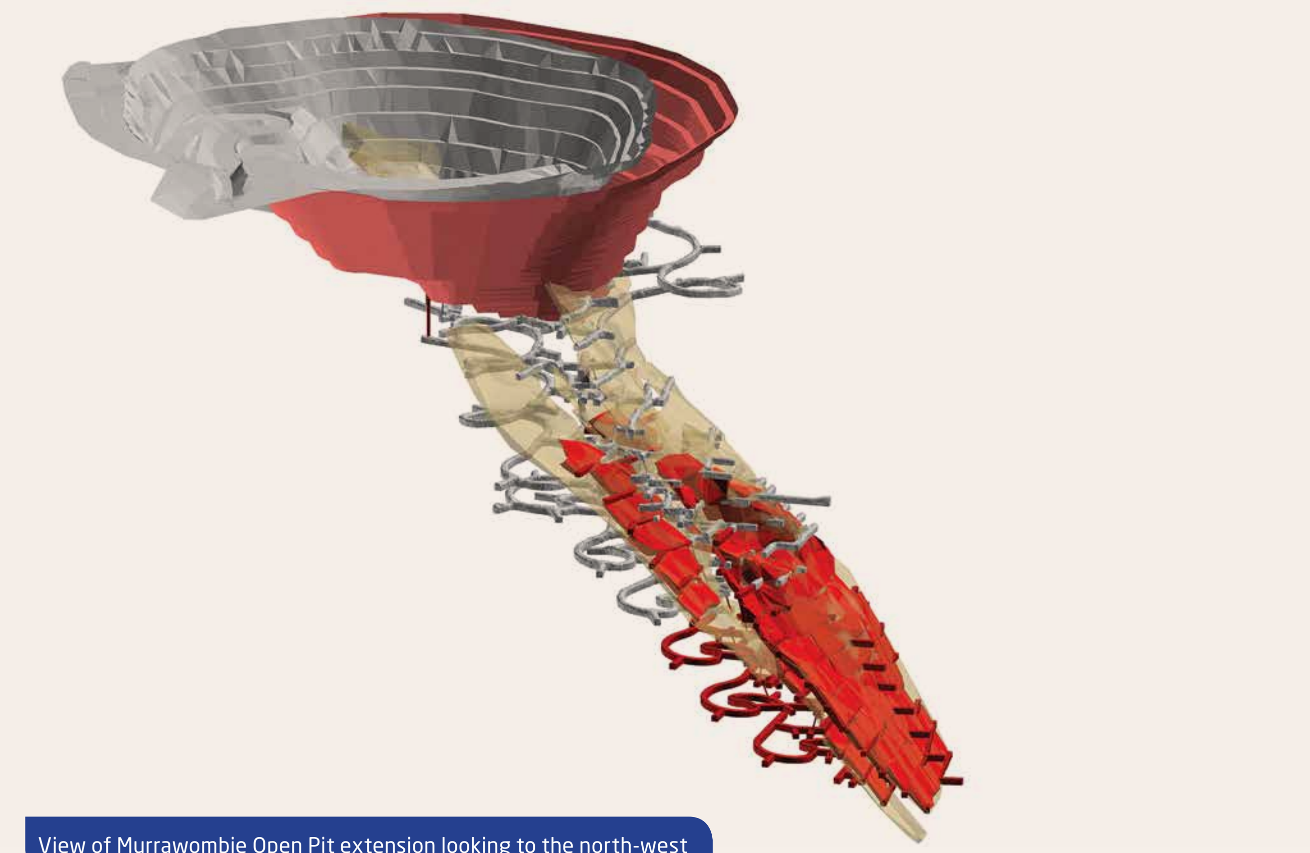
Development of an exploration and access decline drive to the Budgerygar deposit has commenced. The access drive is being mined from the Tritton decline at 270 metres below the surface to provide a diamond drilling position, and eventually access for production. The exploration drive will allow for rapid diamond drilling to improve the resource estimate to at least Indicated Mineral Resource status.

Mining Project – Murrawombie Open Pit

The expansion of the old Murrawombie Open Pit, which entails a small push back of the eastern wall to increase the pit depth, will allow Aeris to mine an estimated additional 1.6 million tonnes of ore.

The pit expansion project has secured Local and State Government approvals and from a regulatory perspective can proceed at any time. In the Life of Mine plan, the project is scheduled as the last mining activity on the Murrawombie deposit, with subsequent waste mined from the pit to be used for site rehabilitation and closure works. Use of the pit waste as capping for the adjacent heap leach pads substantially reduces the closure cost for the Murrawombie mine site.

The expanded pit will mine through the upper levels of the underground mine to recover stope pillars and remnants of the 101 and 103 lodes. These activities will destroy underground mine ventilation and backfill infrastructure, so mining of these areas is scheduled for after completion of the underground mining, or with minimal overlap in time.



View of Murrawombie Open Pit extension looking to the north-west

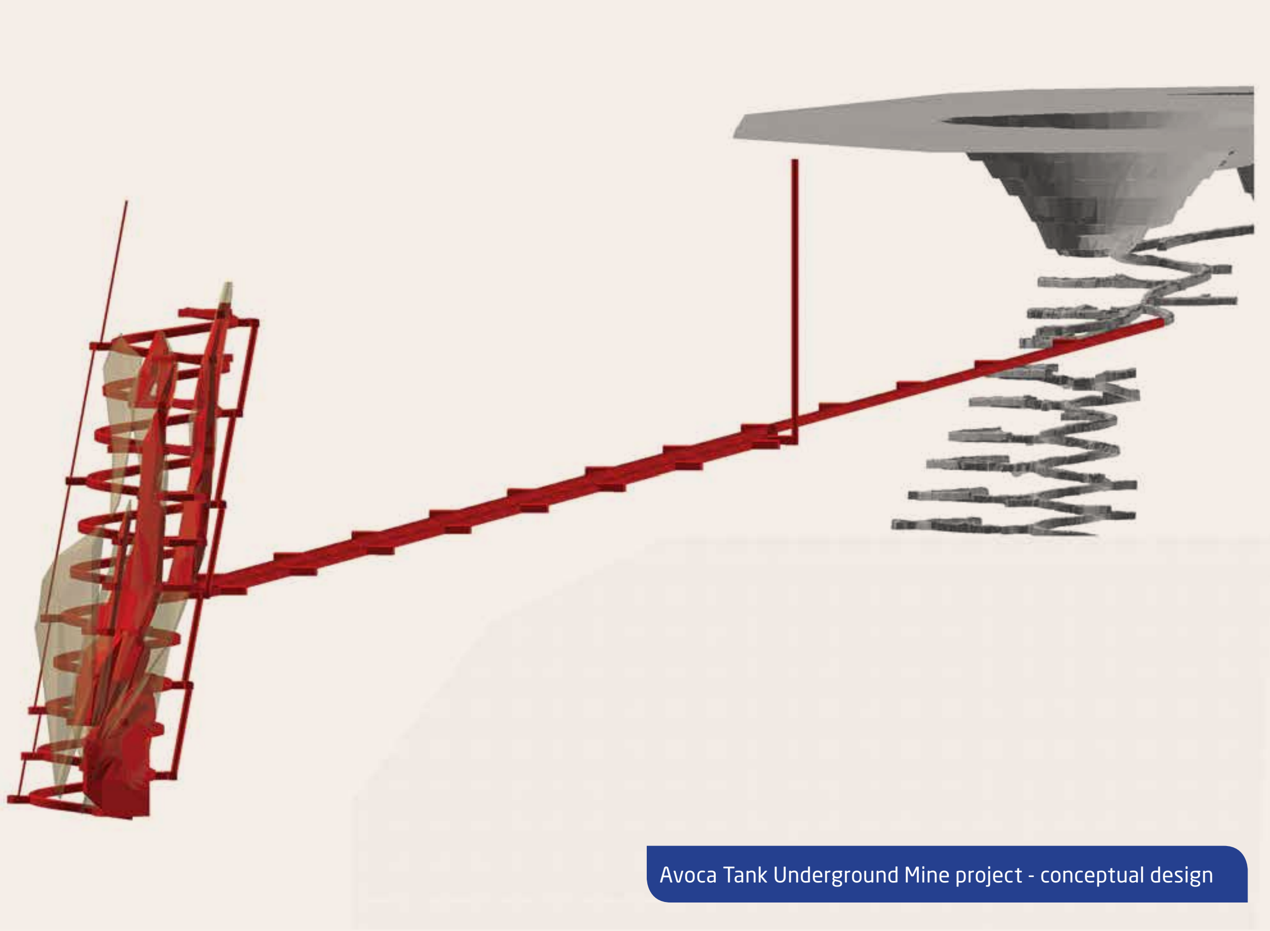
Mining Project – Avoca Tank Underground

Avoca Tank is a small high-grade deposit located 5 kilometres to the north of Murrawombie. An application for a Mining Lease has been submitted. The current planned life of Avoca Tank is four years including construction, however there is a realistic expectation that exploration drilling could increase the size and life of the deposit.

Avoca Tank has multiple lenses of mixed chalcopyrite and pyrite mineralisation and it is likely that the complex structural character has contributed to its high grades. The deposit is unusual for the region due to its vertical dip, and it has an uncharacteristically high gold content at 0.8g/t.

As a small scale, high-grade mine Avoca Tank is planned to be mined as a supplementary ore source to top up production from the larger Tritton and Murrawombie mines. While a pre-feasibility study has already been completed, additional studies will be reviewed in FY2020 to optimise the mine access design, exploration drilling program, and to minimise environmental impact and closure costs.

The pre-feasibility plan assumes a box cut and portal for a decline excavated from the surface located directly above the deposit. Mine infrastructure and waste dumps would be established next to the box cut, which requires the clearing of land and civil works. The alternative concept is to drive an access decline underground from the old North-East mine, using the existing portal in the Hartman pit. This underground access route would eliminate the surface disturbance, thereby reducing the costs associated with environmental impact and infrastructure development.



Avoca Tank Underground Mine project - conceptual design

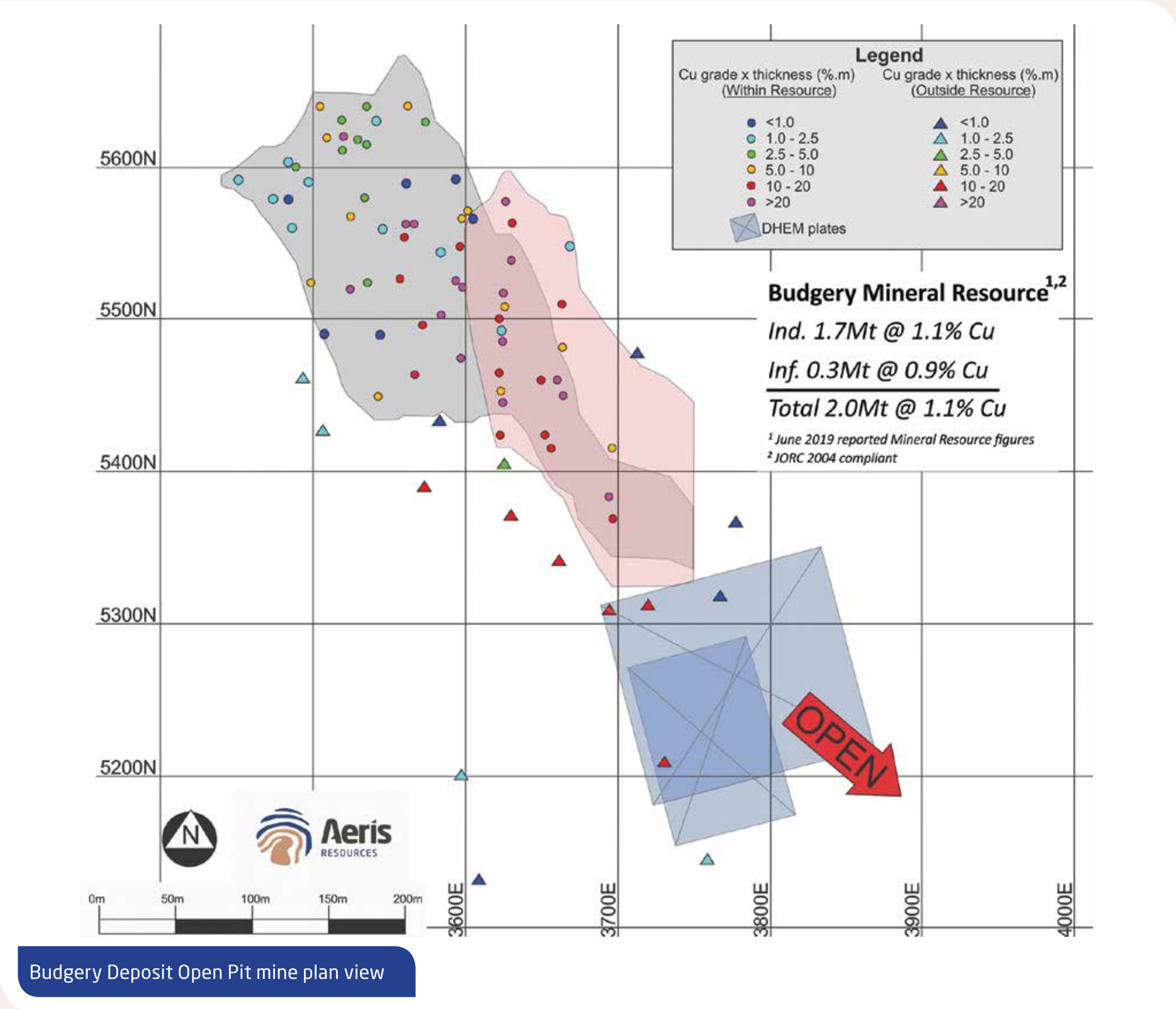
Mining Project – Budgery Deposit Open Pit

The Budgery deposit is approximately 20 kilometres south of the Tritton ore processing plant, close to the Hermidale township. It is located within the same geological setting as the Tritton and Murrawombie deposits and again, displays similar characteristics.

Significant exploration drilling has been conducted to support a concept study for an open-pit project, however additional Resource drilling, metallurgy studies, environmental studies and native title negotiations are required before a pre-feasibility study can be completed.

The proposed open-pit would mine a combination of oxide and sulphide ore types with the treatment method for the near-surface oxide portion of the ore body requiring additional technical work. One option for the treatment of the oxide ore is by heap-leaching, a process with which Tritton Copper Operations is very familiar. A second option is treatment through the Tritton ore processing plant with a sulphidisation pre-treatment. Both of these possibilities will be considered.

The Budgery mineralised system is significant and known to continue at depth. There has been limited drilling completed at depth, and this presents an opportunity to increase the Mineral Resource down-dip from the current reported Mineral Resource, which extends some 250 metres vertically. Options for selective underground mining of possible deposit extensions will be tested as drilling information becomes available.



Budgery Deposit Open Pit mine plan view

Processing

The Tritton processing plant treated 1.7 million tonnes of ore, producing 119,000 tonnes of copper concentrate at 23% copper grade in FY2019.

Plant throughput was a 5% improvement on the previous year, reflecting better ore delivery from the mines. Actual plant capacity is 1.7 to 1.8 million tonnes per annum, depending on ore hardness and variations in ore supply and quality.

Maintenance completed four planned major shutdowns during the year for re-lining of the grinding mills, (SAG mill, ball mill, vertical mill), and general repairs. Availability between planned shutdowns was excellent.

Replacement of the cleaner and scavenger flotation cell banks with new tank bodies was completed during the year with mechanisms refurbished and transferred to the new bodies. Refurbishment of the insides of the primary rougher flotation cells will occur in FY2020.

The primary crusher, which had been operational for more than 40 years, showed signs of damage and was replaced during the year with a new jaw crusher of the same size. The new crusher is now performing as expected.

The tailing storage facility (TSF) stage five lift was completed as planned. Stage five construction has completed the final footprint of the TSF with the lifting of the TSF walls expected to be lower cost in the future as only up-stream construction will be required. Several reviews of the TSF were completed by State Regulators and Aeris' own consultants.

The reviews have consistently rated the Tritton TSF structure as stable and low risk. Placement of tailings is well-managed and occurs in thin layers with rapid drying and stabilisation in the semi-arid environment.

Costs

For FY2019, the C1 cash costs and All-in-Sustaining (AISC) costs averaged $2.78/lb and $3.43/lb copper respectively.

Outlook

Copper production for FY2020 is forecast to be 24,500 tonnes at a C1 cash cost of between $2.80/lb and $2.95/lb.

FY20 Guidance

24,500 tonnes
FY20 Copper
Production (forecast)

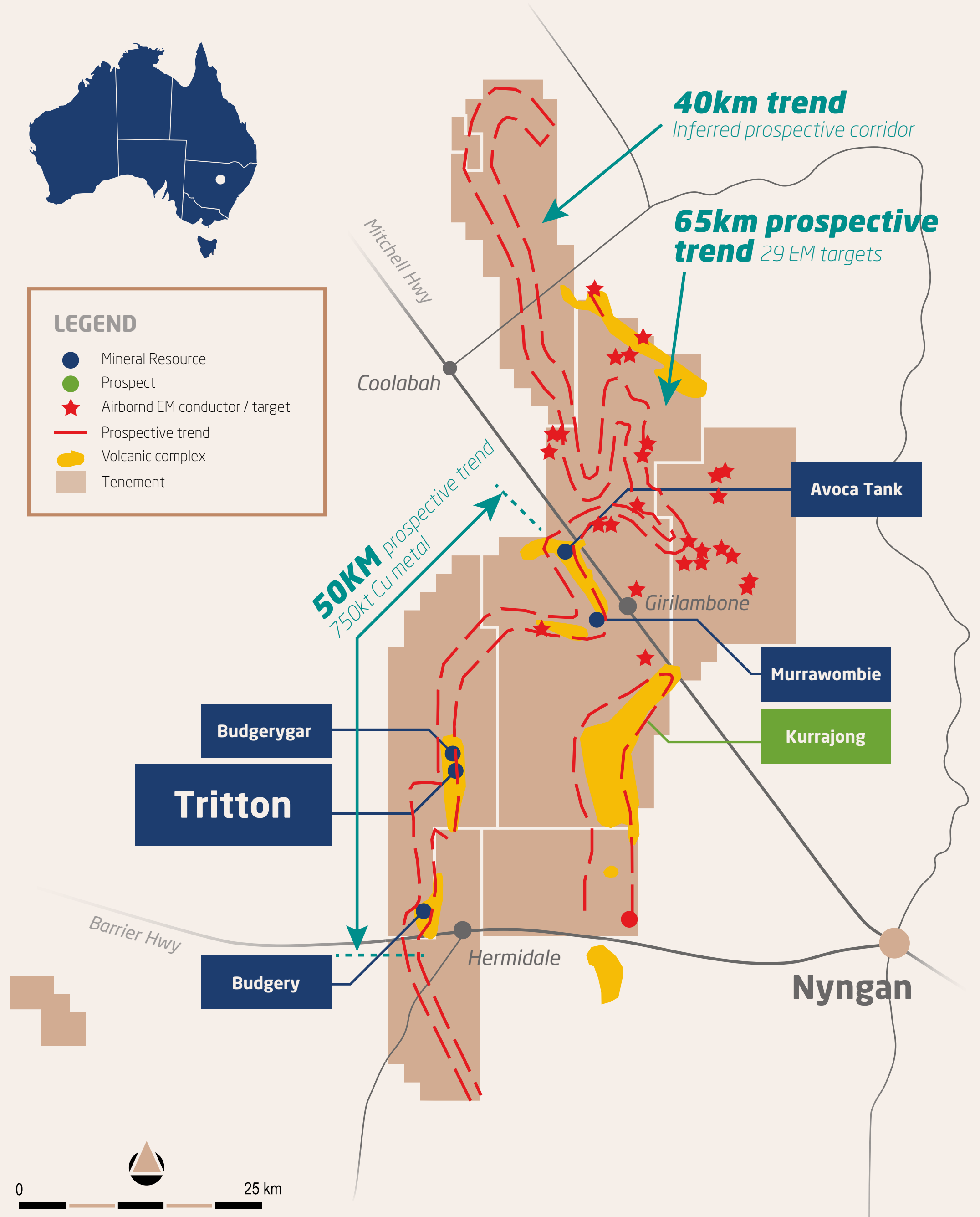
$2.80
$2.95
$2.80-2.95/lb
FY20 C1 cash cost
(forecast)


Tritton processing plant and Tritton Mine portal

Exploration

Aeris Resources' exploration strategy is focused on:

- Greenfields and brownfields exploration at its wholly owned Tritton Copper Operations in New South Wales (NSW); and
- The Torrens greenfields exploration project in South Australia (SA), 70% owned by Aeris.



Tritton tenement package

Greenfields and Brownfields Exploration at the Tritton Copper Operations (NSW)

The Tritton tenement package in NSW comprises six exploration and mining licences, covering 2,160km² of highly prospective ground for base metal deposits within the Girilambone Basin. Since modern exploration commenced in the 1980s, more than 750,000 tonnes of copper has been discovered within the 100% Aeris-owned Tritton tenement package.

The nearby Canbelego Project (Aeris 30%) is held through a Joint Venture with Helix Resources.

The greenfields exploration strategy within the Tritton tenement package is based on growing the operation through the discovery of large Tritton or Murrawombie-sized deposits of more than 10 million tonnes.

Prior to 2016, greenfields exploration at Tritton was sporadic and punctuated with prolonged periods focused on resource definition drilling at the Tritton, Murrawombie, North-East, Larsens and Avoca Tank deposits. However, in mid-2016, Aeris commenced a strategic two-year $7.5 million greenfields exploration program. The program, which commenced in November 2016 and ran until early in 2019, included:

- High powered moving loop electromagnetic (HP MLTEM) surveys conducted over the prospective corridors from Budgery to Avoca Tank and Kurrajong, with the aim of detecting mineralisation up to 500 metres below surface. The results of this survey saw multiple EM conductors detected and led to drill targeting at the Kurrajong prospect;
- The drill program at the Kurrajong prospect, which was highly successful and intersected sulphide mineralisation over 1,100 metres down plunge. An exploration target of 3 to 4 million tonnes at copper grades ranging from 1.5% to 2.0% has now been defined;
- Completion of a regional mapping program to identify and extend the prospective Budgery Sandstone corridor across the northern half of the tenement package. This extended the prospective corridor by some 60 kilometres, with potential to extend a further 40 kilometres; and
- The completion of two airborne EM surveys over the northern half of the tenement package resulting in the identification of 29 new potential bedrock EM anomalies.

Drilling at Kurrajong

Kurrajong Deposit

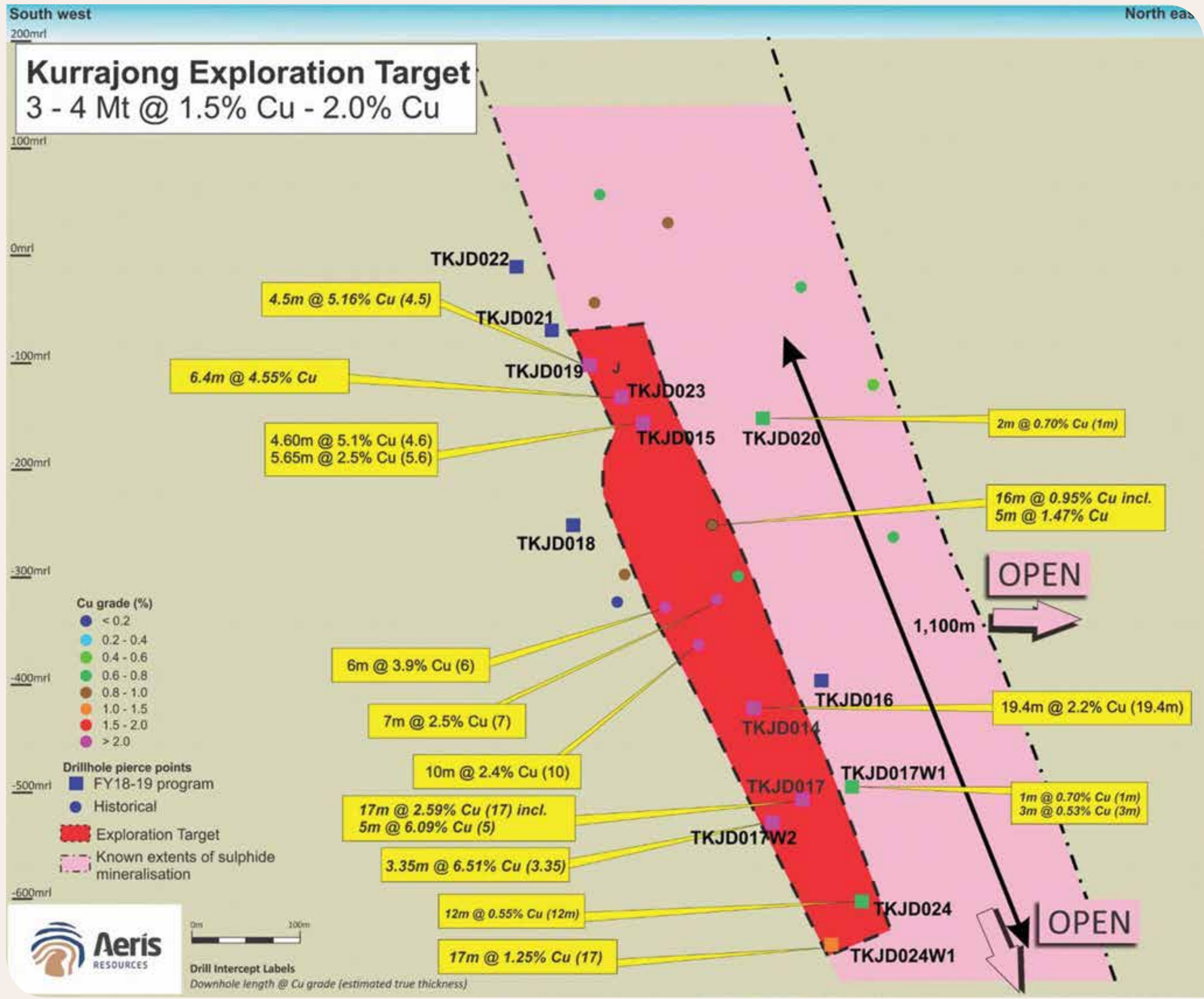
The HP MLTEM survey completed over the Kurrajong prospect detected two strong bedrock conductors commencing at 400 metres below surface. The detection of the plates provided the impetus to commence a limited drill program testing the potential extents to mineralisation intersected from previous drilling at the prospect. The initial two holes (TKJD014 and TKJD015) targeted the interpreted mineralised extensions at 150 metres up and down plunge. Both drill holes intersected massive sulphides:

- TKJD014 returned 19.4 metres @ 2.2% Cu; and
- TKJD015 returned two intersections of 4.60 metres @ 5.1% Cu and 5.65 metres @ 2.5% Cu.

These results were sufficiently encouraging for Aeris to extend the drill program with a further 12 drill holes completed in November 2018. The drilling program extended the limits of sulphide mineralisation to 300 metres along strike and 1,100 metres down plunge.

Within the large sulphide envelope, an exploration target was defined ranging from 3 to 4 million tonnes at 1.5% to 2.0% copper.

The Company has now commenced the process to obtain the necessary regulatory approvals to allow further drilling at Kurrajong with the aim to progress the exploration target to an Inferred Mineral Resource.



Long section view of the Kurrajong Deposit highlighting the exploration target

Tritton Mine portal

Regional Geology Compilation

To date, the majority of the on-ground exploration at Tritton has been focussed within the southern half of the tenement package, along the prospective "Budgery Sandstone" corridor between the Budgery and Avoca Tank deposits.

Exploration of the northern part of the tenement package has been limited until the recently completed airborne EM surveys, with previous exploration limited to one airborne EM survey flown in the late 1990s. A recent review of the historical EM survey data from the late 1990s indicated it was largely ineffective in detecting concealed mineralisation below surface.

Recent regional mapping and follow-up geophysical interpretation over the northern half of the tenement package was successful in identifying the continuation of the Budgery Sandstone unit for a further 65 kilometres. Additionally, the prospective corridor was interpreted to extend a further 40 kilometres further north-west, into an area now covered by EL 8810.

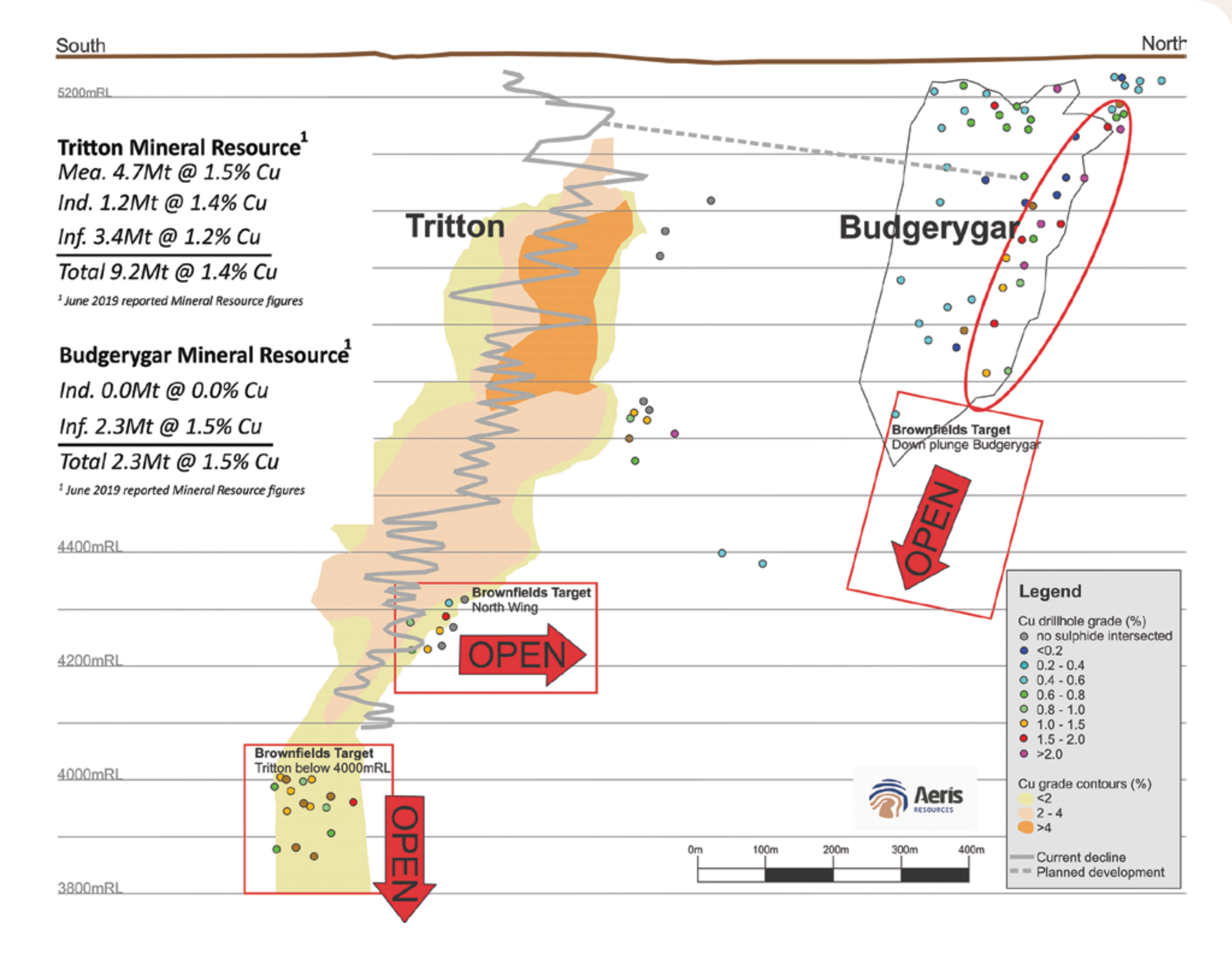
EL8810 was granted in late 2018 and is located adjacent to the north-west corner of the current Tritton tenement package. The new tenement, covering an area of 296km^2, brings the total Tritton tenement package to 2,160km^2.

An initial trial airborne EM survey was flown over selected areas of the Tritton tenement package in January 2018 to determine the effectiveness of this method in the detection of potential bedrock conductors. The survey was successful in identifying 4 new potential bedrock conductors along the northern margin of the tenement package.

A second airborne EM survey covering the remainder of the under-explored northern half of the tenement package (617km^2 - excluding EL8810) was flown in January 2019 and identified a further 25 EM anomalies, including 9 high-priority targets. The airborne EM survey was flown using the SKYTEM™ 312 EM system, which is designed and optimised for deep conductor bodies. This system enabled exploration to quickly and cost-effectively identify potential copper sulphide mineralisation.

Aeris' exploration focus on the Tritton tenement package in FY2020 is principally within the northern half of the tenement, evaluating each of the 29 EM anomalies identified so far and prioritising the most prospective for ground-based EM surveying, in preparation for first pass drilling.

Additionally, the Company will drill test targets within the highly fertile Murrawombie to Avoca Tank corridor. Drill targets within this corridor have been derived from a detailed review of historical data and ground-based EM surveying.



Tritton - Budgerygar Corridor

TRITTON - BUDGERYGAR CORRIDOR

The Tritton – Budgerygar corridor is a highly prospective copper rich mineralised system extending some two kilometres.

The level of geological understanding of the Tritton deposit has increased significantly during the year as the underground development exposes more of the mineralised system. The geology of the Tritton deposit has changed at depth and as the mining front has exposure to more of the geology, it has also allowed a greater understanding of the mineralised system.

The deposit has transitioned from a tabular north-south trending system to an elongated east-west trending ellipsoid, with the deposit thickness increasing from a minimum of 20 metres to more than 80 metres in places. Copper grades have steadily decreased with the increasing depth. As the mineralised system has changed with increasing depth, internal high-grade copper shoots have been identified within the Measured Mineral Resource classified sections of the Tritton deposit. It appears that the high-grade shoots may extend deeper within sparsely drilled sections of the deposit, with further work planned in the coming year to better define their potential to be mined.

During the year, six drill holes were completed targeting down dip extensions to the interpreted higher-grade copper shoots at Tritton. Two drill holes deviated more than anticipated and did not intersect the intended horizon. Of the remaining four drill holes assay results included:

- TRGC1001 returned 21.5m @ 2.26% copper;
- TRGC1009 returned 17.0m @ 1.57% copper;
- TRGC1010 returned 7.0m @ 5.26% copper and 6.8m @ 1.82% copper; and
- TRGC1011 returned 2.6m @ 2.28% copper.

Within the larger 2,000 metre (horizontal) Tritton – Budgerygar mineralised corridor there are numerous drill hole intersections peripheral to both deposits which contain elevated (+0.5% Cu) intersections over multiple metres. The sparsely drilled North Wing prospect immediately north of Tritton, is considered highly prospective and drilling is planned to target extensions to the sulphide mineralisation previously intersected.

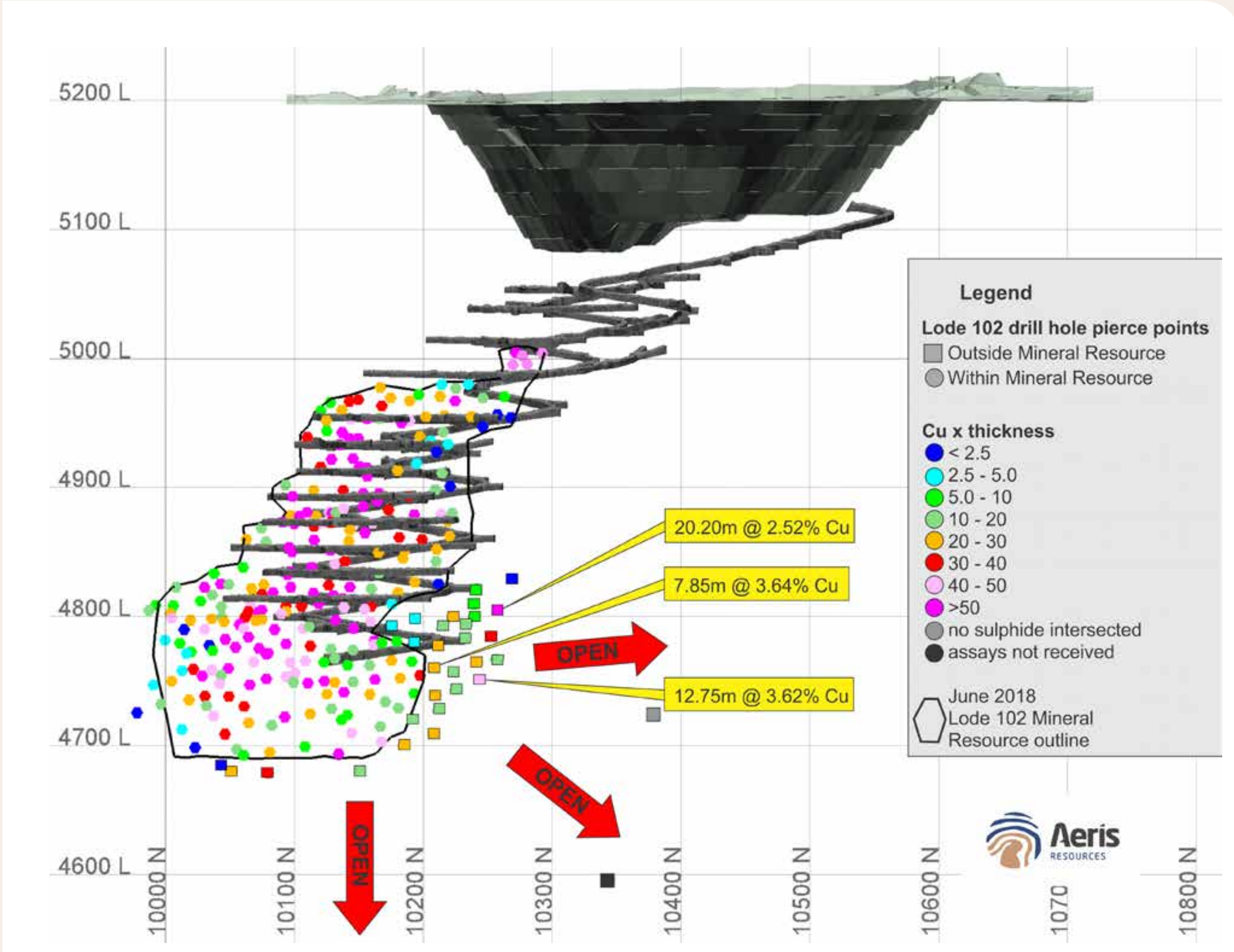
Further drilling is planned within the Tritton – Budgerygar corridor in the coming year, focused on increasing the Mineral Resource base at the Tritton deposit and surrounding mineralisation extensions including North Wing and Budgerygar.

MURRAWOMBIE

Opportunities for drilling to test mineralisation extensions outside of the Indicated Mineral Resource at the Murrawombie deposit were limited during the year. Towards the end of the year, underground drilling was completed targeting extensions to the Indicated Mineral Resource along strike (north) and down plunge. Drilling in both directions intersected copper sulphide mineralisation, highlighting the potential to increase the Mineral Resource base. In FY2020, drilling will focus on extending mineralisation along strike to the north and down plunge.

AVOCA TANK

The deposits discovered on the Tritton tenement package typically have a long down plunge extent and the same is expected to be true at the Avoca Tank deposit. Future exploration drilling of the deposit will be most efficient from an underground platform. However, to assist with feasibility studies, a small drilling program of up to 3 drill holes to test the vertical extension of the deposit is planned. This program has the aim of helping to improve the understanding of the deposit's structural controls to optimise future underground drilling locations.



Long section view showing drill hole intersections through Murrawombie 102 lode

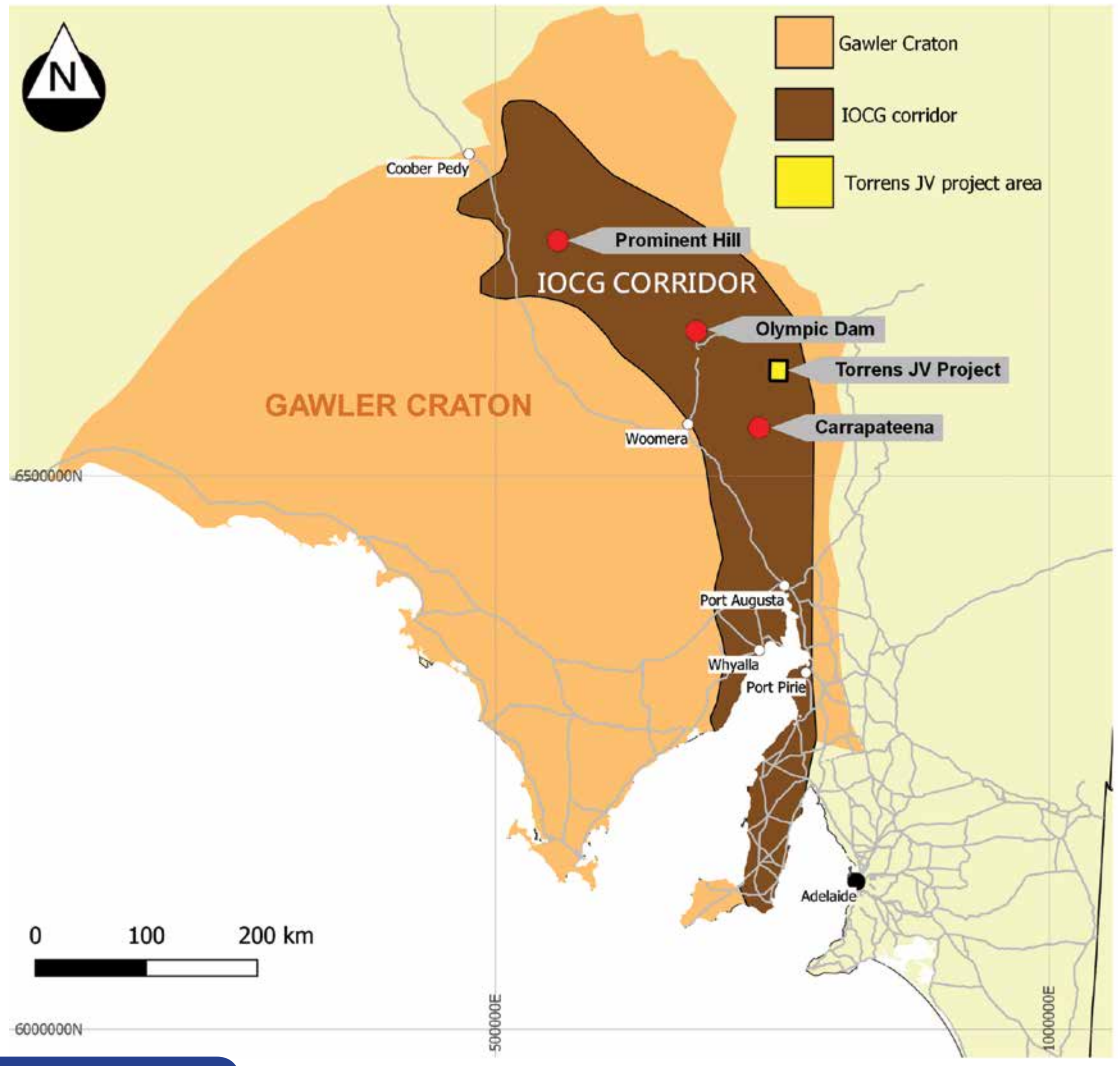
Torrens Project (Aeris 70%)

Aeris' newest greenfields exploration project is the Torrens Project (EL5614), a joint venture between Aeris (70% interest) and Kelaray Pty Ltd (a wholly-owned subsidiary of Argonaut Resources NL), which is exploring for iron-oxide copper-gold (IOCG) systems.

EL5614 is located within the highly prospective Stuart Shelf region of South Australia and lies within 50 kilometres of Oz Minerals' Carrapateena deposit, 75 kilometres from BHP's Olympic Dam mine and approximately 50 kilometres from BHP's recent Oak Dam discovery. The Torrens Project covers a large regionally significant coincident magnetic and gravity anomaly with a footprint in excess of 120km^2.

Limited drilling, totalling only six drill holes between 1977 and 2008, defined a large magnetite dominant with lesser hematite alteration system interpreted to form the distal component of an IOCG system. Zones of anomalous copper mineralisation (≥0.1% Cu) were intersected from several drill holes with the most significant mineralised zone associated with TD2 (246m @ 0.1% Cu).

In January 2019, on-ground exploration activities recommenced in the form of a heliportable drill program. The drill program, designed to minimise ground disturbance on Lake Torrens, utilised a series of lightweight aluminium work platforms bolted together to form a base on which the drill rig was positioned. Access to and from the drill sites was via helicopter and an exploration camp to accommodate the workforce for the Phase 1 drilling program became fully operational during January 2019. The target geology sits under approximately 400 to 700 metres of cover with target drill hole depths ranging from 700 to 1,500 metres.



Torrens Project location map

Drilling Program

The first drill hole, TD7 was successfully completed to target depth. It had targeted a coincident magnetic and gravity anomaly defined from the FALCON geophysical survey flown early in 2018. TD7 was located approximately 1.5 kilometres from the shoreline (western margin) of Lake Torrens and was drilled to a total depth of 858.6 metres. Preliminary geology observations of TD7 included a 60 metre wide non-magnetic intersection containing hematite, plus K-feldspar and sericite alteration. Hematite is recognised as an accessory mineral associated with all known IOCG mineralised systems within the Gawler Craton.

Assay results from TD7 reported no significant copper mineralisation with the highest-grade interval being 20m @ 0.15% Cu from 542 metres downhole, though the presence of elevated cerium concentrations that were intersected toward the bottom of the drill hole were encouraging. Cerium and other rare earth elements (REE) are considered important geochemical vectors toward potential IOCG systems.

Following the completion of drill hole TD7, the drill rig and site infrastructure was safely demobilised and moved a further 7 kilometres east from Lake Torrens shoreline targeting other significant coincident gravity and magnetic anomalies (drill holes TD8 and TD9).

Both TD8 and TD9 intersected an unexpected artesian aquifer at approximately 70 metres to 100 metres below surface. Both drill holes were terminated at the aquifer and fully remediated.

A thorough review of the drill protocols was completed after drill hole TD9, with updated protocols successful in managing the artesian water and running sands associated with the aquifer when undertaking drill hole TD10. This hole, targeting the same coincident gravity and magnetic anomaly as its predecessor, successfully reached the target depth of 1,200 metres. The drill hole intersected highly altered K-feldspar, magnetite and pyroxene rich intervals with trace amounts of sulphides (predominately pyrite) but no significant copper mineralisation.

Customised drill platform and infrastructure on Lake Torrens

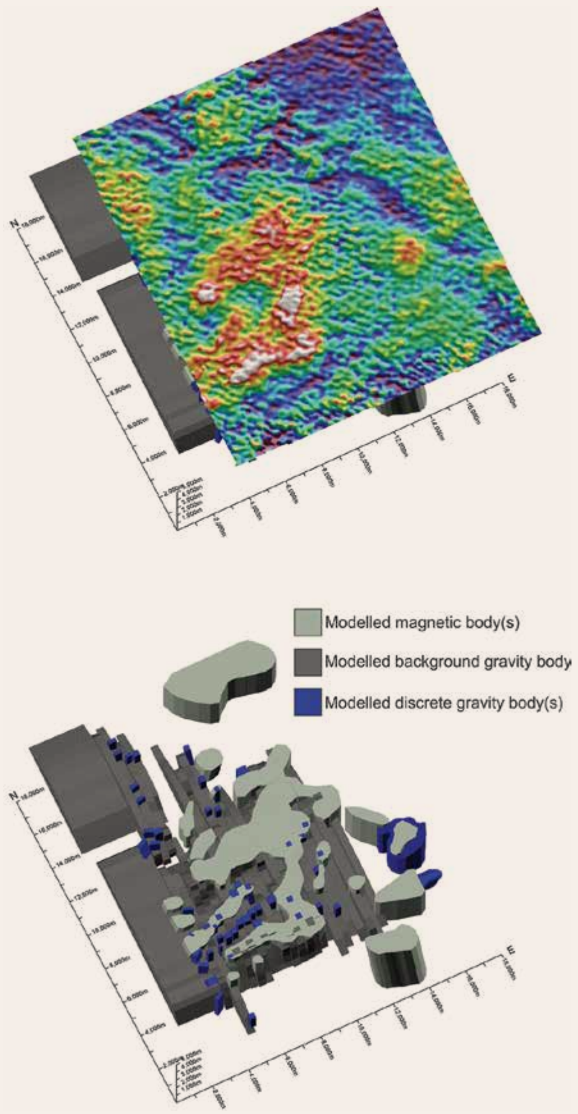
Prospectivity within the project area remains high, however the current geological work completed has indicated the geophysical responses associated with an IOCG mineralised system are more subtle than previously thought. Further technical geological analysis is required to refine the geological interpretation to ensure the most prospective anomalies are prioritised for targeting.

Drilling activities have been paused while this technical review is undertaken.

Several areas currently outside of the permissible area for drilling, including one which is located on land immediately west of Lake Torrens, show encouraging geophysical characteristics. The Joint Venture has commenced the process of obtaining the necessary regulatory approvals to allow drilling to occur within each of these areas.

The unique pontoon-supported drilling platform was successful in enabling drilling on the surface of Lake Torrens, however operating costs per hole were higher than originally targeted. While the technical review is being undertaken, the Company will also take the opportunity to rigorously review operational practices and costs.

Helicopter walk way to drill rig platform on Lake Torrens



July 2019 - Torrens GDD shallow image and modelled gravity bodies

Other Exploration Projects

Yandan Project, Queensland (Aeris 100%)

Straits Gold Pty Ltd (a wholly-owned subsidiary of Aeris Resources Limited) is the 100 per cent holder of the tenements comprising the Yandan Project ("Yandan"). Yandan is located approximately 40 kilometres to the west of Mount Coolon and 155 kilometres south east of Charters Towers in North Queensland. Yandan is located on the eastern margin of the Drummond Basin, proximal to the contact of the Drummond Basin within the Anakie Inlier. The Drummond Basin is highly prospective for epithermal gold-rich mineral systems, most notable for the Pajingo (~5Moz), Ravenswood (~4Moz) and Mt Leyshon (~3.5Moz) mines.

The Yandan gold mine was operated by Ross Mining between 1985 and 1990 and produced more than 350,000 ounces of gold by heap leach and from a CIL (carbon-in-leach) plant. An initial Mineral Resource Estimate (JORC 2004 compliant) has been determined for the East Hill mineralised system:

- 4Mt at 2.4g/t for 308,000 ounces of gold Inferred Mineral Resource with no lower cut-off.[1]

Drill rig at Yandan Project

Regional studies have defined other mineralised centres with significant potential to delineate economic gold systems, including the Illamahta prospect which represents a shallow low-grade mineralised system approximately 14 kilometres south-west of the Yandan deposit.

During the year an RC drill program was completed at the Illamahta prospect – a shallow oxide gold mineralised system first discovered by Western Mining Company (WMC) in the early 1990's. Samples collected from the program will be used for metallurgical test work evaluating the leachability of gold from the host rock.

The mining lease has significant water dams and rights to harvest water from the adjacent Sutor River.

The Company is committed to delivering value for shareholders from this asset and is considering future options to achieve this.

Canbelego Project, New South Wales (Aeris 30%)

The Canbelego Project (EL6105) is a Joint Venture with Oxley Exploration Pty Ltd, a subsidiary of Helix Resources Limited.

The Canbelego Project covers approximately 40km² and is located 45 kilometres south-west of the Tritton Copper Operations. Tenement EL6105 covers a 10 kilometre long, north-west trending magnetic complex which is very prospective for base metal VMS deposits. Exploration activities have been focused on targeting mineralisation extensions below the historical Canbelego workings and regional geophysical and geochemical surveys to define regional targets within the tenement.

Significant drill hole intersections at Canbelego include 9m @ 2.5 % Cu from 36 metres in CANRC001, 10m @2.0% Cu from 145 metres in CANRC002 and 15m @ 1.1% Cu from 140 metres in CANRC004.

1 Mineral Resource figures reported from three domains which represent high grade epithermal vein systems. All block estimates within each domain have been reported (0 g/t Au cut-off).

2019 Resources and Reserves

Aeris Resources Limited has updated its Mineral Resource and Ore Reserves estimates for its Tritton Copper Operations as at 30 June 2019.

Total reported Measured and Indicated Mineral Resource estimate, after mining depletion, is 12.9 million tonnes at 1.5 per cent copper for 200,000 tonnes of contained copper metal. Inferred Mineral Resource is 6.9 million tonnes at 1.3 per cent copper for 89,000 tonnes of contained copper.

This represents a 6 per cent net decrease in contained copper compared with the 30 June 2018 estimate.

Total reported Proved and Probable Ore Reserves, after mining depletion, are estimated at 6.7 million tonnes at 1.5 per cent copper for 100,000 tonnes of contained copper metal. The Ore Reserve has been reduced by 30 thousand tonnes of copper since the last estimate at 30 June 2018, a 23 per cent net decrease in contained copper.

Actual copper production was 27 thousand tonnes in concentrate with processing recoveries estimated at 94.7 per cent, equivalent to 28 thousand tonnes of copper in ore. Ore Reserve depletion in excess of production is due to change in; cut-off grade; Mineral Resource models; and change in mining designs.

Aeris' Statement of Mineral Resources and Ore Reserves as at 30 June 2019 for the significant projects at the Tritton Copper Operations, has been reported in accordance with the guidelines in the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). Full documentation of the estimates can be found on the Company website.

The estimates for the Company's other projects that are not considered to be significant and where there was no change since last reporting are documented in accordance with the JORC Code 2004. These estimates were prepared and first disclosed under the JORC Code 2004. They have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The following projects continue to be reported in accordance with the JORC Code 2004.

- Budgery Mineral Resource; and
- Yandan Mineral Resource.

Mineral Resource

Aeris' copper Mineral Resource inventory is focused at the Tritton Copper Operations.

The only gold Mineral Resource is located in the Drummond Basin (Yandan gold project) in Queensland. This project is not considered significant to the Company.

The Tritton Copper Operations area is host to a cluster of deposits. Mineralisation across the Tritton Copper Operations' deposits are hosted within Ordovician turbidite sequences within the Lachlan fold belt. The deposits are characterised by massive to semi-massive pyrite and chalcopyrite sulphide deposits. Deposit geometries are characterised as tabular systems. Dimensions range between 15 metres to 250 metres (strike), 90 metres to >2,000 metres (down dip) and 2 metres to 300 metres (width). Mineralised assemblages are dominated by pyrite with lesser chalcopyrite, gold and silver concentrations. Primary copper mineralisation occurs as banded and stringer chalcopyrite within pyritic rich units.

The Tritton Copper Operations area deposits' Mineral Resource estimates are defined by diamond drilling and some reverse circulation percussion drilling. Holes are geologically logged and assayed. Mineral Resource volumes are developed from geology interpretation of the drill hole data at nominal copper cut-off grades between 0.4% to 0.5% copper and varies with the deposit. Quality assurance and control procedures are in place for the assay information used in the Resource estimation. The deposits are all located on a granted Mining Lease or Exploration Lease. Resource modelling and grade interpolation within the interpreted mineralised volumes uses Ordinary Kriging with careful domain control to limit the influence of high-grade data. Reconciliation of Mineral Resource estimates against mined and processed ore for the Tritton and Murrawombie deposits mined during the year shows a slight increase in grade and tonnes after allowance for dilution and ore loss. Details of the Mineral Resource estimates can be found in the reports on Aeris' website.

TRITTON DEPOSIT CHANGES

Since 30 June 2018, the Tritton deposit Measured and Indicated Mineral Resource has been reduced by an estimated 17,000 tonnes of contained copper metal. Changes to the Mineral Resource include depletion associated with mining and sterilisation of the Mineral Resource surrounding mined stopes and along the margins of the orebody as mineralised thicknesses thin and pinch out. Measured Mineral Resource additions have occurred from grade control drilling targeting the conversion of Indicated Mineral Resource below the mining front. Measured Mineral Resource was extended a further 80 metres vertically to the 4,030mRL level. A limited amount of grade control drilling down to the 3,970mRL level enabled the Indicated Mineral Resource to be extended an additional 30 metres vertically.

TRITTON UPPER LEVEL REMNANT PILLARS

The Tritton upper level remnant pillars are a small portion of the Tritton deposit Indicated Mineral Resource estimate, (170,000 tonnes). They are the remnant blocks of mineralisation left between mined out stopes that have not been filled with cemented paste backfill. Due to the higher risk nature of pillar mining these blocks of mineralisation are critically reviewed to ensure they have a reasonable likelihood of successful extraction to qualify for inclusion in the Mineral Resource estimate.

Mining of the pillars continued in FY2019 depleting the Indicated Mineral Resource by an estimated 2,000 tonnes of contained copper metal. A further 5,000 tonnes of contained copper metal was depleted via sterilisation. This material is currently not viable for economic extraction.

MURRAWOMBIE DEPOSIT CHANGES

Since 30 June 2018, the Murrawombie deposit Indicated Mineral Resource has been reduced by an estimated 1,000 tonnes of contained copper metal. During the year grade control drilling has added to the Indicated Mineral Resource Inventory. Grade control drilling intersected mineralisation outside the previous Mineral Resource footprint. The strike extensions occur toward the base of the previous Indicated Mineral Resource extents. Previous drilling in this area had not adequately closed off mineralisation along strike. The additions to the Mineral Resource offset the mined depletion of the Mineral Resource during the year.

BUDGERYGAR DEPOSIT CHANGES

The Budgerygar deposit was subject to an internal geological review which included an updated geological interpretation and Mineral Resource estimate based on key learnings from Tritton and Murrawombie. The updated Mineral Resource included revised geology models. No additional drill hole data has been collected at Budgerygar since the completion of the previous Mineral Resource estimate in 2009. The updated Mineral Resource reports an additional 9,000 tonnes of contained copper metal. The increase in contained copper metal is primarily associated with the manner in which density estimates were determined.

June 2019

	Tonnes (kt)	Cu (%)	Cu (kt)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (koz)
TRITTON UNDERGROUND							
Measured	4,700	1.5	68	0.10	15	4.6	690
Indicated	980	1.3	12	0.06	2	2.3	74
Total M + I	5,600	1.4	80	0.09	17	4.2	770
Inferred	3,400	1.2	41	0.13	14	3.9	430
TOTAL	**9,000**	**1.3**	**120**	**0.11**	**31**	**4.1**	**1,190**
TRITTON PILLARS (RECOVERABLE)							
Measured	-	-	-	-	-	-	-
Indicated	170	2.2	4	0.26	1	10.9	58
Total M + I	170	2.2	4	0.26	1	10.9	58
Inferred	-	-	-	-	-	-	-
TOTAL	**170**	**2.2**	**4**	**0.26**	**1**	**10.9**	**58**
MURRAWOMBIE							
Measured	-	-	-	-	-	-	-
Indicated	4,600	1.6	73	0.31	46	5.3	780
Total M + I	4,600	1.6	73	0.31	46	5.3	780
Inferred	830	1.3	10	0.27	7	5.4	140
TOTAL	**5,400**	**1.5**	**83**	**0.30**	**53**	**5.3**	**930**
AVOCA TANK							
Measured	-	-	-	-	-	-	-
Indicated	770	2.9	23	0.86	21	15.6	390
Total M + I	770	2.9	23	0.86	21	15.6	390
Inferred	130	1.0	1	0.23	1	3.2	13
TOTAL	**900**	**2.6**	**24**	**0.77**	**22**	**13.8**	**402**
BUDGERYGAR							
Measured	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-
Total M + I	-	-	-	-	-	-	-
Inferred	2,300	1.5	34	0.20	15	5.2	380
TOTAL	**2,300**	**1.5**	**34**	**0.20**	**15**	**5.2**	**380**
BUDGERY							
Measured	-	-	-	-	-	-	-
Indicated	1,700	1.1	19	0.13	7	-	-
Total M + I	1,700	1.1	19	0.13	7	-	-
Inferred	300	0.9	3	0.07	1	-	-
TOTAL	**2,000**	**1.1**	**22**	**0.12**	**8**	**-**	**-**

June 2019 (Continued)

	Tonnes (kt)	Cu (%)	Cu (kt)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (koz)
STOCKPILES							
Measured	40	1.6	1	-	-	-	-
Indicated	-	-	-	-	-	-	-
Total M + I	40	1.6	1	-	-	-	-
Inferred	-	-	-	-	-	-	-
TOTAL	**40**	**1.6**	**1**	**-**	**-**	**-**	**-**
TOTAL							
Measured	4,700	1.5	68	0.10	15	4.6	690
Indicated	8,300	1.6	130	0.29	77	4.9	1,310
Total M + I	12,900	1.5	200	0.22	92	4.8	2,000
Inferred	6,900	1.3	89	0.17	37	4.4	970
TOTAL	**19,800**	**1.5**	**290**	**0.20**	**130**	**4.7**	**2,960**

June 2018

	Tonnes (kt)	Cu (%)	Cu (kt)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (koz)
TRITTON UNDERGROUND							
Measured	3,800	1.7	64	0.13	16	5.9	720
Indicated	2,700	1.2	33	0.08	6	3.4	290
Total M + I	6,500	1.5	97	0.11	23	4.9	1,020
Inferred	3,800	1.3	50	0.12	14	4.0	490
TOTAL	**10,300**	**1.4**	**150**	**0.11**	**37**	**4.5**	**1,510**
TRITTON PILLARS (RECOVERABLE)							
Measured	-	-	-	-	-	-	-
Indicated	420	2.6	11	0.22	3	9.6	130
Total M + I	420	2.6	11	0.22	3	9.6	130
Inferred	-	-	-	-	-	-	-
TOTAL	**420**	**2.6**	**11**	**0.22**	**3**	**9.6**	**130**
MURRAWOMBIE							
Measured	-	-	-	-	-	-	-
Indicated	4,600	1.6	74	0.29	43	6.0	900
Total M + I	4,600	1.6	74	0.29	43	6.0	900
Inferred	830	1.3	10	0.27	7	5.4	140
TOTAL	**5,400**	**1.5**	**84**	**0.29**	**50**	**5.9**	**1,040**

June 2018 (Continued)

	Tonnes (kt)	Cu (%)	Cu (kt)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (koz)
AVOCA TANK							
Measured	-	-	-	-	-	-	-
Indicated	770	2.9	23	0.86	21	15.6	390
Total M + I	770	2.9	23	0.86	21	15.6	390
Inferred	130	1.0	1	0.23	1	3.2	13
TOTAL	**900**	**2.6**	**24**	**0.77**	**22**	**13.8**	**400**
BUDGERYGAR							
Measured	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-
Total M + I	-	-	-	-	-	-	-
Inferred	1,600	1.5	24	0.11	6	-	-
TOTAL	**1,600**	**1.5**	**24**	**0.11**	**6**	**-**	**-**
BUDGERY							
Measured	-	-	-	-	-	-	-
Indicated	1,700	1.1	19	0.13	7	-	-
Total M + I	1,700	1.1	19	0.13	7	-	-
Inferred	300	0.9	3	0.07	1	-	-
TOTAL	**2,000**	**1.1**	**22**	**0.12**	**8**	**-**	**-**
STOCKPILES							
Measured	30	2.1	1	-	-	-	-
Indicated	-	-	-	-	-	-	-
Total M + I	30	2.1	1	-	-	-	-
Inferred	-	-	-	-	-	-	-
TOTAL	**30**	**2.1**	**1**	**-**	**-**	**-**	**-**
TOTAL							
Measured	3,900	1.7	64	0.1	16	5.8	720
Indicated	10,200	1.6	160	0.2	81	5.2	1,710
Total M + I	14,100	1.6	220	0.2	98	5.4	2,430
Inferred	6,700	1.3	89	0.1	28	3.0	650
TOTAL	**20,700**	**1.5**	**310**	**0.2**	**130**	**4.6**	**3,080**

Notes:
1. Mineral Resource cut-off grades: 0.6% Cu Tritton, 0.6% Cu Murrawombie, 0.6% Cu Avoca Tank, 0.6% Cu Budgerygar and 0.5% Cu Budgery.
2. Gold and silver grades have been reported for the FY2019 Mineral Resource estimates at Tritton, Murrawombie, Avoca Tank, Budgerygar and Budgery (gold only). The Mineral Resource estimate for Budgery does not include silver estimates.
3. Discrepancy in summation may occur due to rounding.

Competent Person Statement
The Mineral Resource statement has been prepared by Mr Brad Cox.
Mr Cox confirms that he is the Competent Person for all the Mineral Resources estimates summarised in this Report and he has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). Mr Cox is a Competent Person as defined by the JORC Code, 2012 Edition, having relevant experience to the style of mineralisation and type of deposit described in the Report and to the activity for which he is accepting responsibility. Mr Cox is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM No. 220544). Mr Cox has reviewed the Report to which this Consent Statement applies. Mr Cox is a full time employee of Aeris Resources Limited.

With respect to the sections of this report for which Mr Cox is responsible – Mineral Resource estimates – Mr Cox consents to the release of the Mineral Resources Statements as at 30 June 2019 by the Directors of Aeris Resources Limited.

Other Projects

There were no changes to the Mineral Resource estimates at projects outside the Tritton Copper Operations area.

The Yandan Gold project (Drummond Basin) is the only outside deposit to have a Mineral Resource estimate.

June 2019

	Tonnes (kt)	Cu (%)	Au (g/t)	Cu (kt)	Au (koz)
YANDAN PROJECT					
Measured					
Indicated					
Total M + I	-		-		-
Inferred	4,000	-	2.4	-	300
TOTAL	**4,000**	**-**	**2.4**	**-**	**300**

June 2018

	Tonnes (kt)	Cu (%)	Au (g/t)	Cu (kt)	Au (koz)
YANDAN PROJECT					
Measured					
Indicated					
Total M + I	-		-		-
Inferred	4,000	-	2.4	-	300
TOTAL	**4,000**	**-**	**2.4**	**-**	**300**

Notes:
1. Reported Mineral Resource figures for the Yandan project are reported from three domains which represent high grade epithermal vein systems. All block estimates within each domain have been reported (0g/t Au cut-off).
2. Discrepancy in summation may occur due to rounding.

Ore Reserves

The 30 June 2019 Ore Reserves estimate is a revision of the 30 June 2018 estimate that accounts for changes in the Mineral Resource, depletion due to mining; changes to cut-off grades; and mine design changes.

The mining method assumed in the Ore Reserve estimate varies with the deposit. At the Tritton deposit, the method is sub-level open stoping with cemented paste fill. At the Murrawombie deposit, the ore is currently extracted using underground bench stopes and small open stopes with cemented rockfill. Future mining of the Murrawombie deposit will be by open pit, as the final extraction stage. The yet to be developed Avoca Tank deposit project is planned to use up-hole benching with dry rock fill.

The Tritton deposit Ore Reserve estimate has decreased from depletion due to mining. There has been no change in the Ore Reserve cut-off grade at Tritton during 2019. It remains at 1.2% copper. The Mineral Resource is reported using a lower cut-off grade of 0.6% copper. The significant difference in cut-off grade between Ore Reserve and Mineral Resource, combining with change in the character of the deposit at depth, means that a large portion of the available Mineral Resource has not converted to Ore Reserve due to economic constraints. The residual Mineral Resource remains available for future mining review. The Tritton deposit has changed with depth from a deposit with one to two lenses of massive to stringer ore with a small halo of lower grade disseminated mineralisation, into multiple smaller lenses of massive to stringer ore within a much larger volume of disseminated mineralisation. This change in deposit character makes the estimate of Mineral Resource and Ore Reserves sensitive to cut-off grade selection, where it has not been historically.

The Murrawombie deposit Ore Reserve has decreased from a combination of depletion due to mining and an increase in the cut-off grade. Diamond drilling and geological modelling has added to the available Mineral Resource to partially offset depletion.

The Murrawombie deposit contains several discrete lenses, with the 101, 102, 105 and 108 lodes being included in the underground mine Ore Reserve estimate. A cut-off grade of 1.2% copper is used to estimate Ore Reserve in the higher-grade lodes 102 and 108. A cut-off grade of 0.9% copper is used for the lower grade 101 and 105 lodes that are to be mined in retreat at end of mine life.

The Murrawombie deposit has separate Ore Reserve estimates for underground mining; and open pit mining. The open pit Ore Reserve is estimated for a small final push back on the existing open pit to extract mineralisation in the pit wall, and remnant areas above the underground mine where underground stoping is not viable.

The Avoca Tank Ore Reserve estimates have not changed since last reported. At the Avoca Tank deposit, the Ore Reserve cut-off grade is 1.2 per cent copper. This deposit is high grade and not sensitive to cut-off grade.

The cut-off grade criteria applied at all deposits is copper grade, (per cent copper). The cut-off grade is applied as a whole of stope average grade after dilution factors are applied. There are no significant deleterious elements in the ore and the by-product value of gold and silver is of modest economic importance. Where considered appropriate, the precious metal value is managed by applying a small copper equivalent credit to the cut-off grade.

All Ore Reserve estimates for the underground mines are entirely sulphide mineralisation. This ore will be treated in the Tritton processing plant by flotation techniques. An average recovery of copper to concentrate of 93 to 95 per cent is assumed, consistent with historical plant performance.

Ore Reserves are estimated following the application of modifying factors that account for dilution and ore loss. The factors applied vary with the deposit, detailed design of the stopes, fill exposures and planned extraction sequence.

In this report, the Ore Reserve estimates for the Tritton and Murrawombie deposits include gold and silver and gold only for Avoca Tank. There is no silver reported for the Avoca Tank deposit Ore Reserve, as at the time the estimate was prepared in 2013, it was not our practice to report silver in Ore Reserves.

No gold and silver is reported for the end of year stockpiles and so it is not reported in the total figures.

Details of the Ore Reserve estimates can be found in the Mineral Resource and Ore Reserve reports on the Aeris website. All estimates are reported according to the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.


Mining fleet at Murrowombie Mine portal

2019 Ore Reserves Tritton Tenement Package

June 2019

	Tonnes (kt)	Cu (%)	Cu (kt)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (koz)
TRITTON UNDERGROUND							
Proved	2,400	1.5	37	0.1	8	5.2	400
Probable	600	1.4	8	0.1	57	4.4	81
TOTAL	**3,000**	**1.5**	**45**	**0.1**	**65**	**5.1**	**480**
MURRAWOMBIE UNDERGROUND							
Proved	-	-	-	-	-	-	-
Probable	1,400	1.8	24	0.3	15	8.2	262
TOTAL	**1,400**	**1.8**	**24**	**0.3**	**15**	**8.2**	**262**
MURRAWOMBIE OPEN PIT							
Proved	-	-	-	-	-	-	-
Probable	1,600	0.9	14	0.1	230	2.8	150
TOTAL	**1,600**	**0.9**	**14**	**0.1**	**230**	**2.8**	**150**
AVOCA TANK							
Proved	-	-	-	-	-	-	-
Probable	700	2.5	18	0.8	18	-	-
TOTAL	**700**	**2.5**	**18**	**0.8**	**18**	**-**	**-**
STOCKPILES							
Proved	40	1.6	0.6	-	-	-	-
Probable	-	-	-	-	-	-	-
TOTAL	**40**	**1.6**	**0.6**	**-**	**-**	**-**	**-**
TOTAL							
Proved	2,400	1.5	37	-	-	-	-
Probable	4,300	1.5	65	-	-	-	-
TOTAL	**6,700**	**1.5**	**100**	**-**	**-**	**-**	**-**

June 2018

	Tonnes (kt)	Cu (%)	Cu (kt)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (koz)
TRITTON UNDERGROUND							
Proved	3,400	1.5	51	0.1	13	5.1	560
Probable	300	1.7	5	0.1	34	5.4	50
TOTAL	**3,700**	**1.5**	**56**	**0.1**	**47**	**5.2**	**610**
MURRAWOMBIE UNDERGROUND							
Proved	-	-	-	-	-	-	-
Probable	2,300	1.6	38	0.3	23	6.6	500
TOTAL	**2,300**	**1.6**	**38**	**0.3**	**23**	**6.6**	**500**
MURRAWOMBIE OPEN PIT							
Proved	-	-	-	-	-	-	-
Probable	1,600	0.9	14	0.1	8	2.8	150
TOTAL	**1,600**	**0.9**	**14**	**0.1**	**8**	**2.8**	**150**
AVOCA TANK							
Proved	-	-	-	-	-	-	-
Probable	700	2.5	18	-	-	-	-
TOTAL	**700**	**2.5**	**18**	**-**	**-**	**-**	**-**
STOCKPILES							
Proved	30	2.1	0.7	-	-	-	-
Probable	-	-	-	-	-	-	-
TOTAL	**30**	**2.1**	**0.7**	**-**	**-**	**-**	**-**
TOTAL							
Proved	3,400	1.5	52	-	-	-	-
Probable	5,000	1.5	75	-	-	-	-
TOTAL	**8,400**	**1.5**	**130**	**-**	**-**	**-**	**-**

Note:
1. Discrepancy in summation may occur due to rounding.
2. Cut-off grades vary between deposits and are selected based on economic analysis. They are not a break-even cut-off.
3. Mineral Resources are quoted as INCLUSIVE of the Ore Reserve estimate.
4. All Mineral Resource that is available for conversion to Ore Reserve has been evaluated and is included in the Ore Reserve estimate where it meets economic and other criteria.

Competent Person Statement

Mr Ian Sheppard, confirms that he is the Competent Person for all the Ore Reserves estimates summarised in this Report and Mr Sheppard has read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). Mr Sheppard is a Competent Person as defined by the JORC Code, 2012 Edition, having sufficient year experience that is relevant to the style of mineralisation and type of deposit described in the Report and to the activity for which he is accepting responsibility. Mr Sheppard is a Member of The Australasian Institute of Mining and Metallurgy, No. 105998. Mr Sheppard has reviewed the Report to which this Consent Statement applies. Mr Sheppard is a full time employee of Aeris Resources Limited.

Mr Sheppard has disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. Specifically, Mr Sheppard has rights to 22,418,546 share options that were issued on 15 December 2015 that will vest over five years from the issue date and may be converted to shares over time when various conditions are met.

With respect to the sections of this report for which Mr Sheppard is responsible – Ore Reserve estimates – Mr Sheppard consents to the release of the Mineral Resources and Ore Reserves Statements as at 30 June 2019 by the Directors of Aeris Resources Limited.

Health, Safety and Environment

Health and Safety

The Tritton Copper Operations (Tritton) achieved a year-on-year reduction in injuries, continuing the long-term trend of improving safety performance. A new record low Total Reportable Injury Frequency Rate (TRIFR) of 19 was achieved for the 12-month period to June 30, 2019. However, there were five lost time injuries during the year. This was a disappointing increase on the previous year, when two lost time injuries were sustained.

Improvements to the safety management system continued during the year. A risk assessment and critical control development plan was completed for all principal hazards early in the year. The safety management system includes a continuous improvement framework and the process of review and improving the control plans is well advanced. An important result was the successful completion of an independent verification process for the mobile equipment critical control performance standard.

The Company's Safety Management System uses the modern mining industry framework which focuses on the control of Catastrophic Potential Events (CPEs) – that is those events that have the potential to cause life changing injuries. Experience shows that most serious events are associated with failure to effectively implement known controls, rather than not knowing what the risks and controls should be. Building on last year's completion of the control plans we will consolidate, clarify and coordinate the critical controls in FY2020. This will make the system easier to understand and execute for the workforce, hence more effective in preventing CPEs.

Our learning experience with the independent verification of mobile equipment critical control performance standards completed in FY2019, is to be applied as our model for Critical Control Management (CCM) verification. Data from the verification process will provide valuable information regarding the effectiveness of critical controls and ensuring continuous improvement of Tritton's performance in managing CPEs.

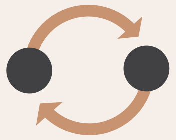
The results from this campaign are expected to be:

Consolidate

Mapping related critical controls into groups with a similar location, responsible persons, or technical knowledge; hence improving the efficiency of monitoring, and assisting supervisors and managers to audit the critical controls to check they are providing in practice what they are assumed to provide.

Clarify

Through review of the risk assessments with a broad range of people from across the workforce, building a better, clear understanding of the critical controls across all levels of the organisation.



Coordination

A better understanding of critical controls will lead to more productive and insightful "visible leadership" interactions between managers and the workforce. This occurs because the documents produced as a result of implementing the critical control approach make it easier to have meaningful discussions. Senior managers now have the detail to ask good quality questions about critical controls, even if the subject-matter is outside of their expertise.

Safety, health and environment management remains a top priority for Aeris Resources

The CCM approach supports the development of an effective safety culture. CCM emphasises the importance of effective implementation of critical controls. In other words, it focuses on important practices that prevent or minimise CPEs. A focus on practices or "how we do things around here" is an accepted way of developing and sustaining an effective safety culture. An effective safety culture is necessary to make safety systems work.

Operational training systems are to be refreshed with new technology solutions that allow for improved student experiences and low-cost management of training records. The operation's training documents are reviewed in combination with the critical control verification. Improving the training material quality and reducing the overhead burden of record keeping can be achieved simultaneously with new technology.

Tritton was audited on a regular basis during the year by the State Regulator as part of its strategy for targeted risk-based assessment programs. Each audit focused on a specific significant hazard and the effectiveness of control plans within our safety management system. Pleasingly, the audits showed a high level of compliance, reaffirming the effectiveness of the controls in our safety management system.

A hazardous manual tasks education program commenced in late 2018. This is a targeted intervention to reduce the number and severity of sprains and strains that make up a significant portion of total reportable injuries. The program has involved training in manual handling and regular on-site support from a physiotherapist. It is pleasing to note that the program has been heralded as a success.

Emergency Response

Tritton's Emergency Response Team (ERT) use highly specialised training to assist in the event of emergencies. The teams regularly train for competitions at regional and national levels. These competitions simulate critical rescue missions that test and hone skills in first aid, search and rescue, firefighting, road accident rescue, ventilation and breathing apparatus.

Committing to mine rescue competitions requires hours of personal training time on behalf of participants, including strenuous physical and mental exercise. A strong commitment from the workforce to get involved is supported by an investment in training and leadership by the Company. When required, the emergency response team of volunteer employees have provided excellent service.

Environment

Aeris continues to entrench environmental monitoring throughout its operations, creating keen environmental awareness behaviours with its employees. This is achieved through regular toolbox talks and environmental induction programs, paired with established environmental management systems and processes.

At the Tritton Copper Operations, environmental impacts and mine closure requirements are actively managed. Research into improving the methods for final mine closure and rehabilitation at the Murrawombie heap leach site are being conducted.

Tritton has relined the heap leach drainage ponds as a first step in closure of the site. Revised closure designs have been prepared for the heaps following extensive testing of soils and rock materials at the site, targeted for use as rehabilitation covers. Similar research will now be conducted to refine design for the final closure and rehabilitation of the Tritton Tailings Storage Facility.

Community

Aeris aims to develop genuine and lasting relationships with stakeholders and the communities in which it operates. To this end, the Company seeks to be an active participant in the economic and social wellbeing of its communities and to contribute to long-term community prosperity by providing programs which will prosper long into the future.

The active program of community participation near Aeris' Tritton Copper Operations includes support of (but not limited to):

- Education
- Health
- Sport and recreation
- Community and social
- Environmental

Examples of active community development initiatives include: providing local apprentices with practical experience; supporting the Outback Science and Engineering Challenge; provision of funding for local school activities; and sponsoring local sporting teams.

The budget for Tritton Copper Operations' community support is set at a site level in consultation with the corporate office in Brisbane. The committee members are all employed at the operations. The committee meets on a regular basis and considers applications for funding and sponsorship using the Company's values as the guide for areas of focus.

Case Studies

Schools Spectacular

In conjunction with Nyngan Local Aboriginal Land Council, Tritton proudly sponsored 6 students and a chaperone from the local area to attend the December 2018 Schools Spectacular in Sydney. Schools Spectacular is an outstanding showcase of the talent in NSW public schools and in terms of sheer size, scale and scope, it is unrivalled anywhere in the world.

The showcase consisted of, among other things: a 2,700 strong choir; 2,300 diverse dancers; an 80-piece symphony orchestra; a world-class stage band; and a large number of outstanding solo performances.

Nyngan Schools Spectacular entrants

The Blue Sky Ball

Supporting mental health and well-being is an important focus for Aeris and the Blue Sky Ball provided one opportunity for team members and the community to connect.

In partnership with mental health and wellbeing charity, Batyr, Aeris was pleased to support the Ball in its efforts to strengthen connections in support of mental health and wellbeing.

Drought has a major impact on the local economy and personal and community well-being. With plans for another similar event in 2020, the community is looking forward to another fun evening bringing people together.

Attendees at the Blue Sky Ball - proud to support Batyr

Drought Relief

Tritton is located very close to farmlands, many of which have been severely affected by drought. Aeris employees on site and at corporate level launched a drought appeal for local farmers and drought affected residents with the support of the St Vincent de Paul Society, who used the funds for:

- Providing immediate relief through food assistance and assistance with household bill payments;
- Funding the delivery of water and animal feed by partner organisations; and
- Organising social events for rural communities to come together and find support.

The funds raised on site were matched by the Company, with a high-level of support received from the workforce.

Aeris resources presenting the cheque to St Vincent de Paul

Refurbishment of Cricket Nets at Nyngan State High School

Nyngan State High school requested assistance with refurbishing their cricket training net area in readiness for the upcoming summer cricket season.

The Tritton team suggested that some of the used and discarded conveyor belts might be perfect for the ground base of the nets, having just the right "bounce" properties for young cricketers to refine their craft.

The results have been spectacular. The project took several months to plan, but it is now complete and the school is delighted with their new nets – just in time for the summer cricket season!

Girilambone Public School

The school requested assistance with improving their playground. The area was not well-landscaped and there were limited areas and materials to foster play among the primary school students.

Tritton employees helped to procure discounted play equipment and then worked alongside the school team to assemble the equipment and install it on site. The result was a great success and the school was very grateful for the assistance.

Things That Bite and Sting

Tritton's environmental team arranged a free workshop for all interested employees on venomous animals and snakes.

The sessions sought to impart potentially life-saving information to employees about venomous animals. It touched on which animals are most dangerous, how to approach areas where they may be nesting with caution and what to do if bitten or attacked.

Nyngan community residents were also offered a chance to attend a similar workshop and many were delighted with the opportunity.

Nyngan Junior Cricket Club

Tritton was approached by the Nyngan Junior Cricket Club to assist with sponsorship towards getting playing shirts for the junior team.

Cricket is a popular sport in Nyngan and the region has received visits from State and National representative cricket players to encourage more children to participate in cricket.

The teams proudly wore their new whites for the start of the 2019 summer season and Aeris was pleased to support the growth of cricket in the local community.


Some of the Nyngan junior cricketers showing off their sponsored whites


Aeris is proud to recruit primarily from local areas for its workforce

Recruiting and employing from local areas

Aeris makes it a priority to recruit from local areas and train people with the skills required to become an integral member of the operation's workforce. Wherever possible, we seek to support local services and suppliers to keep the benefits of our operations local.

Directors' Report

Directors' Report

The Directors present their report together with the financial statements of Aeris Resources Limited (Aeris or the Company) and its controlled entities (Consolidated Entity or the Group) for the 12 months to 30 June 2019.

Directors

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

Experience	Special Responsibilities	Appointed/ Resigned	Classification
Andre Labuschagne			
Mr Labuschagne is an experienced mining executive with a career spanning over 30 years across operations in Australia, Indonesia, South Africa, PNG and Fiji. Mr Labuschagne has held various corporate and operational roles in companies including Norton Gold Fields, Emperor Gold Mines, DRD Gold and AngloGold Ashanti. Mr Labuschagne holds a Bachelor of Commerce from Potchefstroom University in South Africa. Other current directorships (ASX listed entities): Magontec Limited Former directorships in the past 3 years (ASX listed entities): None	Executive Chairman of the Company Member of Nomination Committee	Appointed: 20-Dec-2012	Executive
Alastair Morrison			
Mr Morrison is a highly experienced international banker. Mr Morrison has worked in private equity for over 30 years in the UK and Asia and has broad experience in growing companies across a range of industrial sectors. He was a founding Managing Director of Standard Chartered Private Equity. He was with Standard Chartered Bank from April 2002 until March 2014. Prior to joining Standard Chartered Bank he spent 20 years at 3i Group, the leading European private equity house, where he was Director for 3i Asia Pacific. He co-founded 3i's Asia Pacific operations in 1997, having previously run an investment team in London focusing on buy-outs and expansion financing. Mr Morrison has investment experience across a wide range of industries in Europe and Asia. He holds an M.A. degree in Politics, Philosophy and Economics and M.Phil degree in Management Studies from Oxford University. Other current directorships (ASX listed entities): None Former directorships in the past 3 years (ASX listed entities): None	Non-executive Director Member of Audit Committee and Remuneration Committee	Appointed: 10-Dec-2010	Independent
Michele Muscillo			
Mr Muscillo is a Partner specialising in corporate law with HopgoodGanim Lawyers. Mr Muscillo is an admitted Solicitor and has a practice focussed almost exclusively on mergers & acquisitions and capital raising. Mr Muscillo has acted on a variety of corporate transactions including initial public offerings, takeovers and acquisitions. Mr Muscillo has a Bachelor of Laws from Queensland University of Technology and was a recipient of the QUT University Medal. Other current directorships (ASX listed entities): Cardinal Resources Limited Xanadu Mines Limited Mako Gold Limited Former directorships in the past 3 years (ASX listed entities): Orbis Gold Limited	Non-executive Director Chairman of the Audit Committee, Remuneration Committee and Nomination Committee	Appointed: 2-May-2013	Independent

Experience	Special Responsibilities	Appointed/ Resigned	Classification
Marcus Derwin			
Mr Derwin is a highly experienced corporate executive and Board director, with an extensive background in corporate restructuring. He brings international experience, across a diverse range of industry sectors. His professional career has encompassed a combination of advisory and principal executive capacities, including managing a $A2Bn global Alternative Assets portfolio over 5 years and also the formation and management of a $A550m LIC. Additionally, he has advised boards – both public and private and worked within and alongside executive teams on implementation, stakeholder management and recapitalisation strategies. Mr Derwin's professional background includes senior roles at AMP, National Australia Bank, Allco Equity Partners, PwC and KPMG. Other current directorships (ASX listed entities): None Former directorships in the past 3 years (ASX listed entities): None	Non-executive Director	Appointed: 18-April-2016	Not Independent

Company Secretary

ROBERT BRAINSBURY

Mr Brainsbury is an experienced financial executive and has held senior operational and finance roles with several blue chip industrial and resources companies including Norton Gold Fields, MIM, Xstrata, Rio Tinto and BIS Industrial Logistics.

DANE VAN HEERDEN - CA

Ms van Heerden is a qualified chartered accountant, with over 15 years' experience in both Australia and abroad.

Principal Activities

The principal activities of the Consolidated Entity for the year ended 30 June 2019 were the production and sale of copper, gold and silver and the exploration for copper. Other than as referred to on pages 39 to 44, there were no significant changes in those activities during the financial year.

Operating And Financial Review

During the year the Consolidated Entity's primary asset, the Tritton Copper Operations, produced 26,852 tonnes of copper, an increase on the 26,686 tonnes produced in the prior financial year.

The Tritton and Murrawombie underground mines performed ahead of plan during the year. This was primarily driven by higher copper grades mined due to changes in the mining sequence at both mines.

Tritton Underground Mine (Tritton)

At Tritton changes to the stope extraction sequence improved the ore quality. The stope design and orientation of the extraction sequence was changed in late 2017 through to 2018, to accommodate evolving ore body geometry and increasing ground stress with the revised stoping design delivering stable stope production in 2019.

Several initiatives were 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, which 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 the conventional loading methodology previously utilised.

Further initiatives at Tritton included improvements made in the communication and data backbone, providing the infrastructure for camera set-ups that will ultimately allow remote loading of the 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.

Development of an exploration and access decline drive to the Budgerygar deposit commenced late in the financial year. The Budgerygar deposit is located 600 metres to the North East of Tritton mine. The access drive is being mined from the Tritton decline at 270 metres below the surface to provide a diamond drilling position and eventually access for production. Work is in progress to undertake a full feasibility study in 2020 to establish the possibility of Budgerygar becoming a satellite operation to Tritton mine.

Murrawombie Underground Mine (Murrawombie)

Murrawombie is the secondary production source for the Tritton Copper Operations. Commercial production rates were achieved in 2018 and production increased in 2019. A detailed stope design undertaken during the financial year ended 30 June 2019 improved the geological understanding and resulted in more selective mining and improved copper grades.

Grade control diamond drilling and geology mapping of the ore drives continues to improve the detailed understanding of the deposit's geology. Revisions of the resource model using this additional information have occurred during the year, allowing selective mining to be selective on the higher grade mineralisation. Toward the end of the financial year grade control drilling identified mineralization to the north and below the current Mineral Resource envelop. Further drilling is planned to better understand the potential to extend the mineralisation.

Processing

Ore processed during the financial year ended 30 June 2019 was 1,669,274 tonnes compared to 1,592,165 tonnes in the prior corresponding period. Copper recovery for the period of 94.73% was lower than that achieved (95.23%) during the period ended 30 June 2018.

There were four major planned shutdowns completed during the financial year. Availability between shutdowns was excellent with minimal un-planned downtime. Replacement of the cleaner and scavenger flotation cell banks with new tank bodies was completed during the year. In addition, the Company also replaced the primary crusher was with a new jaw crusher of the same size.

Exploration

The Tritton Copper Operations tenement package is a highly prospective tenement package covering 2,160km^2, on which to date over 750,000 tonnes of copper has been discovered. The package is made up of seven exploration and three mining leases. A new exploration licence (EL8810) was granted to Tritton during the first half of the financial year.

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 100 kilometres. More than 25 electromagnetic anomalies have been identified and remain untested on the Tritton tenement package.

All of the deposits discovered within the bottom half of the tenement package, within a 50 kilometre corridor adjacent to a stratigraphic unit referred to as the Budgery Sandstone. Geological mapping has extended the known extents of the Budgery Sandstone unit a further 65 kilometres through the northern half of the tenement package, with potential to extend for a further 40 kilometres.

Exploration activities during the financial year included:

- Airborne electromagnetic (EM) survey flown over a large section of the northern half of the Tritton tenement package in December 2018 which identified 25 new EM anomalies;
- Ground based electromagnetic (MLTEM) survey between the Murrawombie to Avoca tank corridor;
- Drilling at the Kurrajong Deposit;
- Drilling at the Budgerygar Corridor; and
- Drilling at the Tritton and Murrawombie mines.

The Torrens Project (Torrens), a joint venture between Aeris (70%) and Argonaut Resources NL (30%) (ASX: ARE) is exploring for iron-oxide copper-gold systems within the highly prospective Stuart Shelf Region of South Australia, and in February 2018 secured the final approval required to proceed with on-ground exploration activities, including a major drilling program.

The Torrens Project lies within 50 kilometres of Oz Minerals' Carrapateena deposit and 75 kilometres from BHP's Olympic Dam mine. It covers a large magnetic and gravity anomalous zone with a footprint greater than Olympic Dam.

Another major milestone was achieved in January 2019 when drilling began at Torrens. By the end of the financial year two holes had been drilled to target depth and two others had to be abandoned due to issues drilling through an aquifer. The drilling program has now been paused to enable the processing of the geological data collected during the program, in-conjunction with reviewing the finalised geophysical interpretation work completed during the year. Geological work will focus on re-evaluating and refining geological target areas for future drill campaigns.

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 2018 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 - a large independent alternative investment management group.

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$31 million (Tranche A facility – US$21 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 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 Standard Chartered Bank.

Financial Results

The Group recorded a loss after tax for the financial reporting year to 30 June 2019 of $12.673 million, compared with a profit after tax for the year ended 30 June 2018 of $55.304 million.

The June 2019 financial result for the Group was impacted by a number of key factors, including:

- Revenue from contracts with customers was $232.338 million, compared to $236.017 million in the previous corresponding period. Increased copper production compared to the prior corresponding period was offset by lower Australian dollar copper prices achieved (A$8,652/t), compared to the prior corresponding period (A$8,844/t);
- Cost of goods sold increased from $198.231 million at 30 June 2018 to $218.525 million at 30 June 2019 and was impacted by higher tonnes mined and processed, higher volumes of copper concentrate shipped, and lower underground development metres capitalised;
- Foreign exchange impacts, mainly on foreign exchange movements on interest bearing liabilities resulted in a loss of $2.820 million at 30 June 2019 (a loss of $1.317 million in the period to 30 June 2018). The AUD/USD exchange rate at 30 June 2019 was $0.702 compared to $0.7405 at 30 June 2018; and
- Finance costs of $8.128 million were recognised mostly on the Special Portfolio Opportunity V Limited (SPOV) debt facilities for the period to 30 June 2019, compared to $18.680 million in the prior corresponding period. The reduction in finance costs were as a result of the lower debt levels for the Company in the current year as a result of a repayment of US$20 million off the Senior Debt in October 2018.

Financial Position

At 30 June 2019, Aeris had a positive net asset position of $76.890 million (30 June 2018 were $54.999 million). The improved net asset position compared to the prior corresponding period is mainly due to a reduction in the SPOV Tranche B (Senior Debt) facility by US$20 million, as a result of utilising part of the funds raised through the non-renounceable entitlement offer and placement completed during the period.

The Company's net cash inflow from operating activities during the financial year was $35.626 million, with net cash outflows from investing activities of $32.816 million and net cash outflows from financing activities of $3.799 million. The Group has been able to continue to meet its working capital requirements principally as a result of positive operating cash flows generated by the Tritton Copper Operations and management of the timing of cash flows to meet obligations as and when due.

Events Subsequent To Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report, any 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

Aeris is targeting 24,500 tonnes of copper production in FY2020 at a C1 cash cost between A$2.80 and A$2.95 per pound.

Dividend

The Directors do not recommend payment of a dividend for the year to 30 June 2019. No dividend was paid during the current year.

Environmental Regulations

The Company's operations are subject to various Commonwealth and State environmental regulations governing the protection of the environment in areas ranging from air and water quality, waste emissions and disposal, environmental impact assessments, mine rehabilitation and access to, and use of ground water and/or surface water. In particular, some operations are required to conduct certain activities under the environmental protection legislation with development consents of the jurisdiction in which they operate. The Directors are not aware of any material breaches of the Company's licences and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

Shares Under Option

Executive management options (Options) issued were approved by shareholders at an Extraordinary General Meeting (EGM) held on 15 December 2015. The number of Options granted on 15 December 2015 totalled 93,410,609 at a $nil exercise price and have a remaining contractual life of 1.5 years. The were no additional shares issued under option nor any shares under option cancelled at 30 June 2019.

Shares Issued On The Exercise Of Options

There were no ordinary shares of the Company issued during the twelve months to 30 June 2019 on the exercise of Options.

Meetings Of Directors

The attendance of Directors at Board and Committee meetings during the financial year were as follows:

Director	Directors' Meetings		Audit Committee Meetings	
	A	B	A	B
Andre Labuschagne	14	14	2	2
Alastair Morrison	13	13	2	2
Michele Muscillo	14	14	2	2
Marcus Derwin	13	13	2	2

A = Number of meetings held during the time the Director was a member of the Board and/or Committee
B = Number of meetings attended during the time the Director was a member of the Board and/or Committee

There were no meetings of the Remuneration Committee or Nomination Committee during the financial year. As the Board is comprised of only four Directors, the Board considered it more effective to set aside time at Board meetings to specifically address the matters that would have been ordinarily attended to by the Remuneration Committee.

Directors' And Officers' Insurance and Indemnity

The Constitution of the Company provides that the Company may indemnify each Officer (including Secretaries) and Director against any liability, loss, damage, cost or expense incurred by the Officer or Director in or arising out of the conduct of any activity of the Company.

In accordance with the Company's Constitution, the Company has entered into Deeds of Indemnity, Access and Insurance with each of the Directors and Officers of the Company.

The Company has paid a premium and other charges for a Directors and Officers Liability insurance policy for the benefit of the Directors and Officers of the Group. The policy prohibits the disclosure of the nature of the liabilities insured and the amount of premium paid.

Loans To Directors

No loans have been provided by the Company to Directors.

Proceedings On Behalf Of The Company

No proceedings have been brought or intervened on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001 during the year ended 30 June 2019 or at the date of this report.

Indemnity Of Auditors

Aeris Resources Limited has agreed to indemnify their auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from Aeris' breach of their agreement. The indemnity stipulates that Aeris Resources Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's experience and expertise with the Company and/or consolidated entity are important.

Details of the amounts paid or payable to the external auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the financial year are set out in Note 21 to the accounts.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The Directors are satisfied the provision of non-audit services by the auditor, as set out in Note 21 to the accounts, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 55.

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2019 may be accessed from the Company's website at http://www.aerisresources.com.au/about-aeris/corporate-governance.html.

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 with that Legislative Instrument.

Remuneration Report

The Directors are pleased to present your Company's 2019 Remuneration Report which sets out remuneration information for Aeris Resources Limited's Non-executive Directors, Executive Directors and other Key Management Personnel.

Remuneration Principles And Overview

In establishing the executive reward framework, the Board has adopted a remuneration strategy intended to support the delivery of long-term shareholder value and to ensure executive rewards reflect achievement.

As a Company developing resource assets in highly cyclical markets, financial results can differ significantly from year to year, dependent on the development stage of assets and on pricing of commodities in international markets. It is important to the Company that its remuneration philosophy enables the Company to retain and motivate its executive team to manage through these cycles.

In terms of developing a remuneration strategy the Board has adopted the following remuneration principles:

- Strong relationship between performance and reward;
- Recognition of calibre and skills of executives;
- Transparency of remuneration philosophy; and
- Policy and practice are consistent with industry and community standards.

To support the remuneration principles, our remuneration and benefits strategy aims to:

- Maintain fair, consistent and equitable total remuneration practices in alignment with core values, vision and mission;
- Be competitive with the market;
- Build in individual differentiation based on performance and contribution;
- Reward superior performance;
- Reward by aligning remuneration achievement to the success of the Company and individual achievement;
- Attract the best potential candidate, motivate and retain our highest potential and skilled people;
- Ensure sufficient flexibility in the structure of remuneration to adjust to changing economic conditions; and
- Communicate effectively our remuneration and benefits proposition.

To achieve the strategy, Aeris will reward employees in a way that reflects the dynamics of the market and the context in which the Company operates. Remuneration will at all times be aligned to the strategic direction and business specific value drivers of Aeris.

Use Of Remuneration Consultants

The Remuneration Committee of Aeris Resources Limited did not employ the services of a remuneration consultant during the year ended 30 June 2019, to provide recommendations as defined in section 9B of the Corporations Act 2001.

Key Management Personnel

Directors of the Company during the financial year, including experience, qualification and special responsibilities are set out on pages 38 and 39.

The Key Management Personnel of the Company during the year ended 30 June 2019 are set out on pages 48 to 50.

Executive Remuneration

Remuneration packages are based around a combination of the following:

- Fixed remuneration; and
- Variable remuneration;
  - Short-term incentive; and
  - Long-term incentive.

FIXED REMUNERATION

Fixed remuneration provides a regular base reward that reflects the job size, role, responsibilities and professional competence of each executive according to their knowledge, experience and accountabilities. A senior executive's fixed remuneration could include any or all of the following:

- Base salary;
- Leased motor vehicle;
- Superannuation;
- Coverage for death and total and permanent incapacity; and
- Salary continuance insurance.

The fixed remuneration will be reviewed annually, and any adjustments are approved by the Board after recommendation by the Remuneration Committee. External remuneration data is obtained prior to recommendations being made to ensure that fixed remuneration is in line with general industry and community standards.

The Board considers that executive remuneration must be at levels to attract and retain a talented and capable senior executive team.

VARIABLE REMUNERATION - SHORT TERM INCENTIVE (STI) PAYMENTS

The Company's remuneration philosophy recognises the importance of 'at risk' or variable pay as an integral component of total potential reward. The Remuneration Committee (Committee) has established a Short-Term Incentive Plan (Plan) structure and review process to strongly link executive remuneration to performance and to the creation of value for shareholders.

The Company's STI Plan is an "at risk" cash award program administered by the Remuneration Committee. The Plan offers executives an opportunity to earn a lump sum cash payment of up to 30% of their base salary - the maximum target varies by particular individual role.

Award outcomes are determined through the Remuneration Committee's assessment of an executive's progress against a range of goals and specific, measurable targets established by the Committee at the start of the performance year. Performance requirements will provide for 'stretch' goals in addition to achievement of Board approved budget objectives, works programmes and strategic plans.

Aims of STI Plan

The Remuneration Committee considers that the STI Plan, as established, will facilitate achievement of the following aims:

- Incentivising superior executive performance in areas of specific challenge;
- Ensuring total target rewards for performance are competitive and appropriate for the results delivered;
- Providing balance to total reward packages sufficient to ensure the Company attracts and retains executives of high calibre and who demonstrate the capacity to manage our operations successfully; and
- To drive successful execution of business plans and achievement of strategic aims directly aligned with enhanced shareholder value.

Establishment of Goals

For each STI Plan cycle the Remuneration Committee oversees the identification of appropriate performance measures, setting of goals and endorsement of specific targets for each member of the senior executive team. The Remuneration Committee ensures that these elements clearly reflect the factors deemed critical to the Group's strategic and business plans for the relevant year.

Determination of STI Outcomes

At the end of a performance cycle the Remuneration Committee determines the award of STI's to the senior executive team based on assessed performance relative to the goals established. The Remuneration Committee retains the discretion to adjust STI awards in exceptional circumstances, including determining that no award will be paid.

Timing

Awards for performance under the STI Plan will be determined and paid only after the end of the financial year (generally in the first quarter after the end of the reporting period), once the relevant actual performance results (for example – production, operating costs and safety benchmarks) are finalised and compared to the respective STI targets allocated to each eligible senior executive team member.

Variable Remuneration – Long Term Incentives (LTI)

Employee Options

Executive management options (Options) were approved by shareholders at an Extraordinary General Meeting (EGM) held on 15 December 2015. The Options were issued to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy. The relevant Key Management Personnel in aggregate can earn, through the exercise of the Options over five years (subject to vesting conditions), a total of up to 19.99% of the Company's fully diluted capital.

The Options are granted for no consideration and carry no dividend or voting rights.

When exercisable, each Option is convertible into one ordinary share and will be issued within 10 business days after the Company receives an Exercise Notice. The Options have a $nil exercise price.

The Options may only be exercised so as to not result in the respective Key Management Personnel (Holder) having a voting power in the Company in excess of 19.99%. If a Holder is unable to exercise their remaining vested options, due to this requirement, the Company must use its best and all reasonable endeavours to obtain any approval or consent to allow such exercise.

Upon vesting, the shares will be subject to a period of voluntary escrow, with the shares being released from escrow in progressive tranches from 31 December 2018.

The number of Options granted on 15 December 2015 totaled 93,410,609 at a $nil exercise price and has a remaining contractual life of 1.5 years.

The Options vest in five tranches as follows:

- 30.0% on 31 December 2016;
- 17.5% on 31 December 2017;
- 17.5% on 31 December 2018;
- 17.5% on 31 December 2019; and
- 17.5% on 31 December 2020.

Options remaining at balance date, not yet exercised, will expire 6 years after issue date (15 December 2021), or termination date whichever is earlier. To the extent the Options have not previously vested, it will be deemed immediately vested upon a Change of Control Event.

Employee Share Acquisition Plan (ESAP)

The ESAP provided for long term incentives aligned with the creation of shareholder value, with rights being vested to shares when service and performance hurdles were met. The allocation of ESAP shares to executives is part of the Company's overall recognition and retention strategy and is intended to reward long-term value creation. There are currently no shares issued or allocated under the ESAP Share Plan.

No Hedging on LTI Grants

The Company does not permit executives to enter into contracts to hedge their exposure to performance shares granted as part of their remuneration package.

Directors and Non-executive Directors

Fees and payments to Directors and Non-executive Directors reflect the demands which are made on, and the responsibilities of the Directors. The Board reviews Non-executive Directors' fees and payments annually.

The Chairman is not present at any discussions relating to determination of his own remuneration.

The Board does not pay additional fees to Directors or Non-executive Directors appointed to Committees, nor are fees paid to executives who are appointed to the Board of subsidiary or associated companies.

Non-executive Directors' fees are determined within an aggregate Non-executive Directors' fee pool limit, which is currently $700,000 per annum.

The Board does not reward Non-executive Directors with variable remuneration (short term and long term incentives).

Employment Agreements

Non-executive Directors are retained by way of letter of appointment.

Remuneration and other terms of employment for Executive Directors and other Key Management Personnel are formalised in common law employment contracts in the form of a letter of appointment.

In determining remuneration for Key Management Personnel, the Company takes into account the responsibilities of the role and relevant industry data for attracting persons of the calibre and experience of the person in question. As the Group operates diverse businesses in a number of jurisdictions, the Company looks to acquire and retain the services of experienced senior personnel with relevant international experience.

The Remuneration Committee did not meet during the year ended 30 June 2019. As the Board is comprised of only four Directors, the Board considered it more effective to set aside time at Board meetings to specifically address the matters that would have been ordinarily attended to by the Remuneration Committee.

The Board believes that it has been successful in retaining an experienced and effective executive team and that the executive team has been instrumental in negotiating the Company through a time of vulnerability in precarious financial and commodity markets, and which is currently engaged in re-positioning the Company for future growth.

The major provisions of the contracts of the Directors and Key Management Personnel are set out below.

Current Directors and Key Management Personnel

ANDRE LABUSCHAGNE, EXECUTIVE CHAIRMAN

Andre Labuschagne entered into an employment arrangement with the Company, which commenced on 20 December 2012 and was amended as a result of the completion of a debt restructure as announced on 15 December 2015, through a deed of variation. Mr Labuschagne's package consists of total fixed remuneration package of $575,025 including superannuation, in addition his package includes an insurance policy allowance, participation in a Short Term Incentive Plan and Bonuses as stipulated in the variation deed and Employee Options.

At an Extraordinary Meeting of Shareholders held on 15 December 2015, a resolution was approved for the issue of options to Mr Andre Labuschagne and other Key Management Personnel as an incentive to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy.

Summarised below are the details of the options issued to Mr Labuschagne on 15 December 2015:

- Number of options issued 37,364,244;
- The options were granted for no consideration and carry no dividend or voting rights;
- Total value of options at date of issue - $1,264,780;
- Provided Mr Labuschagne remains employed by the Company, the Options will vest and become exercisable, for a $nil exercise price, as follows:
  - 11,209,273 Options on 31 December 2016;
  - 6,538,743 Options on 31 December 2017;
  - 6,538,743 Options 31 December 2018;
  - 6,538,743 Options 31 December 2019;
  - 6,538,743 Options 31 December 2020;

Options remaining at balance date, not yet exercised, will expire 6 years after issue date (15 December 2021), or termination date whichever is earlier. To the extent the Options have not previously vested, it will be deemed immediately vested upon a Change of Control Event.

Mr Labuschagne's base salary is reviewed in October each year with such review taking into account a range of factors including performance of the individual and Company performance.

ALASTAIR MORRISON, NON-EXECUTIVE DIRECTOR

Alastair Morrison was appointed to the Board as a nominee of the Company's current largest shareholder, Standard Chartered Private Equity on 10 December 2010 and as such was not paid a director's fee as he was employed by Standard Chartered Private Equity. Mr Morrison ceased employment with Standard Chartered Private Equity on 31 March 2014 and entered into a service agreement with the Company as a Non-executive director, effective 1 April 2014. Mr Morrison has not been employed by Standard Chartered Private Equity since entering into the service agreement with the Company and as such is now considered independent. The service agreement does not contemplate a fixed term for Mr Morrison's appointment as a director.

As Non-executive Director, Mr Morrison is paid a fee of $60,000 per annum. There are no additional fees paid for Committee responsibilities and participation.

MICHELE MUSCILLO, NON-EXECUTIVE DIRECTOR

Michele Muscillo was appointed to the Board effective 1 May 2013. The appointment does not contemplate a fixed term for Mr Muscillo's appointment as a Director.

As Non-executive Director, Mr Muscillo is paid a fee of $60,000 per annum. There are no additional fees paid for Committee responsibilities and participation.

MARCUS DERWIN, NON-EXECUTIVE DIRECTOR

Marcus Derwin was appointed to the Board as a nominee of Standard Chartered Bank, effective 18 April 2016. The appointment does not contemplate a fixed term for Mr Derwin's appointment as a Director.

As Non-executive Director, Mr Derwin is paid a fee of $60,000 per annum. There are no additional fees paid for Committee responsibilities and participation.

ROBERT BRAINSBURY, CHIEF FINANCIAL OFFICER AND CO-COMPANY SECRETARY

Robert Brainsbury entered into an employment arrangement with the Company which commenced on 20 December 2012 and was amended as a result of the completion of a debt restructure on 31 December 2015, through a deed of variation. Mr Brainsbury's package consists of total fixed remuneration package of $402,517, including superannuation, in addition his package includes an insurance policy allowance, participation in a Short Term Incentive Plan and Bonuses as stipulated in the variation deed and Employee Options.

At the Extraordinary Meeting of Shareholders held on 15 December 2015, a resolution was approved for the issue of options to Mr Brainsbury and other Key Management Personnel as an incentive to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy.

Summarised below are the details of the options issued to Mr Brainsbury in the prior year:

- Number of options issued 22,418,546;
- The options were granted for no consideration and carry no dividend or voting rights;
- Total value of options at date of issue - $758,868;
- Provided Mr Brainsbury remains employed by the Company, the options will vest and become exercisable for a $nil exercise price as follows:
    - 6,725,564 Options on 31 December 2016;
    - 3,923,246 Options on 31 December 2017;
    - 3,923,246 Options 31 December 2018;
    - 3,923,246 Options 31 December 2019;
    - 3,923,246 Options 31 December 2020;

Options remaining at balance date, not yet exercised, will expire 6 years after issue date (15 December 2021), or termination date whichever is earlier. To the extent the Options have not previously vested, it will be deemed immediately vested upon a Change of Control Event.

Mr Brainsbury's base salary is reviewed in October each year with such review taking into account a range of factors including performance of the individual and Company performance.

IAN SHEPPARD, CHIEF OPERATING OFFICER

Ian Sheppard entered into an employment arrangement with the Company which commenced on 15 March 2013 and was amended as a result of the completion of the Restructure on 31 December 2015, through a deed of variation. Mr Sheppard's package consists of total fixed remuneration package of $402,517, including superannuation, in addition his package includes an insurance policy allowance, participation in a Short Term Incentive Plan and Bonuses as stipulated in the variation deed and Employee Options.

At the Extraordinary Meeting of Shareholders held on 15 December 2015, a resolution was approved for the issue of options to Mr Sheppard and other Key Management Personnel as an incentive to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy.

Summarised below are the details of the options issued to Mr Sheppard in the prior year:

- Number of options issued 22,418,546;
- The options were granted for no consideration and carry no dividend or voting rights;
- Total value of options at date of issue - $758,868;
- Provided Mr Sheppard remains employed by the Company, the options will vest and become exercisable for a $nil exercise price as follows:
    - 6,725,564 Options on 31 December 2016;
    - 3,923,246 Options on 31 December 2017;
    - 3,923,246 Options 31 December 2018;
    - 3,923,246 Options 31 December 2019;
    - 3,923,246 Options 31 December 2020;

Options remaining at balance date, not yet exercised, will expire 6 years after issue date (15 December 2021), or termination date whichever is earlier. To the extent the Options have not previously vested, it will be deemed immediately vested upon a Change of Control Event.

Mr Sheppard's base salary is reviewed in October each year with such review taking into account a range of factors including performance of the individual and Company performance.

JOHN MILLER, GENERAL MANAGER TRITTON COPPER OPERATIONS

John Miller entered into an employment arrangement with the Company which commenced on 10 December 2012 and was amended as a result of the completion of the Restructure on 31 December 2015, through a deed of variation. Mr Miller's package consists of total fixed remuneration package of $385,329, including superannuation, participation in a Short Term Incentive Plan and Bonuses as stipulated in the variation deed and Employee Options. Mr Miller is also covered by the Company's Group Life Plan and Salary Continuance Plan.

At the Extraordinary Meeting of Shareholders held on 15 December 2015, a resolution was approved for the issue of options to Mr Miller and other Key Management Personnel as an incentive to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy.

Summarised below are the details of the options issued to Mr Miller in the prior year:

- Number of options issued 11,209,273;
- The options were granted for no consideration and carry no dividend or voting rights;
- Total value of options at date of issue - $379,434;
- Provided Mr Miller remains employed by the Company, the options will vest and become exercisable for a $nil exercise price as follows:
    - 3,362,782 Options on 31 December 2016;
    - 1,961,623 Options on 31 December 2017;
    - 1,961,623 Options 31 December 2018;
    - 1,961,623 Options 31 December 2019;
    - 1,961,623 Options 31 December 2020;

Options remaining at balance date, not yet exercised, will expire 6 years after issue date (15 December 2021), or termination date whichever is earlier. To the extent the Options have not previously vested, it will be deemed immediately vested upon a Change of Control Event.

Mr Miller's base salary is reviewed in October each year with such review taking into account a range of factors including performance of the individual and Company performance.

Details Of Remuneration

Details of the remuneration of the Directors and the Key Management Personnel of the Group are set out in the following tables. Elements of remuneration relating to STI's and equity are based on personal and Company performance and determined by the Remuneration Committee.

Remuneration Of Key Management Personnel ('Kmp') of the Group - 30 June 2019

	Short-Term Benefits							
	Cash salary & fees	Short-term incentive	Non-cash benefits	Post-employment Superannuation	Sub-total	Termination payments	Share based payments	TOTAL
	(A)	(B)	(C)	(D)			(E)	
Directors	$	$	$	$	$	$	$	$
NON-EXECUTIVE								
Michele Muscillo	60,000	-	-	-	60,000	-	-	**60,000**
Alastair Morrison	60,000	-	-	-	60,000	-	-	**60,000**
Marcus Derwin	60,000	-	-	-	60,000	-	-	**60,000**
	180,000	**-**	**-**	**-**	**180,000**	**-**	**-**	**180,000**
EXECUTIVE								
Andre Labuschagne^	554,330	280,768	-	25,000	860,098	-	229,411	**1,089,509**
	734,330	**280,768**	**-**	**25,000**	**1,040,098**	**-**	**229,411**	**1,269,509**
OTHER KMP								
Robert Brainsbury^	382,389	204,749	-	25,000	612,138	-	137,647	**749,785**
Ian Sheppard^	384,052	196,821	-	25,000	605,873	-	137,647	**743,520**
John Miller^	370,338	87,470	16,316	13,924	488,048	-	68,823	**556,871**
	1,136,779	**489,040**	**16,316**	**63,924**	**1,706,059**	**-**	**344,117**	**2,050,176**
	1,871,109	**769,808**	**16,316**	**88,924**	**2,746,157**	**-**	**573,528**	**3,319,685**

Notes to tables:

^ Denotes one of the highest paid executives of the Group and the Company during the year ended 30 June 2019.

(A) Includes cash salary, insurance allowance and Directors' fees.
(B) Short-term incentives reflect the incentives paid and accrued in the 2019 financial year relating to the 30 June 2019 and 30 June 2018 financial year ends. They have been reflected on a cash basis.
(C) Life insurance non-cash benefits paid by the Company on behalf of the key management personnel. The non-cash benefit at the option of employee is able to be reimbursed via an insurance allowance.
(D) Superannuation contributions are paid to meet the Superannuation Guarantee and vary according to seniority and service.
(E) The implied valuation of the options issued grant date in circumstances where there is a $Nil exercise price, the value per option on a fully marketable basis is equal to the value of the underlying share price less dividend ($0.04). The shares are however subject to various escrow periods and as such a discount for lack of marketability to the Options have been applied to take into consideration the escrow period. A discount for lack of marketability of 25%, 20%, 15% and 10% for Tranche 1($0.03), Tranche 2($0.032), Tranche 3($0.034) and Tranche 4 ($0.036) respectively.

Remuneration of Key Management Personnel ('Kmp') of The Group - 30 June 2018

	Short-Term Benefits							
	Cash salary & fees	Short-term incentive	Non-cash benefits	Post-employment Superannuation	Sub-total	Termination payments	Share based payments	TOTAL
	(A)	(B)	(C)	(D)			(E)	
Directors	$	$	$	$	$	$	$	$
NON-EXECUTIVE								
Michele Muscillo	60,000	-	-	-	60,000	-	-	**60,000**
Alastair Morrison	60,000	-	-	-	60,000	-	-	**60,000**
Marcus Derwin	60,000	-	-	-	60,000	-	-	**60,000**
	180,000	**-**	**-**	**-**	**180,000**	**-**	**-**	**180,000**
EXECUTIVE								
Andre Labuschagne^	537,367	178,750	-	25,000	741,117	-	216,334	**957,451**
	717,367	**178,750**	**-**	**25,000**	**921,117**	**-**	**216,334**	**1,137,451**
OTHER KMP								
Robert Brainsbury^	369,036	94,000	-	25,000	488,036	-	129,800	**617,836**
Ian Sheppard^	370,442	94,000	-	25,000	489,442	-	129,800	**619,242**
John Miller^	356,682	108,767	11,566	16,108	493,123	-	64,900	**546,469**
	1,096,160	**296,767**	**11,566**	**66,108**	**1,470,601**	**0**	**324,500**	**1,795,101**
	1,813,527	**475,517**	**11,566**	**91,108**	**2,391,718**	**0**	**540,834**	**2,932,552**

Notes to tables:

^ Denotes one of the highest paid executives of the Group and the Company during the year ended 30 June 2018.

(A) Includes cash salary and Directors' fees.
(B) Short-term incentives paid during the 2018 financial year related to the 30 June 2018 financial year, 2018 incentive scheme and restructure bonuses as included in the variation deeds signed upon completion of the 15 December 2015 debt restructure. They have been reflected on a cash basis.
(C) Includes life insurance premiums paid by the Company on behalf of the key management personnel.
(D) Superannuation contributions are paid to meet the Superannuation Guarantee and vary according to seniority and service.
(E) The implied valuation of the options issued grant date in circumstances where there is a $Nil exercise price, the value per option on a fully marketable basis is equal to the value of the underlying share price less dividend ($0.04). The shares are however subject to various escrow periods and as such a discount for lack of marketability to the Options have been applied to take into consideration the escrow period. A discount for lack of marketability of 25%, 20%, 15% and 10% for Tranche 1($0.03), Tranche 2($0.032), Tranche 3($0.034) and Tranche 4 ($0.036) respectively.

The relative proportions of remuneration received that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At Risk - Short Term Incentive		At Risk - Equity	
Name	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
DIRECTORS						
Michele Muscillo	**100%**	100%	-	-	-	-
Alastair Morrison	**100%**	100%	-	-	-	-
Andre Labuschagne	**53%**	59%	**26%**	19%	**21%**	22%
Marcus Derwin	**100%**	100%	-	-	-	-
KEY MANAGEMENT PERSONNEL						
Robert Brainsbury	**55%**	64%	**27%**	15%	**18%**	21%
Ian Sheppard	**55%**	64%	**26%**	15%	**19%**	21%
John Miller	**72%**	69%	**16%**	19%	**12%**	12%

Share-Based Compensation

EMPLOYEE OPTIONS

Executive management options (Options) were approved by shareholders at an Extraordinary General Meeting (EGM) held on 15 December 2015. The Options were issued to ensure that relevant managers remain employed by the Company to deliver on the Company's stated business plan and growth strategy. As part of the Restructuring approved on 15 December 2015 and completed on 31 December 2015 (Completion Date), the relevant managers in aggregate can earn, through the exercise of the Options over five years (subject to vesting conditions), a total of up to 19.99% of the Company's fully diluted capital.

The number of Options granted on 15 December 2015 totalled 93,410,609 at a $nil exercise price and has a remaining contractual life of 1.5 years.

Name	Year Granted	Number of options issued	Value at Grant Date	Number of options vested	Vested	Cancelled	Maximum total value of grant yet to vest
			$		%	%	$
Andre Labuschagne	2016	37,364,244	1,264,780	24,286,759	65%	-	496,944
Robert Brainsbury	2016	22,418,546	758,868	14,572,055	65%	-	298,167
Ian Sheppard	2016	22,418,546	758,868	15,572,055	65%	-	298,167
John Miller	2016	11,209,273	379,434	7,286,027	65%	-	149,083
		93,410,609	**3,161,950**	**60,716,896**	**65%**	**-**	**1,242,361**

(A) The grant date for each share based payment was 15 December 2015.
(B) The management options are granted for no consideration and carry no dividend or voting rights and has a $nil exercise price.
(C) Subject to the option holder remaining an employee of the Company for at least 12 months from the restructure, the Options will vest in five tranches as follows:
- 30% on first anniversary of Completion Date (31 December 2015)
- 17.5% for each year thereafter until the fifth anniversary (31 December 2020)

(D) The assessed fair value at grant date in circumstances where there is a $Nil exercise price, the value per option on a fully marketable basis is equal to the value of the underlying share price less dividend ($0.04). The shares are however subject to various escrow periods and as such a discount for lack of marketability to the Options have been applied to take into consideration the escrow period. A discount for lack of marketability of 25%, 20%, 15% and 10% for Tranche 1($0.03), Tranche 2($0.032), Tranche 3($0.034) and Tranche 4 ($0.036) respectively.

Share-Based Compensation – Employee Share Acquisition Plan ("ESAP")

The Aeris Resources Limited Employee Share Acquisition Plan (ESAP) was approved by shareholders at the Demerger Scheme Meeting on 21 January 2011. The purpose of the plan is to attract, retain, motivate and reward key executive employees.

The plan operates by allowing participants to obtain shares in the Company at market price, which are funded by a limited recourse interest free loan provided by the Company. The shares are held in trust with vesting of the shares subject to performance hurdles. If vesting conditions are satisfied, the shares continue to be held in trust subject to a holding lock until the underlying loan is repaid in full.

The ESAP shares were bought back upon completion of a debt restructure as announced on 31 December 2015. This Long Term Incentive plan was previously provided to Key Management Personnel through their participation in the Company's Employee Share Acquisition Plan. Management and senior employees of the Company were previously invited to participate in the ESAP, with the Board exercising its discretion when deciding on the allocation of shares under the Plan.

The ESAP provided for long term incentives aligned with the creation of shareholder value, with rights being vested to shares when service and performance hurdles were met. The allocation of ESAP shares to executives is part of the Company's overall recognition and retention strategy and is intended to reward long-term value creation. There are currently no shares issued or allocated under the ESAP Share Plan.

Share-Based Compensation - Employee Exempt Plan

A scheme under which shares may be issued by the Company to employees for no cash consideration was approved by the Board on 23 May 2011 and the ASIC exemption relief was published in the ASIC Gazette A045/11 on 7 June 2011. All Australian resident employees are eligible to participate in the scheme.

Under the scheme eligible employees may be offered up to $1,000 worth of fully paid ordinary shares in the Company annually for no cash consideration. The market value of shares issued under the scheme, measured as the weighted average market price of the previous five trading days, is recognised in the balance sheet as share capital and the income statement as a share-based payment. Shares issued under the scheme may not be sold until the earlier of three years after issue or cessation of employment.

No shares have been issued under the scheme for the financial year ending 30 June 2019.

Shares held by Key Management Personnel

Name	Opening balance 1 July 2018	Issued and Acquired*	Disposed/ Forfeited	Balance 30 June 2019
Directors				
NON-EXECUTIVE				
Michele Muscillo	-	21,739	-	21,739
Alastair Morrison	-	175,000	-	175,000
Marcus Derwin	-	183,500	-	183,500
EXECUTIVE				
Andre Labuschagne	140,000	-	-	140,000
OTHER KEY MANAGEMENT PERSONNEL				
Robert Brainsbury	316,667	-	-	316,667
Ian Sheppard	-	-	-	-
John Miller	33,234	-	-	33,234

* Issued and acquired shares include issues through ESAP and acquisitions on the open market.

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.

Andre Labuschagne
Executive Chairman

Brisbane
29 August 2019

Auditor's Independence Declaration

As lead auditor for the audit of Aeris Resources Limited for the year ended 30 June 2019, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aeris Resources Limited and the entities it controlled during the period.

Simon Neill
Partner
PricewaterhouseCoopers

Brisbane
29 August 2019

Financial Report

Aeris Resources Limited ABN 30147131977
Annual Financial Report - 30 June 2019

Contents

These financial statements cover the consolidated financial statements for the Consolidated Entity consisting of Aeris Resources Limited and its subsidiaries. The financial statements are presented in the Australian currency.

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

Aeris Resources Limited
HQ South Tower Suite 2.2 Level 2
520-540 Wickham Street
FORTITUDE VALLEY, BRISBANE QLD 4006

The financial statements were authorised for issue by the Directors on 29 August 2019. The Directors have the power to amend and reissue the financial statements in accordance with Australian Accounting Standards.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the company. All press releases, financial reports and other information are available on our website: www.aerisresources.com.au

Aeris Resources Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Revenue from contracts with customers	5	**232,338**	236,017
Cost of goods sold	6	**(218,525)**	(198,231)
Gross profit		**13,813**	37,786
Exploration expense	6	**(898)**	(174)
Administration and support	6	**(9,638)**	(7,223)
Net foreign exchange losses		**(2,820)**	(1,317)
Other expenses	6	**(586)**	(3,748)
Gain on debt restructure	6	**-**	54,846
(Loss)/profit before net finance costs		**(129)**	80,170
Finance expenses	6	**(8,128)**	(18,680)
(Loss)/profit before income tax from continuing operations		**(8,257)**	61,490
Income tax expense	7	**(4,416)**	(6,186)
(Loss)/profit for the year		**(12,673)**	55,304
Other comprehensive income			
Items that may be reclassified to profit and loss			
Changes in the fair value of cash flow hedges	10(c)	**1,905**	(1,905)
Income tax relating to components of other comprehensive income	10(c)	**(572)**	572
Other comprehensive income/(loss) for the year net of tax		**1,333**	(1,333)
Total comprehensive (loss)/profit for the year		**(11,340)**	53,971
Total comprehensive (loss)/profit for the year attributable to owners of Aeris Resources Limited arises from			
Continuing operations		**(11,340)**	53,971
		Cents	Cents
Earnings per share for (loss)/profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	22	**(3.1)**	30.9
Diluted earnings per share	22	**(3.1)**	15.1
Earnings per share for (loss)/profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**(3.1)**	30.9
Diluted earnings per share		**(3.1)**	15.1

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

Aeris Resources Limited
Consolidated Balance Sheet
As at 30 June 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8(a)	**22,548**	23,332
Trade and other receivables	8(b)	**7,131**	9,662
Inventories	9(a)	**16,256**	16,309
Financial assets at fair value through profit or loss	8(c)	**3,722**	3,722
Total current assets		**49,657**	53,025
Non-current assets			
Receivables	8(b)	**11,729**	7,190
Mine properties in use	9(c)	**45,879**	51,137
Property, plant and equipment	9(b)	**50,392**	50,700
Deferred tax assets	9(d)	**-**	4,591
Exploration and evaluation	9(c)	**26,360**	17,855
Total non-current assets		**134,360**	131,473
Total assets		**184,017**	184,498
LIABILITIES			
Current liabilities			
Trade and other payables	8(d)	**30,427**	25,984
Interest bearing liabilities	8(e)	**48,919**	7,275
Derivative financial instruments	13(a)	**-**	1,905
Provisions	9(e)	**7,997**	7,334
Total current liabilities		**87,343**	42,498
Non-current liabilities			
Interest bearing liabilities	8(e)	**7,474**	75,365
Deferred tax liabilities	9(d)	**397**	-
Provisions	9(e)	**11,913**	11,636
Total non-current liabilities		**19,784**	87,001
Total liabilities		**107,127**	129,499
Net assets		**76,890**	54,999
EQUITY			
Contributed equity	10(a)	**420,837**	388,180
Preference equity	10(b)	**4,208**	4,208
Reserves	10(c)	**(6,723)**	(8,630)
Accumulated losses	10(d)	**(341,432)**	(328,759)
Total equity		**76,890**	54,999

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Aeris Resources Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2019

	Contributed Equity $'000	Convertible Preference Shares $'000	Other Reserves $'000	Accumulated Losses $'000	Total Equity $'000
	Attributable to owners of Aeris Resources Limited				
Balance at 1 July 2017	360,828	31,560	(7,838)	(384,063)	487
Profit for the year	-	-	-	55,304	55,304
Other comprehensive loss	-	-	(1,333)	-	(1,333)
Total comprehensive (loss)/income for the year	**-**	**-**	**(1,333)**	**55,304**	**53,971**
Transactions with owners in their capacity as owners:					
Conversion of convertible preference shares	6,312	(6,312)	-	-	-
Share based payments	-	-	541	-	541
Cancellation of preference equity	21,040	(21,040)	-	-	-
	27,352	(27,352)	541	-	541
Balance at 30 June 2018	**388,180**	**4,208**	**(8,630)**	**(328,759)**	**54,999**
Balance at 1 July 2018	388,180	4,208	(8,630)	(328,759)	54,999
Loss for the year	-	-	-	(12,673)	(12,673)
Other comprehensive income	-	-	1,333	-	1,333
Total comprehensive income/(loss) for the year	**-**	**-**	**1,333**	**(12,673)**	**(11,340)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	32,657	-	-	-	32,657
Share based payments	-	-	574	-	574
	32,657	-	574	-	33,231
Balance at 30 June 2019	**420,837**	**4,208**	**(6,723)**	**(341,432)**	**76,890**

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

Aeris Resources Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		**234,802**	231,704
Payments to suppliers and employees		**(190,546)**	(179,099)
Interest paid		**(8,630)**	(2,087)
Net cash inflow from operating activities		**35,626**	50,518
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and mine properties		**-**	182
Payments for property, plant and equipment and mine properties		**(19,591)**	(23,922)
Payments for exploration expenditure		**(8,686)**	(3,358)
Cash backed security deposits		**(4,539)**	(2,242)
Net cash outflow from investing activities		**(32,816)**	(29,340)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	10(a)	**32,657**	-
Proceeds from borrowings		**-**	5,065
Repayment of borrowings		**(27,985)**	(5,116)
Finance lease payments		**(8,471)**	(7,493)
Net cash outflow from financing activities		**(3,799)**	(7,544)
Net (decrease)/increase in cash and cash equivalents		**(989)**	13,634
Cash and cash equivalents at the beginning of the financial year		**23,332**	9,698
Effects of exchange rate changes on cash and cash equivalents		**205**	-
Cash and cash equivalents at the end of the year	8(a)	**22,548**	23,332

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

Contents of the notes to the consolidated financial statements

1 About the report

Aeris Resources Limited is a Company limited by shares, incorporated and domiciled in Australia and is a for profit entity for the purposes of preparing the financial statements. The financial statements are for the Consolidated Entity consisting of Aeris Resources Limited (the Company) and its subsidiaries and together are referred to as the Group or Aeris.

The financial statements were approved for issue by the Directors of Aeris Resources Limited (Directors) on 29 August 2019. The Directors have the power to amend and reissue the financial statements.

The financial statements are general purpose financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board;
- Have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value;
- Are presented in Australian dollars, with all amounts in the financial report being rounded off in accordance with Legislative Instrument 2016/191 to the nearest thousand dollars, unless otherwise indicated;
- Where necessary, comparative information has been restated to conform with changes in presentation in the current year; and
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2018.

The Group has adopted all off 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 interpretations 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, which accounts for the majority of the Group's revenue.

The Group early adopted AASB 9 in its 30 June 2018 financial statements which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The accounting policies were changed to comply with AASB 9. 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.

2 Significant changes in the current reporting period

(a) 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).

(b) 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, a large independent alternative investment management group.

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$31 million (Tranche A facility - US$21 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.

(c) 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.

3 Going concern

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year ended 30 June 2019, Aeris recognised a consolidated loss of $12.673 million (2018: profit of $55.304 million) and had positive cash inflows from operating activities of $35.626 million, with net cash outflows from investing activities of $32.816 million and cash outflows from financing activities of $3.799 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 30 June 2019, Aeris held cash and cash equivalents of $22.548 million, a positive net asset position of $76.890 million and a working capital deficiency of $37.686 million. The SPOV Tranche A and Tranche B Facility repayment terms expire on 14 March 2020 and as a result the balance outstanding on the facilities have been classified as current. At 30 June 2019, US$15.5 million of the SPOV Tranche A Facility had been drawn down, with US$9.5 million remaining undrawn.

The Group continues to meet its working capital requirements principally as a result of positive operating cash flows generated by the Tritton Copper Operations and management of the timing of cash flows to meet obligations as and when due.

In FY2019, the Tritton Copper Operations produced 26,852 tonnes of Copper (in concentrate and in copper cement). The Company's focus on stable operations, and better than planned grades allowed Aeris to upgrade the initial production forecasts of 24,500 copper tonnes, three times during the year ending 30 June 2019.

The Directors have commenced initial discussions with SPOV to facilitate an extension on the current SPOV Tranche A and Trance B facilities. SPOV being a majority shareholder has been supportive of the Company's management and the vision for Aeris, including merger and acquisition opportunities pursued by the Company. During the March 2018 debt restructure (refer note 7(e)) SPOV agreed to convert its 140 million convertible preference shares to ordinary shares, and as a result became a major shareholder of Aeris. SPOV also participated in the Non-Renounceable Entitlement Offer and Placement which raised $35.096 million at $0.20 per share in October 2018 and at year end held a 43.58% shareholding in the issued ordinary equity of the company.

The next level of growth strategy for Aeris includes:

- Continued exploration within the highly prospective Tritton and Torrens tenement packages; and
- Seeking opportunities to add value for shareholders through mergers and acquistions.

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$25.000 million Special Portfolio Opportunity V Limited (SPOV) Facility (US$9.5 million undrawn). Management is confident that renegotiated terms will be reached prior to repayment date of March 2020;
- 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 $35.626 million in the year ending 30 June 2019 (June 2018: $50.518 million); and
- Continued strong management of operating and capital expenditure at its Tritton Copper Operations.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

How numbers are calculated

This section provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the entity, including:

4 Segment information

(a) Description of segments

Business segments

The Group's Strategic Steering Committee, consisting of the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer examine 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 30 June 2019 and 30 June 2018.

Segment results

(b) Segment information provided to the board of directors

2019	Tritton Copper Operations $'000	Other $'000	Total Continuing Operations $'000	Consolidated $'000
Segment Revenue				
Sales	**231,583**	**-**	**231,583**	**231,583**
Total sales revenue	**231,583**	**-**	**231,583**	**231,583**
Other revenue	**163**	**592**	**755**	**755**
Total segment revenue	**231,746**	**592**	**232,338**	**232,338**
Adjusted EBITDA	**38,864**	**(4,471)**	**34,393**	**34,393**
Segment assets and liabilities				
Segment assets	**166,362**	**17,655**	**184,017**	**184,017**
Total segment liabilities	**104,164**	**2,566**	**106,730**	**106,730**
Unallocated liabilities	**744**	**(347)**	**397**	**397**
Total liabilities	**104,908**	**2,219**	**107,127**	**107,127**
Other segment information				
Depreciation and amortisation	**31,693**	**9**	**31,702**	**31,702**
Acquisition of property, plant and equipment, intangibles and other segment assets	**30,194**	**5,214**	**35,408**	**35,408**

2018	Tritton Copper Operations $'000	Other $'000	Total Continuing Operations $'000	Consolidated $'000
Segment Revenue				
Sales	235,879	-	235,879	235,879
Total sales revenue	**235,879**	**-**	**235,879**	**235,879**
Other revenue	138	-	138	138
Total segment revenue	236,017	-	236,017	236,017
Adjusted EBITDA	55,780	(2,835)	52,945	52,945
Segment assets and liabilities				
Segment assets	**165,885**	**14,022**	**179,907**	**179,907**
Unallocated assets	-	4,591	4,591	4,591
Total assets	165,885	18,613	184,498	184,498
Segment liabilities	**127,414**	**2,085**	**129,499**	**129,499**
Other segment information				
Depreciation and amortisation	24,803	12	24,815	24,815
Acquisition of property, plant and equipment, intangibles and other segment assets	34,051	-	34,051	34,051

4 Segment information (continued)

(b) Segment information provided to the board of directors (continued)

Adjusted EBITDA

The Group's Strategic Steering Committee 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, gains recognised on refinancing and the effects of foreign exchange which primarily reflects gains/losses on the translation of the USD borrowings.

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

	2019 $'000	2018 $'000
Adjusted EBITDA (continuing operations)	**34,393**	52,945
Finance costs	**(8,128)**	(18,680)
Net foreign exchange losses	**(2,820)**	(1,317)
Gain on debt restructure	**-**	54,846
Fair value of listed investment	**-**	(1,489)
Depreciation and amortisation	**(31,702)**	(24,815)
(Loss)/profit before income tax from continuing operations	**(8,257)**	61,490

5 Revenue

	2019 $'000	2018 $'000
From contracts with customers		
Sales revenue		
Mining activities - point in time	**231,583**	235,879
Other revenue		
Other revenue from ordinary activities	**755**	138
	232,338	236,017

A portion of the Group's revenue from mining activities denominated in foreign currencies was cash flow hedged. The Company had entered into a swap contract of 12,000 copper tonnes at an average price of A$8,670 per tonne with scheduled deliveries of 1,000 copper tonnes per month for 12 months to 4 March 2019. The amounts disclosed above for revenue from mining activities include the effective amount of the derivatives that were used to hedge foreign currency revenue. The amount included in revenue is:

	2019 $'000	2018 $'000
Forward commodity contracts - cash flow hedged	**1,437**	(1,299)
	1,437	(1,299)

(a) Recognition and measurement

Concentrate sales revenue represents gross proceeds receivable from the customer. The recognition of concentrate sales occur when the performance obligation, being the transfer of the title of copper concentrate, is met and control of the goods transfers to the customer.

Concentrate sales are initially recognised at estimated sales value when the control of the product transfers to the customer, which in most cases is when the Holding and Title certificate is issued at the port handling and ship loading facility.

There may be circumstances when judgement is required based on the five indicators of control below:

- Control of ownership of the product has been transferred to the buyer;
- The customer has a present obligation to pay in accordance with the terms of the sales contract;
- The quantity of the product can be determined with reasonable accuracy;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the sale will flow to the Group; and
- The costs incurred or to be incurred in respect of the sale can be measured reliably.

5 Revenue (continued)

(a) Recognition and measurement (continued)

Shipping is generally arranged by the buyer and occurs after the control of goods transfers to the customer.

Revenue is measured at the fair value of the consideration received or receivable. Concentrate copper sales revenue are provisionally priced at the date revenue is recognised. The final selling price is based on the average copper price over the quotational month, which is declared by the buyer. Final prices for copper concentrate are normally determined between 30 to 120 days after control of ownership have transferred to the customer. The change in value of the provisionally priced receivable is based on relevant forward market prices and is included in sales revenue. Adjustments are made for variations in metal price, assay, weight and currency between the time control passed to the customer and the time of final settlement of sales proceeds. Mining royalties payable are presented as an operating cost.

The contract with customer has no significant financing component and has no variable consideration under AASB 15.

A trade receivable is recognised (refer Note 8 (b) and 13 (c)(ii)) when the Holding and Title Certificate is issued as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

6 Expenses

	Notes	2019 $'000	2018 $'000
Loss before income tax includes the following specific expenses:			
Cost of goods sold:			
Cost of production			
Mining activities		**186,832**	173,428
		186,832	173,428
Depreciation			
Plant and equipment		**9,410**	7,887
Plant and equipment under finance leases		**7,199**	6,925
		16,609	14,812
Amortisation			
Mine properties		**15,084**	9,991
Total Cost of goods sold		**218,525**	198,231
Exploration expense:			
Exploration expenditure		**717**	174
Exploration written off		**181**	-
		898	174
Administration and support:			
Corporate		**9,629**	7,211
Corporate depreciation		**9**	12
		9,638	7,223

6 Expenses (continued)

	Notes	2019 $'000	2018 $'000
Gain on restructure:			
Gain on debt restructure	2(a)	-	(54,846)
		-	(54,846)
Other expenses:			
Loss on fair value of listed securities held for trading		-	1,489
Loss on disposal and write-off of fixed assets		586	2,259
		586	3,748
Finance costs - net			
Interest and finance charges paid / payable		7,832	18,680
Unwinding of discounts on provisions		296	-
		8,128	18,680
Included within the above functions are the following:			
Employee benefit expenses		45,699	43,902
Superannuation expense		5,013	3,662
		50,712	47,564

7 Income tax expense

(a) Income tax expense

	2019 $'000	Restated 2018 $'000
Deferred tax expense	4,416	6,186
	4,416	6,186
Deferred income tax expense included in income tax comprises:		
Decrease in deferred tax assets (note 9(d)(i))	1,655	5,420
Increase/(decrease) in deferred tax liabilities (note 9(d)(ii))	2,761	766
	4,416	6,186

(b) Income taxes

Judgement is required in determining the provision for income taxes. The Group recognises liabilities of anticipated tax based on estimates of taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

The 2018 disclosure has been restated in Note (a) and (b) to reflect the allocation of income tax expense to deferred tax expense to be consistent with current year as it reflects the unwinding of temporary differences.

7 Income tax expense (continued)

(c) Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable/(receivable)

	2019 $'000	Restated 2018 $'000
(Loss) / profit from continuing operations before income tax expense	(8,257)	61,490
Tax at the Australian tax rate of 30.0% (2018 - 30.0%)	(2,477)	18,447
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable income	(192)	(15,389)
Non-deductible expenses	330	2,966
Current tax losses not recognised	6,047	-
Prior year carry forward losses derecognised	252	-
Share based payments	172	162
Current temporary differences not recognised	284	-
Income tax expense	4,416	6,186

(d) Tax expense (income) relating to items of other comprehensive income

	2019 $'000	2018 $'000
Cash flow hedges (note 10(c))	(572)	572

(e) Tax losses

	2019 $'000	2018 $'000
Unused tax losses	256,183	242,178
Potential tax benefit @ 30.0%	76,855	72,653

Prior year unused tax losses of the Australian tax consolidated group, for which no deferred tax assets has been recognised, have been restated to reflect the losses included in the tax loss schedule of submitted and amended tax returns.

(f) Recognition and measurement

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

7 Income tax expense (continued)

(f) Recognition and measurement (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Aeris Resources Limited and its wholly-owned Australian directly controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

8 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2019 $'000	2018 $'000
Bank balances	**22,548**	23,332
	22,548	23,332

(i) Cash at bank and on hand

Bank accounts are interest bearing, attracting normal market interest rates.

(ii) Fair value

The carrying amount for cash and cash equivalents equals their fair value.

(iii) Recognition and measurement

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Balance Sheet.

8 Financial assets and financial liabilities (continued)

(b) Trade and other receivables

	2019			2018		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Trade receivables	**4,210**	**-**	**4,210**	7,227	-	7,227
Other debtors*	**1,501**	**-**	**1,501**	1,518	-	1,518
Restricted cash**	**-**	**11,729**	**11,729**	-	7,190	7,190
Prepayments	**1,420**	**-**	**1,420**	917	-	917
	7,131	**11,729**	**18,860**	9,662	7,190	16,852

** Other debtors is primarily composed of receivables in relation to Australian GST refund claims and security deposits held.*

*** Restricted cash relates to cash held on deposit for security against bank guarantees.*

(i) Impairment and risk exposure

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 13.

(ii) Fair value risk

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value.

(iii) Fair values

The fair values and carrying values of non-current receivables are as follows:

	2019		2018	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Restricted cash	**11,729**	**11,729**	7,190	7,190

(iv) Foreign currency risk

The carrying amounts of the Group's current and non-current receivables are denominated in the following currencies:

	Notes	**2019 $'000**	2018 $'000
Australian Dollar		**14,768**	8,986
US Dollar		**4,092**	7,866
		18,860	16,852
Current receivables		**7,131**	9,662
Non-current receivables	8(b)(iii)	**11,729**	7,190
		18,860	16,852

For an analysis of the sensitivity of trade and other receivables to foreign exchange risk refer to note 13.

8 Financial assets and financial liabilities (continued)

(b) Trade and other receivables (continued)

(v) Credit risk

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to note 13 for more information on the risk management policy of the Group.

(vi) Interest rate risk

The Group has various variable interest rate receivables, including restricted cash. For an analysis of the sensitivity of trade and other receivables to interest rate risk, refer to note 13.

(vii) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 120 days and therefore are all classified as current. Trade receivables are recognised initially at fair value based on estimated amounts due and subsequently at amortised cost, less any provision for impairment. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. For the commodity sales where pricing remains outstanding at the period end, the final consideration will be estimated in terms of AASB9 at the period end based on forward market prices for the relevant quotational period as there is a developed forward market. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 13.

(c) Financial assets at fair value through profit or loss

	2019 $'000	2018 $'000
Current assets		
Australian listed equity held for trading	**3,722**	3,722
	3,722	3,722

The Australian listed equity held for sale had the same closing price at 30 June 2019 and 30 June 2018 and holdings remained unchanged.

(i) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in note 13. For information about the methods and assumptions used in determining fair value please refer to note 8(f) below.

(d) Trade and other payables

	2019 $'000	2018 $'000
Current liabilities		
Trade payables	**30,104**	25,783
Other payables	**323**	201
	30,427	25,984

(i) Foreign currency risk

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

Aeris Resources Limited
Notes to the Consolidated Financial Statements
30 June 2019
(continued)

8 Financial assets and financial liabilities (continued)

(d) Trade and other payables (continued)

(i) Foreign currency risk (continued)

	2019 $'000	2018 $'000
Australian Dollar	**30,294**	25,920
US Dollar	**133**	64
	30,427	25,984

(ii) Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 13.

Due to the short-term nature of current payables, their carrying value is assumed to approximate their fair value.

(e) Interest bearing liabilities

	2019			2018		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Secured						
Loans	**42,970**	**412**	**43,382**	812	67,489	68,301
Lease liabilities	**5,949**	**7,062**	**13,011**	6,463	7,876	14,339
Total secured borrowings	**48,919**	**7,474**	**56,393**	7,275	75,365	82,640

Interest bearing liabilities in their denominated currency:

	2019		2018	
	USD $'000	**AUD $'000**	USD $'000	AUD $'000
Secured				
Loans	**30,109**	**491**	50,174	545
Lease liabilities	**-**	**13,011**	269	13,976
Total secured borrowing	**30,109**	**13,502**	50,443	14,521
Total borrowings	**30,109**	**13,502**	50,443	14,521

(i) Secured liabilities and assets pledged as security

	2019 $'000	2018 $'000
Loans	**43,382**	68,301
Lease liabilities	**13,011**	14,339
Total secured liabilities	**56,393**	82,640

In the prior year, the Company completed a major debt and capital restructure during the financial year, as announced on 28 February 2018 and completed on 14 March 2018.

8 Financial assets and financial liabilities (continued)

(e) Interest bearing liabilities (continued)

(i) Secured liabilities and assets pledged as security (continued)

The restructuring transaction involved the sale by Standard Chartered Bank (SCB) to Special Portfolio Opportunity V Limited (SPOV), a subsidiary of a fund managed by PAG, of the senior term debt (Senior debt or SCB Loan) provided to Aeris by SCB. SPOV is the provider of Aeris' existing Working Capital facility (SPOV Tranche A facility).

The debt restructure, completed on 14 March 2018, replaced the Company's SCB Loan with a SPOV Tranche B facility of US$25.000 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$5.000 million, which can be settled either in shares or by an increase in the Senior Debt facility, at Aeris' election. Any election to settle the payment of the Arranger Fee via the issuance of new shares would be subject to any required Aeris shareholder approvals.

The SPOV Tranche A facility's maturity was extended to coincide with the maturity of the SPOV Tranche B facility (14 March 2020). The SPOV Tranche A facility accrues cash interest at 5% per annum and PIK accrues at 6% (compounding every 3 months). At 30 June 2019, the Company had drawn down US$15.500 million from the SPOV Tranche A Facility.

The SPOV Tranche B facility accrues cash interest at a rate of 12.5% per annum. The facility provides for an initial repayment date, being 6 months from the completion date (14 September 2018). If, by the initial repayment date, the Company has not reduced the SPOV Tranche B facility to a minimum of US$10.000 million, the interest rate increases by an additional 3.0% per annum on the balance of the facility above US$10.000 million.

In October 2018, the Company made a USD 20 million payment against the SPOV Tranche B debt facility. This reduced the SPOV Tranche B debt facility to USD 10 million.

Both Tranche A and Tranche B debt facilities are due in March 2020 and as a result have been classified as current liabilities.

(ii) Lease liabilities

Certain vehicles and equipment acquired by the Group are funded by finance leases and hire purchase provided by a number of financial institutions. The leases are secured by the assets being financed.

Lease liabilities are effectively secured as the rights to the leased assets are recognised in the financial statements and revert to the lessor in the event of default.

	2019 $'000	2018 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**6,650**	7,279
Later than one year but not later than five years	**7,675**	8,339
Minimum lease payments	**14,325**	15,618
Future finance charges	**(1,314)**	(1,279)
Total lease liabilities	**13,011**	14,339
Representing lease liabilities:		
Current	**5,949**	6,463
Non-current	**7,062**	7,876
	13,011	14,339

(iii) Financing arrangements

The Group had access to the following borrowing facilities at the reporting date:

8 Financial assets and financial liabilities (continued)

(e) Interest bearing liabilities (continued)

(iii) Financing arrangements (continued)

	2019 $'000	2018 $'000
Floating rate		
Bank finance loan facilities and residential housing loans	**491**	545
Used at balance date		
Bank finance loan facilities and residential housing loans	**40,603**	65,501
Unused at balance date		
Bank finance loan facilities and residential housing loans	**13,533**	12,829

Credit stand-by arrangements

The Group has $11,729,000 (2018: $7,190,000) in restricted cash in respect of its rehabilitation obligations.

Bank residential housing loans

The residential housing loans totalling $491,058 (2018: $544,761) (original principal $900,000) are repayable over 25 years at a current interest rate of 4.86% (2018: 4.95%).

(iv) Interest rate risk exposure

The following tables set out the Group's exposure to interest rate risk, including the contractual re-pricing dates and the effective weighted average interest rate by maturity periods. Exposures arise from liabilities bearing variable interest rates.

		Fixed interest rate				
2019	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**Over 5 years $'000**	**Non interest bearing $'000**	**Total $'000**
Loans	**491**	**42,891**	**-**	**-**	**-**	**43,382**
Trade and other creditors	**-**	**-**	**-**	**-**	**30,427**	**30,427**
Lease and hire purchase	**-**	**5,949**	**7,062**	**-**	**-**	**13,011**
Total	**491**	**48,840**	**7,062**	**-**	**30,427**	**86,820**

		Fixed interest rate				
	Floating interest rate $'000	**1 year or less $'000**	**Over 1 to 5 years $'000**	**Over 5 years $'000**	**Non interest bearing $'000**	**Total $'000**
2018						
Loans	545	732	67,024	-	-	68,301
Trade and other creditors	-	-	-	-	25,984	25,984
Lease and hire purchase	-	6,463	7,876	-	-	14,339
Total	545	7,195	74,900	-	25,984	108,624

(v) Fair value

The carrying amounts and fair values of borrowings at the end of the reporting period are:

8 Financial assets and financial liabilities (continued)

(e) Interest bearing liabilities (continued)

(v) Fair value (continued)

	2019 Carrying amount $'000	2019 Fair value $'000	2018 Carrying amount $'000	2018 Fair value $'000
On-balance sheet				
Non-traded financial liabilities				
Loans	**43,382**	**43,382**	68,301	68,301
Lease liabilities	**13,011**	**13,011**	14,339	14,339
	56,393	**56,393**	82,640	82,640

The fair value of interest bearing liabilities is determined by discounting the expected future cash flows by the current interest rates or liabilities with similar risk profiles.

(vi) Foreign exchange risk exposures

The carrying amounts of the Group's current and non-current interest bearing liabilities in Australian dollars are denominated in the following currencies:

	2019 US Dollar denominated $'000	2019 Australian Dollar denominated $'000	2019 Total interest bearing liabilities $'000	2018 US Dollar denominated $'000	2018 Australian Dollar denominated $'000	2018 Total interest bearing liabilities $'000
Loans	**42,891**	**491**	**43,382**	67,756	545	68,301
Lease and hire purchase liabilities	**-**	**13,011**	**13,011**	363	13,976	14,339
Total	**42,891**	**13,502**	**56,393**	68,119	14,521	82,640

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 13.

(f) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes.

AASB 7 *Financial Instruments*: Disclosures requires 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).

The following table presents the Group's financial assets and liabilities measured and recognised at fair value at 30 June 2019 and 30 June 2018:

8 Financial assets and financial liabilities (continued)

(f) Fair value measurements (continued)

30 June 2019	**Notes**	**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	8(c)	**3,722**	**-**	**-**	**3,722**
Total financial assets		**3,722**	**-**	**-**	**3,722**
30 June 2018					
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 - cash flow hedges	13(a)	-	1,905	-	1,905
Total financial liabilities		-	1,905	-	1,905

The Company does not have any Level 2 or Level 3 financial assets at 30 June 2019.

The Australian listed equity held for sale had the same closing price at 30 June 2019 and 30 June 2018 and holdings remained unchanged.

Valuation Methodology

Financial assets at fair value through profit or 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.

The fair value of forward commodity contract - cashflow hedges is determined using market rates and inputs at the reporting date and are considered a level 2 valuation.

Refer to note 8(e)(v) for the carrying amounts and fair values of borrowings at balance date.

9 Non-financial assets and liabilities

(a) Inventories

	2019 $'000	2018 $'000
Current assets - Mining inventories		
Production supplies - at cost	**6,784**	6,608
Work in progress - at cost	**9,472**	9,701
	16,256	16,309

(i) Assigning costs to inventories

The costs of individual items of inventory are determined using weighted average costs.

9 Non-financial assets and liabilities (continued)

(a) Inventories (continued)

(ii) Recognition and measurement

Mining inventories of raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory charged to the Consolidated Statement of Comprehensive Income has been included in note 6 as part of mining activities.

9 Non-financial assets and liabilities (continued)

(b) Property, plant and equipment

	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Leased plant and equipment $'000	Total $'000
At 1 July 2017					
Cost	1,324	7,140	69,735	21,562	99,761
Accumulated depreciation	-	(1,915)	(32,345)	(12,570)	(46,830)
Net book amount	1,324	5,225	37,390	8,992	52,931
Year ended 30 June 2018					
Opening net book amount	1,324	5,225	37,390	8,992	52,931
Additions	-	10	5,907	9,558	15,475
Depreciation charge	-	(972)	(6,927)	(6,925)	(14,824)
Transfer to mine properties in use	-	-	(377)	-	(377)
Net disposals/write-offs	-	(282)	(63)	(2,160)	(2,505)
Closing net book amount	1,324	3,981	35,930	9,465	50,700
At 30 June 2018					
Cost	1,324	6,748	73,931	26,889	108,892
Accumulated depreciation	-	(2,767)	(38,001)	(17,424)	(58,192)
Net book amount	1,324	3,981	35,930	9,465	50,700
Year ended 30 June 2019					
Opening net book amount	1,324	3,981	35,930	9,465	50,700
Additions	-	-	8,725	8,532	17,257
Depreciation charge	-	(845)	(8,574)	(7,199)	(16,618)
Transfer to mine properties in use	-	-	(361)	-	(361)
Net disposals/write-offs	-	-	-	(586)	(586)
Closing net book amount	1,324	3,136	35,720	10,212	50,392
At 30 June 2019					
Cost	1,324	6,748	84,023	31,169	123,264
Accumulated depreciation and impairment	-	(3,612)	(48,303)	(20,957)	(72,872)
Net book amount	1,324	3,136	35,720	10,212	50,392

(i) Assets in the course of construction

The carrying amounts of the assets disclosed above include assets that were in the course of construction as at the end of the reporting period. The relevant amounts are as follows:

	2019 $'000	2018 $'000
Plant and equipment	**3,216**	3,288

9 Non-financial assets and liabilities (continued)

(b) Property, plant and equipment (continued)

(i) Assets in the course of construction (continued)

(ii) Non-current assets pledged as security

Refer to note 23 for information on non-current assets pledged as security by the Group.

(iii) Recognition and measurement

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant and equipment also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation on mine property, plant and equipment (excluding land) is calculated on a unit-of-production basis so as to write off the cost of each asset in proportion to the depletion of the proved and probable ore reserves, or on a straight line basis over the estimated useful life of the asset if the asset's useful life is less than the life of mine, currently between 2 and 6 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Comprehensive Income.

(c) Exploration and evaluation, Mining properties in use

(i) Exploration and evaluation

	2019 $'000	2018 $'000
Opening net book amount	**17,855**	14,497
Expenditure incurred during the year	**8,686**	3,358
Net disposals/write-offs	**(181)**	-
Closing balance	**26,360**	17,855

The recoverability of exploration and evaluation assets depends on successful development or sale of tenement areas.

Recognition and measurement

Exploration and evaluation expenditure is carried forward in the financial statements, in respect of areas of interest for which the rights of tenure are current and where:

(i) Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(ii) Exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable ore reserves and while active and significant operations in, or in relation to, the area are continuing.

9 Non-financial assets and liabilities (continued)

(c) Exploration and evaluation, Mining properties in use (continued)

(i) Exploration and evaluation (continued)

Recognition and measurement (continued)

Exploration expenditure incurred that does not satisfy the policy stated above is expensed in the year in which it is incurred. Exploration expenditure that has been capitalised which no longer satisfies the policy stated above is written off in the year in which that decision is made.

Upon commencement of mining activities, deferred exploration and development expenditure is reclassified to mine properties and then amortised in accordance with the accounting policy for mine properties.

The net carrying value of each area of interest is reviewed regularly and, to the extent to which this value exceeds its recoverable value, that excess is provided for or written off in the year in which this is determined.

(ii) Mine properties in use

	2019 $'000	2018 $'000
Opening net book amount	**51,137**	45,088
Expenditure incurred during the year	**9,465**	15,663
Amortisation for the year	**(15,084)**	(9,991)
Transfer from property, plant and equipment	**361**	377
Closing balance	**45,879**	51,137
Balance at reporting date		
Cost	**151,955**	142,129
Accumulated amortisation	**(106,076)**	(90,992)
Net book value	**45,879**	51,137

Recognition and measurement

Mine properties represent the acquisition costs and/or accumulation of exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a unit of production basis so as to write-off the cost in proportion to the depletion of the proved and probable ore reserves.

9 Non-financial assets and liabilities (continued)

(d) Deferred tax balances

(i) Deferred tax assets

	2019 $'000	2018 $'000
The balance comprises temporary differences attributable to:		
Fixed assets, exploration and mine properties	**2,044**	4,511
Tax losses	**-**	252
Transaction/issuance costs	**1,231**	860
Provisions and accruals	**6,845**	6,145
Other	**274**	280
Hedge	**-**	572
Total deferred tax assets	**10,394**	12,620
Set-off of deferred tax liabilities pursuant to set-off provisions	**(10,394)**	(8,029)
Net deferred tax assets	**-**	4,591
Deferred tax assets expected to be recovered within 12 months	**-**	4,591
	-	4,591

Movements - Consolidated	Tax losses $'000	Cashflow Hedge $'000	Fixed assets, exploration and mine properties $'000	Transaction/ Issuance Cost $'000	Provision and accruals $'000	Other $'000	DTA/DTL net off $'000	Total $'000
At 1 July 2017	1,138	-	9,834	838	5,591	67	(7,263)	10,205
Debited/(credited) - to consolidated statement of comprehensive income	(886)	-	(5,323)	22	554	213	(766)	(6,186)
Charged/(credited) - directly to equity	-	572	-	-	-	-	-	572
At 30 June 2018	252	572	4,511	860	6,145	280	(8,029)	4,591

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(continued)

9 Non-financial assets and liabilities (continued)

(d) Deferred tax balances (continued)

(i) Deferred tax assets (continued)

Debited/(credited) - to consolidated statement of comprehensive income	(252)	-	(2,467)	371	700	(6)	(2,365)	(4,019)
Charged/(credited) - directly to equity	-	(572)	-	-	-	-	-	(572)
At 30 June 2019	-	-	2,044	1,231	6,845	274	(10,394)	-

(ii) Deferred tax liabilities

	2019 $'000	2018 $'000
The balance comprises temporary differences attributable to:		
Inventories	**2,060**	1,982
Exploration and evaluation	**8,731**	6,047
	10,791	8,029
Set-off of deferred tax liabilities pursuant to set-off provisions	**(10,394)**	(8,029)
Net deferred tax liabilities	**397**	-

Movements - Consolidated	Inventories $'000	Exploration $'000	Cash flow hedges $'000	Other $'000	DTA net off $'000	Total $'000
At 1 July 2017	1,860	5,172	-	231	(7,263)	-
Charged/(credited) - to the consolidated statement of comprehensive income	122	875	-	(231)	(766)	-
At 30 June 2018	1,982	6,047	-	-	(8,029)	-
Charged/(credited) - to the consolidated statement of comprehensive income	78	2,684	-	-	(2,365)	397
At 30 June 2019	2,060	8,731	-	-	(10,394)	397

9 Non-financial assets and liabilities (continued)

(e) Provisions

	2019 Current $'000	2019 Non-current $'000	2019 Total $'000	2018 Current $'000	2018 Non-current $'000	2018 Total $'000
Employee benefits	**7,851**	**615**	**8,466**	7,115	634	7,749
Provision for rehabilitation and dismantling	**-**	**11,298**	**11,298**	-	11,002	11,002
Other provisions	**146**	**-**	**146**	219	-	219
	7,997	**11,913**	**19,910**	7,334	11,636	18,970

(i) Information about individual provisions and significant estimates

Rehabilitation and dismantling

Provision is made for the estimated cost of settling the rehabilitation and restoration obligations existing at balance date. The estimated costs are discounted using a risk free discount rate that reflects the time value of money and it does not reflect risks for which future cash flow estimates have been adjusted.

Provision is made for the estimated costs of dismantling and removing the item of plant and equipment and restoring the site on which it is located.

Other

Provision is made for the estimated cost of some obligations where there is a likelihood that an outflow will be required for settlement.

(ii) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2019	**Provision for rehabilitation and dismantling $'000**	**Other $'000**	**Total $'000**
Carrying amount at start of year	11,002	219	11,221
Additional provisions recognised during the year	296	231	527
Amounts used during the year	-	(304)	(304)
Carrying amount at end of year	11,298	146	11,444

(iii) Recognition and measurement

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

9 Non-financial assets and liabilities (continued)

(e) Provisions (continued)

(iii) Recognition and measurement (continued)

The Group has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment. Under AASB 116 Property, Plant and Equipment, the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period.

AASB 137 Provisions, Contingent Liabilities, and Contingent Assets requires a provision to be raised for the present value of the estimated cost of settling the rehabilitation and restoration obligations existing at balance date. The estimated costs are discounted using a risk free discount rate that reflects the time value of money. The discount rate must not reflect risks for which future cash flow estimates have been adjusted. The increase in the provision due to the passage of time is recognised as interest expense.

10 Equity

(a) Share capital

	2019 Shares	2018 Shares	**2019 $'000**	2018 $'000
Ordinary shares				
Ordinary shares - fully paid	**455,711,613**	280,232,617	**420,837**	388,180
	455,711,613	280,232,617	**420,837**	388,180

(i) Movements in ordinary share capital

Details	**Number of shares**	**Total $'000**
Opening balance 1 July 2017	140,116,703	360,828
Conversion of convertible preference shares	140,115,913	6,312
Share issued to fund cancellation of convertible preference shares	1	-
Cancellation of convertible preference shares	-	21,040
Balance 30 June 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)
Balance 30 June 2019	455,711,613	420,837

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:

10 Equity (continued)

(a) Share capital (continued)

(i) Movements in ordinary share capital (continued)

- 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 33,554,699 new shares being issued.

(ii) Ordinary shares

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote. Upon a poll each holder of ordinary shares is entitled to one vote for each fully paid share held (pro-rated in the case of partly paid shares).

(b) Preference equity

(i) Movements Convertible Redeemable Preference shares (Redeemable and Non-Redeemable)

Details	Number of shares	$'000
Opening balance 1 July 2018	93,410,609	4,208
Balance 30 June 2019	93,410,609	4,208

Conversion and cancellation of convertible preference shares

Associated with the restructure as outlined in note 2, an agreement was reached with SCB to cancel 467.053 million of its 560.464 million Convertible Redeemable Preference Shares (CRPS), reducing the number on issue to 93.411 million. The CRPS, that are fully paid Convertible Redeemable Preference Shares in the 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$40.000 million.

The remaining CRPS accrue an unfranked dividend of 5% per annum. Payment of this dividend is 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.

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 million CRPS the remaining fair value recognised is A$4.208 million.

The CRPS may be redeemed by the Company during the CRPS redemption year, 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 140.166 million Convertible Non-Redeemable Preference Shares (CNRPS) to ordinary shares. The CNRPS were independently valued upon finalisation of the 15 December 2015 restructure and had a fair value of A$6.312 million.

(c) Reserves

	2019 $'000	2018 $'000
Cash flow hedges	**-**	(1,333)
Share-based payments	**2,720**	2,146
Acquisition revaluation reserve	**(9,443)**	(9,443)
	(6,723)	(8,630)

10 Equity (continued)

(c) Reserves (continued)

Movements:

Cash flow hedges		
Opening balance	**(1,333)**	-
Revaluation - gross	**1,905**	(1,905)
Deferred tax	**(572)**	572
Balance 30 June	**-**	(1,333)
Share-based payments		
Opening balance	**2,146**	1,605
Employee share based payment expense	**574**	541
Balance 30 June	**2,720**	2,146
Acquisition Revaluation Reserve		
Opening balance	**(9,443)**	(9,443)
Balance 30 June	**(9,443)**	(9,443)

Nature and purpose of other reserves

(I) Cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in equity, as described in note 25(i). Amounts are recognised in the Consolidated Statement of Comprehensive Income when effected by the associated hedged transaction. The 2018 Other Comprehensive Income impact has been restated on the face of the Consolidated Statement of Comprehensive Income to ensure consistency with the movements reflected in Note 10 (c).

(II) Share-based payments

The share-based payments reserve is used to recognise the fair value of equity instruments issued to employees.

(iii) Acquisition Revaluation Reserve

This reserve is used to record the differences described in note 25(b)(ii) which may arise as a result of ownership interest changes.

(d) Accumulated losses

Movements in accumulated losses were as follows:

	2019 $'000	2018 $'000
Balance at the beginning of the year	**(328,759)**	(384,063)
Net (loss)/profit for the year	**(12,673)**	55,304
Balance 30 June	**(341,432)**	(328,759)

11 Cash flow information

(a) Reconciliation of (loss)/profit before income tax to net cash inflow from operating activities

	2019 $'000	2018 $'000
(Loss)/profit for the year	**(12,673)**	55,304
Accrued finance costs	**6,631**	9,189
Unrealised exchange and foreign exchange hedging (gains)/losses	**2,878**	1,317
Depreciation and amortisation	**31,702**	24,815
Employee share based payment	**574**	541
Loss on sale of fixed assets	**586**	2,259
Exploration written off	**181**	-
Gain on debt restructure	**-**	(54,846)
Decrease / (Increase) in trade and other receivables	**2,531**	(2,836)
Decrease / (Increase) in inventories	**52**	(1,514)
(Decrease) / Increase in trade and other payables	**(858)**	1,729
Decrease in other financial assets	**-**	1,489
Decrease in deferred tax assets	**4,987**	6,186
Increase in provisions	**940**	4,980
Movement in commodity hedging	**(1,905)**	1,905
Net cash inflow from operating activities	**35,626**	50,518

(b) Non-cash investing and financing activities

	2019 $'000	2018 $'000
Acquisition of plant and equipment by means of finance leases	**7,129**	7,216

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

Net debt	2019 $'000	2018 $'000
Cash and cash equivalents	**22,548**	23,332
Liquid investments	**3,722**	3,722
Borrowings - repayable within one year (including overdraft)	**(48,919)**	(7,275)
Borrowings - repayable after one year	**(7,474)**	(75,365)
	(30,123)	(55,586)
Cash and liquid investments	**26,270**	27,054
Gross debt - fixed interest rates	**(55,902)**	(82,095)
Gross debt - variable interest rates	**(491)**	(545)
Net debt	**(30,123)**	(55,586)

11 Cash flow information (continued)

(c) Net debt reconciliation (continued)

	Cash/bank overdraft $'000	Liquid invest-ments (i) $'000	Finance leases due within 1 year $'000	Finance leases due after 1 year $'000	Borrow. due within 1 year $'000	Borrow. due after 1 year $'000	Total $'000
Net debt as at 1 July 2017	9,698	5,211	(5,064)	(8,690)	(80)	(105,344)	(104,269)
Cash flows	13,634	-	6,389	-	2,306	488	22,817
Acquisitions - finance leases and lease incentives	-	-	(2,208)	(4,758)	-	-	(6,966)
Foreign exchange adjustments	-	-	(8)	-	(7)	(1,434)	(1,449)
Other non-cash movements	-	(1,489)	(5,572)	5,572	(52)	52	(1,489)
Interest	-	-	-	-	(2,979)	(9,474)	(12,453)
Cancellation	-	-	-	-	-	48,223	48,223
Net debt as at 30 June 2018	23,332	3,722	(6,463)	(7,876)	(812)	(67,489)	(55,586)
Net debt as at 1 July 2018	23,332	3,722	(6,463)	(7,876)	(812)	(67,489)	(55,586)
Cash flows	(784)	-	8,471	-	4,307	29,407	41,401
Acquisitions - finance leases and lease incentives	-	-	(2,364)	(4,765)	-	-	(7,129)
Foreign exchange adjustments	-	-	(14)	-	(105)	(2,938)	(3,057)
Other non-cash movements	-	-	(5,579)	5,579	(40,655)	40,655	-
Interest	-	-	-	-	(5,705)	(47)	(5,752)
Net debt as at 30 June 2019	22,548	3,722	(5,949)	(7,062)	(42,970)	(412)	(30,123)

(i) Liquid investments comprise current investments that are traded in an active market, being the Group's financial assets held at fair value through profit or loss.

Risk

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

12 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on management's historical experience and knowledge of relevant facts and circumstances at that time.

The Aeris Group makes estimates and judgements concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amounts of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. Information on such estimates and judgements are contained in the accounting policies and/or notes to the financial statements.

(i) Ore Reserve Estimates

Ore Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate Ore Reserves, estimates and assumptions are required about a range of geological, technical and economic factors. Estimating the quality and/or grade of the Ore Reserves requires the size, shape and depth of ore bodies to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data. The Group is required to determine and report Ore Reserves in Australia under the principles incorporated in the 2012 Edition of the Australasian Code, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate Ore Reserves.

As the economic assumptions used to estimate Ore Reserves change from year to year, and as additional geological data is generated during the course of operations, estimates of Ore Reserves may change from year to year. Changes in reported Ore Reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- Recognition of deferred tax on mineral rights and exploration recognised on acquisitions;
- Recoverable amount of deferred mining expenditure and capitalisation of development costs; and
- Units of production method of depreciation and amortisation.

(ii) Estimation for the provision for rehabilitation and dismantling

Provision for rehabilitation and dismantling property, plant and equipment is estimated taking into consideration facts and circumstances available at the balance sheet date. This estimate is based on the expenditure required to undertake the rehabilitation and dismantling, taking into consideration time value. This requires the use of estimates and judgements in relation to a range of inputs including:

- Ore Reserves and mine planning scheduling;
- Production costs; and
- Discount rates.

(iii) Impairment of non-financial assets

The Group considers annually whether there have been any indicators of impairment and then tests whether or not non-current assets have suffered an impairment, in accordance with the accounting policy stated in note 25(f).

Cash generating units

The recoverable amounts of the CGU for 30 June 2019, have been determined based on fair value less costs of disposal (FVLCD). The FVLCD is calculated based on a Board approved life of mine plan (LOM). On an annual basis, or more frequently if required, the Company prepares a LOM and accompanying financial model for the Tritton Copper Operations (please refer to note 2). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (CGUs). The Group currently assesses the Tritton Copper Operations as one CGU.

12 Critical accounting estimates and judgements (continued)

This requires the use of estimates and judgements in relation to a range of inputs including:

- Commodity prices;
- Exchange rates;
- Reserves and mine planning scheduling;
- Production costs; and
- Discount rates.

The discount rate used in the LOM is a post tax discount rate of 10.24%. Commodity prices and exchange rates used in the model is sourced from independent reputable market sources. These inputs heavily influence the sequence of when and how much ore will be extracted from each of the planned mines as well as the timing and quantum of capital expenditure that will be required. The FVLCD indicate sufficient headroom to the carrying value of the CGU.

The Group recognises that there are various reasons that the estimates used in these assumptions may vary. There are possible changes in key assumptions that could cause the carrying value of the CGU to exceed its recoverable amount. The changes required to each of the key assumptions (assuming all other assumptions remain the same) to cause the carrying value of the CGU to exceed its recoverable amount are:

- AUD Copper Price decreases by 2%
- Post tax discount rate increases from 10.24% to 14.43%
- Exchange rate decreases by 2%

(iv) Recoverability of deferred tax assets

In determining the recoverability of the recognised deferred tax assets, management prepared and reviewed an analysis of estimated future results which support the future realisation of the deferred tax assets. The estimated future results have been derived from estimates also used for impairment assessments referred to in the notes to the consolidated financial statements. To the extent that cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets reported at the reporting date could be impacted.

13 Financial risk management

The Group's activities expose it to foreign currency risk, interest rate risk, price risk and credit risk. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as forward commodity contracts are used to hedge certain commodity price risk exposures. The Group also uses different methods to measure different types of risk to which it is exposed. The methods include sensitivity analysis in the case of interest rate, foreign exchange and ageing analysis for credit risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(a) Derivative financial instruments

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes below. The Group has the following derivative financial instruments:

	2019 $'000	2018 $'000
Current liabilities		
Forward copper contracts - cashflow hedged	**-**	1,905

13 Financial risk management (continued)

(a) Derivative financial instruments (continued)

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period. The Group's accounting policy for its cash flow hedges is set out in note 25(i). For hedged forecast transactions that result in the recognition of a non-financial asset, the related hedging gains and losses are included in the initial measurement of the cost of the asset.

(ii) Instruments used by the Group

As a result of the restructure as noted in note 2, Aeris entered into a copper hedging program with a reputable local bank as the hedge counterparty. On 7 March 2018 it was announced that Aeris' subsidiary, Tritton Resources Pty Ltd (Tritton), had entered into a swap contract of 12,000 copper tonnes at an average price of A$8,670 per tonne with scheduled deliveries of 1,000 copper tonnes per month out to 4 March 2019. The swap contract also provides Tritton the opportunity to participate in the upside at a maximum strike price. There were no further hedges entered into for the reminder of the financial year.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by removing the related amount from other comprehensive income.

The potential risk of counterparties to meet their obligations under the respective contracts of maturity exposes the Group to credit risk.

(iii) Fair value measurements

For information about the methods and assumptions used in determining the fair value of derivatives refer to note 8(f).

(iv) Hedging reserves

The Group's hedging reserves disclosed in note 10(c) relate to the forward copper contracts - cash flow hedged.

(b) Market risk

(i) Foreign exchange risk

Generally, natural hedges, forward contracts and options are used to manage certain foreign exchange risk. The Group's currency exposure based on the information provided to key management is mainly in cash and cash equivalents, receivables and loans. The Group did not utilise any foreign exchange forward contracts or options during the year.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The majority of these exposures are generated by interest bearing liabilities denominated in US dollars, commodity sales contracts which are typically denominated in US dollars, as well as associated receivables.

The Group operates internationally and is exposed to foreign exchange arising from various foreign currency exposures, primarily with respect to the US dollar.

For an analysis of the exposure to foreign exchange risk on trade receivables and trade payables refer to note 8.

13 Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign exchange risk (continued)

Group sensitivity

Based on the financial instruments held at 30 June 2019, had the Australian dollar weakened/strengthened by 10% against these foreign currencies with all other variables held constant, the Group's loss from continuing operations for the year would have been $2.645 million lower/higher (2018: profit would have been $4.226 million lower/higher), mainly as a result of foreign exchange gains/losses on translation of cash and cash equivalents, interest bearing loans, receivables and payables denominated in foreign currencies. There would have been no impact on equity.

(ii) Interest rate risk

Interest rate risk arises as a result of the re-pricing of investments, interest bearing receivables and borrowings and is affected by the length of the re-pricing period.

The significance and management of the risks to the Group are dependent on a number of factors including:

- Interest rates (current and forward) and the currencies that the investments and borrowings are denominated in;
- Level of cash, liquid investments and borrowings;
- Maturity dates of investments and borrowings; and
- Proportion of investments and borrowings that are fixed rate or floating rate.

The risk is measured using market and cash flow forecasting.

Group sensitivity

At 30 June 2019, if interest rates had changed by -/+ 50 basis points from the weighted average year end rates with all other variables held constant, loss from continuing operations for the year would have been $0.077 million higher/lower (2018: profit would have been $0.182 million higher/lower), mainly as a result of higher/lower interest from loans, cash and cash equivalents and restricted cash.

The exposure of the Group's interest bearing liabilities at balance sheet date to interest rate changes at the contractual re-pricing dates are as follows:

	2019 $'000	2018 $'000
0 - 12 months	**48,919**	7,275
1 - 5 years	**7,474**	75,365
	56,393	82,640

(iii) Commodity Price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity outputs.

A portion of the Group's revenue from mining activities denominated in foreign currencies was cash flow hedged. The Company had entered into a swap contract of 12,000 copper tonnes at an average price of A$8,670 per tonne with scheduled deliveries of 1,000 copper tonnes per month for 12 months to 4 March 2019. No further hedging was entered into during 2019.

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign exchange risk and interest rate risk.

13 Financial risk management (continued)

(b) Market risk (continued)

(iv) Summarised sensitivity analysis (continued)

	Foreign exchange risk				Interest rate risk			
	-10%		+10%		-50 basis points		+50 basis points	
	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Consolidated								
2019	(2,645)	-	2,645	-	77	-	(77)	-
2018	(4,226)	-	4,226	-	182	-	(182)	-

	Foreign exchange risk				Interest rate risk			
	-10%		+10%		-50 basis points		+50 basis points	
	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Consolidated								
2019	(2,645)	-	2,645	-	77	-	(77)	(77)
2018	(4,226)	-	4,226	-	182	-	(182)	(182)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to trade customers, including outstanding receivables and committed transactions.

(i) Risk management

Credit risk is managed on a Group basis. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and where necessary is effectively eliminated or substantially reduced by using bank and insurance instruments to secure payment for materials supplied and sold. The Group has policies that limit the amount of credit exposure to any one financial institution.

(ii) Trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

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(continued)

13 Financial risk management (continued)

(c) Credit risk (continued)

(ii) Trade receivables (continued)

The Group is exposed to one large customer, with a short term rating of P-2 as rated by Moody at 30 June 2019, who has the offtake agreement for 100% of the Tritton Operations copper concentrate, with no history of default. The credit risk is considered low as the customer is reputable and well known to the mining industry and is perceived as reliable. Currently all payments are received within the contractual payment terms.

The Group has trade receivables with embedded derivatives for provisional pricing. These receivables are generally held to collect but do not meet the SPPI criteria and as a result must be held at FVPL. Subsequent fair value gains or losses are taken to the income statement. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and sensitivity applied to the exposure on commodity price risk. The impact was considered very minimal and as a result there was no loss rate accounted for at 30 June 2019. Management will continue to monitor this position at each period end. There were also no credit losses provided for at 30 June 2018.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, liquid investments and committed credit facilities to meet the Group's commitments as they arise.

Liquidity risk management covers daily, short-term and long-term needs. The appropriate levels of liquidity are determined by both the nature of the Group's business and its risk profile.

Group at 30 June 2019	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
Non-derivatives			
Non-interest bearing trade and other payables	**28,367**	**-**	**-**
Variable interest rate instruments	**80**	**318**	**504**
Lease and hire purchase liabilities	**6,911**	**7,674**	**-**
Other fixed interest loans	**45,972**	**-**	**-**
Total non-derivatives	**81,330**	**7,992**	**504**

Group at 30 June 2018			
Non-derivatives			
Non-interest bearing trade and other payables	25,984	-	-
Variable interest rate instruments	80	318	583
Lease and hire purchase liabilities	7,279	8,339	-
Other fixed interest loans	3,767	72,357	-
Total non-derivatives	37,110	81,014	583

(e) Equity price risk

The Group is exposed to equity price risks arising from equity investments. Equity investments are held both for strategic and trading purposes.

Equity price sensitivity

The sensitivity analysis below has been determined on the exposure to equity price risks at the reporting date.

13 Financial risk management (continued)

(e) Equity price risk (continued)

Equity price sensitivity (continued)

At reporting date, if the pricing inputs had been 10% higher/lower while all other variables were held constant the net loss for the Group would decrease/increase by $0.261 million (2018: $0.261 million decrease/increase) as a result of the changes in fair value of other financial assets held for trading. The Australian listed equity held for trading had the same closing price at 30 June 2019 and 30 June 2018 and holdings remained unchanged.

14 Capital management

(a) Risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its capital structure comprising equity, debt and cash. The capital structure is reviewed on a semi-annual basis, with consideration given to the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues, new debt or the refinancing or repayment of existing debt.

The Group also reviews its gearing level. The Group's gearing ratio is calculated as net debt to net debt plus equity. Net debt is total interest bearing liabilities less cash and cash equivalents (excluding any restricted cash). Equity is shown in the balance sheet (including minority interests). The gearing ratio at reporting date was as follows:

	2019 $'000	2018 $'000
Total interest bearing liabilities	**56,393**	82,640
Less: Cash and cash equivalents	**(22,548)**	(23,332)
Net debt	**33,845**	59,308
Total equity	**76,890**	54,999
Total capital	**110,735**	114,307
Gearing ratio	**30.6%**	51.9%

(b) Dividends

The Directors did not declare a dividend in either of the years ended 30 June 2019 and 30 June 2018.

Group structure

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

15 Interests in other entities

(a) Significant investments in subsidiaries

The financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 25(b):

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding 2019 %**	2018 %
Straits Mining Pty Ltd and its subsidiaries	Australia	Ordinary	**100**	100
Girilambone Copper Company Pty Ltd	Australia	Ordinary	**100**	100
Tritton Resources Pty Ltd	Australia	Ordinary	**100**	100
Straits Exploration (Australia) Pty Ltd	Australia	Ordinary	**100**	100
Straits Gold Pty Ltd and its subsidiaries	Australia	Ordinary	**100**	100
Straits Indo Gold Pty Ltd	Australia	Ordinary	**100**	100
Straits Mine Management Pty Ltd	Australia	Ordinary	**100**	100
Templar Resources Pty Ltd	Australia	Ordinary	**100**	100
7874987 Canada Inc.	Canada	Ordinary	**100**	100
Goldminco Corporation Limited and its subsidiary	Canada	Ordinary	**100**	100
Goldminco Resources Pty Ltd	Australia	Ordinary	**100**	100
Straits Mineral Investments Pty Ltd	Australia	Ordinary	**100**	100
Aeris Regional Holdings Pty Ltd	Australia	Ordinary	**100**	-

Tritton Resources

Straits Mining Pty Ltd and Aeris Resources Limited hold 25.68% and 74.32% respectively, of the ordinary share capital of Tritton Resources Pty Ltd.

Goldminco Corporation Limited

Straits Exploration (Australia) Pty Ltd, 7874987 Canada Inc. and Straits Gold Pty Ltd hold 4.14%, 28.67% and 67.19% respectively of the ordinary share capital of Goldminco Corporation Limited.

(b) Interests in jointly controlled assets

(i) Jointly controlled assets

Name and principal activity	**% interest Held during the year 2019**	% interest Held during the year 2018
Torrens joint venture located in South Australia:		
Principal activity copper and gold exploration	**70**	70
Canbelago joint venture located in NSW:		
Principal activity copper and gold exploration	**30**	30

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

16 Contingencies

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.

17 Commitments

Exploration and mining leases

	2019 $'000	2018 $'000
Within one year	**2,061**	4,843
Later than one year but not later than five years	**4,573**	4,001
Later than five years	**70**	-
	6,704	8,844

The items disclosed in the table above represent the minimum lease expenditure requirements of the Group.

Operating leases

	2019 $'000	2018 $'000
Within one year	**197**	175
Later than one year but not later than five years	**65**	247
	262	422

18 Events occurring after the reporting period

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

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Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

19 Related party transactions

(a) Parent entities

The ultimate controlling entity and Australian Parent entity within the Group is Aeris Resources Limited.

(b) Subsidiaries

Investments in subsidiaries are set out in note 15.

(c) Directors

Mr Marcus Derwin is a Non-executive Director but does not fall within the ASX definition of “independent” as he is a nominee Director of Standard Chartered Bank, which has a material business relationship with Aeris. In terms of the restructuring deed approved on 15 December 2015, Aeris entered into with SCB and SPOV and SCB and SPOV each have a separate entitlement to appoint one Director to the Aeris Board provided their shareholding in Aeris, on a fully diluted basis, is 10% or more. SCB elected to take up this right and nominated Mr Marcus Derwin, who was appointed to the Aeris Board on 18 April 2016.

(d) HopgoodGanim Lawyers (HG)

Mr Michele Muscillo, an independent Non-executive Director is a partner of HG. Invoices totalling $1,361,470 (2018: $623,298) were received from HG on normal commercial terms during the year.

(e) Loans to key management personnel

No loans were made to key management personnel of the Group during the year.

(f) Key management personnel compensation

	2019 $'000	2018 $'000
Short-term employee benefits	**2,653**	2,301
Share-based payments	**573**	541
Post-employee benefits	**89**	91
	3,315	2,933

Detailed remuneration disclosures are provided in the remuneration report.

20 Share-based payments

(a) Employee Options

Executive management options (Management Options) issued were approved by shareholders at an EGM held on 15 December 2015 with a completion date of 31 December 2015. The options were issued to ensure that relevant managers remain employed by the Company to deliver on the Company’s stated business plan and growth strategy.

The management options are granted for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share and will be issued within 10 business days after the Company receives an exercise notice. The options have a $nil exercise price.

20 Share-based payments (continued)

(a) Employee Options (continued)

The options may only be exercised so as to not result in that holder having a voting power in the Company in excess of 19.99%. If a holder is unable to exercise their remaining vested options the Company must use its best and all reasonable endeavours to obtain any approval or consent to allow such exercise.

Upon exercise the shares will be subject to a period of voluntary escrow, with the shares being released from escrow in progressive tranches from the third anniversary of the restructure date (31 December 2015).

The number of options granted on 15 December 2015 totalled 93,410,609 at a $nil exercise price and a remaining contractual life of 1.5 years as at 30 June 2019.

The Options vest in five tranches as follows:

- 30.0% on the first anniversary of the completion date;
- 17.5% on the second anniversary of the completion date;
- 17.5% on the third anniversary of the completion date;
- 17.5% on the fourth anniversary of the completion date; and
- 17.5% on the fifth anniversary of the completion date.

Options remaining at balance date, not yet exercised, will expire 6 years after issue date (15 December 2021), or termination date whichever is earlier. To the extent the Options have not previously vested, it will be deemed immediately vested upon a Change of Control Event.

Fair value of options granted

The assessed fair value at grant date in circumstances where there is a $nil exercise price, the value per option on a fully marketable basis is equal to the value of the underlying share price less dividend ($0.04).

The shares are however subject to various escrow periods and as such a discount for lack of marketability to the Options have been applied to take into consideration the escrow period. A discount for lack of marketability was applied as below:

- 25 % for Tranche 1 ($0.03)
- 20% for Tranche 2 ($0.032)
- 15% for Tranche 3 ($0.034)
- 10% for Tranche 4 ($0.036)
- 0% for Tranche 5 ($0.04)

(b) Employee Share Acquisition Plan (ESAP)

A scheme under which shares may be issued by the Company to employees for no cash consideration was approved by the Board on 23 May 2011 and the ASIC exemption relief was published in the ASIC Gazette A045/11 on 7 June 2011.

The plan operates by allowing participants to obtain shares in the Company at market price, which are funded by a limited recourse interest free loan provided by the Company. The shares are held in trust with vesting of the shares subject to service conditions. If vesting conditions are satisfied, the shares continue to be held in trust subject to a holding lock until the underlying loan is repaid in full. The trust is currently dormant with no shares issued in the current year.

As part of the debt restructure that was approved by shareholders on 15 December 2015, it included a resolution on approval for issue of options to Mr Andre Labuschagne and other key management personnel. The issue of Management Options was conditional on all ESAP shares pursuant to the existing incentive ESAP plan for the senior management of the Company be bought back and cancelled by the Company in accordance with the Corporations Act.

There are currently no shares issued or allocated under the ESAP Plan.

20 Share-based payments (continued)

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2019 $	2018 $
Employee options	**573,528**	540,834

21 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

(a) PwC Australia

(i) Audit and other assurance services

	2019 $	2018 $
Audit and review of financial statements	**307,000**	288,000
Total remuneration for audit and other assurance services	**307,000**	288,000
Other services		
Tax compliance	**533,125**	285,558
Total remuneration of PwC Australia	**840,125**	573,558

(b) Network firms of PwC Australia

(i) Audit and other assurance services

Audit and review of financial reports and other audit work	**2,733**	10,076
Total auditors' remuneration	**842,858**	583,634

It is the Group's policy to employ the auditors on assignments additional to their statutory audit duties where their expertise and experience with the Group are important. These assignments are principally for taxation advice.

22 Earnings per share

(a) Basic earnings per share

	2019 Cents	2018 Cents
From continuing operations attributable to the ordinary equity holders of the company	**(3.1)**	30.9
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(3.1)**	30.9

(b) Diluted earnings per share

	2019 Cents	2018 Cents
From continuing operations attributable to the ordinary equity holders of the company	**(3.1)**	15.1
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**(3.1)**	15.1

(c) Reconciliations of earnings used in calculating earnings per share

	2019 $'000	2018 $'000
Basic earnings per share		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	**(12,673)**	55,304
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**(12,673)**	55,304

(d) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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22 Earnings per share (continued)

(e) Weighted average number of shares used as denominator

	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**409,168,339**	178,782,570
Adjustments for calculation of diluted earnings per share:		
Amounts uncalled on partly paid shares and calls in arrears	**93,410,609**	93,410,609
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	**595,989,557**	365,603,788

23 Carrying amounts of non-current assets pledged as security

The carrying amounts of non-current assets pledged as security for current and non-current borrowings are:

	2019 $'000	2018 $'000
Non-current		
First mortgage		
Freehold land and buildings	**1,324**	1,324
Plant and equipment	**32,498**	32,626
Mine properties	**45,757**	51,014
Exploration and evaluation assets	**20,888**	17,415
	100,467	102,379
Finance lease		
Plant and equipment	**10,212**	9,466
Total non-current assets pledged as security	**110,679**	111,845
Total assets pledged as security	**110,679**	111,845

24 Parent entity financial information

(a) Summary financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

	2019 $'000	2018 $'000
Balance sheet		
Current assets	**3,557**	5,306
Non-current assets	**117,530**	118,653
Total assets	**121,087**	123,959
Current liabilities	**2,521**	1,942
Total liabilities	**2,521**	1,942
Shareholders' equity		
Contributed equity	**420,835**	388,179
Convertible preference shares (Redeemable and Non-Redeemable)	**4,208**	4,208
Reserves	**2,720**	2,146
Accumulated losses	**(309,197)**	(272,515)
	118,566	122,018
(Loss)/profit for the year	**(36,882)**	11,084
Total comprehensive (loss)/profit	**(36,682)**	11,084

(b) Guarantees entered into by the Parent entity

The Parent entity has provided financial guarantees in respect of performance bonds for work commitments on mining and mineral exploration tenements, for the Parent entity and its subsidiaries secured by cash deposits amounting to $3,785,900 with other cash backed financial guarantees of $103,830 which totalled $3,889,730. Total guarantees for the prior year were $3,889,730.

In addition the Parent entity also provided a parent company guarantee in relation to the PAG SPOV debt facilities to Tritton Resouces Pty Ltd.

(c) Contingent liabilities of the Parent entity

The Parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018. For information about guarantees given by the Parent entity, please see above.

(d) Contractual commitments for the acquisition of property, plant or equipment

The Parent entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 30 June 2019 or 30 June 2018.

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25 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Aeris Resources Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. Aeris Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

The presentation currency used in this financial report is Australian dollars.

(i) New and amended standards adopted by the group

Certain new accounting standards and amendments to standards have been published that are mandatory for 30 June 2019 reporting periods. The Group has assessed these new standards and amendments and they do not materially impact the amounts recognised in the current period or any prior period and are not likely to affect any future periods.The Group early adopted AASB 9 during the year ended 30 June 2018. The Group has not early adopted any standard during the year ended 30 June 2019.

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.

The Group early adopted AASB 9 in its 30 June 2018 financial statements, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The accounting policies were changed to comply with AASB 9. 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.

(ii) New standards and interpretations not yet adopted

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

The Group's assessment of the impact of these new standards and interpretations is set out below.

25 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) New standards and interpretations not yet adopted (continued)

Title of standard	**AASB 16 *Leases***
Nature of change	AASB 16 was issued in February 2016 and replaces AASB 117 Leases. It will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting by lessors, however, will not significantly change.
Impact	The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in AASB 16. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $262,000 see note 17 all of which are low value with the expenses to be recognised on a straight line basis in the Consolidated Statement of Comprehensive Income. For the remaining lease commitments the Group expects to recognise right-of-use assets of approximately $2,000,000 on 1 July 2019, lease liabilities of approximately $1,800,000 and deferred tax assets of approximately $600,000. Overall, net assets will be approximately $300,000 lower and net current assets approximately $1,000,000 lower, due to the presentation of a portion of the liability as current liability. Operating cash flows will increase and financing cash flows decrease approximately $1,000,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.
Mandatory application date/ Date of adoption by Group	The group will apply the standard from its mandatory adoption date of 1 July 2019. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). Under the modified retrospective approach, the right of use asset may be deemed to be equivalent to the liability at transition or calculated retrospectively as at inception of the lease, on a lease-by-lease basis.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

(iii) Compliance with IFRS

The financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through the profit and loss.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 12.

25 Summary of significant accounting policies (continued)

(b) Principles of consolidation

(i) Subsidiaries

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Comprehensive Income, Statement of Changes in Equity and Balance Sheet respectively.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Aeris Resources Limited ('company' or 'Parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Aeris Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(ii) Changes in ownership interests

The Consolidated Entity treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Consolidated Entity. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received are recognised in a separate reserve within equity attributable to owners of Aeris Resources Limited.

When the Consolidated Entity ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest of an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Consolidated Entity had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the income statement where appropriate.

(iii) Joint ventures

Jointly controlled assets
The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is Aeris Resources Limited's functional and presentation currency.

25 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Comprehensive Income.

All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each Consolidated Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the income statement, as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate for the year.

(d) Revenue recognition

(i) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(ii) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer note 25(h).

25 Summary of significant accounting policies (continued)

(e) Leases

Leases of property, plant and equipment where the controlled entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current or non-current interest bearing liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Consolidated Entity as lessee are classified as operating leases. Operating lease payments are charged to the Consolidated Statement of Comprehensive Income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased asset.

(f) Impairment of assets

Mining properties that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal Groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal Group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

25 Summary of significant accounting policies (continued)

(h) Investments and other financial assets

(i) Classification

The Group classifies its investments in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in the statement of comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. See note 8 for details about each type of financial asset.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(iii) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

- Amortised cost:

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

25 Summary of significant accounting policies (continued)

(h) Investments and other financial assets (continued)

(iii) Debt instruments (continued)

- Fair value through other comprehensive income (FVOCI):

  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- Fair value through profit or loss:

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of comprehensive income and presented net in the statement of comprehensive income within other gains/(losses) in the period in which it arises.

(iv) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the statement of comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(v) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 13 details how the Group determines whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(i) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

25 Summary of significant accounting policies (continued)

(i) Derivatives and hedging activities (continued)

The fair values of derivative financial instruments used for hedging purposes are disclosed in note 13. Movements in the hedging reserve in shareholders' equity are shown in note 10(c). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income, within other income (expenses).

Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedge reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions the Group hedges their exposure to the variability in cash flows attributable to movements in the AUD copper price on forecast sales. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the years when the hedged item affects the statement of comprehensive income, as follows:

- The gain or loss relating to the effective portion of the spot component of forward contracts is treated as follows. The deferred amounts are ultimately recognised in the statement of comprehensive income as the hedged item affects profit or loss; or
- The gain or loss relating to the effective portion of the forward copper contracts - cash flow hedges is recognised in the statement of comprehensive income.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the statement of comprehensive income.

Hedge ineffectiveness is recognised in the statement of comprehensive income within other expenses.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Consolidated Statement of Comprehensive Income and are included in other income or other expenses.

25 Summary of significant accounting policies (continued)

(j) Mine properties in use

Certain mining costs, principally those that relate to the stripping of waste and which relate to future economically recoverable ore to be mined, have been capitalised and included in the balance sheet as deferred mining. These costs are deferred or taken to the cost of production as the case may be, so that each tonne of ore mined bears the average costs of waste removal per tonne of ore, as determined by the waste to ore ratio derived from the current pit design and incurs the associated variable contract mining costs specific to the production area from which that ore is mined. The waste to ore ratio and the remaining life of the mine are regularly assessed by the Directors and senior management to ensure the carrying value and rate of deferral is appropriate.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Consolidated Statement of Comprehensive Income as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

(m) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised in the year that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

(n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

25 Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting year of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting year, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share based compensation benefits are provided to employees via the Aeris Resources Limited ESAP.

Share based compensation under the ESAP is measured as the value of the option inherent within shares issued under this plan and is expensed over the vesting period of the shares with a corresponding credit to the share based payments reserve.

(iv) Termination benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as provisions.

Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future payments, where the effect of discounting is material.

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(o) Contributed equity

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are expensed.

(p) Preference equity

The classification of preference shares is based on the assessment of the contractual arrangement’s substance and the definitions of a financial liability and equity instrument. Non-redeemable shares where dividends are discretionary and Redeemable preference shares, at the issuer’s option does not give rise to a contractual obligation to pay cash, they are classified as Equity as it represents an equity interest in the Company and any conversion is into a fixed number of ordinary shares in Aeris Resources Limited.

(q) Parent entity financial information

The financial information for the Parent entity, Aeris Resources Limited, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below.

25 Summary of significant accounting policies (continued)

(q) Parent entity financial information (continued)

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Aeris Resources Limited. Dividends received from associates are recognised in the Parent entity's income statement, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Aeris Resources Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Aeris Resources Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Aeris Resources Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Aeris Resources Limited for any current tax payable assumed and are compensated by Aeris Resources Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Aeris Resources Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the tax consolidated Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) Rounding of amounts

The Company is of a kind referred to in Legislative Instrument 2016/91, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 23 to 82 are in accordance with the *Corporations Act 2001*, including:

(i) Complying with Australian 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 30 June 2019 and of its performance for the year ended on that date.

(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.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 Directors.

Andre Labuschagne
Director

Brisbane
29 August 2019

Independent auditor's report

To the members of Aeris Resources Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Aeris Resources Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2019
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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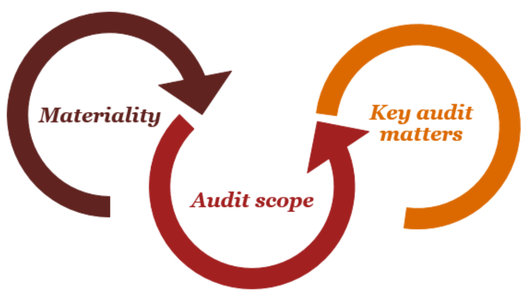
Material uncertainty related to going concern

We draw attention to Note 3 in the financial report, which indicates that the Group incurred a net loss of $12.673 million during the year ended 30 June 2019 and, as of that date, the Group's current liabilities exceeded its current assets by $ 37.686 million, primarily as a result of $ 48.919 million of borrowings being repayable in March 2020. As a result, the Group is dependent on generating sufficient cash from operations or accessing other sources of capital or funding to enable it to repay these borrowings by its due date. These conditions, along with other matters set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $ 2.1 million, which represents approximately 1% of the Group's three years average revenue. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose the Group's revenue because, in our view, it is the benchmark against which the performance of the Group is commonly measured. Due to the recent volatility in profit before tax from year to year, we chose a three year average. • We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group has exploration and production assets at the Tritton mine in New South Wales. • The accounting processes are structured around the head office finance function at the Group's corporate office in Brisbane, where we predominantly performed our audit procedures. The audit engagement team also conducted a site visit to the Tritton mine.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Carrying value of Tritton Operations assets – Carrying value of exploration and evaluation assets • These are further described in the *Key audit matters* section of our report, except for the matter which is described in the *Material uncertainty related to going concern* section.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	*How our audit addressed the key audit matter*
Carrying value of Tritton Operations assets *Refer to note 9 (b), 12 (iii) and 25 (f) to the financial report* The Group recognises property, plant and equipment used in Tritton mine operations. Due to the net assets of the Group exceeding its market capitalisation, the Group identified indicators of impairment in the Tritton operations assets. As a result, the Group tested the Tritton operations assets for impairment by calculating the fair value less costs of disposal (FVLCD) of the Tritton operations assets Cash Generating Unit (CGU), using a discounted cash flow model.	We performed the following audit procedures, amongst others: • We evaluated the Group's assessment of whether there was any indicator of impairment of its Tritton operations assets CGU as at 30 June 2019 by comparing the considerations included in the Group's assessment to the requirements of Australian Accounting Standards. • Considered whether the discounted cash flow model used to estimate the FVLCD (the impairment model) was consistent with the basis required by Australian Accounting Standards • Compared forecast cash flows used in the

Key audit matter	*How our audit addressed the key audit matter*

The carrying value of Tritton operations assets was a key audit matter due to the significance of their carrying value, and because the Group's determination of the FVLCD of the CGU involves significant judgements about assumptions, such as:
 	
• cash flow projections based on the Group's budget and forecasts, which include assumptions about commodity prices, exchange rates, reserves and mine planning scheduling and production costs and
• post-tax discount rates based on benchmarked market inputs, risk adjusted where necessary.
	model with the most up-to-date budgets and business plans formally approved by the Board.
	• Considered management's track record for budgeting by comparing budgets to actuals for the past three years.
	• Considered whether the forecast cash flows used in the impairment model were based on supportable assumptions by:
	  ○ Comparing the copper price data used in the impairment model to industry forecasts
	  ○ Comparing the forecasted cash flows to actual cash flows for previous years to assess the accuracy of the Group's forecasting
	  ○ Comparing the foreign exchange rate assumption in the impairment model to current economic forecasts and
	  ○ Assisted by PwC valuation experts, we considered the inputs into the Group's weighted average cost of capital calculation used to determine the discount rate. This included comparing inputs to peer company betas, risk free rate and gearing ratios.
	• Performed a sensitivity analysis on key assumptions in the model including changing the commodity prices and discount rates to assess the impact on the outcome of the calculation
	• Tested the mathematical accuracy of a sample of the model's calculations; and
	• Evaluated the adequacy of the disclosures, including those regarding the key assumptions in the valuation and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.

Carrying value of exploration and evaluation assets *Refer to note 9 (c) to the financial report*	We evaluated the Group's impairment trigger assessment by performing a number of procedures including the following:

Key audit matter	*How our audit addressed the key audit matter*
The Group's exploration portfolio includes six exploration licences over the Tritton volcanogenic massive sulphide deposit in New South Wales and Torrens projects on Lake Torres in South Australia. As required by Australian Accounting Standards, the Group performed an impairment trigger assessment of its exploration and evaluation tenements assets at 30 June 2019 and determined that there were no indicators of impairment. The carrying value of exploration and evaluation assets was a key audit matter due to the significance of the exploration and evaluation assets and the judgement required in estimating resources available in each tenement that requires further exploration and evaluation.	• Interviewing key operational and finance staff to develop an understanding of the current status and future exploration intentions for each asset • Inspecting the budgets for each tenement to check that future expenditure is budgeted for exploration and evaluation assets • Identifying any areas where the Group's right to explore is either at, or close to, expiry through reference to the tenements' lease expiry dates and assessing the appropriateness of retaining the associated costs as an asset by obtaining copies of applications for renewal of the leases with relevant authorities • Identifying any unsuccessful exploration activities during the year by inspecting the results of drilling and other activities conducted during the year and considering the Group's future exploration plans for the related tenements • Identifying any changes in exploration plans for each tenement by considering the exploration and evaluating activities planned during the year ending 30 June 2020; • For a sample of additions to exploration assets capitalised as at 30 June 2019, compared amounts and details to relevant invoices and appropriate supporting documents. • Evaluated whether, in view of the requirements of Australian Accounting Standards, the financial report provide adequate disclosures for exploration and evaluation assets.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 45 to 54 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Aeris Resources Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Simon Neill
Partner

Brisbane
29 August 2019

Shareholder Information

The shareholder information as set out below was applicable at 27 September 2019.

Issued Capital:

Range	
Fully paid ordinary Shares	455,711,613
Redeemable cumulative convertible preference shares	93,410,609
Employee options	93,410,609

Distribution of holders of fully paid ordinary shares:

Range	Units	No. of holders	%
100,001 and Over	431,274,009	271	7.95
10,001 to 100,000	21,175,732	540	15.85
5,001 to 10,000	1,752,578	224	6.57
1,001 to 5,000	1,083,807	402	11.8
1 to 1,000	425,487	1970	57.82
Total	**455,711,613**	**3407**	**100**
Unmarketable Parcels	2,525,788	2521	74

Substantial shareholders:

Shareholder	Units	%
SPECIAL PORTFOLIO OPPORTUNITY V LIMITED	198,619,350	43.58
DGJ KEET INVESTMENTS (SINGAPORE)	26,865,574	5.9
BAIN CAPITAL CREDIT	21,466,373	4.71
GLENCORE FINANCE (BERMUDA) LTD	13,151,314	2.89
KINETIC INVESTMENT PARTNERS	11,768,745	2.58

Voting rights:

On a show of hands, every member present has one vote; and

On a poll, every member present has one vote for each share held by the member and in respect of which the member is entitled to vote except in respect of partly paid shares, each of which will confer on a poll only a fraction of one vote which the amount paid up on the share bears to the total issue price of the share .

Shareholder Information

Top 20 Shareholders:

Rank	Name	Number	%
1	SPECIAL PORTFOLIO OPPORTUNITY V LIMITED	140,115,913	30.75
2	SPECIAL PORTFOLIO OPPORTUNITY V LIMITED	58,503,437	12.84
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	55,810,591	12.25
4	BCC LAUNCHPAD IRELAND HOLDINGS DESIGNATED ACTIVITY COMPANY	21,466,373	4.71
5	GLENCORE FINANCE (BERMUDA) LTD	13,151,314	2.89
6	CITICORP NOMINEES PTY LIMITED	11,115,577	2.44
7	NORFOLK ENCHANTS PTY LTD	5,000,000	1.10
8	NING LAURENSON HOLDINGS PTY LTD	3,702,779	0.81
9	MRS CHRISTINE EMILY COGHLAN	3,700,000	0.81
10	M & C COGHLAN PTY LTD	3,350,000	0.74
11	MR BASTIAAN SCHEEPERS	3,212,005	0.70
12	MR SANJAY SHARMA & DR SEEMA SHARMA	3,140,900	0.69
13	SAM INVESTORS PTY LTD	2,719,147	0.60
14	ZERO NOMINEES PTY LTD	2,563,054	0.56
15	MR MARK ANDREW BEHNE	2,500,000	0.55
16	AMPERSAND 8 PTY LTD	2,188,888	0.48
17	FEOH PTY LTD	2,000,000	0.44
18	S N S SERVICES PTY LTD	1,744,800	0.38
19	MR MILAN JERKOVIC	1,649,155	0.36
20	PRECISION OPPORTUNITIES FUND LTD	1,625,000	0.36
Top 20 holders of fully paid ordinary shares		339,276,933	74.45
Total Remaining Holders Balance		**116,434,680**	**25.55**

Shareholder Information

Terms of Convertible Preference Shares

Redeemable Cumulative Convertible Preference Shares (CRPS)

As part of the debt restructure approved at the Extraordinary Meeting of Shareholders on 15 December 2015, the Company issued 560,463,653 Convertible Redeemable Preference Shares (CRPS) to Standard Chartered Bank (Existing Lender) on 31 December 2015.

At 30 June 2019, 93,410,609 CRPS remain on issue.

The key terms of the CRPS are:

- Fully paid redeemable cumulative convertible preference shares in the Company;
- Redeemable by the Company any time in the first four years after issue. The Company may only redeem the CRPS if all CRPS are redeemed at the same time;
- The holder can convert all or any amount at any time with mandatory conversion on the fifth anniversary after issue;
- The CRPS accrue a cumulative unfranked dividend of 5% per annum and if the dividend is not paid then interest will accrue on the outstanding dividend at a rate of 5% per annum;
- If the CRPS are converted, any unpaid dividends and accrued interest are written off;
- The CRPS may be transferred by a CRPS Holder to a Related Body Corporate and also to external parties (but only where the number of CRPS transferred to that external party, if converted on completion of the transfer, would result in that party holding voting power of less than 20% of the Company);
- CRPS carry voting rights only in the following circumstances: on any resolution to reduce the share capital of the Company;
  - on any resolution that may affect the rights attached to the CRPS;
  - on any resolution to wind up the Company;
  - on any resolution for the disposal of the whole of the property, business and undertaking of the Company; and
  - on any resolution to approve the terms of the buy-back agreement;
  - on any resolution during a period in which a dividend or part of a dividend on the CRPS is in arrears; or
  - on any resolution during the winding up of the Company; and
- Without the prior consent of the CRPS Holders, the Company must not:
  - issue equity (other than Shares), hybrid equity or instruments convertible into equity or hybrid equity (other than as contemplated by the Restructuring Deed);
  - issue Shares at a discount of more than 25% of the volume weighted average sale price on the ASX of Shares during the 10 trading days prior to the relevant offer; or
  - undertake any action which will or may adjust the terms of Shares in the Company or reduce the Company's Share capital.

Shareholder Information

Non-Redeemable Cumulative Convertible Preference Shares (CNRPS)

As part of the debt restructure approved at the Extraordinary Meeting of Shareholders on 15 December 2015, the Company issued 140,115,913 Convertible Non-Redeemable Preference Shares (CNRPS) to Special Portfolio Opportunity V Limited (New Lender) on 31 December 2015 .

On 21 March 2018, all 140,115,913 CNRPS were converted to ordinary issued shares.

The key terms of the CNPRS are:

- Fully paid non-redeemable cumulative convertible preference shares in the Company;
- The holder can convert all or any amount at any time with mandatory conversion on the fifth anniversary after issue;
- The CNRPS accrue a cumulative unfranked dividend of 5% per annum and if the dividend is not paid then interest will accrue on the outstanding dividend at a rate of 5% per annum;
- If the CRPS are converted, any unpaid dividends and accrued interest are written off;
- CNRPS carry voting rights only in the following circumstances:
  - on any resolution to reduce the share capital of the Company;
  - on any resolution that may affect the rights attached to the CNRPS;
  - on any resolution to wind up the Company;
  - on any resolution for the disposal of the whole of the property, business and undertaking of the Company;
  - on any resolution to approve the terms of the buy- back agreement;
  - on any resolution during a period in which a dividend or part of a dividend on the CNRPS is in arrears; or
  - on any resolution during the winding up of the Company;
- The CNRPS may be transferred by a CNRPS Holder to an Affiliate and also to external parties (but only where the number of CNRPS transferred to that external party, if converted on completion of the transfer, would result in that party holding voting power of less than 20% of the Company); and
- Without the prior consent of the CNRPS Holders, the Company must not:
  - issue equity (other than Shares), hybrid equity or instruments convertible into equity or hybrid equity (other than as contemplated by the Restructuring Deed);
  - issue Shares at a discount of more than 25% of the volume weighted average sale price on the ASX;
  - of Shares during the 10 trading days prior to the relevant offer; or
  - undertake any action which will or may adjust the terms of Shares in the Company or reduce the Company's Share capital.

Glossary

$ or A$	Australian dollar
Aeris	Aeris Resources Limited
Ag	Silver
ASX	Australian Securities Exchange
Au	Gold
AuEq	Gold equivalent – gold plus silver expressed in equivalent ounces of gold using a conversion ratio dependent on prevailing gold and silver prices
Bcm	Bank cubic metres
Board	Board of Directors of Aeris Resources Limited
Company or company	Aeris Resources Limited
Cu	Copper
DMT	Dry Metric Tonnes
Cu%	Copper percentage
for the year	12 months to 30 June 2019
FY	Financial year
g	Gram
Group	Aeris and its subsidiaries
Injury Statistics	Lost Time Injury (LTI) - An injury (including a fatality or permanent disability) that results in a minimum of one full shift absence from work. Restricted Work Injury (RWI) - An injury resulting in a person not returning to his/her complete range of normal duties. Medical Treatment Injury (MTI) - An injury requiring external/professional medical treatment (not first aid treatment only). Total Recordable Injury (TRI) = LTI + RWI + MTI. Frequency Rate (for LTIFR and TRIFR) - The number of occupational injuries expressed as a rate per million man hours worked. Usually calculated as a rolling 12 month average. Calculated as: Number of injuries (LTI or TRI) x 1,000,000/number of hours worked
kt	Thousands of metric tonnes
M	Million
Mo	Molybdenum
oz	Ounces
RL	Relative Level (height above mine datum)
tpa	Tonnes per annum
t	Metric tonne
US$	United States dollar

Corporate Directory

Directors

Andre Labuschagne Executive Chairman

Alastair Morrison Non Executive Director

Michele Muscillo Non Executive Director

Marcus Derwin Non Executive Director

Joint Company Secretary

Robert Brainsbury

Dané van Heerden

Senior Management – Corporate

Robert Brainsbury Chief Financial Officer

Ian Sheppard Chief Operating Officer

Senior Management – Operations

John Miller General Manager Tritton Copper Operations

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STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX: AIS)

AUDITORS

PricewaterhouseCoopers

LAWYERS

HopgoodGanim Lawyers

ASX | AIS