



Quarterly Activities Report

For the period ended March 2016

MARCH QUARTER HIGHLIGHTS

About Aeris Resources

Aeris Resources Limited (ASX: AIS) is an established copper producer and developer with multiple mines and a 1.6 Mtpa copper processing plant at its Tritton Copper Operations in New South Wales, Australia.

In FY2015 Aeris' Tritton Operations achieved record production of 30,245 tonnes of copper metal exceeding the previously upgraded guidance for FY2015 of 28,500 tonnes. Forecast copper metal production in FY2016 is 29,500 tonnes.

The Company also has an exciting portfolio of highly prospective exploration projects creating a pipeline for future growth, including advanced projects at its Tritton Operations.

Aeris' Board and Management team is experienced in all aspects of mining and corporate development.

Aeris has a clear vision to become a mid-tier, multi-operation company – delivering shareholder value through an unwavering focus on operational excellence.

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OPERATIONS:

- Production guidance upgraded from 28,000tpa to 29,500tpa
- Strong Production - another good quarter for copper production with 8,073t
- Cost reduction - C1 Unit Cash Costs reduced to A\$1.98/lb, a 17.5% reduction on the first two quarters of FY16
- Board approves Murrawombie Underground development

CORPORATE:

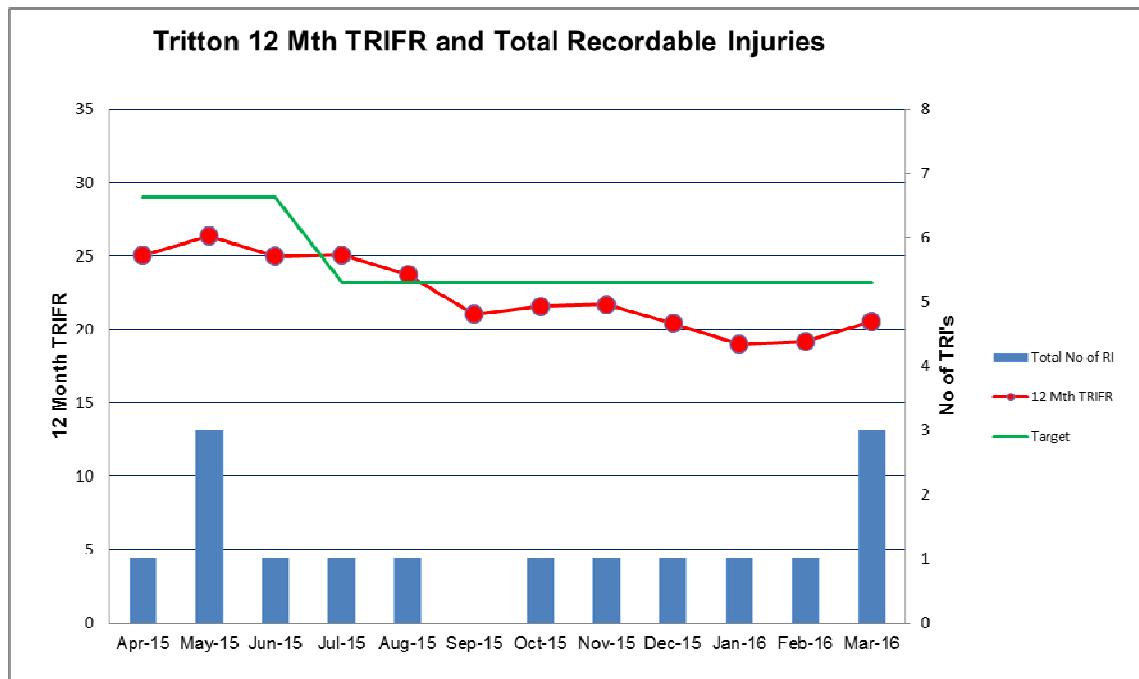
- Cash and receivables of \$15.3M at the end of the quarter
- Appointment of Non-Executive Director
- Sale of Temora and Currumburrama exploration projects completed

Q3 FY2016 Quarterly Activities Report

Safety, Environment and Community

There were no lost time injuries during the quarter.

The total recordable injury frequency rate (TRIFR) is 20.5 as at 31 March 2016. Aeris continues to prioritise the safety of its work force and aims to sustain this rate of improvement through a focus on improving safe behaviours.

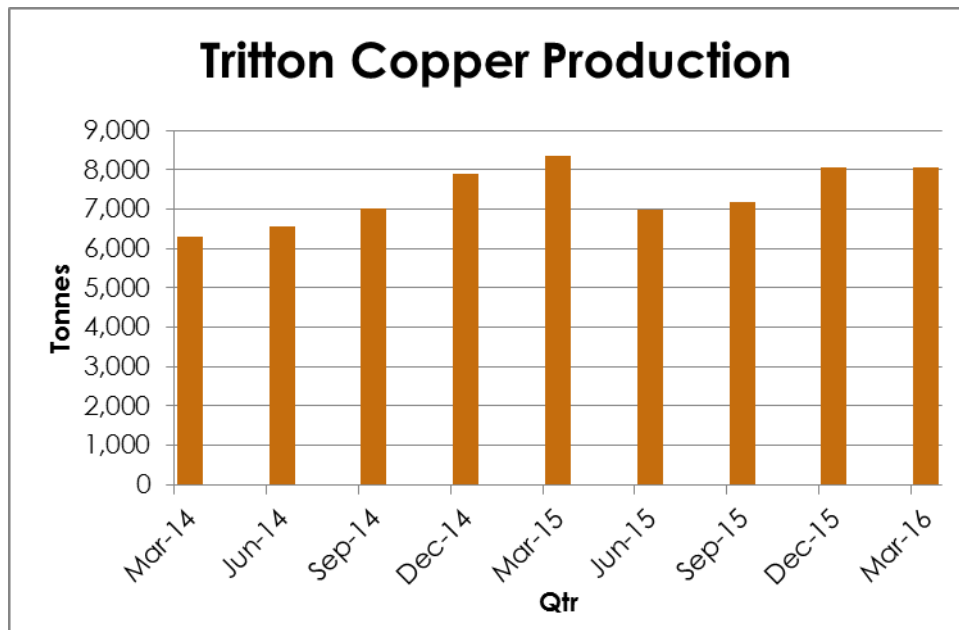


There were no reportable environmental incidents during the quarter.

Tritton Copper Mine (NSW)

PRODUCTION

Copper production for the March quarter continues to be strong at 8,073 tonnes, a slight increase on the previous quarter and in line with the mining plan.



Ore processing performance remains consistent with 417,244dmt of ore being processed during the quarter.

The processing plant was shut down for three days in March for a reline of the SAG Mill and to complete yearly statutory electric infrastructure inspections.

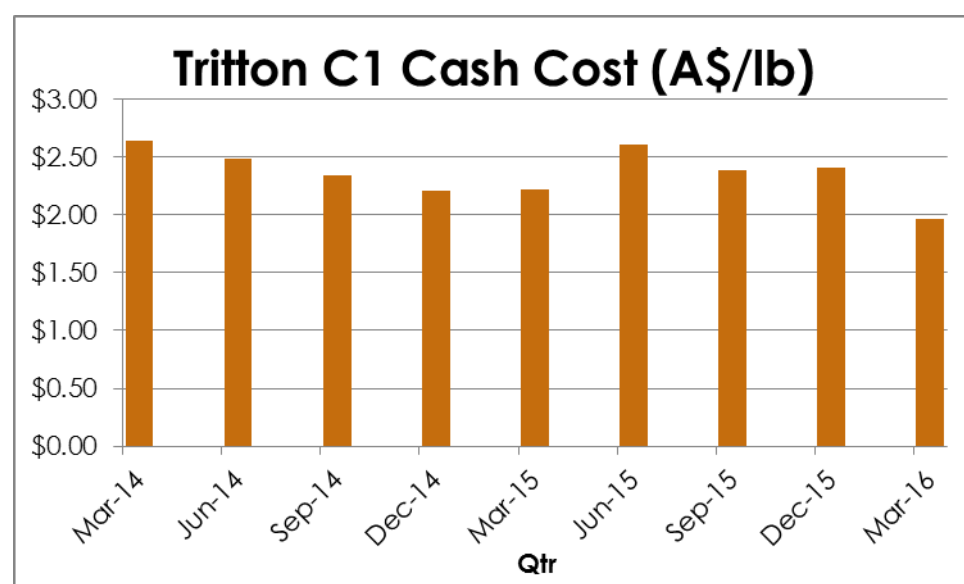
Copper recovery at 95.18% was higher than the prior quarter and is due to higher copper ore head grade processed during the quarter.

Improving reliability of the mine equipment fleet, through strategic equipment replacement and improved maintenance practices, has continued to be a high focus. During the quarter two new 63t underground trucks were added to the fleet, following on from two delivered during the December quarter. A further four new trucks are on order and scheduled for delivery in the coming months. A new drill rig was also acquired during the quarter.

Tritton Production Statistics

		MAR 2015 QTR	JUN 2015 QTR	SEP 2015 QTR	DEC 2015 QTR	MAR 2016 QTR
MINED	TONNES	402,049	413,039	430,244	424,445	417,244
GRADE	Cu (%)	2.14%	1.82%	1.88%	1.86%	1.94%
ORE MILLED	TONNES	404,169	407,909	397,798	454,404	441,630
GRADE MILLED	Cu (%)	2.17%	1.81%	1.91%	1.86%	1.90%
RECOVERY	Cu (%)	94.83%	94.22%	93.97%	94.23%	95.18%
COPPER CONCENTRATE PRODUCED	TONNES	34,157	28,005	30,210	33,241	33,004
COPPER CONCENTRATE GRADE	Cu (%)	24.31%	24.77%	23.58%	24.02%	24.18%
CONTAINED COPPER IN CONCENTRATE	TONNES	8,304	6,938	7,123	7,985	7,981
COPPER CEMENT PRODUCED	TONNES	48	39	60	86	92
TOTAL COPPER PRODUCED	TONNES	8,352	6,977	7,183	8,071	8,073

COSTS



C1 unit cash costs for the quarter were A\$1.98/lb, a 17.5% improvement on the first two quarters of FY16 and was as a result of our ongoing focus on cost reduction strategies, lower product handling costs and lower TC/RC's, reflecting the lower benchmark TC/RC's for the 2016 calendar year, which were finalised during the quarter.

Tritton Unit Cost Statistics (A\$/lb)

	MAR 2015 QTR	JUN 2015 QTR	SEP 2015 QTR	DEC 2015 QTR	MAR 2016 QTR
TOTAL MINING COSTS	1.04	1.39	1.23	1.15	0.98
TOTAL SITE PROCESSING COSTS	0.30	0.37	0.41	0.37	0.32
TC/RC'S & PRODUCT HANDLING	0.70	0.63	0.54	0.70	0.53
NET BY-PRODUCT CREDIT (INCL PROCESSING/TC/RC/TRANSPORT)	(0.05)	(0.06)	(0.04)	(0.05)	(0.07)
OTHER DIRECT CASH COSTS	0.23	0.28	0.28	0.24	0.22
TOTAL C1 COSTS	2.22	2.61	2.39	2.41	1.98
ROYALTIES	0.08	0.09	0.06	0.06	0.07
CONCENTRATE INVENTORY MOVEMENT	0.51	0.17	(0.70)	0.46	(0.08)
TOTAL CASH COSTS	2.81	2.87	1.76	2.93	1.97
DEPRECIATION & AMORTISATION	0.40	0.54	0.48	0.47	0.46
TOTAL PRODUCTION COSTS	3.21	3.41	2.24	3.40	2.43

Total production unit costs decreased compared to the previous quarter mainly due to inventory movements impacted by timing of shipments.

Capital expenditure at Tritton in the quarter was \$4.6 million.

Tritton capital expenditure (A\$ Million)

	MAR 2015 QTR	JUN 2015 QTR	SEP 2015 QTR	DEC 2015 QTR	MAR 2016 QTR
PROPERTY, PLANT AND EQUIPMENT	1.4	5.5	0.8	1.8	1.2
MINING DEVELOPMENT	3.5	2.9	3.9	3.9	3.1
EXPLORATION	0.5	1.1	1.2	0.3	0.3
TOTAL	5.4	9.5	5.9	6.0	4.6

OUTLOOK

Copper production guidance for FY2016 has been upgraded from 28,000tpa to 29,500tpa Cu.

Exploration and Project Development

EXPLORATION - TRITTON MINES AND SURROUNDING TENEMENTS

Aeris currently holds 184,600 hectares in the prospective Tritton VMS district. This is made up of four granted exploration and three mining leases. Six major mafic complexes have been identified within a sequence of sedimentary rocks with a combined strike length of greater than 100km. Numerous anomalies have been identified and remain untested in the Tritton region (see Figure 1).

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

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

Tritton Deeps

At Tritton the current Ore Reserve extends down to the 4,165mRL level while the Mineral Resource extends down to the 4,000mRL (1,280m below surface). Importantly mineralisation has not been closed off at depth below this level.

A drilling program has commenced to better define the orebody below 4,200mRL, known as "Tritton Deeps". The Tritton Deeps project is a multi-phase drill program designed to test mineralisation continuity below current drilling information and extend the Mineral Resource Inventory to the 3,800mRL level (1,480m below surface).

The initial Tritton Deeps Phase 1 drill program was completed in H2 CY2015 with the results announced to the ASX on 2 October 2015 (correction announced 20 October 2015). The program, totaling 17 holes (6,641m) was designed to primarily confirm continuity of copper mineralisation between the 4,200mRL to 4,000mRL levels (the window approximately 200m below the 30 June 2014 Ore Reserve). Two drill holes were extended deeper and intersected copper mineralisation down to the 3,830mRL level (1,460m below surface) indicating copper mineralisation is not closed off a depth (see Figure 2). Drill hole intersections above 4,050mRL are perpendicular to sub perpendicular to mineralisation. Below 4,050mRL drill holes intersect the mineralisation at more acute angles and the true width of the orebody is more difficult to determine. This is relevant for drill holes TRNM009, TRNM010 and TRNM021a.

The second phase of the Tritton Deeps drilling program was completed in Q1 2016. The program was designed to drill out the Tritton orebody to 40m x 40m drill spacing between the 4,200mRL to 4,000mRL, and thereby increasing the level of geological and grade certainty. Work is now being undertaken to update the Tritton Mineral Resource and Ore Reserve estimates.

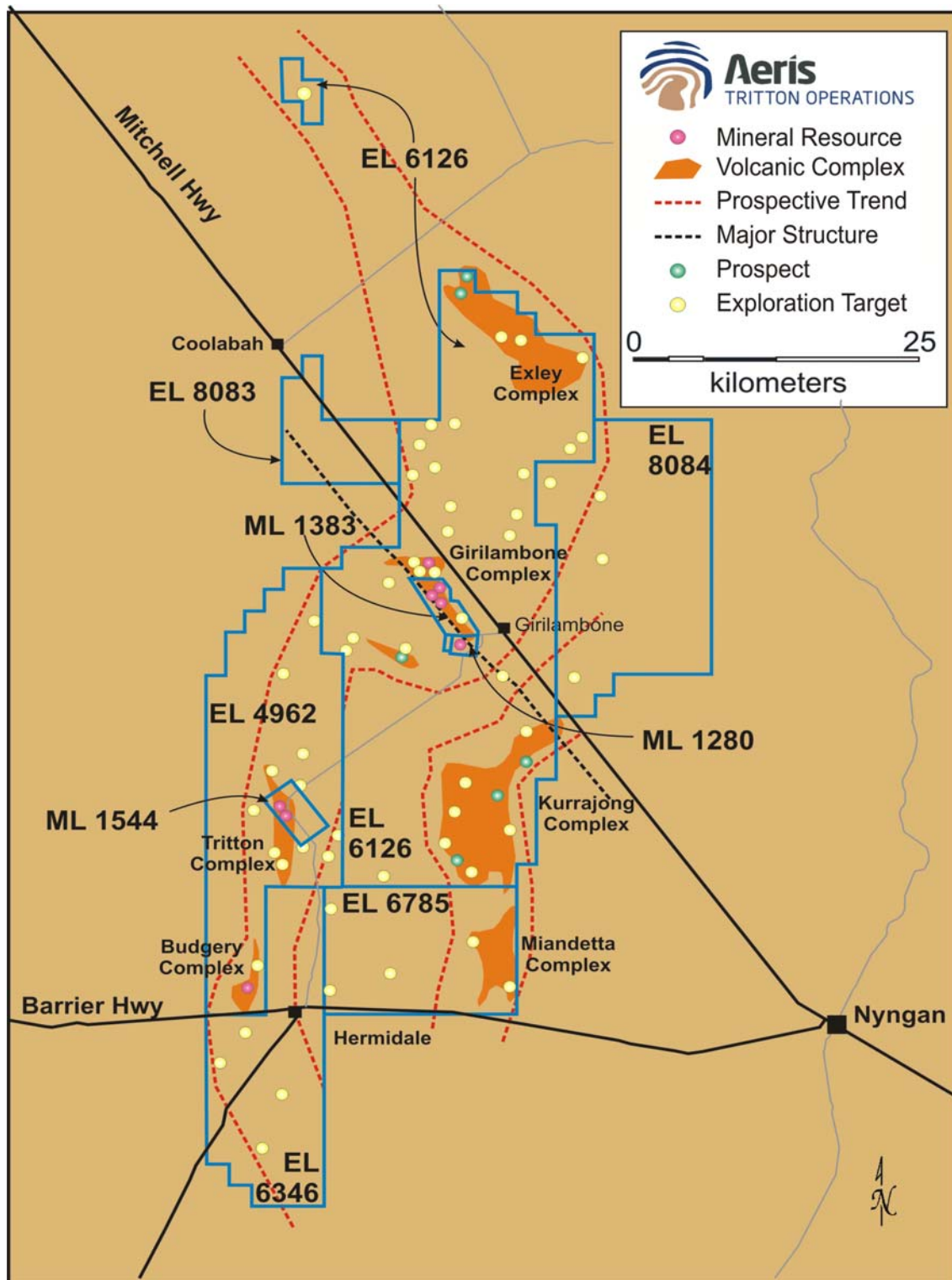


Figure 1: Tritton Region showing known basement complexes prospective for VMS systems and current operations

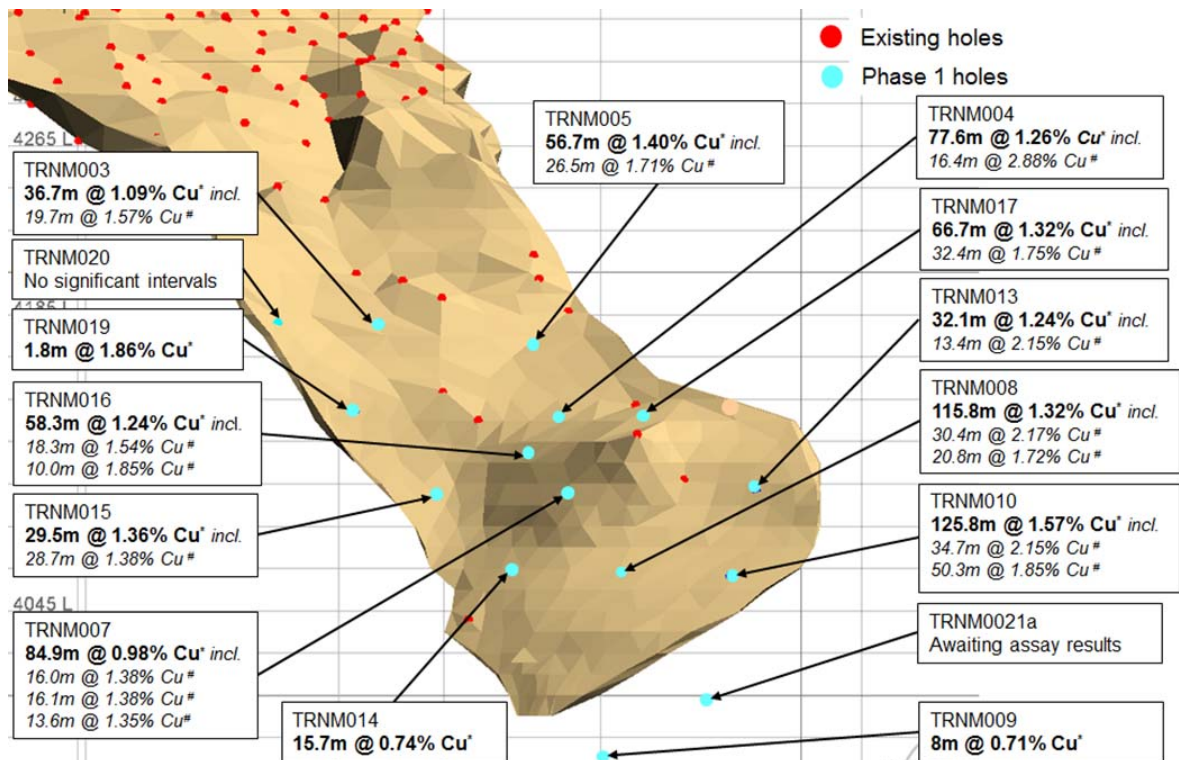


Figure 2: View looking northwest at the Tritton deposit (brown surface) showing the location of phase 1 drill holes intersections (hanging wall pierce points).

* assay intervals are reported wholly within a nominal 0.4% interpreted Cu mineralised domain. Assay intervals are downhole lengths.

assay intervals are reported at a 1.0% Cu cut-off grade with a maximum of 4.0m of <1.0% Cu internal dilution. Assay intervals are downhole lengths.

PROJECT DEVELOPMENT - MURRAWOMBIE UNDERGROUND MINE

On 21 March 2016 the Company announced that the Aeris Resources Limited Board had approved the development of the Murrawombie Underground mine.

The deposit is located in the southern area of the Girilambone Complex close to the current North East and Larsens mines and approximately 20 kilometres from the Tritton Processing Plant (see Figure 1). The deposit is the largest known concentration of copper metal on Aeris' tenements outside the Tritton deposit and was previously mined in the 1990s as an open pit to access the oxide portion of the orebody for heap leach processing. However, the sulphide portion was not mined at that time due to its unsuitability for heap leaching.

Mineralisation below the open pit is defined by multiple sulphide lodes bounded by graphitic shear zones. The dominant copper mineral, chalcopyrite, is typically associated with massive pyrite, with lesser disseminated pyrite. The massive sulphide lodes are continuous over 200m in length and extend up to 400m down dip.

The deposit remains open at depth. Historical drilling has intersected copper mineralisation 600m below surface (4,600mRL).

The Murrawombie Underground mine was originally developed in 2007, with a portal and 600 metres of decline. The mine was then put into care and maintenance during the Global Financial Crisis in 2008.

As at 30 June 2015 the Ore Reserve was 3.3 million tonnes at 1.3% copper.

The Murrawombie Underground mine is expected to have a mine life of 7 years producing up to 650,000 tonnes of ore per annum (see Figure 3).

Capital expenditure to develop the initial Stage 1 lens, over a period of 18 months, is projected to be \$6.4 million for infrastructure and equipment and \$8.5 million for capital development.

Preliminary site works have commenced and will leverage off infrastructure that already exists. First ore is expected to be delivered to the Tritton Processing Plant by the end of the June 2016 quarter.

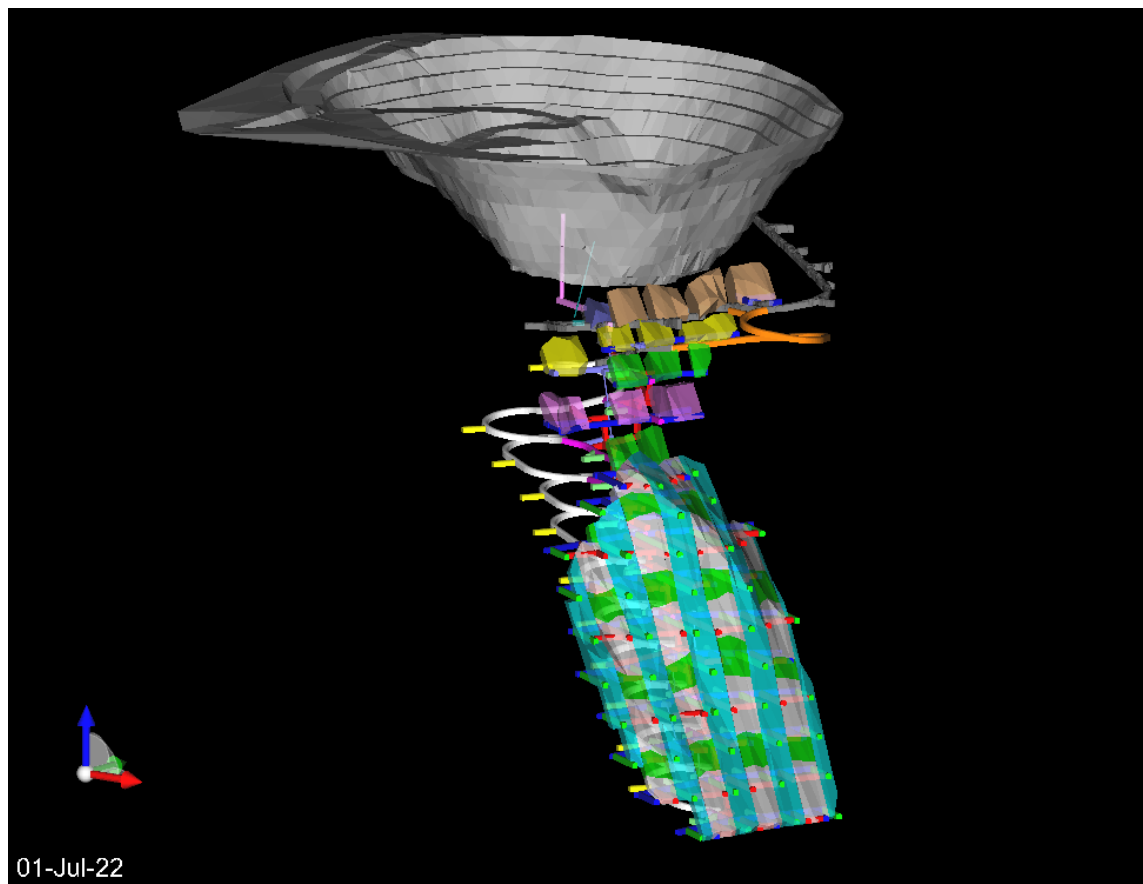


Figure 3: Schematic of Murrawombie Underground mine plan

Corporate

CASH

At the end of the March quarter, Aeris had useable cash and receivables of \$15.3M million, an increase of \$1.8 million on the previous quarter.

\$million	MAR 2016 QTR	DEC 2015 QTR
Useable Cash - Aeris Corporate and Tritton	7.2	8.9
Tritton - Copper concentrate receivables	8.1	4.6
Aeris/Tritton - Useable Cash and Receivables	15.3	13.5
Investments	3.4	3.3

Investments increased as a result of share price increases.

During the quarter the sale of the Temora and Currumburrama Exploration projects to Sandfire Resources NL (Sandfire) was completed. Consideration was \$2.5 million, paid in Sandfire shares. The Sandfire shares were subsequently sold on—market during the quarter.

Corporate capital expenditure for the quarter was nil.

On 31st December 2015 the debt restructure approved by Aeris shareholders on 15 December 2015 was completed. This resulted in the Senior Debt with Standard Chartered Bank being reduced by 55% to US\$50 million and the establishment of a three year US\$25 million Working Capital Facility with Special Portfolio Opportunity V Limited (PAG SPV). During the quarter US\$4.5 million was drawn down on the PAG SPV Working Capital Facility.

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

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